

CERTIFICATE

I HEREBY CERTIFY that the above and foregoing is a true and correct copy of ORDINANCE 2004-706-E enacted by the Council of the City of Jacksonville, Florida, and a true and correct copy of a Certificate of Authentication relating thereto, which Ordinance became effective at the time and in the manner set forth in the Certificate of Authentication or effective at the time set forth in said Ordinance.

WITNESS MY HAND and the seal of the City of Jacksonville, Florida, this 28th day of October, 2004.

ATTEST



Cheryl L. Brown  
Council Secretary/Director



1 Introduced by the Land Use and Zoning Committee:  
2  
3

4 **ORDINANCE 2004-706-E**

5 AN ORDINANCE ESTABLISHING THE PRINCIPAL ONE  
6 COMMUNITY DEVELOPMENT DISTRICT; DESCRIBING THE  
7 EXTERNAL BOUNDARIES OF THE DISTRICT; NAMING  
8 THE DISTRICT; NAMING THE INITIAL DISTRICT  
9 BOARD OF SUPERVISORS; PROVIDING INFORMATION  
10 RELATED TO DISTRICT BOARD REQUESTS FOR CONSENT  
11 TO EXERCISE SPECIAL POWERS; PROVIDING FOR  
12 CONFLICT AND SEVERABILITY; PROVIDING AN  
13 EFFECTIVE DATE.  
14

15 **WHEREAS**, the Deerwood Development, L.L.C., petitioned the City  
16 Council to establish by City ordinance a uniform community  
17 development district ("CDD") named the Principal One CDD on  
18 approximately 71.86 acres lying wholly within the boundaries of the  
19 City pursuant especially to F.S. § 190.005(2) and Chapter 92,  
20 *Ordinance Code*, a copy of which petition is attached as **Revised**  
21 **Exhibit 1**;

22 **WHEREAS**, if established as proposed in the petition, the  
23 Principal One CDD would thereafter exist and operate as an  
24 independent special district pursuant to its uniform charter set  
25 forth in general law at F.S. § 190.006 through § 190.041;

26 **WHEREAS**, a decision to grant or deny a petition to establish a  
27 CDD is not a development order within the meaning of F.S. Ch. 380,  
28 and any matter concerning permitting or planning of the underlying  
29 development is not material or relevant to a decision to grant or  
30 deny a petition especially given that: a CDD has no power to adopt  
31 a local comprehensive plan, building code or land development code;

1 all governmental planning, environmental, and land development  
2 laws, regulations and ordinances apply to all development of the  
3 land within a CDD; and, a CDD may take no action inconsistent with  
4 applicable comprehensive plans, ordinances or regulations of the  
5 applicable local general purpose government;

6 **WHEREAS**, the Office of General Counsel and City's Planning and  
7 Development Department have reviewed the petition and have  
8 submitted reports thereon to the Council, which reports are  
9 attached hereto as **Exhibit 2** and **Revised Exhibit 3** respectively;

10 **WHEREAS**, the Council has determined the petition adequately  
11 meets the requirements of F.S. § 190.005(1) and is therefore  
12 complete and sufficient to permit fair and informed review thereof;

13 **WHEREAS**, all notice requirements of F.S. Ch. 190 and other  
14 applicable law were complied with, and complete notice was timely  
15 given, and a public hearing held on the date and time noticed and  
16 conducted thereafter in compliance with F.S. Ch. 190 and all  
17 applicable law; and,

18 **WHEREAS**, in making its fair and informed determination whether  
19 to grant or deny the petition, the Council has considered the  
20 petition in light of the record developed at the public hearing and  
21 in relation to the six factors set forth at F.S. § 190.005(1)(e);  
22 now, therefore

23 **BE IT ORDAINED** by the Council of the City of Jacksonville:

24 **Section 1. Name.** A CDD is hereby established within the  
25 City to be known hereafter as the Principal One CDD.

26 **Section 2. Boundaries.** The boundaries of the Principal  
27 One CDD established by this ordinance are as set forth in the legal  
28 description incorporated herein as part of **Revised Exhibit 1**  
29 attached hereto.

30 **Section 3. Board of Supervisors.** The following five  
31 persons, as set forth in the petition, are designated to be the

1 initial members of the governing Board of Supervisors ("Board") of  
2 the Principal One CDD:

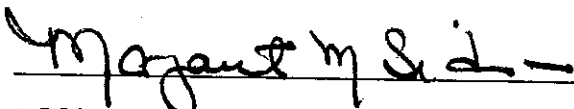
- 3 a. Eduardo Avila
- 4 b. Carlos Avila
- 5 c. Jack Kaplan
- 6 d. Paul Kaplan
- 7 e. Frank Costoya

8 **Section 4. Consent Requests.** After the initial meeting and  
9 swearing in of the Principal One CDD Board, the Board may request  
10 that the City consent to the CDD's exercise of one or more special  
11 powers set forth in F.S. § 190.012(2), by adopting a proper  
12 resolution and submitting same thereafter to the City to be taken  
13 up and considered pursuant to Section 92.15, *Ordinance Code*.

14 **Section 5. Conflict and Severability.** Any portion of this  
15 ordinance determined finally by a court of competent jurisdiction  
16 to be in conflict with prevailing law shall not be effective to the  
17 extent of such conflict, and shall be deemed severable and the  
18 remainder shall continue in full force and effect to the extent  
19 legally possible.

20 **Section 6. Effective Date.** This ordinance shall become  
21 effective upon signature by the Mayor or upon becoming law without  
22 the Mayor's signature.

23  
24 Form Approved:

25  
26 

27 Office of General Counsel

28 Legislation Prepared By: Tim Franklin



PETITION BY

**DEERWOOD DEVELOPMENT, LLC**

FOR THE PASSING OF

AN  
ORDINANCE

TO ESTABLISH THE

**PRINCIPAL ONE  
COMMUNITY DEVELOPMENT DISTRICT**

IN THE

CITY OF JACKSONVILLE,  
DUVAL COUNTY, FLORIDA

OCTOBER 24, 2003  
AMENDED  
JULY 28, 2004



**PRINCIPAL ONE  
COMMUNITY DEVELOPMENT DISTRICT**

**CONTENTS**

**A. PETITION FOR ORDINANCE 4 pages**

- Exhibit 1      Location Map
- Exhibit 2      Legal Description
- Exhibit 3      Affidavit of Ownership & Consent Decatur Development LLC  
Exhibit A - Legal Description  
Exhibit B - Warranty Deed
- Exhibit 4A     Estimated Infrastructure Construction Time Table
- Exhibit 4B     Construction Costs Estimates
- Exhibit 5      Public Private Uses Map
- Exhibit 6      Statement of Regulatory Costs 10 pages  
Table 1 - Estimated Time Table  
Table 2 - Estimated Construction Costs  
Exhibit A - Site Plan - Storm Water Connection  
Exhibit B - Site Plan Sewer and Water Connections

**B. PROPOSED ORDINANCE 6 pages**

- Exhibit A      Legal Description
- Exhibit B      District Boundaries Map
- Appendix A    Copy of the Petition



**PETITION FOR ORDINANCE**

**FOR**

**PRINCIPAL ONE  
COMMUNITY DEVELOPMENT DISTRICT**

**OCTOBER 24, 2003**



**Prepared by**

***Special District Services, Inc.***  
**11000 Prosperity Farms Road, Suite 104**  
**Palm Beach Gardens, Florida 33410**

**561-630-4922 – Tele**  
**877-737-4922 – Toll Free**  
**561-630-4923 – Fax**

**Revised Exhibit 1**  
**Page 3 of 39**



IN RE: AN ORDINANCE TO ESTABLISH )  
 THE PRINCIPAL ONE )  
 COMMUNITY DEVELOPMENT DISTRICT )

PETITION

Petitioner, Deerwood Development, LLC ("Petitioner"), hereby petitions the City of Jacksonville Commission to establish a Community Development District ("District") with respect to the land described herein and in support of the Petition, Petitioner states:

1. The proposed District is located within the incorporated area of City of Jacksonville. Exhibit 1 depicts the general location of the project. The proposed District covers approximately 71.86 acres of land. The legal description of the external boundaries of the District is set forth in Exhibit 2. There is no real property within the external boundaries of the proposed District, which is to be excluded from the District.

2. Attached to this Petition as Exhibit 3 and made a part hereof is the written consent to the establishment of the District by the owners of 100% of the real property to be included in the District.

3. The five persons designated to serve as initial members of the Board of Supervisors of the proposed District are as follows:

Eduardo Avila

Carlos Avila

Jack Kaplan

Paul Kaplan

Frank Costoya

3a. All of the initial members of the Board of Supervisors are citizens of Florida and the United States.

4. The proposed name of the District to be established is Principal One Community Development District ("POCDD").

5. There are no existing major trunk water mains, sewer interceptors or outfalls currently existing on the site.

6. Exhibit 3 is the Consent of the Landowner to the formation with exhibit 3A being the legal description and 3B a copy of the warranty deed to the Landowner/Petitioner.

7. The final timetable for the construction of District services is shown on Exhibit 4A and the final cost of constructing the services, based on available data, is shown on Exhibit 4B. These are good faith estimates but are not binding on the Petitioner or the District and are subject to change

8. The Petitioner is in the process of developing the project as a residential community. The proposed uses for the land within the District are 440 multifamily and town home condominium dwelling units. The proposed uses for the land included within the proposed District are in compliance with City of Jacksonville Future Land Use Element. The Master Plan

Revised Exhibit 1

Page 4 of 39





and Future Land Use Element designate the land contained within the proposed District for low density residential. The future general distribution, location and extent of public and private uses of land proposed for the area within the District are shown on Exhibit 5.

9. Exhibit 6 is a Statement of Estimated Regulatory Costs prepared in accordance with the requirements of Section 120.541, Florida Statutes.

10. The District is seeking and hereby requests the right to exercise all powers provided for in Section 190.06 through 190.041, Florida Statutes (except for powers regarding waste disposal or collection of any waste other than commercial or industrial), including the special powers provided by Section 190.012(1), Florida Statutes and Sections 190.012(2) (a), (d) and (f), (except for powers regarding waste disposal or collection of any waste other than commercial or industrial), Florida Statutes and Section 190.012(3), Florida Statutes.

11. The Petitioner is Deerwood Development, LLC whose address is 2601 S. Bayshore Dr., Ste 200, Miami, Florida 33133.

12. The property within the proposed District is amenable to operating as an independent special district for the following reasons:

a. Establishment of the District and all land uses and services planned within the proposed District are not inconsistent with applicable elements or portions of the effective City of Jacksonville Comprehensive Development Master Plan, as amended.

b. The area of land within the proposed District is part of a unified plan of development for which a development plan has been or will be approved by City of Jacksonville. The land encompassing the proposed District is of sufficient size and is sufficiently compact and continuous to be developed as one functional inter-related community.

c. The community development services of the District will be compatible with the capacity and use of existing local and regional community development services and facilities.

d. The proposed District will be the best alternative available for delivering community development services to the area to be served because the District provides a governmental entity for delivering those services and facilities in a manner that does not financially impact persons residing outside the District and provides a responsible perpetual entity capable of making reasonable provisions for the operation and maintenance of the District services and facilities in the future.

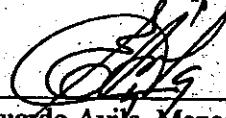
**WHEREFORE**, Petitioner respectfully requests the City of Jacksonville Commission to:

1. Hold a public hearing as required by Section 190.005(2) (b), Florida Statutes to consider the establishment of the Principal One Community Development District and;

2. Adopt an ordinance pursuant to Chapter 190, Florida Statutes, granting this Petition and establishing the Principal One Community Development District.

Respectfully submitted this 10 day of AUGUST, 2004

**Deerwood Development, LLC**



---

Eduardo Avila, Manager  
2601 S. Bayshore Dr., Suite 200  
Miami, Florida 33133



**EXHIBITS**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

**Exhibit 1**            **Location Map**

**Exhibit 2**            **Legal Description**

**Exhibit 3**            **Consent and Joinder**

**Exhibit A**            **Legal Description**

**Exhibit B**            **Warranty Deed (6 Deerwood Development LLC)**

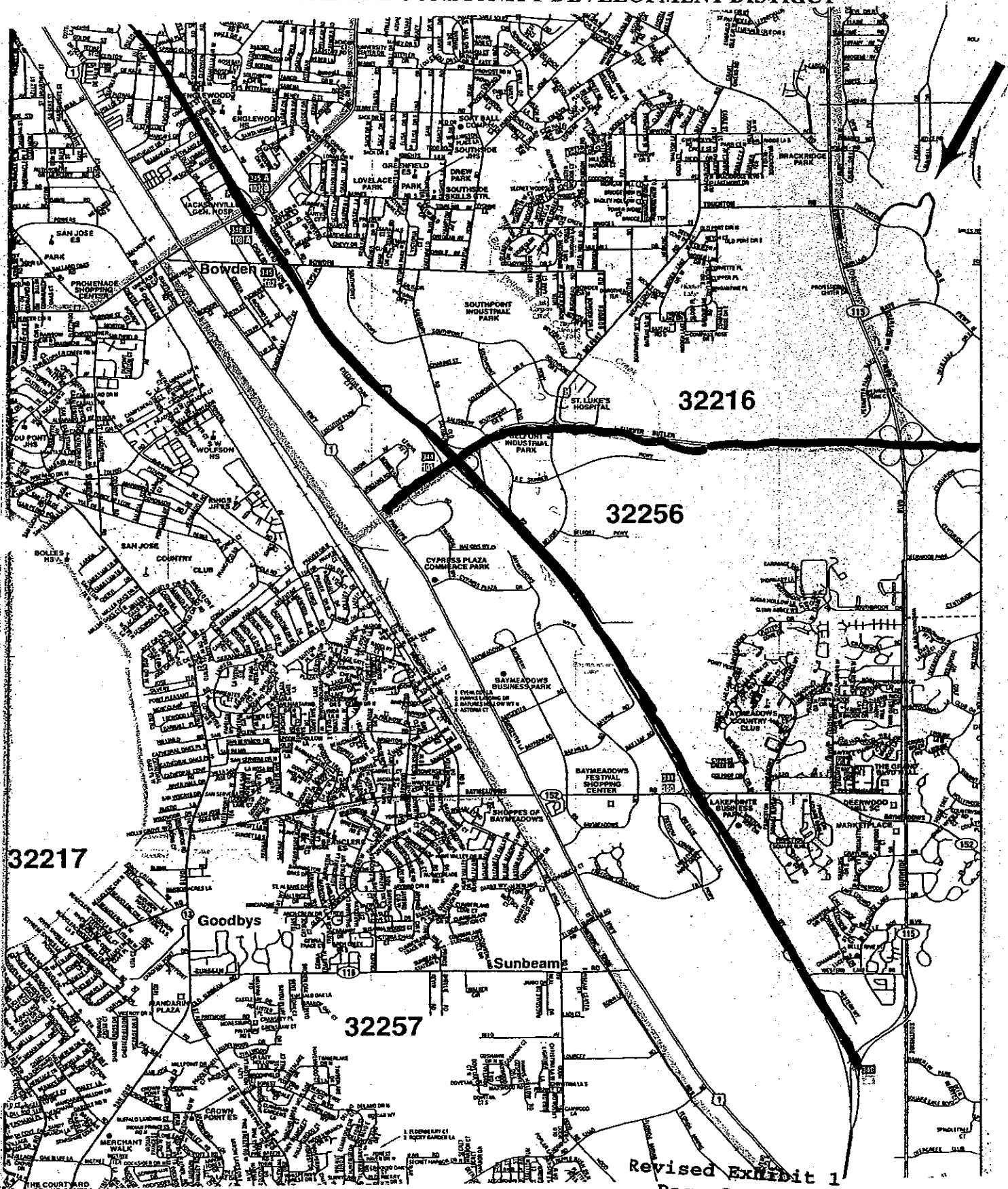
**Exhibit 4A**            **Estimated Infrastructure Construction Time Table**

**Exhibit 4B**            **Construction Costs Estimates**

**Exhibit 5**            **Public & Private Uses Map**

**Exhibit 6**            **Statement of Estimated Regulatory Costs**

**EXHIBIT 1**  
**GENERAL LOCATION OF THE PROJECT**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**





**EXHIBIT 2**  
**LEGAL DESCRIPTION**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

A portion of Parcels "R", "S" and "T", Deerwood Park North Replat Number One as recorded in Plat Book 51, Pages 6, 6A through 6N of the current Public Records of Duval County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southwest corner of Parcel "S", said corner being common with a Southeast corner of Parcel "P", said common corner also lying on the Northeasterly right of way line of Touchton Road, a 100 foot right of way as now established; thence South 58°33'08" East, along said Northeasterly right of way line, 253.93 feet to the point of curvature of a curve concave Northeasterly, having a radius of 800.00 feet; thence Southeasterly, along said Northeasterly right of way line through a central angle of 10°34'34", an arc distance of 147.67 feet to a point on said curve and the Point of Beginning, said arc being subtended by a chord bearing and distance of South 63°50'53" East, 147.46 feet.

From said Point of Beginning, thence North 20°51'21" East, departing said Northeasterly right of way line, 410.61 feet; thence South 66°50'20" East, 15.36 feet; thence North 21°54'53" East, 61.61 feet; thence North 68°32'56" West, 24.67 feet; thence North 16°25'16" West, 153.93 feet; thence North 84°00'00" East, 162.01 feet; thence North 40°10'13" East, 133.35 feet; thence North 79°02'32" East, 490.82 feet; thence South 82°56'02" East, 267.63 feet to a point common to said Parcels "R" and "S"; thence Easterly, along lines common to said Parcels the following two courses: (1) North 73°04'51" East, 100.20 feet; (2) North 88°12'23" East, 109.55 feet to a point common to said Parcels "P", "R" and "S"; thence South 89°34'18" East, along a line common to said Parcels "P" and "S", 111.53 feet to a corner common to said Parcels "P", "S" and "T"; thence along the lines common to said Parcels "S" and "T" the following two courses: (1) North 82°27'22" East, 70.56 feet; (2) North 86°36'07" East, 31.57 feet; thence North 00°00'57" West, departing said lines common to Parcels "S" and "T", 618.57 feet; thence South 89°54'54" West, 63.21 feet to a line dividing said Parcel "T", Deerwood Park Replat Number One, from Tract "A", Southside Estates Unit No. 23, as recorded in Plat Book 23, Page 92 of said Public Records; thence Northerly and Northeasterly along the line common to said Parcel "T" and said Tract "A", the following three courses: (1) North 03°54'48" West, 159.83 feet; (2) North 57°04'47" East, 407.44 feet; (3) North 05°50'50" West, 606.02 feet to the Northwesterly corner of said Parcel "T"; thence North 89°28'00" East, along the Northerly line of said Parcel "T", 548.69 feet to the Northeasterly corner of said Parcel "T", also being a point lying on the Westerly boundary of Roland Heights as recorded in Plat Book 23, page 16 of said Public Records; thence Southerly along the Easterly line of said Parcel "T", and along said Westerly boundary of Roland Heights and along the Westerly boundary of Roland Heights - Unit No. 3 as recorded in Plat Book 23, page 24 of said Public Records, the following four courses: (1) South 01°41'11" East, 1484.75 feet; (2) South 34°45'44" East, 324.91 feet; (3) South 08°00'07" West, 380.25 feet; (4) South 12°17'04" East, 90.10 feet; thence South 69°31'17" West, departing said Easterly line of Parcel "T" and said Westerly boundary of Roland Heights - Unit No. 3, a distance of 1524.72 feet to a point lying on the Northeasterly right of way line of Touchton Road East, a 100 foot right of way as now established, said point also lying on a curve concave Southwesterly having a radius of 800.00 feet; thence Northwesterly, along said Northeasterly right of way line and along the arc of said curve, through a central angle of 55°20'34", an arc distance of 772.73 feet to a point of reverse curvature, said arc being subtended by a chord bearing and distance of North 67°54'49" West, 743.04 feet; thence Westerly continuing along said Northeasterly right of way line and along the arc of a curve concave Northerly, having a radius of 800.00 feet, through a central angle of 26°26'52", an arc distance of 369.28 feet to the Point of Beginning, said arc being subtended by a chord bearing and distance of North 82°20'52" West, 366.01 feet.

Containing 71.87 acres, more or less.

**EXHIBIT 3**  
**CONSENT AND JOINDER**  
**TO CREATION OF A COMMUNITY DEVELOPMENT DISTRICT**

The Undersigned is the owner of certain lands located in the City of Jacksonville, Duval County, Florida, and more fully described as follows:

See Exhibit "A" attached hereto and incorporated herein.

The above-described land is hereinafter referred to as the "Property."

The undersigned understands and acknowledges that Deerwood Development LLC ("Petitioner") intend to submit an application to create a Community Development District in accordance with the provisions of Chapter 190 of the Florida Statutes.

As an owner of lands which are intended to constitute a part of the Community Development District, the undersigned understands and acknowledges that pursuant to the provisions of Section 190.005(1) (a) (2), Florida Statutes, the Petitioner is required to include the written consent to the establishment of the Community Development District of one hundred percent (100%) of the Owners of the lands to be included within the Community Development District.

The undersigned hereby consents to the creation of a Community Development District which will include the property within the lands to be part of the Community Development District and agrees to further execute any documentation necessary or convenient to evidence this consent and joinder during the application process for the creation of the Community Development District.

The undersigned hereby acknowledges and agrees that the foregoing consent and obligation to execute additional documentation is and shall be a covenant running with the land which shall bind the undersigned's heirs, personal representatives, administrators, successors-in-title and assigns and shall remain in full force and effect three (3) years from the date hereof.

Executed this 10 day of August, 2004.

DEERWOOD DEVELOPMENT LLC

By: \_\_\_\_\_

Printed Name: Eduardo Avila, Manager

IN DADE COUNTY, STATE OF FLORIDA

The foregoing instrument was acknowledged before me this 10 day of August 2004 by Eduardo Avila of Deerwood Development LLC, on behalf of the company. He is personally known to me or who has produced \_\_\_\_\_ as identification and did/did not take the oath.

Notary Public, State of Florida: \_\_\_\_\_

Print/Stamp Name: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_



Revised Exhibit 1

Page 10 of 39



**EXHIBIT A**  
**LEGAL DESCRIPTION**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

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Containing 71.87 acres, more or less.

Property Appraiser's  
I.D. No.: 146036-2900

Book 10691 Page 910

Prepared by and Return to:  
Jeffrey P. Wieland, Esq.  
Akerman Senterfitt  
255 South Orange Avenue  
17th Floor  
Orlando, Florida 32801

Doc 2002276836  
Book 10691  
Pages 910 - 917  
Filed & Recorded  
10/01/2002 04:58:52 PM  
JES FULLER  
CLERK, CIRCUIT COURT  
DUVAL COUNTY  
FLORIDA  
TRUST FEE \$ 4.39  
DEED REC SWRP \$ 31,744.00  
RECORDING \$ 22.00

**SPECIAL WARRANTY DEED**

THIS INDENTURE, made as of this 27 day of September, 2002, between CAT WINBERLY PARTNERSHIP II, LTD., a Texas limited partnership, hereinafter the Grantor, whose address is c/o Simpson Housing Limited Partnership, 3201 South Tamarac Drive, Denver, Colorado 80231, and DBERWOOD DEVELOPMENT, L.L.C., a Florida limited liability company, hereinafter the Grantee, whose address is c/o Key Realty Advisors, 3006 Aviation Avenue, Suite 2A, Coconut Grove, Florida 33133.

**WITNESSETH:**

That Grantor, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), to it in hand paid by Grantee, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold and conveyed and hereby does grant, bargain, sell and convey to the Grantee, its successors and assigns forever, the following described land, situate, lying and being in the County of Duval, State of Florida, to wit:

See Exhibit "A" attached hereto (the "Property").

The Property is hereby conveyed subject only to those matters listed on Exhibit "B" attached hereto.

And except only for those matters set forth on Exhibit "B" attached hereto, the Grantor does hereby fully warrant the title to said Property, and will defend the same against the lawful claims of all persons claiming by, through or under the Grantor, but against none other.

⑧

ORS3180-3



IN WITNESS WHEREOF, Grantor has caused this instrument to be executed in its name by its General Partner as of the day and year first above written.

Signed, sealed and delivered in the presence of:

CAT WIMBERLY PARTNERSHIP II, LTD.,  
a Texas limited partnership

By: Simpson Housing Limited  
Partnership, a Colorado limited  
partnership, its General Partner

By: Paloma LLC,  
a Colorado limited liability company,  
its General Partner

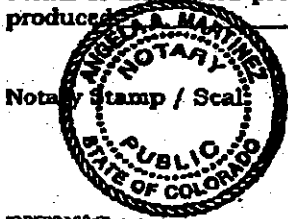
Paul S. Heiskowitz  
Name: PAUL S. HEISKOWITZ  
Manager

By: Marc Pinto  
Marc Pinto, Assistant General

J. D. ...  
Name: J. D. ...

STATE OF COLORADO  
COUNTY OF DENVER

The foregoing instrument was acknowledged before me this 05<sup>th</sup> day of September, 2002, by Marc Pinto, the Assistant General Manager of Paloma LLC, a Colorado limited liability company, as General Partner of Simpson Housing Limited Partnership, a Colorado limited partnership, as General Partner of Cat Wimberly Partnership II, Ltd., a Texas limited partnership, on behalf of the limited partnership, who [X] is personally known to me or [  ] produced \_\_\_\_\_ as identification.



Angela Martinez  
Notary Public, State of Colorado  
My Commission Expires: 4/12/10  
Commission Number: N/A

FOR SIGNATURE OF GRANTOR

EXHIBIT "A"

A portion of Parcels "R", "S" and "T", Deerwood Park North Replat Number One as recorded in Plat Book 51, Pages 6, 6A through 6N of the current Public Records of Duval County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southwest corner of Parcel "S", said corner being common with a Southeast corner of Parcel "P", said common corner also lying on the Northeasterly right of way line of Touchton Road, (a 100 foot right of way now established); thence South 58°33'08" East, along said Northeasterly right of way line, 253.93 feet to the point of curvature of a curve concave Northeasterly, having a radius of 800.00 feet; thence Southeasterly, along said Northeasterly right of way line through a central angle of 10°34'34", an arc distance of 147.67 feet to a point on said curve and the Point of Beginning, said arc being subtended by a chord bearing and distance of South 63°50'53" East, 147.46 feet.

From said Point of Beginning, thence North 20°51'21" East, departing said Northeasterly right of way line, 410.61 feet; thence South 66°50'20" East, 15.36 feet; thence North 21°54'53" East, 61.61 feet; thence North 68°32'56" West, 24.67 feet; thence North 16°25'16" West, 153.93 feet; thence North 84°00'00" East, 162.01 feet; thence North 40°10'13" East, 133.35 feet; thence North 79°02'32" East, 490.82 feet; thence South 82°56'02" East, 267.63 feet to a point common to said Parcels "R" and "S"; thence Easterly, along lines common to said Parcels the following two courses: (1) North 78°04'51" East, 100.20 feet; (2) North 88°12'23" East, 109.55 feet to a point common to said Parcels "P", "R" and "S"; thence South 89°34'18" East, along a line common to said Parcels "P" and "S", 111.53 feet to a corner common to said Parcels "P", "S" and "T"; thence along the lines common to said Parcels "S" and "T" the following two courses: (1) North 82°27'22" East, 70.56 feet; (2) North 86°36'07" East, 31.57 feet; thence North 00°00'57" West, departing said lines common to Parcels "S" and "T", 618.57 feet; thence South 89°54'54" West, 63.21 feet to a line dividing said Parcel "T", Deerwood Park Replat Number One, from Tract "A", Southside Estates Unit No. 23, as recorded in Plat Book 23, Page 92 of said Public Records; thence Northerly and Northeasterly along the line common to said Parcel "T" and said Tract "A", the following three courses: (1) North 03°54'48" West, 159.83 feet; (2) North 57°04'47" East, 407.44 feet; (3) North 05°50'50" West, 606.02 feet to the Northwesterly corner of said Parcel "T"; thence North 89°28'06" East, along the Northerly line of said Parcel "T", 548.69 feet to the Northeasterly corner of said Parcel "T", also being a point lying on the Westerly boundary of Roland Heights as recorded in Plat Book 23, page 16 of said Public Records; thence Southerly along the Easterly line of said Parcel "T", and along said Westerly boundary of Roland Heights, and along the Westerly boundary of Roland Heights - Unit No. 3 as recorded in Plat Book 23, page 24 of said Public Records, the following four courses: (1) South 01°41'11" East, 1484.75 feet; (2) South 84°45'44" East, 824.91 feet; (3) South 08°00'07" West, 380.25 feet; (4) South 12°17'04" East, 99.10 feet; thence

South 69°31'17" West, departing said Easterly line of Parcel "T" and said Westerly boundary of Roland Heights - Unit No. 3, a distance of 1524.72 feet to a point lying on the Northeasterly right of way line of Touchton Road East, a 100 foot right of way as now established, said point also lying on a curve concave Southwesterly having a radius of 800.00 feet; thence Northwesterly, along said Northeasterly right of way line and along the arc of said curve, through a central angle of 55°20'34", an arc distance of 772.73 feet to a point of reverse curvature, said arc being subtended by a chord bearing and distance of North 67°54'49" West, 743.04 feet; thence Westerly continuing along said Northeasterly right of way line and along the arc of a curve concave Northerly, having a radius of 800.00 feet, through a central angle of 26°26'52", an arc distance of 369.28 feet to the Point of Beginning, said arc being subtended by a chord bearing and distance of North 82°20'52" West, 366.01 feet.

**EXHIBIT "B"**  
**Permitted Exceptions**

1. Taxes for the year 2002 and any taxes and assessments levied or assessed for subsequent years.
2. Notice of Development Order recorded in Official Records vis: Resolution 74-1047-449 (the "Resolution") as amended by Joint Stipulation for Final Order of the Florida Land and Water Adjudicatory Commission amending Development Order and Dismissal of Appeal, DAH No. 75-004 (the "Joint Stipulation"), as amended by Resolution 86-716-304, and further modified by Notice of Substantial Deviation to Development Order recorded in Official Records Volume 6415, Page 1470, and as further amended by Council Resolutions 88-418-167, 88-1545-603, 89-775-259, 91-592-334, 92-904-179 and 94-1318-435, and by Resolution 93-462-A, as modified by First Allocation of Development Rights - Deerwood Park North in Official Records Book 7181, Page 729; and Second Allocation of Development Rights - Deerwood Park North in Official Records Book 7488, Page 272 and re-recorded in Official Records Book 7497, Page 1419; and Third Allocation of Development Rights - Deerwood Park North in Official Records Book 8087, Page 749; and Fourth Allocation of Development Rights - Deerwood Park North in Official Records Book 8461, Page 1076; and Fifth Allocation of Development Rights - Deerwood Park North in Official Records Book 8549, Page 643; and Sixth Allocation of Development Rights - Deerwood Park North in Official Records Book 8600, Page 838; and Seventh Allocation of Development Rights - Deerwood Park North in Official Records Book 8692, Page 712; and Eighth Allocation of Development Rights - Deerwood Park North in Official Records Book 8710, Page 353; and Ninth Allocation of Development Rights - Deerwood Park North in Official Records Book 8710, Page 365; and Tenth Allocation of Development Rights - Deerwood Park North in Official Records Book 8718, Page 1369; and Eleventh Allocation of Development Rights - Deerwood Park North in Official Records Book 8715, Page 1093; and Twelfth Allocation of Development Rights - Deerwood Park North in Official Records Book 8762, Page 1331; and Thirteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 8953, Page 1998; and Fourteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 8775, Page 273; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8087, Page 749; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8876, Page 107; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8981, Page 1773; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8983, Page 2357; and Sixteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9030, Page 1351 and re-recorded in Official Records Book 9075, Page 787; and Seventeenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9061, Page 951; and Eighteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9147, Page 2334; and Allocation of Development Rights - Deerwood Park North in Official Records Book 9061, Page 2037; and Nineteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9198, Page 1870; and Twentieth Allocation of Development Rights - Deerwood Park North in Official Records Book 9211, Page 500; and Twenty-first Allocation of Development Rights - Deerwood Park North in Official Records Book 9244, Page 1139; and Twenty-second Allocation of Development Rights - Deerwood Park North in Official Records Book

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9248, Page 104; and Twenty-third Allocation of Development Rights - Deerwood Park North in Official Records Book 9295, Page 720; and Twenty-fourth Allocation of Development Rights - Deerwood Park North, if any, and Twenty-fifth Allocation of Development Rights - Deerwood Park North in Official Records Book 9344, Page 2293; and First Declaration of Conversion of Development Rights in Official Records Book 8087, Page 745, as referenced in Notice of Development Order recorded in Official Records Volume 9028, Page 235, all in the current Public Records of Duval County, Florida.

3. Protective Covenants of Deerwood Park North recorded in Official Records Volume 7181, Page 0690, as modified by First Amendment to Protective Covenants recorded in Official Records Volume 7488, Page 0463, as modified by First Declaration of Conversion of Development Rights as recorded in Official Records Volume 8087, Page 0745, as further amended by Second Amendment to Protective Covenants recorded in Official Records Volume 8087, Page 0709, as further amended by Third Amendment to Protective Covenants recorded in Official Records Volume 8419, Page 1217, as further amended by Amended and Restated Third Amendment to Protective Covenants recorded in Official Records Volume 8425, Page 1681, as further amended by that certain Fourth Amendment to Protective Covenants recorded at Official Records Volume 8710, Page 365, as further amended by that certain Fifth Amendment to Protective Covenants recorded at Official Records Volume 9103, Page 218, as further amended by that certain Sixth Amendment to Protective Covenants recorded at Official Records Volume 9191, Page 1130, and as further amended by that certain Seventh Amendment to Protective Covenants recorded at Official Records Volume 9211, Page 505, as modified by First Allocation of Development Rights - Deerwood Park North in Official Records Book 7151, Page 729; and Second Allocation of Development Rights - Deerwood Park North in Official Records Book 7488, Page 472 and re-recorded in Official Records Book 7497, Page 1419; and Third Allocation of Development Rights - Deerwood Park North in Official Records Book 8087, Page 749; and Fourth Allocation of Development Rights - Deerwood Park North in Official Records Book 8461, Page 1076; and Fifth Allocation of Development Rights - Deerwood Park North in Official Records Book 8549, Page 643; and Sixth Allocation of Development Rights - Deerwood Park North in Official Records Book 8600, Page 838; and Seventh Allocation of Development Rights - Deerwood Park North in Official Records Book 8692, Page 712; and Eighth Allocation of Development Rights - Deerwood Park North in Official Records Book 8710, Page 363; and Ninth Allocation of Development Rights - Deerwood Park North in Official Records Book 8710, Page 365; and Tenth Allocation of Development Rights - Deerwood Park North in Official Records Book 8718, Page 1969; and Eleventh Allocation of Development Rights - Deerwood Park North in Official Records Book 8715, Page 1093; and Twelfth Allocation of Development Rights - Deerwood Park North in Official Records Book 8762, Page 1331; and Thirteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 8953, Page 1898; and Fourteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 8775, Page 273; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8087, Page 749; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8876, Page 107; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8881, Page 1773; and Allocation of Development Rights - Deerwood Park North in Official Records Book 8998, Page 2357; and Sixteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9030, Page 1351 and re-recorded in Official Records Book 9075, Page 787; and Seventeenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9061, Page 951; and Eighteenth Allocation of Development

(OR53159;3)

Rights - Deerwood Park North in Official Records Book 9147, Page 2334; and Allocation of Development Rights - Deerwood Park North in Official Records Book 9061, Page 2037; and Nineteenth Allocation of Development Rights - Deerwood Park North in Official Records Book 9198, Page 1870; and Twentieth Allocation of Development Rights - Deerwood Park North in Official Records Book 9211, Page 500; and Twenty-first Allocation of Development Rights - Deerwood Park North in Official Records Book 9244, Page 1139; and Twenty-second Allocation of Development Rights - Deerwood Park North in Official Records Book 9248, Page 104; and Twenty-third Allocation of Development Rights - Deerwood Park North in Official Records Book 9295, Page 720; and Twenty-fourth Allocation of Development Rights - Deerwood Park North, if any, and Twenty-fifth Allocation of Development Rights - Deerwood Park North in Official Records Book 9344, Page 2293, all in the current Public Records of Duval County, Florida.

4. Jacksonville Electric Authority Easement recorded in Official Records Volume 7263, Page 1588; Subordination Agreement recorded in Official Records Book 7428, Page 37 and Official Records Book 7450, Page 1005, all of the current Public Records of Duval County, Florida.
5. All easements, restrictions, dedications and other matters shown on the plat of DEERWOOD PARK NORTH REPLAT NUMBER ONE, as recorded in Plat Book 51, Pages 6 and 6A through 6N of the current Public Records of Duval County, Florida.
6. Blanket BellSouth Easement recorded in Official Records Volume 5421, Page 1647, current Public Records of Duval County, Florida.
7. A 50' x 30' unobstructed utility easement along the southwesterly lot line and a 20' x 20' Jacksonville Electric Authority equipment easement along southwesterly boundary, all as shown on the plat of DEERWOOD PARK NORTH REPLAT NUMBER ONE, as recorded in Plat Book 51, Pages 6 and 6A through 6N of the current Public Records of Duval County, Florida.
8. Declaration of Conservation Easement recorded in Official Records Book 8653, Page 1520, current Public Records of Duval County, Florida.
9. Restrictive Covenant contained in Special Warranty Deed recorded in Official Records Book 9344, Page 2287, current Public Records of Duval County, Florida.
10. Grant of Easement recorded in Official Records Book 4198, Page 232, current Public Records of Duval County, Florida.
11. BellSouth Easement recorded in Official Records Book 9567, Page 843, current Public Records of Duval County, Florida.
12. Grant of Easement recorded in Official Records Book 9629, Page 858, current Public Records of Duval County, Florida.
13. The following matters, as shown on Survey prepared by Robert M. Arzac Associates, inc. Order No. 02-129.00, File No. 116D-34, dated September 24, 2002:

- a. 10' temporary construction haul road encroaching from Southwest boundary to Northwest boundary and branching off through the Southeastern portion of the property; 8' dirt road along Eastern boundary and on Easternmost portion of the property, two 8' dirt roads on Southeastern boundary and 8' trail road on Southeastern boundary.
  - b. fiberoptic boxes and cables and warning signs, wire pull box for irrigation control on concrete pad, concrete sidewalk along Touchton Road, 1' x 1' sanitary sewer box, irrigation control valves, water valves, fiberoptic cable manholes, sanitary sewer manhole and PVC pipes, all along Southern boundary.
14. Rights of CAT Wimberly Partnership II, Ltd. only to use haul road shown on survey recited in item 13 hereof.
15. Building Restriction Lines as shown on the plat of DEERWOOD PARK NORTH REPLAT NUMBER ONE, as recorded in Plat Book 51, Pages 6 and 6A through 6N of the current Public Records of Duval County, Florida.



**EXHIBIT 4A**

**ESTIMATED INFRASTRUCTURE CONSTRUCTION TIME TABLE  
PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

	<b>START DATE</b>	<b>COMPLETION DATE</b>
CLEARING AND GRUBING	9/1/2003	11/1/2003
EARTHWORK/EXCAVATION	9/15/2003	7/30/2004
WASTE WATER SYSTEM	9/15/2003	11/30/2004
WATER SUPPLY SYSTEM	12/15/2003	12/30/2004
SURFACE WATER MANAGEMENT	11/15/2003	12/30/2004
LANDSCAPING & IRRIGATION	3/15/2004	9/30/2004
FENCING AND GATES	3/15/2004	8/30/2004
SOD, SEEDING, ERIOSION CONTROL	3/15/2004	9/30/2004

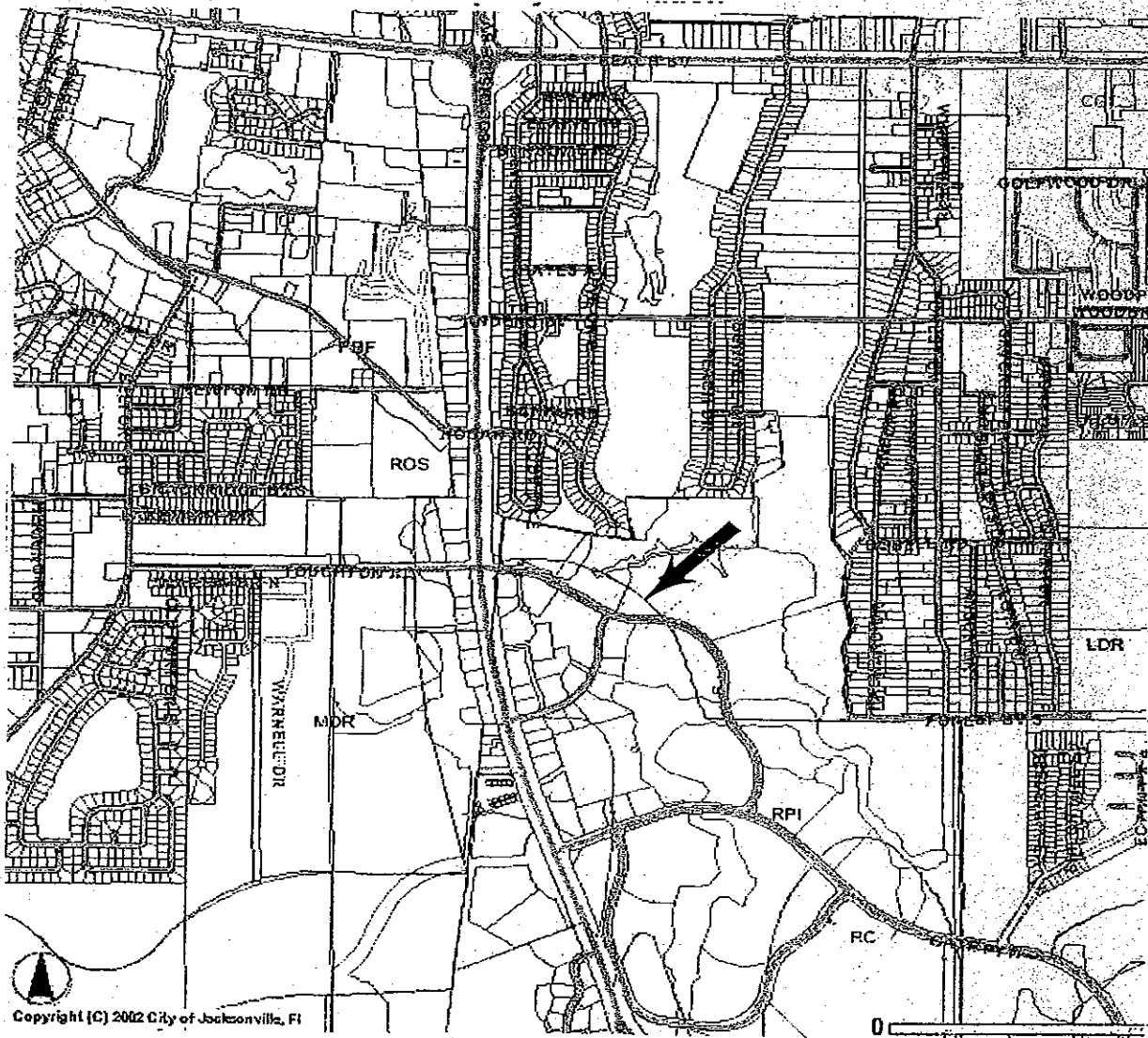




**EXHIBIT 4B**  
**CONSTRUCTION COSTS ESTIMATES**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

<b>CLEARING AND GRUBBING</b>	<b>\$55,744</b>
<b>EARTHWORK, EXCAVATION,</b>	<b>\$1,615,668</b>
<b>WASTEWATER SYSTEM</b>	<b>\$282,500</b>
<b>WATER SUPPLY SYSTEM</b>	<b>\$143,799</b>
<b>SURFACE WATER MANAGEMENT</b>	<b>\$677,713</b>
<b>LANDSCAPING &amp; IRRIGATION</b>	<b>\$903,112</b>
<b>FENCING AND GATES</b>	<b>\$120,000</b>
<b>SOD, SEEDING, EROSION CONT. SITE ELEC</b>	<b>\$93,089</b>
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>\$3,541,925</b>
<b>SOFT COSTS (ENGINEERING, ETC.)</b>	<b>\$801,302</b>
<b>CONTINGENCY @ 10%</b>	<b>\$854,193</b>
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>\$4,197,420</b>

**EXHIBIT 5**  
**PUBLIC AND PRIVATE USE MAP**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**



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Landuse Codes	Description
AGR	Agriculture
AGR-I	Agriculture I
AGR-II	Agriculture II
AGR-III	Agriculture III
AGR-IV	Agriculture IV
BP	Business Park
CBD	Central Business District
CGC	Community/General Commercial
CSV	Conservation
HDR	High Density Residential
HI	Heavy Industrial
LDR	Low Density Residential
LI	Light Industrial
MDR	Medium Density Residential
MU	Multi Use
NC	Neighborhood Commercial
PBF	Public Buildings and Facilities



**EXHIBIT 6**

**PRINCIPAL ONE  
COMMUNITY DEVELOPMENT DISTRICT**

**Statement of Estimated Regulatory Costs**

July 2, 2003

**Amended  
July 28, 2004**

Prepared by

***Special District Services, Inc.***  
11000 Prosperity Farms Road, Suite 104  
Palm Beach Gardens, Florida 33410

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Revised Exhibit 1  
Page 23 of 39



## 1.0 INTRODUCTION

### 1.1 Purpose and Scope

This statement of estimated regulatory costs supports the **Deerwood Development, LLC** ("Petitioner") petition to establish a Community Development District to be known as **Principal One Community Development District** (the "CDD"). The CDD will purchase operate and maintain a portion of some or all the community infrastructure for the development to be known as **IL VILLAGIO**, located in the incorporated area of City of Jacksonville, Duval County, Florida.

A Community Development District is an independent CDD authorized by Chapter 190, F.S. (the "Act") to plan, finance, construct, operate and maintain community infrastructure in planned community developments. As stated in the Act, a CDD provides:

"...a solution to the state's planning, management, and financing needs for delivery of capital infrastructure in order to service projected growth without overburdening other governments and their taxpayers". Section 190.002 (1) (a), F.S.

The CDD is not a substitute for City of Jacksonville which is the local general-purpose governmental unit having jurisdiction over the CDD. The reason is the CDD does not have the planning, zoning and regulatory powers granted to City of Jacksonville. As a result, all development undertaken within the CDD must be consistent with all requirements of City of Jacksonville.

A CCD's powers are strictly limited to planning, financing, constructing, operating and maintaining community infrastructure.

The scope of this statement of estimated regulatory costs is statutorily limited to evaluating the consequences of creating the CDD. The policy of the State regarding the scope of the CDD establishment process is explicitly set out in Section 190.002 (2) (d), F.S. as follows:

"That the process of establishing such a district pursuant to uniform general law shall be fair and based only on factors material to managing and financing the service-delivery function of the district, so that any matter concerning permitting or planning of the development shall not be material or relevant."

Therefore, the only relevant concern is whether the CDD will be a financially viable entity.



## **1.2 IL Villagio**

The sole landowner and developer of IL Villagio is Deerwood Development, LLC (the "Developer"). The proposed development is designed as a master planned residential development, serving north Florida markets. IL Villagio offers for sale 440 2 and 3 bedroom condominium and townhouse dwelling units designed to service a wide variety of buyers.

IL Villagio development is located in the incorporated area of City of Jacksonville, Florida, at Touchton Road and Deer Lake Court and is planned as a self-sustaining condominium community. Projected sell-out of the project is 3 to 5 years.

## **1.3 Principal One Community Development District (CDD)**

The Petitioner proposes to establish the CDD and to acquire some or all of the infrastructure in the IL Villagio development. Table 1 outlines the proposed development plan timetable and the schedule for completion of the various projects.

Table 2 shows the infrastructure that is proposed to be acquired by the CDD and the estimated costs.

The financial design of the CDD was carefully formulated to help assure that the CDD will be strong, stable, and able to stand alone throughout its lifetime. A detailed cash-flow analysis has been developed for the proposed range of potential future economic conditions in which the proposed district might have to operate. In all cases, the proposed financial structure allowed the CDD to remain financially strong and capable of carrying out its obligations. The important features of the financial design for proposed CDD are discussed below.

As outlined in Table 2, the CDD is projected to finance and acquire the surface water management system. The bonds used to finance the surface water management system will be retired through the use of non-ad valorem assessments levied on all property owners in the district.

The Homeowners Association will maintain the surface water management system under a high level maintenance agreement with the CDD. A copy of the site plan indicating the location of the Storm Water Drainage connection to the existing drainage system is attached as Exhibit A to the Statement of Regulatory Costs.

The CDD is projected to acquire and finance the water distribution system and the wastewater collection and transmission facilities. The bonds used to finance such infrastructure will be retired through the use of non-ad valorem assessments levied on all property owners in the district. A copy of the Sewer and Water site plan is enclosed as Exhibit B to the Statement of Regulatory Costs indicating the location of the connection of the project sewer and water to the existing sewer and water system.



The water distribution system and the wastewater collection and transmission facilities will be conveyed by the CDD to Jacksonville Electric Authority. Thus, the operation and maintenance of these facilities will be the responsibility of this Authority.

The roads in the project will be private roads owned and maintained by the Homeowners Association.

Finally, the Petitioner has no plans for the CDD to issue general obligation debt or to levy ad valorem taxes. The financial structure of the District is such that there is no need to use ad valorem taxation.

**2.0 Costs and Benefits of Establishing the Principal One Community Development District**

**2.1 Costs to City of Jacksonville to Implement the Proposed Community Development District**

Chapter 190.005 (2), F.S. mandates that the exclusive and uniform method for the establishment of a Community Development District of less than 1,00 acres in size shall be by an ordinance adopted by the commission of the having jurisdiction over the majority of land in the area in which the district is to be located.

The one-time cost of reviewing the CDD petition is minimal. The City of Jacksonville has its own in-house staff to process petitions filed for other reasons. Therefore, the marginal addition of one more petition to review results in little, if any, additional costs. Review of the proposed development will not be necessary since the project was previously approved through the Public Hearing process. Considerable fees were paid by the Petitioner for that review.

Beyond the minimal administrative costs outlined above, there will be only inconsequential costs to City of Jacksonville and the general citizenry because of the establishment of the Principal One CDD. The CDD is designed to serve the needs of its property owners by financing and operating a portion of the infrastructure and other services needed by district residents. The CDD will sign a high level maintenance agreement to maintain the remaining part of the infrastructure other than the Sewer and Water which will be conveyed to the JEA. The CDD will not require subsidies from the City of Jacksonville.

Finally, the CDD will pay its own election costs and will pay substantial fees for other urban services, such as tax assessment and collection. Thus, the net costs to City of Jacksonville and its citizens due to establishment of the Principal One CDD are negligible.

Concern that district obligations, particularly debt payments, could become state or obligations is without foundation. This point was made explicitly clear by the Legislature when it adopted Section 190.002 (3) F. S.



“...It is further the purpose and intent of the Legislature that no debt or obligations of a district constitute a burden on any local general purpose government without its consent.” Section 190.002 (3) F. S.

## **2.2 Benefits to City of Jacksonville and Its Citizens**

There are several types of benefits (both indirect and direct), which will flow to City of Jacksonville and its citizens if the CDD is established. First, with regard to the indirect benefits, approval of the CDD satisfies the intent of the Act by providing a solution to the planning, management and financing of capital infrastructure to service projected growth without overburdening City of Jacksonville and its taxpayers. Section 190.002 of the Act is quoted as follows:

“(1) The Legislature finds that: (a) there is a need for uniform, focused and fair procedures in state law to provide a reasonable alternative for the establishment, power, operation and duration of independent districts to manage and finance basic community development services; and that, based upon a proper and fair determination of applicable facts, an efficient, effective, responsive, and economic way to deliver these basic services, thereby providing a solution to the state’s planning, management, and financing needs for delivery of capital infrastructure in order to service projected growth without overburdening other governments and their taxpayers.” Section 190.002, F. S.

A second indirect benefit, which City of Jacksonville and its citizens receive, is the improved level of planning and coordination, which the CDD will provide. This benefit will minimize any potential negative impacts to other citizens and jurisdictions.

“It is in the public interest that long range planning, management, and financing and long-term maintenance, upkeep, and operation of basic services for Community Development Districts be under one coordinated entity.” Section 190.002-(1) (c), F. S.

By enacting the Act, the Legislature recognized that substantial public benefits accrue from well-planned community developments in Florida. Principal One CDD is just the type of planned development envisioned in Chapter 190, F. S.

It is most difficult to place a dollar value on these indirect benefits; however, they are certainly substantial. Furthermore, given the minimal costs incurred by City of Jacksonville if the CDD is approved, the benefits clearly overwhelm any such costs, yielding significant net benefits to City of Jacksonville and its citizens.

The CDD will provide a number of direct economic benefits to City of Jacksonville and its citizens. First, the CDD is the best means of assuring that CDD residents receive the services they need, while at the same time restricting the cost to only those who receive the services. This financial structure binds those who receive the CDD services to the



obligation to pay for those services. At the same time, this structure also allows future CDD residents to control the entity, which provides the services and levies the assessments to pay for those services. City of Jacksonville and its citizens are not involved in any way in the financial obligations, operation or maintenance of the district.

A second economic benefit which accrues to City of Jacksonville and its citizens is that establishment of the CDD frees the City of responsibilities and costs of the management and administrative burden of the CDD. Thus, it will be possible for the City Commission to continue to focus on those areas of the City that require more immediate attention.

Conversely, residents of the CDD will be able to address their concerns about infrastructure to the Board of Supervisors of the CDD. This focus will lighten the burden on the City Commission compared with what would likely occur without the CDD.

The CDD is an independent governmental unit, it has its own independent board and budget, and it must see to its own administration. This arrangement for governing and administering the district means a considerable cost saving to the City over other types of arrangements. Any other form of government or financial structure would result in the City being at least partially responsible for the community's services.

Third, approval of the proposed CDD would minimize some increases in the cost of City funded services. As new development occurs in any community, residents of the new area demand increased levels of services over and above those provided before development. The costs of providing these services are spread to the remaining taxpayers in the jurisdiction of the local government(s) providing the services. If this were to happen, taxing and spending levels would increase, and costs would be passed on, at least in part, to surrounding residents. The result would further strain the City budget. Without the CDD, development of IL Villagio could possibly increase the demands on City of Jacksonville to extend and improve services to the community.

Fourth, the CDD will purchase the water distribution system and the wastewater collection and transmission facilities and then convey same to Jacksonville Electric Authority at no cost. The estimated cost to the CDD to construct these facilities is expected to exceed \$920,961 including contingencies. In addition to this donation, the Jacksonville Electric Authority customer base will increase by approximately 440 households.

The proposed CDD will serve the needs of its residents. The board of supervisors of the CDD will determine the level and quality of the community services the residents want and are willing to pay for. The CDD will provide the residents of IL Villagio development with a mechanism for satisfying these needs without recourse to the City Commission.

All of these benefits have substantial value. The financial benefits to the City of Jacksonville and its citizens include the avoided costs of administering the community. In addition, there are significant, if only intangible, benefits which result from having a

Revised Exhibit 1  
Page 28 of 39





district to ensure that CDD residents get the services they need. The CDD also ensures that its property owners, and only its property owners, pay for the services they receive.

### **2.3 Costs to the Petitioner**

The petitioner will incur substantial costs if the CDD is approved. These costs can be grouped into four categories: (1) planning and applying for the CDD; (2) contributions for management and technical assistance; (3) payment of CDD assessments; and (4) donation of capital facilities.

It is costly and time consuming to plan and apply for a CDD of the size and complexity proposed for the CDD. The Petitioner has secured a team of professionals including attorneys, engineers, investment bankers, planners, economists and special district experts to insure that the CDD will perform as provided by the Act.

Second, the CDD will need financial support from the Petitioner to secure managerial and technical assistance, especially in the early years of its operation.

Third, the Petitioner will pay substantial CDD assessments and fees over the life of the project. During the first several years of the project, the Petitioner will be the CDD's largest taxpayer.

Fourth, the Petitioner undertakes considerable financial commitment in establishing the CDD and allowing the advance funding of the infrastructure. As the sole landowner in the initial stages of development, the Petitioner assumes the sole liability for all the debt incurred by the CDD until the land is developed and sold to individual homeowners.

### **2.4 Benefits to the Petitioner**

The CDD will also provide the Petitioner with several benefits. First, the CDD will provide access to financing for a portion of the community's infrastructure. While this particular benefit to the petitioner is obvious, it is not the most significant one. In fact, the importance of this benefit, while significant, would not be enough by itself to entice the Petitioner to establish the CDD.

The value to the Petitioner of financing a portion of the infrastructure through the CDD amounts to an annual financing cost difference in today's market which results in a cost saving. As a result, the potential gross savings will accrue to the future homeowners in the CDD and does not represent a net cost saving to the Petitioner. As noted above, with the establishment of the CDD, the Petitioner will be obligated to pay substantial assessments and fees to the CDD.

Other benefits for the Petitioner in establishing the CDD exist beyond the financing of a portion of the community's infrastructure. Most important among these is that the proposed CDD is a mechanism for providing long term, on-going maintenance and operation of CDD facilities. Ultimately, the CDD will be controlled and operated by the



CDD homeowners for their own benefit. This helps assure that the high standard, which the Petitioner has set for the CDD, will be preserved throughout the life of the project.

## **2.5 Costs to the Consumers**

Consumers are people who will purchase land and residences in the Principal One CDD. Should the CDD be established, district homeowners will be required to pay CDD assessments over and above their ad valorem taxes. CDD assessments do not affect or offset taxes. It is this increment of expenses, which is the cost of the CDD to the consumers.

As noted above, the CDD plans to finance and operate a variety of infrastructure and community services for the benefit of its homeowners. Currently, homeowners in incorporated City of Jacksonville are subject to a number of different ad valorem taxes. All of these taxes will continue to exist regardless of whether the CDD is approved. Homeowners of the CDD will continue to pay taxes notwithstanding the existence of the CDD. Thus, these costs cannot properly be viewed as taxes that arise from the CDD itself, even though district homeowners would pay such taxes. The point is that homeowners will pay these costs in any event. If the CDD is not created, the cost of the infrastructure will be included in the price of the property sold to future homeowners rather than paid over time as a special assessment on the tax bill.

All prospective purchasers will be informed of the existence of the CDD. Chapter 190.048, F. S. requires each contract for the sale of real estate within a CDD include a specific disclosure statement in boldfaced and conspicuous type immediately prior to the space reserved in the contract for the signature of the purchases.

## **2.6 Benefits to the Consumers**

CDD residents will receive certain three major classes of benefits. First, The CDD residents will receive a higher level of public services and amenities than would otherwise be the case. IL Villagio is designed as a multifamily condominium and townhouse residential project for sale with high service demands. To be successful, the Petitioner feels that a mechanism is needed to help ensure a high level of public services consistent with the project goals. The CDD is the best vehicle for this purpose.

Second, the CDD is a mechanism for assuring that the community services and amenities are maintained at a high level throughout the life of the project. This mechanism protects the substantial investment purchasers will make in their homes in the Principal One CDD.

Finally, the CDD is the sole form of governance that allows district property owners to totally control the type, quality and expense of administrative and maintenance services provided by the CDD.



It is clear that the formation and operation of the Principal One CDD will benefit its homeowners. The CDD will be controlled by CDD property owners, and will be operated for their benefit. Finally, the CDD will help ensure that the high standards the Petitioner has set for the development will be maintained for the benefit of CDD property owners.

### **3.0 Competitive Effects**

Approval of the Principal One CDD will have an effect on competition in the market for housing in City of Jacksonville and in those areas where there are projects similar to the IL Villagio. To understand the nature of these competitive effects, it is important to recognize the type of project envisioned at IL Villagio. The development in the CDD is designed as a multifamily condominium and townhouse residential community for sale consisting of 440 units. As such, it competes with other developments serving this same market niche. In addition, the granting of a Community Development District for IL Villagio does not provide a competitive advantage, which others could not obtain.

### **4.0 Impact on Small Business**

Approval of the Principal One CDD will have a positive impact on small business as defined in Chapter 288.703 (1), F. S. Many types of neighborhood services will be required by the residents of the CDD. These services can be provided by the small businesses that currently serve the general area. Additional opportunities will also be created for new businesses to be formed or relocate to the area. No negative impacts have been identified for small businesses as defined.

### **5.0 Data and Methodology**

The data used in this analysis, in particular the build-out schedule and average home values, were developed and submitted with the initial application for Principal One and updated for the petition for the CDD. Table 2 outlines the capital infrastructure proposed to be constructed by or for the CDD and reflects the best estimates of costs and timing at this juncture.

### **6.0 Probability of a Good Faith Written Proposal Chapter 120.541 (1) (A), F. S.**

Since the Petitioner represents the sole landowner of the property encompassing the proposed CDD, Petitioner is the only substantially affected party who could have standing to submit a good faith written proposal for a lower regulatory cost alternative to the establishment of the CDD as provided for in Chapter 120.541 (1) (a), F. S. Petitioner has already explored all feasible alternatives to lower costs, including the alternative of

*Revised Exhibit 1  
Page 31 of 39*



not forming the CDD, and has concluded that establishment of the CDD is the best alternative.

**7.0 Conclusion**

The question is whether having a CDD provide the community services is more financially viable, efficient and responsive to the needs of the homeowners than any other form of service provider. After careful review and analysis, the process of elimination suggests that the CDD is, in fact, the most financially viable, efficient and responsive way to provide the community services required for this project.

The estimated budget for the CDD indicates that the various charges to prospective home buyers will be moderate, and well within the ranges typical for Florida communities with strong tax bases. As noted in Table 2, the estimated cost to provide the CDD infrastructure is \$4,790,908.

Finally, it is emphasized that the CDD is the only governmental agency responsible for the financial obligations of the district. Florida State law (Section 190.002 (3), F. S.) protects the State of Florida, City of Jacksonville and all other governmental agencies from all obligations of the CDD, whether they are financial, administrative or operational.

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**TABLE 1**  
**ESTIMATED INFRASTRUCTURE CONSTRUCTION TIME TABLE**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

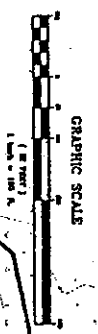
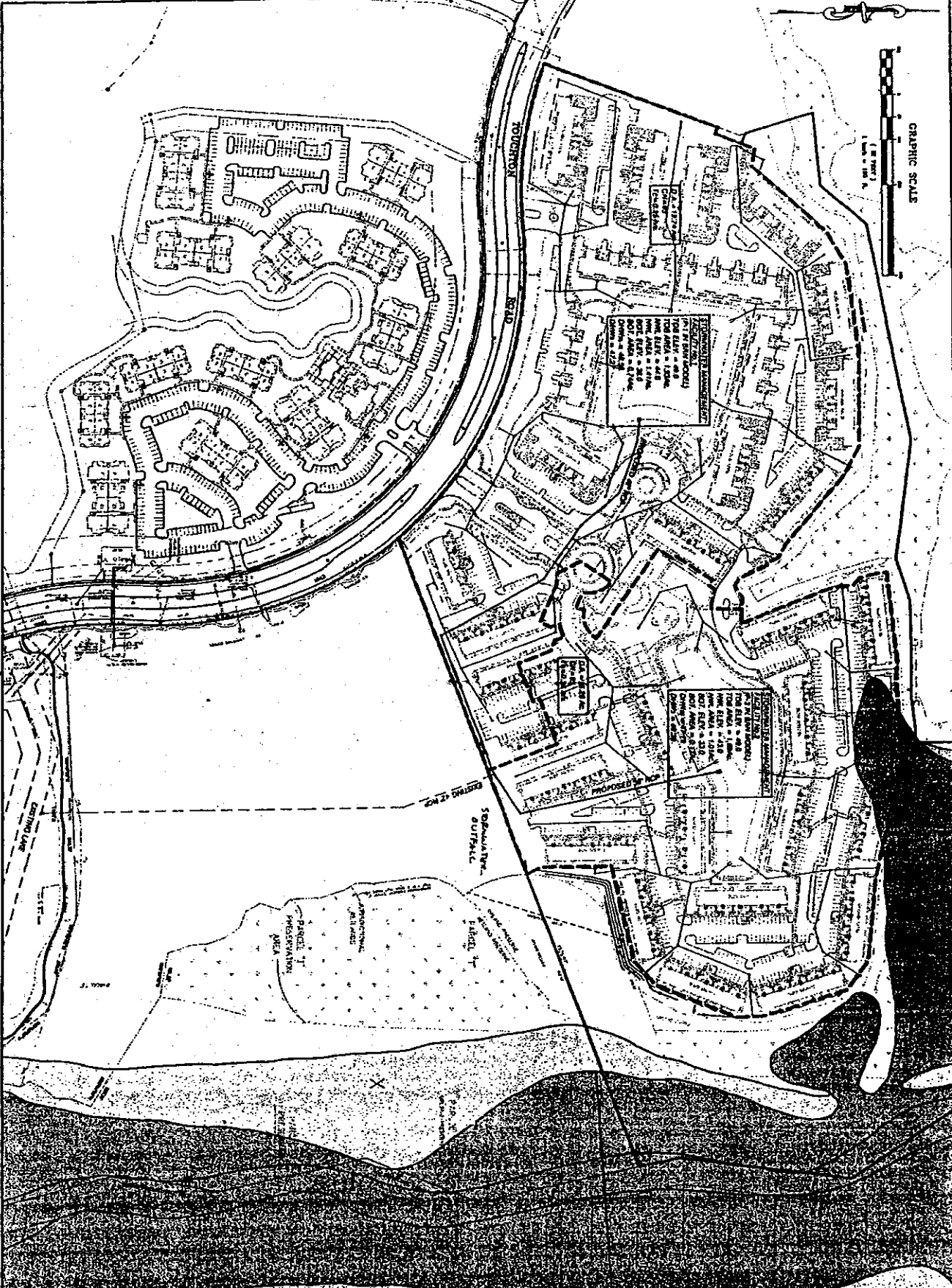
	START DATE	COMPLETION DATE
CLEARING AND GRUBING	9/1/2003	10/1/2003
EARTHWORK/EXCAVATION	9/15/2003	6/15/2004
WASTE WATER SYSTEM	9/15/2003	1/15/2004
WATER SUPPLY SYSTEM	12/15/2003	4/15/2004
SURFACE WATER MANAGEMENT	11/15/2003	5/15/2004
LANDSCAPING & IRRIGATION	3/15/2004	9/15/2004
FENCING AND GATES	3/15/2004	9/15/2004
SOD, SEEDING, EROSION CONTROL	3/15/2003	9/15/2004



**TABLE 2**

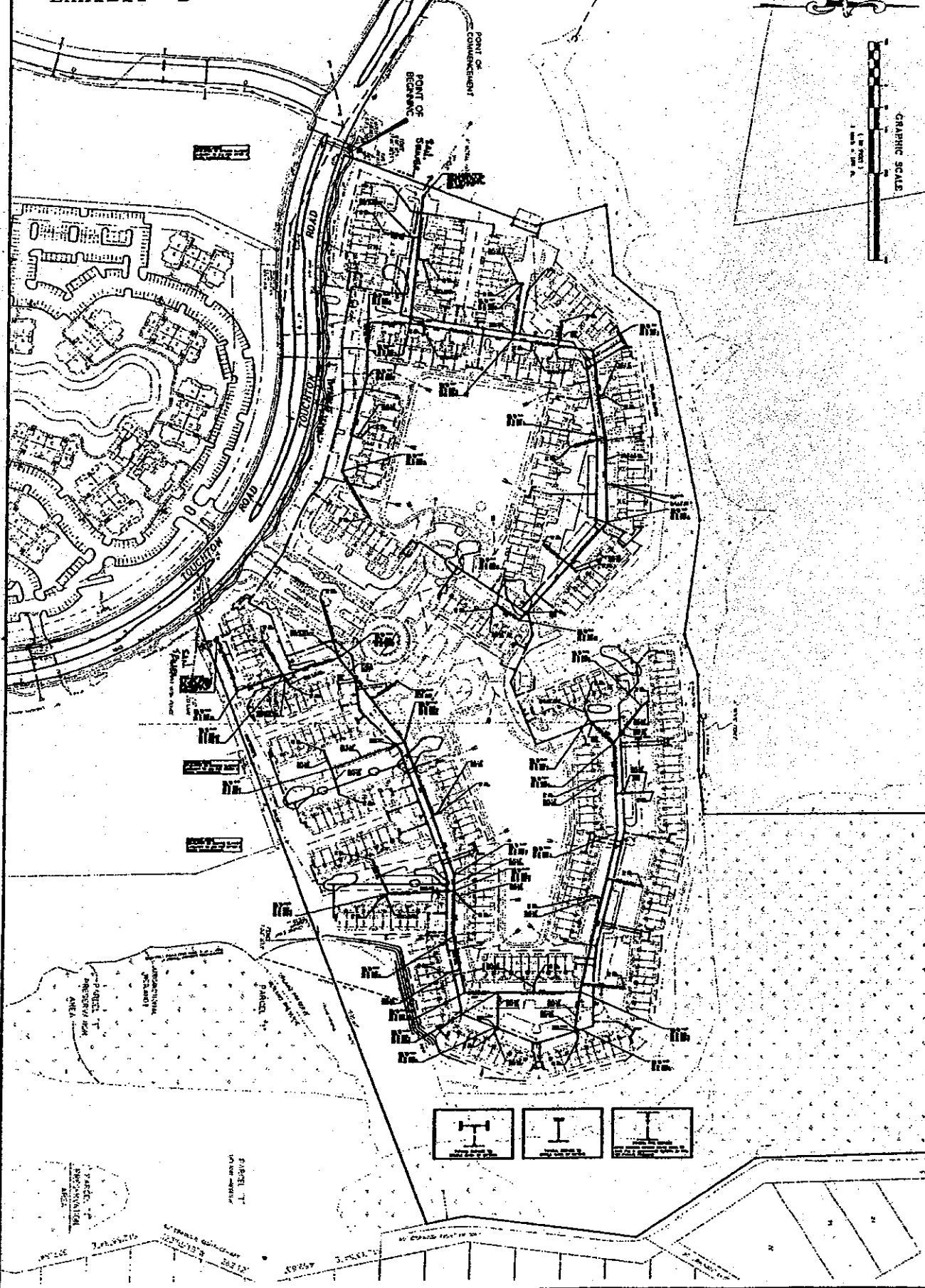
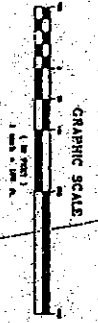
**CONSTRUCTION COSTS ESTIMATES  
PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

<b>CLEARING AND GRUBBING</b>	<b>\$55,744</b>
<b>EARTHWORK, EXCAVATION,</b>	<b>\$1,615,668</b>
<b>WASTEWATER SYSTEM</b>	<b>\$282,500</b>
<b>WATER SUPPLY SYSTEM</b>	<b>\$443,799</b>
<b>SURFACE WATER MANAGEMENT</b>	<b>\$677,703</b>
<b>LANDSCAPING &amp; IRRIGATION</b>	<b>\$303,112</b>
<b>FENCING AND GATES</b>	<b>\$120,000</b>
<b>SOD, SEEDING, EROSION CONT. SITE ELEC</b>	<b>\$93,389</b>
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>\$3,541,925</b>
<b>SOFT COSTS (ENGINEERING, ETC.)</b>	<b>\$301,302</b>
<b>CONTINGENCY @ 10%</b>	<b>\$354,193</b>
<b>TOTAL ESTIMATED PROJECT COSTS</b>	<b>\$4,197,420</b>



Revised Exhibit 1  
 Page 35 of 39

	<b>England-Thorns &amp; Miller, Inc.</b> <small>ENGINEERS - PLANNERS - ARCHITECTS - LANDSCAPE ARCHITECTS</small> <small>SUITE 201, JUNCTION ROAD, JUNCTION, MISSOURI 65035</small> <small>TELEPHONE (636) 441-1100 FAX (636) 441-1100</small>	<b>POST-DEVELOPMENT DRAINAGE PLAN</b>	<small>DATE: 02-11-2008</small> <small>PROJECT NO: 020</small> <small>CLIENT: DEERWOOD DEVELOPMENT, LLC</small> <small>DATE: 02-11-2008</small>	<small>REVISIONS:</small> <small>1. 02/11/08 AS SHOWN ON SUBMITTAL</small> <small>2. 02/11/08 AS SHOWN ON SUBMITTAL</small>
	<b>9</b>	<b>DEERWOOD DEVELOPMENT, LLC</b> <b>THE VILLAGIO</b> <b>AT DEERWOOD PARK</b>		



1 OF 1	<p><b>England-Thompson &amp; Miller, Inc.</b> ENGINEERS - PLANNERS - ARCHITECTS - LANDSCAPE ARCHITECTS 1475 W. UNIVERSITY BLVD. ALPHARETTA, GEORGIA 30201 PHONE: (404) 542-1000 FAX: (404) 542-1001</p>	<p><b>WATER AND SEWER PLAN</b></p> <p><b>I VILLAGIO</b> <b>AT DEERWOOD PARK</b> <b>DEERWOOD DEVELOPMENT, LLC</b></p>		<p>CD # 05 20-20</p> <p>ISSUED BY: GSC</p> <p>DESIGNED BY:</p> <p>DRAWN BY:</p> <p>DATE: DEC 15, 2007</p>	<p>REVISION:</p> <p>NO. 1 AS PRELIMINARY OFF SHEETING</p> <p>NO. 2 AS PER CITY ENGINEER</p> <p>NO. 3 AS PER CITY ENGINEER</p>
		<p>Revised Exhibit I</p>			





**EXHIBIT A**  
**LEGAL DESCRIPTION**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**

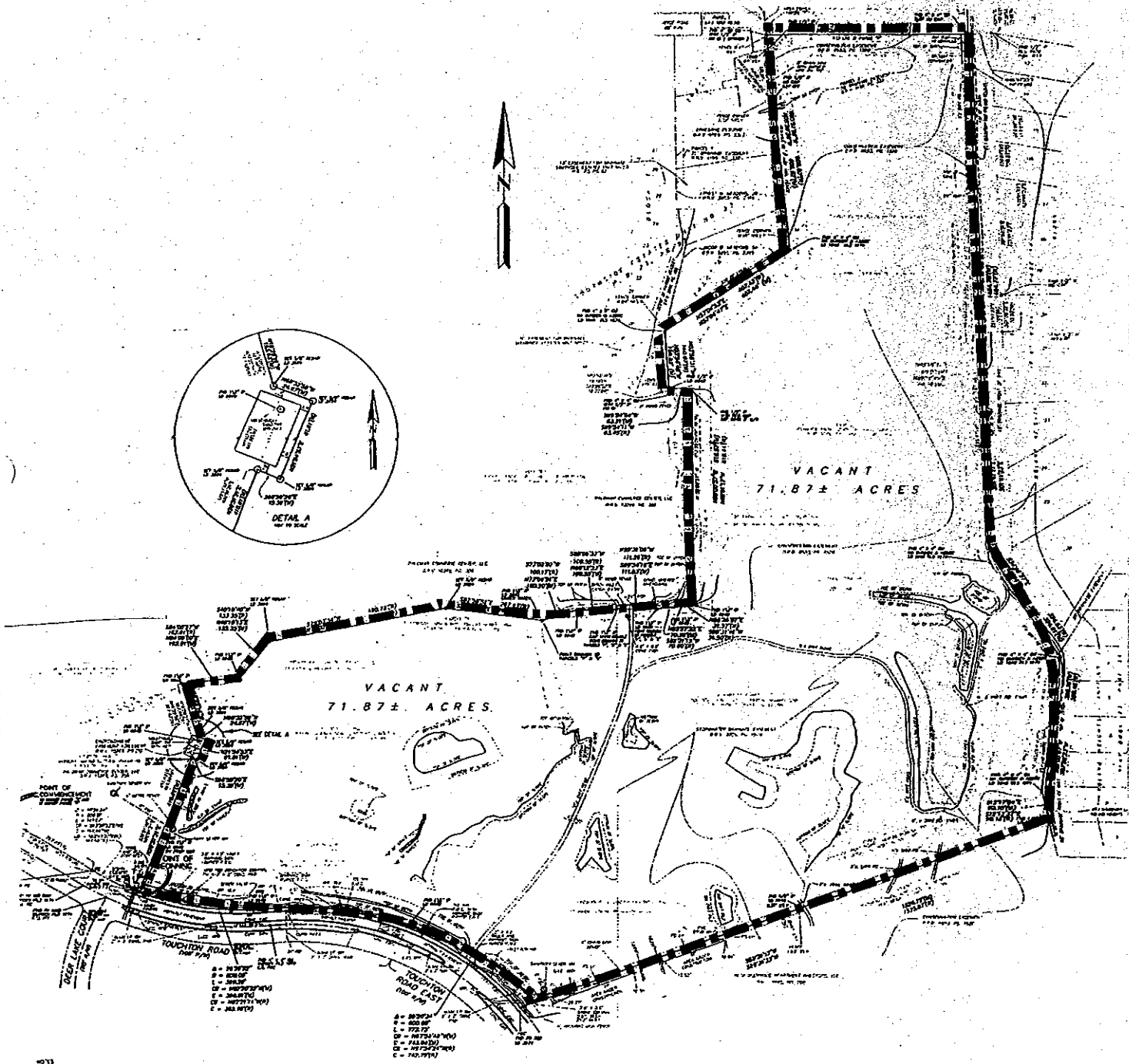
A portion of Parcels "R", "S" and "T", Deerwood Park North Replat Number One as recorded in Plat Book 51, Pages 6, 6A through 6N of the current Public Records of Duval County, Florida, being more particularly described as follows:

For a Point of Reference, commence at the Southwest corner of Parcel "S", said corner being common with a Southeast corner of Parcel "P", said common corner also lying on the Northeasterly right of way line of Touchton Road, a 100 foot right of way as now established; thence South 58°33'08" East, along said Northeasterly right of way line, 253.93 feet to the point of curvature of a curve concave Northeasterly, having a radius of 800.00 feet; thence Southeasterly, along said Northeasterly right of way line through a central angle of 10°34'34", an arc distance of 147.67 feet to a point on said curve and the Point of Beginning, said arc being subtended by a chord bearing and distance of South 63°50'53" East, 147.46 feet.

From said Point of Beginning, thence North 20°51'21" East, departing said Northeasterly right of way line, 410.61 feet; thence South 66°50'20" East, 15.36 feet; thence North 21°54'53" East, 61.61 feet; thence North 68°32'56" West, 24.67 feet; thence North 16°25'16" West, 153.93 feet; thence North 84°00'00" East, 162.01 feet; thence North 40°10'13" East, 133.35 feet; thence North 79°02'32" East, 490.82 feet; thence South 82°56'02" East, 267.63 feet to a point common to said Parcels "R" and "S"; thence Easterly, along lines common to said Parcels the following two courses: (1) North 73°04'51" East, 100.20 feet; (2) North 88°12'23" East, 109.55 feet to a point common to said Parcels "P", "R" and "S"; thence South 89°34'18" East, along a line common to said Parcels "P" and "S", 111.53 feet to a corner common to said Parcels "P", "S" and "T"; thence along the lines common to said Parcels "S" and "T" the following two courses: (1) North 82°27'22" East, 70.56 feet; (2) North 86°36'07" East, 31.57 feet; thence North 00°00'57" West, departing said lines common to Parcels "S" and "T", 618.57 feet; thence South 89°54'54" West, 63.21 feet to a line dividing said Parcel "T", Deerwood Park Replat Number One, from Tract "A", Southside Estates Unit No. 23, as recorded in Plat Book 23, Page 92 of said Public Records; thence Northerly and Northeasterly along the line common to said Parcel "T" and said Tract "A", the following three courses: (1) North 03°54'48" West, 159.83 feet; (2) North 57°04'47" East, 407.44 feet; (3) North 05°50'50" West, 606.02 feet to the Northwesterly corner of said Parcel "T"; thence North 89°28'00" East, along the Northerly line of said Parcel "T", 548.69 feet to the Northeasterly corner of said Parcel "T", also being a point lying on the Westerly boundary of Roland Heights as recorded in Plat Book 23, page 16 of said Public Records; thence Southerly along the Easterly line of said Parcel "T", and along said Westerly boundary of Roland Heights and along the Westerly boundary of Roland Heights - Unit No. 3 as recorded in Plat Book 23, page 24 of said Public Records, the following four courses: (1) South 01°41'11" East, 1484.75 feet; (2) South 34°45'44" East, 324.91 feet; (3) South 08°00'07" West, 380.25 feet; (4) South 12°17'04" East, 90.10 feet; thence South 69°31'17" West, departing said Easterly line of Parcel "T" and said Westerly boundary of Roland Heights - Unit No. 3, a distance of 1524.72 feet to a point lying on the Northeasterly right of way line of Touchton Road East, a 100-foot right of way as now established, said point also lying on a curve concave Southwesterly having a radius of 800.00 feet; thence Northwesterly, along said Northeasterly right of way line and along the arc of said curve, through a central angle of 55°20'34", an arc distance of 772.73 feet to a point of reverse curvature, said arc being subtended by a chord bearing and distance of North 67°54'49" West, 743.04 feet; thence Westerly continuing along said Northeasterly right of way line and along the arc of a curve concave Northerly, having a radius of 800.00 feet, through a central angle of 26°26'52", an arc distance of 369.28 feet to the Point of Beginning, said arc being subtended by a chord bearing and distance of North 82°20'52" West, 366.01 feet.

Containing 71.87 acres, more or less.

**EXHIBIT B**  
**DISTRICT BOUNDARIES MAP**  
**PRINCIPAL ONE COMMUNITY DEVELOPMENT DISTRICT**



# DEERWOOD DEVELOPMENT, LLC

July 26, 2004

Timothy S. Franklin, Esquire  
Office of the General Counsel  
City of Jacksonville  
City Hall, St. James Building  
117 West Duval Street Suite 480  
Jacksonville, FL 32202

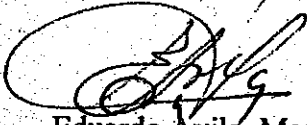
RE: Principal One CDD

Mr. Franklin,

This letter will serve as notice to the City of Jacksonville that Principal One Community Development District will not request powers of waste collection and disposal.

Sincerely,

Deerwood Development, LLC, Petitioner  
For Principal One CDD

  
Eduardo Avila, Manager

Revised Exhibit 1  
Page 39 of 39

OFFICE OF GENERAL COUNSEL  
CITY OF JACKSONVILLE

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KAREN M. CHASTAIN  
DERREL Q. CHATMON  
LASHANDA R. DAWKINS  
BRENDA B. EZELL  
TIMOTHY S. FRANKLIN  
LOREE L. FRENCH  
JOHN F. GERMANY, JR.  
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ANDREW K. KANTOR  
SCOTT D. MAKAR  
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JULIANA R. MCFARLAND



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STEPHEN J. POWELL  
GREGORY K. RADLINSKI  
ALAN K. RAGAN  
STEVEN E. ROHAN  
ANDRES ROJAS  
SHANNON K. SCHEFFER  
MARGARET M. SIDMAN  
WENDY L. STEINER  
EDWARD C. TANNEN  
JASON R. TEAL  
MICHAEL B. WEDNER  
ANTHONY B. ZEBOUNI

June 14, 2004

Mr. Robert D. Norris, EVP  
Special District Services, Inc.  
11000 Prosperity Farms Road  
Suite 104  
Palm Beach Gardens, Florida 33410

RE: Final Report of General Counsel  
Principal One Community Development District

Dear Mr. Norris:

Our offices, pursuant to City of Jacksonville Ordinance 2004-402-E, have completed our review of the Petition to Establish the Principal One Community Development District ("Principal One CDD"), dated as of 24 October 2003.

This final report concludes your petition is adequately sufficient, complete, true and correct to permit fair and informed consideration by City Council. Accordingly, we will be forwarding this final report together with the Petition and draft ordinance to the Chief of Legislative Services for introduction.

Notwithstanding, the above conclusion and action is made and taken subject to your amendment, supplement, clarification or tender of additional information to this Office as set forth hereinafter.

If you fail to amend, etc. as requested in this report, Council may decide not to consider the petition because incomplete or insufficient, or Council may decide to deny your petition because it is unable to determine whether all statements contained therein are true and correct.

EXHIBIT 2

Page 1 of 4

Further, please note that this report is advisory only and its underlying determinations,

conclusions and requests for additional information are not binding on the Planning and Development Department nor the City Council.

In sum, this report opines hereafter (subject to reservation as detailed hereafter) that the petition is: sufficient and complete; true and correct; and, not contrary to any provision of law or charter.

However, this report's opinions and reservations on the above do not encompass the "planning" documents such as maps, estimates, designations, etc. which will be part of the considerations and opinions made by the City's Planning and Development Department in its written report and recommendation to be made not less than 14 days from the date of this report.

**I. Completeness and Sufficiency?**

***Is the petition "complete" in that it contains all the elements and attachments required by section 190.005(1), Fla. Stat.?***

It is the opinion of this office that the petition is complete and contains all the elements, statements and attachments as required by and prepared in compliance with section 190.005(1), Fla. Stat.

***Assuming a petition is "complete", are all the required elements and attachments "sufficient" to permit fair and informed consideration by City Council?***

It is the opinion of this office that the required elements and attachments are sufficient to permit fair and informed consideration by City Council, so long as not less than seven (7) days prior to the establishment public hearing:

- 1) A new consent of landowner, Deerwood Development, LLC, (Exhibit 3) is executed and filed with Counsel:
  - \* clarifying that the signatory is a "Manager" (not a "Managing Director") of a limited liability company and removing erroneous references to a "corporation";
  - \* incorporating Exhibit 2 to the petition or attaching an additional copy of the legal description as Exhibit A to the consent as presently expressed in the consent; and,
  - \* attaching documentation (deed, etc.) demonstrating that petitioner, Deerwood Development, LLC, has ownership or control of the property.

**EXHIBIT 2**

**Page 2 of 4**

- 2) Further consents are executed by other landowners (i.e. condominium owners for units which have closed) and tendered to this office at least three (3) days prior to the establishment public hearing.
- 3) Utility information is updated from that stated at paragraph number five of the petition and a map showing location of major water trunk mains, interceptors, etc., and verified by JEA is tendered (e.g. SERC exhibits), or existing petition paragraph five is re-confirmed.
- 4) A revised statement of construction costs and timetable is submitted indicating:
  - \* the completion date for "earthwork/excavation";
  - \* whether some or all of these costs and times are now finalized as opposed to preliminary;
  - \* the identity of the estimate/timetable preparer; and,
  - \* whether any of the costs include estimates based on exercise of special powers.

## **II. Truth and Correctness?**

### ***Are all statements contained within the petition true and correct?***

It is the opinion of this office that all statements contained within the petition are true and correct, so long as:

- 1) A clarification is made and filed with Counsel to petition paragraph number nine to state clearly whether the Principal One CDD is or is not seeking to exercise commercial and industrial waste collection and disposal powers.

## **III. Contrary to Law or Charter?**

### ***Is the petition or any part thereof contrary to any law, City Charter, ordinance or other policy?***

This office opines that granting the petition would not be contrary to any law, the City Charter, City ordinance or other policy, with the reservation that the Planning and Development Department will opine on whether the petition is inconsistent with any portion of the 2010 Comprehensive Plan.

**IV. Other Information.**

- 1) Consent to exercise special powers will not be specifically considered at the establishment hearing except in relation to a general consideration of the construction cost estimates and statement of estimated regulatory costs. Accordingly, as per City Ordinance 2004-402-E and assuming the CDD is established, the Board of Supervisors will need to make a request for the City's consent to exercise such special powers tendered together with a check in the amount of \$1,500 whereby the City will consider the request.
- 2) I have received copies of the Il Villagio condominium documentation (thank you!) and will review same shortly and confer with you as may be necessary.

If you have any other questions please don't hesitate to call.

Sincerely,



Jim Franklin  
Assistant General Counsel

Attach./ Draft CDD establishment ordinance

cc: Jeannie Fewell, Director, P & D Department  
Dana Farris, Chief of Legislative Services

REVISED September 20, 2004

RE: Planning and Development Department Report & Recommendations  
Principal One Community Development District  
Ordinance 2004-706

Dear Council Members:

The Planning and Development Department ("Department") has completed its review of the Petition filed seeking to establish the Principal One Community Development District, as amended through 28 July 2004, ("the CDD" hereafter) by City Ordinance 2004-706, and has received supplementary materials in the form of a "White Paper" attached to a letter dated September 17, 2004, along with copies of disclosure statements signed by anticipated purchasers of homes within the proposed CDD. The White Paper is attached to this Report while the cover letter and a copy of the disclosures are being made a part of the legislative file in this matter. As a result of its receipt of the supplementary materials, the Department makes the following revised Report and Recommendations in accordance with section 92.07, Ordinance Code:

1. REPORT SUMMARY:

The developer/landowner, Deerwood Development, LLC, proposes that the Principal One CDD be established in the City of Jacksonville initially to accomplish those goals stated in the Petition. The Department finds that the Petition is generally sufficient and correct to permit fair and informed consideration and that the Petition bears a positive relationship to the majority of the factors specified at section 190.005(1)(e), Fla. Stat. The Department also wishes to emphasize it generally believes that a community development district can be very beneficial to government and citizen landowners.

While the Department is not convinced the CDD is the best alternative for delivering community development services and facilities to the area (as set forth in more detail at paragraph number seven (7) factor four (4), the supplementary information submitted by the Petitioner dated September 17, 2004, demonstrates the CDD will provide more of an ownership and management function that was originally understood, and evidences also that the CDD's proposed existence and financing have been well disclosed to potential purchasers within the CDD. Accordingly, the Department has modified its recommendation as to the relationship of the Petition to factor four (4) from "negative" to "neutral" as set forth hereafter. Considering that the Department's belief concerning the other five (5) factors remains positive, the Department then essentially leaves the legislative determination of whether the CDD is the best alternative for delivering community development services and facilities to the area, and the overall decision of whether or not to establish the



CDD to the City Council.<sup>1</sup>

**2. OVERVIEW OF CDD AND DEVELOPMENT INFORMATION:**

The land area proposed to be served by the CDD is located in Section 1, Township 3 South, Range 27 East in the Deerwood Park Development of Regional Impact just northeast of the intersection of Southside Boulevard and Touchton Road being bounded on the North by an apartment complex, on the East by an existing single-family subdivision, on the South by an apartment complex and Touchton Road and on the West by an apartment complex, and comprises approximately 72 contiguous acres. There is no land outside the proposed boundaries of the CDD to be served by the CDD.

For informational purposes only, the Department notes the underlying community development to be served by the CDD is the Il Villagio development located at 9745 Touchton Road. The land area underlying the CDD is designated MDR (Medium Density Residential) by the Future Land Use Element of the COJ 2010 Plan and is zoned PUD (Planned Unit Development) and presently permitted pursuant to City Ordinance 92-190-415.

The planned development consists of approximately 440 multi-family housing units, specifically 440 condominium units partitioned and constructed in a townhome style in separate three story buildings with units ranging from approximately 1,400 square feet to 2,500 square feet. Planned improvements and amenities include 24 hour manned gates, a 7,000 square foot clubhouse featuring a pool area with saunas and showers, tennis courts, basketball court and business center, jogging paths and nature preserve bordering the property.

According to the Petition, the developer is proposing that the CDD initially will finance the developer's site preparation costs (clearing, grubbing, earthwork, excavation) and will finance and/or acquire potable water/wastewater collection/transmission facilities, stormwater management systems, sodding, landscaping, irrigation systems, fencing and gates. Both the stormwater management system and an extensive 33 acre conservation area will be owned by the CDD - and managed and maintained by the Owner's Association (the "Association") - while the potable water/wastewater systems will be dedicated to JEA. The Petition does not specify how the real estate upon which the improvements consisting of fencing, gates and landscaping will be titled and/or maintained. Total acquisition/financing costs together with engineering soft costs and a 10% contingency total approximately \$4,197,420.00 as set forth at Exhibit 4B to the Petition.

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<sup>1</sup> This report and recommendation are based upon the specific facts and proposed operations of the Principal One CDD as set forth in the Petition considered in totality and should not be generalized or extended individually to apply to any other CDD Petition.

3. SUFFICIENCY AND COMPLETENESS OF PLANNING DOCUMENTATION:

The Department opines that the Planning Documentation received to date appears sufficient and complete. The Department notes it has received an updated construction cost schedule and timetable that is included in the Petition as amended through July 28, 2004.

4. TRUTH AND CORRECTNESS OF PLANNING DOCUMENTATION:

The Department opines that the Planning Documentation received to date appears truthful and correct.

5. JEA CERTIFICATION OF UTILITY INFORMATION:

The JEA certification had not been tendered to the Department at this time of making this report and recommendation. Notwithstanding, the Department has no reason to find the utility maps submitted with the Petition are inaccurate.

6. RECOMMENDATION AS TO FACTORS 2., 3. & 5. OF s. 190.005(1)(e), FLA. STAT. :

In determining whether to grant a Local Petition for the establishment of the Principal One CDD by adoption of Ordinance 2004-706, the City Council must consider the Local Petition and the entire record of the local public hearing in light of the six (6) factors set forth at section 190.005(1)(e), Florida Statutes.

The Department notes there is no requirement for factual "findings" nor a requirement that the Petition may be granted only if considered positively in light of each and every factor. Rather, the statute requires only that the Petition be considered "in light of" its relationship to the factors.

By way of example, the City Council may believe the CDD is NOT the "*best alternative for delivering the community development services and facilities to the area that will be served by the CDD*" but yet believe the CDD is a better alternative than others, and, while considering the relationship of the CDD to all other factors to be merely neutral, make a valid, fairly debatable and legislative decision to establish the CDD.

Accordingly, pursuant to section 92.07, Ordinance Code, the Department is charged with opining and making recommendation of the relationship of the Local Petition to factors 2., 3. and 5., and does so as follows:

Factor 2.: *Whether the establishment of the CDD is inconsistent with any applicable element or portion of the state comprehensive plan or of the effective local government comprehensive plan?*

Relationship: **POSITIVE**

This factor considers not the underlying "development" but rather considers the establishment of the CDD. Further, the wording of this factor indicates a legislative belief that, in general, establishment of a CDD will be consistent with state and local comprehensive planning laws. Accordingly, the statute requires only a consideration as to whether CDD establishment will be "inconsistent" with state and local comprehensive planning requirements.

The Department opines and recommends the establishment of the Principal One CDD would not be inconsistent with any applicable element or portion of the state comprehensive plan or of the City's 2010 Comprehensive Plan.

While not required to be considered, the Department notes the establishment of a CDD, depending upon the specific proposed systems, facilities and services to be financed, constructed, operated and/or maintained by a CDD, may be consistent with the following provisions of statute and the 2010 Comprehensive Plan:

*Section 187.201 (17), Florida Statutes, "Public Facilities"*

- (a) *Goal.*- Florida shall protect the substantial investments in public facilities that already exist and shall plan for and finance new facilities to serve residents in a timely, orderly, and efficient manner.
- (b) *Policies.*-
  - 1. Provide incentives for developing land in a way that maximizes the uses of existing public facilities
  - 
  - 3. Allocate the costs of new public facilities on the basis of the benefits received by existing and future residents.
  - 4. Create a partnership among state government, local governments and the private sector which would identify and build needed public facilities and allocate the costs of such facilities among the partners in proportion to the benefits accruing to each of them.
  - 5. Encourage local government financial self-sufficiency in providing public facilities.
  - 6. Identify and implement innovative but fiscally sound and cost-effective techniques for financing public facilities.
  - 7. Encourage the development, use, and coordination of capital improvement plans by all levels of government.
  - 
  - 9. Identify and use stable revenue sources which are also responsive to growth and for financing public facilities.

*Section 187.201(20), Florida Statutes, "Governmental Efficiency"*

- (a) *Goal.*- Florida governments shall economically and efficiently provide the amount and quality of services required by the public.
- (b) *Policies.*-
  - 2. Allow the creation of independent special taxing districts which have uniform general law standards and procedures and do not overburden other governments and their taxpayers while preventing the proliferation of independent special taxing districts which do not meet these standards.
  - 5. Eliminate needless duplication of, and promote cooperation in, governmental activities between, among, and within state, regional, county, city, and other governmental units.
  - 11. Encourage governments to seek outside contracting on a competitive-bid basis when cost-effective and appropriate.

*Goal 1, Intergovernmental Coordination Element, 2010 Comprehensive Plan*

Coordinate the planning and policy making of the City with that of the surrounding city, county, regional, state, federal and special authority governments to ensure consistency in development and in the provision of services and to implement the goals, objectives and policies of the 2010 Comprehensive Plan.

*Policy 1.2.2, Capital Improvements Element, 2010 Comprehensive Plan*

The City shall continue to explore the feasibility of alternative financing mechanisms to facilitate the availability of public facilities. This shall include a feasibility review of dedicating a portion of the ad valorem taxes specifically for capital improvements.

*Policy 1.2.7, Future Land Use Element, 2010 Comprehensive Plan*

The City shall, through joint participation agreements, among federal, State, and local governments, and the private sector, as appropriate, identify and build needed public facilities, and allocate the costs of such facilities in proportion to the benefits accruing to each.

*Policy 2.8.1, Future Land Use Element, 2010 Comprehensive Plan*

The City shall improve coordination with all levels of government, non-profit providers and private landholders to increase available parkland and facilities, through negotiations and joint participation agreements for acquisition and management of recreational land.

**Factor 3.:** *Whether the area of land within the proposed district is of sufficient size, is sufficiently compact, and is sufficiently contiguous to be developable as one functional interrelated community?*

Relationship: **POSITIVE.**

This factor considers whether the land area to be served by a CDD can be serviced efficiently and effectively by one entity. Considerations include the

geographic location of the land, its topography, underlying natural and political boundaries, etc. and all the foregoing considerations are interrelated. For example, a CDD found to be of insufficient size where located far from the urban services area may be of ideal size for an urban redevelopment or a commercial infill project.

As shown on the maps attached as exhibits to the Petition, the land area to be serviced by the CDD is clearly sufficiently compact and sufficiently contiguous to be developable as one functional interrelated community.

As to the sufficiency of its size, the Department notes there is no statutory minimum or maximum size for a CDD. Sizes of previously established CDD range from the rural, residential and multi-use Villages CDD spanning 3 counties in Central Florida and encompassing about 18 square miles to the urban, commercial use CityPlace CDD in Palm Beach County which comprises only a little over one square city block. Given the proposed 72 acre CDD is to be located outside the urban core but within a multi-use DRI, the Department makes a neutral finding with respect to the sufficiency of the size.

Based on the foregoing, the Department opines and recommends that overall a positive finding may be made on this factor three (3.).

Factor 5.: *Whether the community development services and facilities of the CDD will be incompatible with the capacity and uses of existing local and regional community development services and facilities?*

Relationship: **POSITIVE.**

The limited services and facilities proposed to be facilitated by the CDD as set forth in the Petition are those which are standard and/or required for any community development in Duval County. Accordingly, the Department opines same are not incompatible with the capacity and uses of existing local and regional community development services and facilities.

## **7. OTHER HELPFUL INFORMATION:**

The remaining factors (see above paragraph) which the Council must consider when determining whether to grant the Local Petition to establish the Principal One CDD, and a brief explanation of the Department's review and recommendation as to each (given this is the first Petition filed with the Council seeking establishment by ordinance), are as follows:

Factor 1.: *Whether all statements contained within the Local Petition have been found to be true and correct?*

Relationship: **POSITIVE** (See Caveats Below).

The Office of General Counsel and the Department have opined that all statements and planning attachments contained within the Local Petition are *adequately* true and correct to permit informed consideration by the Council. Notwithstanding, the Council is not bound by these findings and may find the statements, attachments and documentation are incomplete and/or insufficient to permit fair debate, or are not adequately truthful and correct so as to permit informed consideration.

By way of minor caveat, the Department notes that the statement (made at paragraph seven (7.) of the Petition) that the Future Land Use Element "designate[s] the land contained within the proposed District for low density residential" is incorrect; the land area is designated MDR, Medium Density Residential.

Factor 4.: *Whether the CDD is the best alternative for delivering the community development services and facilities to the area that will be served by the CDD?*

Relationship: **NEUTRAL.**

This factor provides the Council with a great deal of discretion concerning whether to grant the Petition and establish the CDD. Proper consideration of this factor requires that the Council consider the prospect of the CDD providing certain proposed systems and facilities to service the underlying development against other available alternatives including those both public (e.g. City's creation of a dependent special district or Municipal Service Benefit Unit, etc.) and private (e.g. homeowner's association, developer funding, etc.) The Department considered these alternatives in relation to the benefits to the City and to the intended residents; the benefit to the Petitioner is presumed.

While the Department originally recommended a "negative" relationship to the petition on this factor, the Petitioner submitted supplementary materials attached to a letter dated September 17, 2004 in the form of a "White Paper" touting the CDD's benefits and providing clarification, as well as copies of a disclosure statement signed by all prospective purchasers amply informing of both the CDD's proposed existence, anticipated functions and projected level of assessment used to finance and fund the CDD's capital improvement program and ongoing maintenance.

After consideration of the foregoing, and although the Department is not convinced the CDD is the best alternative to the City and intended residents for

servicing the development and has remaining concerns as set forth in more detail hereafter, the Department now makes a neutral finding regarding this factor for the following reasons:

First, chapter 190 and section 189.415, Florida Statutes, contemplate that a CDD may finance, construct, manage, maintain and report upon certain capital "public facilities" which may be relied upon by the City in preparing its capital facility reports and revising its Comprehensive Plan (i.e. Capital Improvements Element). In the instant case, the CDD is proposing to deliver limited amounts of capital facilities of about the same public benefit to the City than would be expected using non-CDD alternatives.

Specifically, the Petition proposes that the CDD acquire a storm-water management system designed to service the runoff of the immediate surrounding development (i.e. not a "regional" facility). Of some greater benefit, the Petition proposes that an extensive conservation/nature preserve area of approximately 33 acres will be acquired by the CDD. Further, the Petition proposes that the ponds and the conservation areas will be managed and maintained by the Association rather than by the CDD.<sup>2</sup> The potable water and wastewater systems to be acquired by the CDD are to be dedicated to JEA. The Petition proposes that roads, interior landscaping and recreational amenities are to be owned and maintained privately by the Association and does not set forth specifics relating to the exterior landscaping, fencing and gating although the condominium documents suggest the lands on which these latter improvements will be installed are to be owned by the Association.

In sum, and with the exception of the conservation area, the CDD is proposing to provide only that which is customarily required to be constructed and/or dedicated regardless of whether the development is served by a CDD or not.

Nonetheless, the White Paper stresses that the CDD's financing mechanism's make the extensiveness of the 33 acre nature preserve feasible and that this will provide an additional benefit to the City and perhaps an opportunity for the City to co-locate active or passive recreational uses within the preserve parcel as may be feasible and agreed by the Petitioner.

Thus, from the City's perspective the CDD appears to provide about the functional equivalent of other non-CDD alternatives, but the extent of same may be greater through use of the CDD alternative with potential for more.

Second, while the intended residents may gain some limited benefits by use of the CDD compared to other alternatives as set forth in the Petition and

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<sup>2</sup> The Department notes the Association may theoretically receive ad valorem tax exemptions on the ponds in the same manner and to the same extent as a CDD.

the White Paper, the Department has concerns of whether such benefits will outweigh the costs in the long run.

Foremost, the Department notes the CDD is only one of at least three entities (i.e. Master Association and lesser Association) that will have some responsibility for financing, managing and maintaining the infrastructure to serve the underlying condominium development. All of these entities will require separate insurance, accounting, professional management, legal counsel, supervisor/board member fees and cost reimbursements to name but a few expenses. Many of such costs are fairly rigid and unrelated to the amount of management responsibility, value of assets, etc. assumed by an entity. Considering the CDD is proposing only to own the stormwater system and conservation areas (managed by the Association), the costs of ongoing CDD operation may outweigh the benefits from the residents' perspective. Notwithstanding the cost issue, the residents may feel the additional CDD entity fragments and confuses management and maintenance responsibility. Moreover, given the likelihood the CDD will issue long-term bonds to finance its acquisition, it is unlikely the residents would be able to dissolve the CDD prior to the bond issue's final maturity even if desired.

Further, given the CDD is proposing to acquire 100% of its proposed facilities, systems and services, the residents will not realize any benefits presumed to accrue related to competitive bidding nor from an exemption from sales taxes which would accrue were the CDD to construct any facilities.

Finally, while there are typically some tax exempt bond issue cost savings potentially passed on to residents, any such savings will be limited given that only about \$ 4.2 million at most will be financed and will require payback with interest compounded typically over a period of between 20-30 years. Moreover, the foregoing is true also because the bond underwriting, legal and other professional fees associated with such financing will drive down potential cost savings assuming same exist and are passed on to residents.

On the other hand, the Petition points out that one of the CDD's primary functions is to ensure that costly infrastructure is sustained at high levels of service over long periods of time, and that CDDs have a great track record of same compared to less professional homeowners associations. Thus, assuming the CDD provides only limited financial benefit on the front end, the long-term benefit in the form of reduced maintenance expenses - even assuming ongoing operational costs - may be reduced by and through the use of the CDD.

Additionally and of current interest, a CDD is eligible to participate in the State of Florida Mutual Aid Program, available in the event of disaster, while a homeowners association is not.



Further, Petitioner argues that CDD financing (paying for improvements over a thirty (30) year period) allows homeowners to purchase only that portion of the infrastructure that they will actually use and affords more home and amenities than would be possible through conventional financing and that this is a benefit to the members of the public living within the CDD.

In sum, a CDD may provide a wide variety of facilities and services ranging from mere acquisition of previously constructed underground infrastructure to the financing, owning, managing and maintaining of almost every facet of the community development including for example constructing school buildings and equipping fire stations. In the instant case, the proposed CDD is functioning mainly as a financing vehicle to acquire improvements and/or offset costs previously constructed or incurred by the developer/Petitioner with a limited ownership and maintenance function. The benefits to the City and the intended residents from such an arrangement are, in the Department's opinion, not the equivalent of the benefit accruing when the CDD's construction, operation, management and maintenance functions are used more extensively.

Nonetheless, the Department notes many other local governments have established CDD's on facts similar to the foregoing, all in the aid of reducing development expenses and sometimes with less apparent benefit to the eventual homeowners, with regrets coming typically where the CDD was (allegedly) not disclosed or disclosed only minimally. Given that the Petitioner has tendered disclosures of each pre-purchaser concerning the existence, anticipated function and level of assessment required to defray capital and operational expenses, the likelihood of the City Council having a regret based on improper disclosure appears greatly reduced.

In consideration of all the foregoing, the Department makes a neutral recommendation of the Petition to this factor and leaves the question of the relationship of the Petition to whether the CDD is the best alternative to servicing the development to the City Council.

**Factor 6.:** *Whether the area that will be served by the CDD is amenable to separate special-district government?*

Relationship: **POSITIVE.**

This factor also considers the land area (very similar to factor 3.) but viewed in relation to whether it may be governed efficiently by a separate special district, the CDD. The Department finds the land area is amenable to separate special district government, and the Department therefore makes a positive finding on this factor.

## **8. CONSENT TO SPECIAL POWERS.**

The Petition also seeks the City's consent to the CDD's exercise several special powers set forth at s. 190.012(2), Fla. Stat, specifically, to plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain additional systems and facilities for: (a) Parks and facilities for indoor and outdoor recreational, cultural, and educational uses; and, (d) Security, including, but not limited to, guardhouses, fences and gates, electronic intrusion-detection systems, and patrol cars, when authorized by proper governmental agencies; except that the CDD may not exercise any police power, but may contract with the appropriate local general-purpose government agencies for an increased level of services within the CDD boundaries. The Petition has been amended to clarify that no waste collection or disposal powers are requested.

Pursuant to Chapter 92, Ordinance Code, the City may generally consider the exercise of the so-called "consent" special powers when it considers the estimated construction costs, e.g. construction of "gating" as set forth in the Petition, but will grant consent only pursuant to separate Petition filed after a CDD's establishment by its governing Board of Supervisors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mike Herzberg', written over a horizontal line.

Mike Herzberg  
Chief of Current Planning

Cc: Petitioners, Principal One CDD  
Tim Franklin, Office of General Counsel  
Kyle Billy, Office of Council Auditor



## GENERAL BENEFITS TO THE CITY AND INTENDED RESIDENTS

### I. GENERAL BENEFITS TO THE CITY

First, the primary residential areas that flood during storm events are in communities where privately owned drainage systems are under the jurisdiction of homeowners associations. Maintenance of the drainage system is often included in the contract of a management company that has the primary objective of addressing the aesthetics of the community and has little knowledge or expertise in storm water management. In many communities where the drainage systems have been deeded to the homeowners associations, there is no management company and the responsibility of maintenance of the drainage system is vested in a board of directors made up of residents within the community. In this case, it is highly unlikely that the residents have any knowledge whatsoever of storm water management. Further, research indicates that homeowners associations are primarily focused on aesthetic issues (i.e. landscape maintenance, architectural review, violations of homeowner documents, etc.) and concern for the drainage system will often develop only after the damage has been done.

The dedication of storm water management systems to community development districts is a perfect alternative to this dilemma. First, it is a governmental entity that has the authority to levy assessments against those who benefit from the services it provides. This assures access to maintenance funds. Second, the Florida Statutes (Chapter 190) that allows for the establishment of community development districts **mandates** the engagement of a professional district manager who, according to the Chapter 190, "shall have charge and supervision of the works of the district and shall be responsible for preserving and maintaining any improvement or facility...." of the district. While this does not guarantee that CDD-owned storm water management systems operate properly, it certainly provides a strong foundation for proper management. Moreover, should the Board of Supervisors of the Community Development District find that there may be operational benefits associated with the Homeowners Association maintaining the system, then the two entities (CDD and HOA) would enter into an Interlocal Agreement which would outline the maintenance standards expected of the HOA and if those standards are not met to the satisfaction of the CDD, then the CDD will have the right to immediately seize control over maintenance responsibilities. Similar to General Purpose Local Governments (such as the City of Jacksonville), the CDD which is a form of Special Purpose local government can contract with other entities to maintain its infrastructure and assets but will always remain the responsible governmental entity.

To further support the establishment of community development districts, Chapter 189.415(2), Florida Statutes requires all special districts (including any community development districts within the incorporated area of the CITY) to prepare and file a public facilities report with the

REVISED Exhibit 3

3 Page 12 of 17



CITY. A public facilities report must provide, among other things, a description of the public facilities owned or operated by the CDD. This report is to be updated every five years and annual notices of changes are required. The five year updates are due within twelve months of the due date of the City's evaluation and appraisal report and may be used and relied upon by the CITY in the preparation and revisions of the City's Comprehensive Plan. **There is no such requirement for homeowners associations.**

Also in support of community development districts is the fact that CDDs are eligible to participate in the **State of Florida Mutual Aid Program**. This program (provided by the State Department of Community Affairs) provides the opportunity for local governments (including community development districts) to enter into mutual aid agreements with the State of Florida for mutual assistance during emergencies. Under this program, a CDD may request assistance from any participating agency (including the State of Florida) when a major catastrophic event occurs. Most major disasters that occur in this area overwhelm the storm water management systems that are not designed to deal with such events; therefore, these mutual aid agreements allow state and local governments to respond as a team to deal with the situation. **This program is not available to private homeowners associations.**

## II. BENEFITS TO RESIDENTS

First, most developers begin their due diligence of a project by examining its financial potential. If a CDD is contemplated, the developer factors the amount of the CDD financing into the bottom line to establish the project's profit margin. If the CDD is not created and the financing does not occur, the developer will need to re-evaluate the financial plan and most likely adjust the price of the homes upward. A CDD offers the developer the opportunity to be more competitive in the marketplace by providing either a lower cost home or a comparably priced home with more amenities than would be feasible without a CDD. In the case of the Il Villagio Development, the anticipated establishment of the Principal One CDD positioned the Development Team to include in their development and financial planning models approximately \$3,000,000 in common area amenities; while ensuring the unit prices remained affordable to their target market.

A second financial advantage has to do with the homebuyer's ability to qualify for a mortgage. If a CDD is created and the public infrastructure is financed through CDD tax exempt financing, the homebuyer does not have to qualify for the cost of the CDD-financed public infrastructure. This is because the CDD-financed amount is not included in the private mortgaged amount; rather, it is included in the estimated amount of the taxes that the homebuyer will be expected to pay annually. Moreover, mortgage lenders in the Il Villagio Development have been eager to finance up to ninety-five percent of the units because they believe the purchase price and

REVISED

Exhibit 3

Page 13 of 17

4



## Special District Services, Inc.

assessment projection (\$720 annually) is excellent and therefore the collateral (each condominium unit being offered for purchase) more than substantiates the loan amount.

The third financial advantage to a homebuyer is that most, if not all, CDDs structure the financing so that a homeowner can pay off the CDD debt at any time. However, it probably is not advantageous for a homeowner do so because the CDD debt runs with the land, so when a homeowner sells the home, there is no requirement to pay off the CDD debt. Therefore, the homeowner only pays for that portion of the public infrastructure while he or she owns the home. Without a CDD, the total cost of the public infrastructure would be included in the price of the home even though, statistically, the homebuyer will not receive the full benefit from the infrastructure. This is because it has been shown that most people change their residences approximately every seven years after the initial purchase. Therefore the CDD purchaser enjoys the immediate benefit of the infrastructure and amenities but pays the costs associated with the financed improvements over the typical thirty year maturity of tax exempt municipal bonds.

A fourth financial advantage to a homebuyer is the fact that tax exempt financing costs are lower than the costs of conventional financing. However, in today's market with low interest rates, the differential is not as great as it has been, but during the life of the debt, and as interest rates go up, this differential would be substantial. The CDD's annual debt service payments are fixed at closing and remain the same throughout the life of the bond issue. **Incidentally, CDDs are the only governmental entities that are required by law to disclose their special assessments to prospective homebuyers in advance, and CDDs are able to disclose exactly the annual amount of special assessments that will be levied against a home.** This disclosure provides a prospective homebuyer with the opportunity to choose, or not to choose, to buy into a development that is within a community development district.

A final benefit to homeowners, while not necessarily financial, is that six years after the initial election of Supervisors and after the District attains at least 250 qualified electors, Supervisors whose terms expire will begin to be elected by qualified electors of the District. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State and a citizen of the United States. At the election where Supervisors are first elected by qualified electors, two Supervisors must be qualified electors and be elected by qualified electors, one to a four-year term and one to a two-year term. The other Supervisor will be elected by landowners for a four-year term. Thereafter, as terms expire, they will be replaced by the qualified electors. Moreover, unlike HOAs, CDD Board Members are government officials and have to adhere to the Sunshine Law and Public Records Law (and all other applicable Florida Statutes) in the same manner as the Mayor and City Council of the City of Jacksonville.

REVISED

Exhibit 3

Page 14 of 17

5



**GROWTH MANAGEMENT BENEFITS SPECIFIC TO THE PRINCIPAL ONE CDD**

In addition to the numerous General Benefits to the City of Jacksonville and the intended residents, there are Specific Growth Management Benefits which will be accrued by the City and its future residents.

Deerwood Development, L.L.C. incorporated the anticipated establishment of the Principal One Community Development into its development planning and financial model. Therefore, Deerwood Development, L.L.C. designed the IL Villagio Development to be 440 high quality condominium units on approximately 72 contiguous acres which would have extensive on-site resort style amenities and still be affordable to its target market which includes first-time home buyers. Many of these first-time home (condominium) buyers that are now purchasing units in the IL Villagio Community have been young professionals who previously have been renting an apartment at one of the neighboring apartment complexes.

The Development Team felt confident that with the establishment of the Principal One CDD, they could utilize the District to acquire the thirty plus acres of nature preserve and construct the public infrastructure that would be required as a part of the development order. Sixty to seventy-five percent of the nature preserve acquisition and public eligible infrastructure costs would then be financed by the Principal One Community Development District (with the remaining forty to twenty five percent being funded by Deerwood Development, L.L.C.) issuing tax exempt municipal bonds which would mature in thirty years and keep the unit purchase price and annual District debt service and operational assessments affordable. Based upon this financial modeling, the Development Team was confident that it was financially feasible to acquire the thirty plus acre nature preserve and build 440 units versus the allowable 660 units on the site; which is an infill location. Conversely, most of the development projects in proximity to the Il Villagio development have maximized their densities to off-set their land costs. Moreover, these developers typically invest far less in amenities than the Il Villagio Development; \$3,000,000 in Il Villagio versus the estimated \$1,000,000 amenity investment in neighboring developments of comparable size.

This reduction in densities, it is believed, would be a benefit to the developer because he could develop a high-quality product for the future residents while keeping it affordable (utilizing the Principal One CDD). For the City and intended residents, there would be the preservation of the thirty plus acre nature preserve which surrounds the community and provides a pleasant buffer which can be enjoyed by the Principal One CDD community and the adjoining existing communities; there would be a reduced need to travel outside the resort style community due to the community club house, pool, basketball and tennis courts, business center, jogging path and nature preserve; and there would be 220 less units (440 units versus the potential 660 units) to produce additional TRIPS on the adjoining public roadway system and therefore possibly reduce

REVISIED  
Exhibit 3  
Page 15 of 17  
6



## Special District Services, Inc.

the usage of the City's near-by recreational fields/facilities as well as public service needs without reducing taxable value (due to the density reduction).

Equally as important, the purchasers would be owning their own condominium units versus renting and it is expected that condominium ownership will ensure the community is well-maintained for years to come and will thereby be a contributing factor in enhancing the property values of the general area in the immediate term and into the future. Additionally, the Principal One CDD is also expected to finance the aesthetically pleasing landscaping and decorative noise buffer wall that fronts the community and will serve to enhance the face of the public roadway corridor. Clearly, these aesthetic enhancements will further beautify the public roadway corridor which serves not only the IL Villagio Development but the communities and motorists traveling the entire corridor.

In addition to the financing benefits discussed above, it is important to note that Community Development Districts and Homeowners Associations (as well as General purpose local governments) work in tandem. When the Uniform Community Development District Act of 1980 was enacted and became law (Chapter 190 F.S.), it was crafted with the understanding that Community Development Districts were to compliment General Purpose Local Governments and work with Homeowners Associations in a cooperative and cost-effective manner. Community Development Districts don't have land use and policing powers like General Purpose Local Governments (Cities and Counties) and must comply with the State and Local Comprehensive Plans. In relation to HOAs, Community Development District are master planned communities and in most instances, CDDs have HOAs and Property Management Associations within its boundaries. Therefore, the residents within a community will pay HOA fees and CDD assessments. These fees and assessments are not duplicative in nature. The CDD typically experiences higher legal and engineering costs during the planning and infrastructure development phases but as the development is completed, the District's focus will become more maintenance oriented and those legal and engineering expenses will decline accordingly. If the CDD Board chooses to have the HOA assume maintenance responsibilities over certain CDD facilities, amenities, and infrastructure, then (provided the HOA accepts) an Interlocal Agreement between the two entities will be enacted which will outline the CDD's maintenance expectations for the HOA and the CDD's ability to resume the maintenance activities should the HOA falter. Throughout its existence, the CDD through its professional district manager and Board will remain active to fulfill its governmental obligations in a cost-effective manner as dictated by its future resident comprised Board. For instance, within the Principal One CDD, the Administrative assessment is expected to be \$10 per unit per month. Even coupled with HOA fees, the combined HOA(s) and CDD fees/assessments within IL Villagio will be lower than comparable/competing communities.

REVISED

Exhibit 3

7 Page 16 of 17



In summary, and in support of the Petition, the documentation submitted herewith clearly demonstrates that the CDD is the best alternative for the delivery of the public infrastructure for this project.

**REVISED**

**Exhibit 3**

**Page 17 of 17**

8

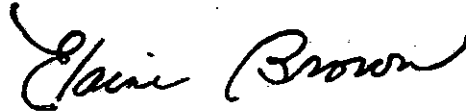


ORDINANCE 2004-706-E

CERTIFICATE OF AUTHENTICATION

ENACTED BY THE COUNCIL

OCTOBER 12, 2004



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ELAINE BROWN  
COUNCIL PRESIDENT

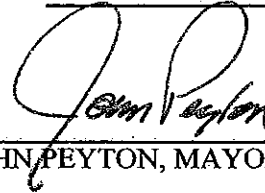
ATTEST:



CHERYL L. BROWN  
COUNCIL SECRETARY

OCT 25 2004

APPROVED: \_\_\_\_\_



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JOHN PEYTON, MAYOR

