

SECOND SUPPLEMENTAL ENGINEERING REPORT

POINCIANA COMMUNITY DEVELOPMENT DISTRICT

Prepared for:

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Section 1

INTRODUCTION

1.1 INTRODUCTION

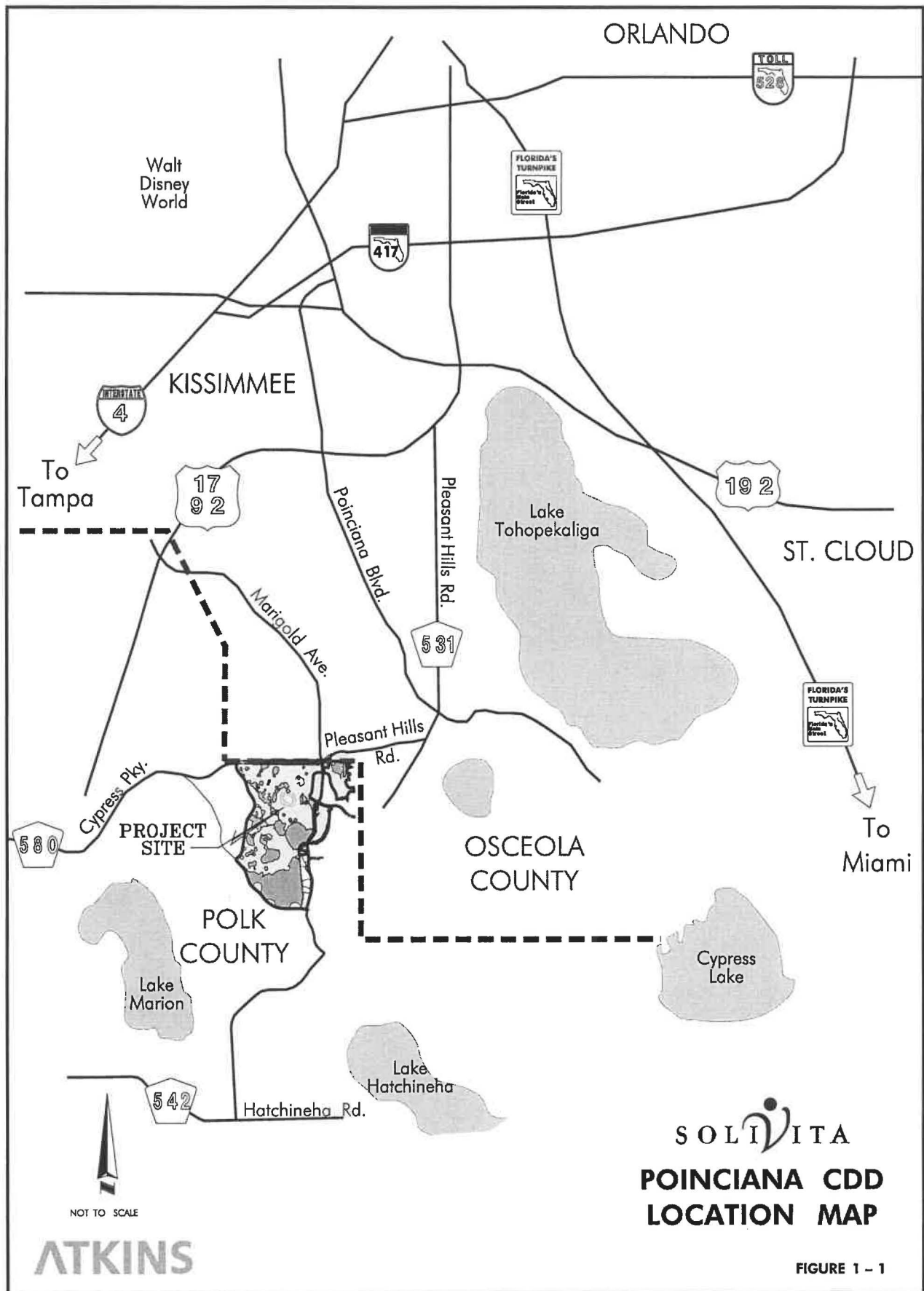
The community called Solivita is approximately 4,187 acres and is comprised of two separate and distinct Community Development Districts, namely, Poinciana Community Development District and Poinciana West Community Development District. These districts are adjacent to each other. The Poinciana Community Development District, hereafter referred to as the "District", the subject of this report, encompasses a 3,240 acre mixed-use development located in northeast corner of Polk County as shown on Figure 1-1. Solivita is an active adult community consisting of villages and neighborhoods for single-family and multi-family dwellings, town center, golf courses and numerous parks and recreation facilities. Future phases of Solivita are owned by Avatar Properties, Inc., the Developer.

The District was established by rule of the Florida Land and Water Adjudicatory Commission effective November 1, 1999, pursuant to the provisions of Chapter 190, Florida Statutes. The District provides an efficient mechanism for managing and financing the public infrastructure associated with the planning and development of Solivita. On April 14, 2000 the District issued its Special Assessment Bonds, Series 2000A (the "Series 2000A Bonds"), in the amount of \$27,315,000. The proceeds from the Series 2000A Bonds were used for financing the acquisition and construction of infrastructure development including stormwater management facilities, wetland (environmental) compliance, potable water distribution systems, sewage (wastewater collection) system, reuse water distribution system and offsite utility improvements needed. The District's development boundary was later amended to include approximately 212 additional acres located at the southeast corner of the intersection of Cypress Parkway and Marigold Avenue. Three (3) lots from this area were omitted from the District, these three lots benefit from any District improvements and the assessments were paid by the Developer.

This Second Supplemental Engineer's Report dated February 2012 supplements and amends the First Supplement Engineer's Report dated May 2008, which is a supplement to the previously adopted Engineer's Report dated January 3, 2000. The purpose of this report is to update the First Supplemental Engineer's Report for the purpose of refinancing of the Series 2000A Bonds.

Development of the lands within the District have been completed in phases. Figure 1-2 illustrates the current Master Plan for the project. The phases which remain to be completed include Phase 5, 5D, 5E (W), 1G, 1H, 1C, 1F and 5E (S). It is anticipated the remainder of the District's capital improvement projects will be funded by the Developer.

This project will continue to require permits for Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S) through federal, state and local agencies. On February 18, 2005 Phases 5, 1C, 1F, 1G, and 1H, receive Planned Development approval of the Major Modification Binding Site Plan through Polk County, Florida.



SOLIVITA

Avatar's Active Adult Community

Map A-1

PUD Concept Plan

Date Revised: 18 June 2004
Date Revised: 9 November 2004
Date Revised: 18 February 2005

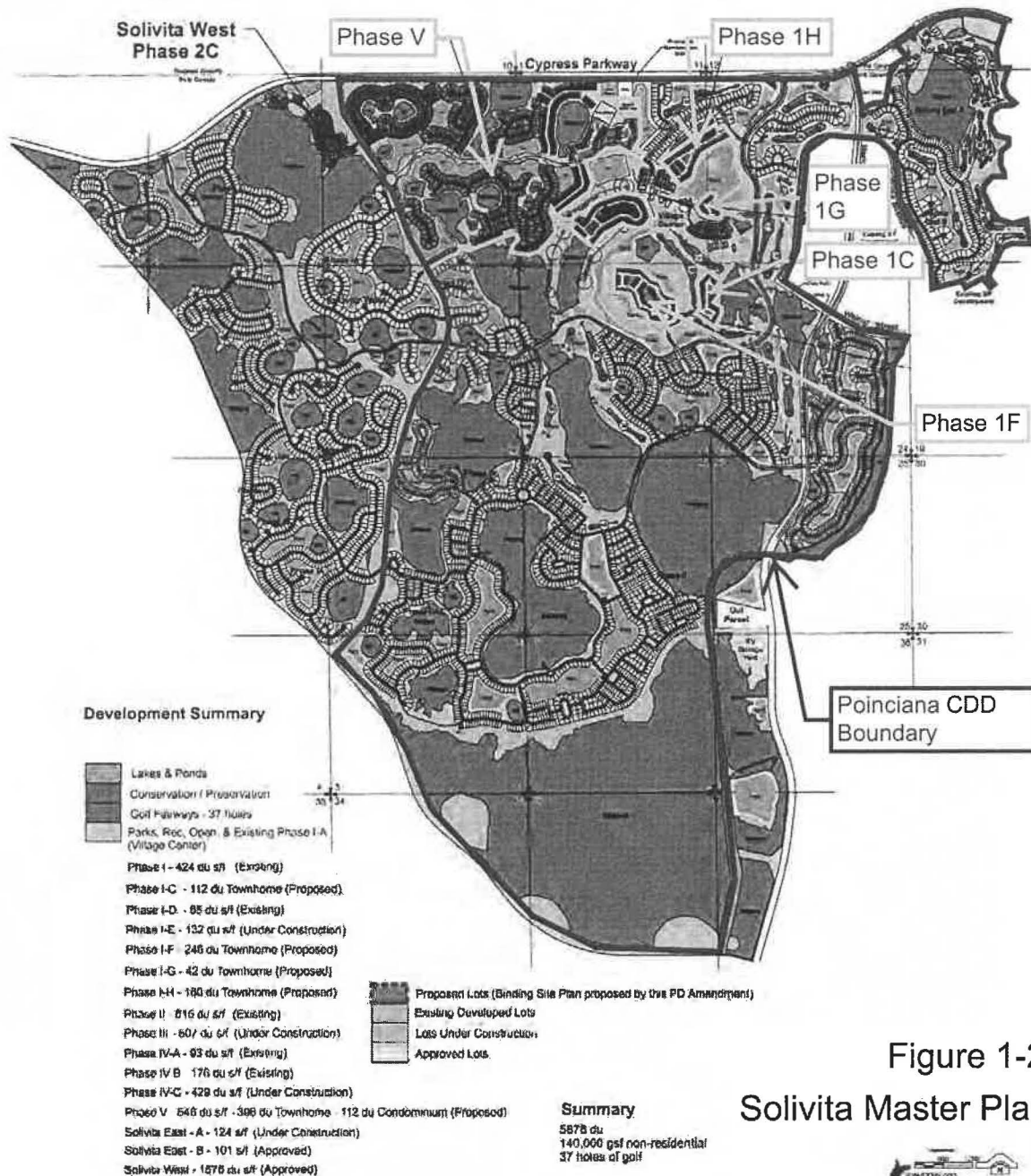


Figure 1-2
Solivita Master Plan

Section 2

THE DEVELOPMENT DESCRIPTION

2.1 GENERAL

The District, pursuant to the provisions of Chapter 190, Florida Statutes, was established by rule of the Florida Land and Water Adjudicatory Commission effective November 1, 1999. The District consists of, after the 2008 boundary amendment, approximately 3,240 acres. Approximately 1,267 acres are existing connected and isolated wetlands. The lot development schedule for the land within the District is provided in Table 2-1. All future lot development assumptions were provided by the Developer.

The portion of Solivita within the District consists of several villages inspired by community based design principles and includes single and multi-family residences, central community recreation complex, neighborhood recreation areas, commercial town center area, golf course and various biking and pedestrian trails. The master plan for the remaining phase is shown on Figure 1-2. In general, the development program within the District limits consists of approximately 4,237 residential units, an 18-hole golf course and 128,000 square feet of other non-residential space.

The Engineer's Report dated January 3, 2000 for the Special Assessment Bonds, Series 2000A specified that "...the overall development program may include as many as 6,500 residential units ...", that is, the entire Solivita Development including the land encompassing the District and the lands encompassing the Poinciana West Community Development District. At present, the lands within the District (Phases I through VI) are planned to include 4,237 residential and 72 non-residential units, totaling 4,309 units (see Table 2-1). Note these 72 "non-residential units" are equivalent residential units (ERUs) which reflect the conversion of non-residential square footage to ERUs. Phase VII, although part of the entire Solivita Development, is part of the Poinciana West Community Development District, a separate and distinct district on its own whose costs and residential units are not included in this report.

Table 2-1
Poinciana Community Development District
Estimated Lot Development Schedule

Residential	Through FY2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
<u>Single Family</u>										
Phase 1	550									550
Phase 2	693									693
Phase 3	507									507
Phase 4	698									698
Phase 5	170				242	241				653
Phase 5D - Townhome							148			148
Phase 5E(W) - Duplex				74						74
Phase 6	219									219
<u>Multi-Family</u>										
Phase 1G	0		42							42
Phase 1H					180					180
Phase 1C								112		112
Phase 1F									246	246
Phase 5E(S)	0							112		112
Subtotal	2,837	0	42	74	422	241	148	224	246	4,234
Non-Residential										
Town Center Commercial (sf)	110,000									110,000
Other Commercial (sf)	18,000									18,000
Subtotal	128,000									128,000
Total ERUs*	72									72
Total Units/ERUs	2,909	0	42	74	422	241	148	224	246	4,306

Notes:

*Non-residential ERUs based on 1,774 sq.ft per ERU

Lot development is defined as lot construction completed, not lot sale to homeowner

3 lots in Phase 6 were planned but are not part of the District. Those 3 lots are not reflected in the totals above

Section 3
PROPOSED IMPROVEMENTS

3.1 GENERAL

The infrastructure improvements for the land within the District include, but may not necessarily be limited to, the following:

- Stormwater Management Facilities
- Wetland (environmental) compliance
- Potable (domestic) water distribution system
- Sewage (wastewater/sanitary) sewer collection system
- Reuse (reclaimed) water distribution system
- Off-site utility improvements

Pursuant to the Engineer's Report dated January 3, 2000 (the "Engineer's Report"), the total cost of the infrastructure improvements was estimated to be \$69,866,000 which included offsite roadways, stormwater management facilities and related earthwork, drainage structures, mitigation creation, mitigation area and stormwater area acquisition, utility mains, utility plant improvements and wastewater, potable water system and reuse facilities (the "Capital Improvement Program" or CIP). A portion of the proceeds of the Series 2000 Bonds were used to acquire and construct a portion of the District CIP (the "2000 Project"). The First Supplemental Engineer's Report dated May 2008 supplemented and amended the Engineer's Report and CIP restating the total cost for the infrastructure improvements estimated to be \$85,346,203. This Second Supplemental Engineer's Report dated March 2012 supplements information from the CIP from the First Supplement Engineer's Report and amends the Engineer's Report. The March 2012 CIP total cost for infrastructure improvements completed to date and yet to be completed is estimated to be \$81,335,751. It is anticipated the remainder of the District's CIP will be funded by the Developer.

3.2 DISTRICT IMPROVEMENTS

3.2.1 Infrastructure

The infrastructure improvements benefit and provide service to the land within the District. Infrastructure improvements included offsite roadways, stormwater management facilities and related earthwork, drainage structures, mitigation creation, mitigation area and stormwater area acquisition, utility mains, utility plant improvements and wastewater, potable water system and reuse facilities.

The infrastructure improvements are complete in the District with the exception of Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S) which are left to be completed.

Stormwater Management Facilities

The existing stormwater system is shown in Figure 3-1. The stormwater system has been developed in accordance with an approved Stormwater Master Plan to assure that adequate stormwater management facilities are available. The stormwater system is complete with the exception of Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S).

Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S) will be developed consistent with other developed phases of the project, and will be required to meet the regulatory requirements applicable to the Development, as listed below:

- U. S. Environmental Protection Agency (EPA)
- U. S. Army Corps of Engineers (ACOE)
- Florida Department of Environmental Protection (FDEP)
- South Florida Water Management District (SFWMD)
- Polk County, Florida

For Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S), and consistent with the rest of the District, it is anticipated the removal of surface drainage from the roadways will be accomplished by storm sewer systems including curb and gutter, inlets and pipes along each side of the roadways that will collect and convey surface drainage to stormwater retention ponds located along the roadways. Protection of the road base material from undermining will be accomplished by underdrain systems as needed along each side of the roadways. The underdrain system will bleed off excess groundwater and discharge to the roadside storm sewer system.

The costs of the stormwater management facilities include clearing, earthwork operations to ensure a functioning stormwater system, drainage structures, wetland mitigation areas and land acquisition costs.

Utilities

General:

Acquisition of the primary infrastructure improvements identified as potable water, sewage and reuse water has been completed by the District for all phases except future Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S). Potable water, sewage and reuse water is supplied by the Toho Water Authority. Design and construction of the utilities has been consistent with the Development Master Utility Plan (MUP), which was prepared to determine the necessary potable water, sewage and reuse water infrastructure to meet the utility demands for the build out of the remaining Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E (S). The primary utility improvements include potable water, sewage and reclaimed water.

Potable Water:

The potable water infrastructure mains range in size from 6" through 24" in diameter. All new potable water mains will be looped and in accordance with the requirements of the Florida Department of Environmental Protection and Toho Water Authority and include the appurtenant fittings, meters, valves, and valve boxes to effect service.

Sewage:

All new central sewage (raw wastewater) collection and transmission systems continue to be installed within the roadways. The systems will include a series of manifold pumps and lift stations. Each pump and/or lift station will collect the sewage within its service area (generally a specific village or portion thereof). The primary infrastructure includes force mains, ranging in size from 6" though 16"; pump and lift stations, including telemetry, as well as the appurtenant fittings, valves, and flow meters required to connect the primary infrastructure to the Toho Water Authority wastewater system.

Reclaimed Water:

All new reclaimed water systems will deliver reuse water for irrigation via a looped distribution system located within the roadways. The reclaimed water main piping system includes pipes, ranging in size from 4" to 16" in diameter. The system has been designed to accommodate the peak irrigation demands for the residential development.

3.2.2 Infrastructure Maintenance

The maintenance responsibilities for the infrastructure improvements to the lands vary by the improvement as noted in the table below:

<i>Improvement</i>	<i>Infrastructure Maintenance</i>
Stormwater Management System	Poinciana CDD
Sewage (Wastewater) Collection and Transmission System	Toho Water Authority
Potable Water Distribution System	Toho Water Authority
Reclaimed Water Distribution System	HOA
Offsite Treatment Plant Improvements	Toho Water Authority

3.2.3 Improvement Costs

The infrastructure improvements may be divided into several construction/acquisition packages. Those packages consist of the roadway, stormwater management, on-site utility systems and off-site improvements. The total updated costs for the public improvements in the District are estimated to be \$81,335,751. A summary of the costs by improvement is shown in Table 3-1.

3.3 STATUS OF PERMITTING

Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E(S) infrastructure remains to be complete. It is our opinion that there are no technical reasons existing at this time which would prohibit the implementation of the plans as presented herein and that all permits not heretofore issued and which are necessary to effect the improvements described herein will be obtained during the ordinary course of development.

3.4 CONSTRUCTION STATUS

Construction of the roadway, earthwork, drainage, and potable water, sewage (wastewater), and reuse water systems for Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E(S) are planned for future development. All other infrastructure has been completed.

Table 3-1
The District Improvement Costs
Project Cost Spent through 2011 and Estimated Projected Costs for Future Phases

INFRASTRUCTURE ITEMS	Through FY 2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
DRAINAGE										
Roadways (1)	\$799,047	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$799,047
Stormwater Management Facilities & Earthwork	\$30,570,582	\$0	\$164,914	\$576,371	\$2,128,669	\$1,823,128	\$849,340	\$568,600	\$709,139	\$37,390,744
Mitigation Creation	\$380,494	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$380,494
Subtotal	\$31,750,123	\$0	\$164,914	\$576,371	\$2,128,669	\$1,823,128	\$849,340	\$568,600	\$709,139	\$38,570,285
UTILITIES										
Offsite Utility mains	\$84,060	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$84,060
Offsite Plant Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater (Sewage) System	\$8,909,506	\$0	\$31,204	\$141,081	\$772,533	\$627,864	\$115,992	\$262,995	\$242,548	\$11,093,723
Potable Water System	\$5,947,465	\$0	\$46,194	\$119,343	\$778,250	\$588,332	\$162,948	\$308,168	\$290,778	\$8,241,477
Reuse (Irrigation) Water System	\$1,535,049	\$0	\$6,299	\$15,961	\$171,317	\$146,338	\$12,987	\$42,042	\$41,945	\$1,971,937
Florida Power Relocation/Underground Power	\$2,888,478	\$0	\$0	\$18,416	\$55,178	\$55,178	\$14,985	\$22,230	\$0	\$3,054,466
Utility Capacity Fees (2)	\$7,449,208	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,449,208
Subtotal	\$26,813,768	\$0	\$83,697	\$294,801	\$1,777,277	\$1,417,711	\$306,912	\$625,435	\$575,270	\$31,894,871
Professional Fees	\$8,224,339	\$0	\$39,690	\$48,285	\$211,635	\$94,185	\$48,285	\$146,160	\$160,515	\$8,973,094
Contingency		\$0	\$43,245	\$137,919	\$617,637	\$500,254	\$180,681	\$201,029	\$216,739	\$1,897,503
Totals	\$66,788,229	\$0	\$288,301	\$919,457	\$4,117,581	\$3,335,024	\$1,204,537	\$1,340,195	\$1,444,924	\$81,335,751

NOTES: Phases 5, 5D, 5E(W), 1G, 1H, 1C, 1F and 5E(S) remain to complete
(1) Cypress Parkway improvements from Marigold Ave. to Solivita entrance.
(2) Future utility capacity fees have already been funded

Section 4
ENGINEER'S CERTIFICATION

4.1 ENGINEER'S CERTIFICATION

The infrastructure improvements as detailed herein are necessary for the functional development of the District as required by the applicable independent unit of local government. The planning and design of the infrastructure is in accordance with current governmental regulatory requirements. The infrastructure will provide the intended function so long as the construction is in substantial compliance with the design and permits. The Engineer recommends that in addition to the annual non-ad valorem assessments to be levied and collected to pay debt service on the proposed bonds, the District should levy and collect an annual "Operating and Maintenance Fee". Said fee is to be determined, assessed and levied by the District's Board of Supervisors upon the assessable real property within the District for the purpose of defraying the cost and expenses of maintaining District-owned improvements.

It is my professional opinion that the costs provided herein for the District's proposed infrastructure improvements are reasonable to complete the construction of the proposed infrastructure improvements described herein and that these infrastructure improvements will benefit and add value to the District as more fully detailed in the Assessment Methodology Report. All such proposed infrastructure costs are public improvements or community facilities as set forth in Section 190.012(1) and (2) of the Florida Statutes.

The estimate of infrastructure construction costs is only an estimate and not a guarantee maximum price. A portion of the costs are based on actual costs received by Avatar Properties, Inc. Where necessary, historical costs, information from other professional or utility consultants and contractors have been used in preparation of this report. Consultants and contractors who have contributed in providing the cost data included in this report are reputable entities within the area. It is therefore our opinion that the construction of the proposed Development can be completed at the stated costs.

The labor market, future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation in cost, the total final cost may be more or less than this estimate.

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