

**MASTER ASSESSMENT METHODOLOGY REPORT**

**FOR SPECIAL ASSESSMENT BONDS**

**CYPRESS COVE**

**COMMUNITY DEVELOPMENT DISTRICT**

**November 1, 2022**

Prepared by



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## 1.0 Introduction

The Cypress Cove Community Development District (the “District”) is a local unit of special-purpose government organized and existing under chapter 190, Florida Statutes, as amended. The District issued \$850,000 in original principal amount of its Special Assessment Bonds, Series 2006 on July 7, 2006 (the “Series 2006 Bonds”). Proceeds of the Series 2006 Bonds were used to finance and refinance certain public capital improvements and facilities described in the Engineer’s Report for Infrastructure Improvements dated February 2006 (the “2006 Engineer’s Report”) prepared by the District’s then current consulting engineers (the “2006 Project”). The District allocated the debt associated with the Series 2006 Bonds pursuant to the Assessment Methodology for Cypress Cove Community Development District, dated February 21, 2006 (the “2006 Methodology”) on an equal per unit basis to the benefitted 195 residential units within the District. The Board of Supervisors of the District (the “Board”) has been advised that the District may be able to achieve debt service savings as a result of the current refunding of the Series 2006 Bonds outstanding at the time of the refunding (the Series 2006 Bonds are currently outstanding in the principal amount of \$252,749.22) (the “Refunded Bonds”).

Additionally, on the date hereof, the Board has approved the Engineer’s Report dated November 1, 2022 (the “2022 Engineer’s Report”), prepared by KCI Technologies Inc. (the “District’s Engineer”), describing a project to be funded by the District (the “New Project”). The New Project is comprised generally of certain roadway paving and drainage improvements, a precast panel perimeter sound buffer wall, and entrance gates improvements. A full description of the New Project is presented in the 2022 Engineer’s Report.

The District is now proposing to issue its Special Assessment Bonds (the “Bonds”) in one or more Series pursuant to a Master Trust Indenture, as supplemented by one or more related supplemental trust indentures. The Master Trust Indenture will be entered into between the District and U.S. Bank Trust Company, National Association, as trustee prior to the issuance of the first Series of Bonds thereunder.

In furtherance of the foregoing, on the date hereof, the Board has adopted a resolution (the “Validation Resolution”) which, among other matters, authorizes the District’s General Counsel and Bond Counsel to take appropriate proceedings in the Circuit Court in and for Broward County, Florida (the “Circuit Court”) to seek the judicial validation of the Bonds in the aggregate principal amount of \$2,100,000 (the “Validation Bonds”), subject to subsequent proceedings of the Board authorizing the issuance of any specific Series of the Validation Bonds.

The Validation Resolution further authorizes the application of the proceeds of the Validation Bonds, together with other legally available funds of the District, if any, to be used for the following purposes. subject to subsequent proceedings of the Board authorizing the issuance of any specific Series of the Validation Bonds: (i) accomplishing the current refunding of the Refunded Bonds and thereby refinancing the Refunded Project and/or paying Costs of the New Project; (ii) paying the interest first coming due on each Series of the Validation Bonds; (iii) funding one or more debt service reserve accounts for each Series of the Validation Bonds; and (iv) paying costs of issuance of each Series of the Validation Bonds.

It is anticipated that the District will issue its first Series of Bonds pursuant to the Master Trust Indenture in March 2023 for the purposes set forth in the prior paragraph. In connection with such Series of Bonds, it is anticipated that the District will apply (i) amounts collected from the levy of non-ad valorem operation and maintenance special assessments during Fiscal Year 2022-2023 to pay the interest coming due during that Fiscal Year on such Series of Bonds and (ii) transfer amounts of construction proceeds remaining from the 2006 Bonds to be applied toward the refunding of the Refunded Bonds.

#### 1.1 Purpose

This Master Assessment Methodology Report (the “Report”) is prepared to provide a methodology (the “Methodology”) to allocate the non-ad valorem special assessments (the “Assessments”) to be levied by the District in connection with the Validation Bonds on the benefitted 195 residential units in the District. This Report will be supplemented in connection with the issuance of each Series of the Validation Bonds to reflect the details of such Series of Bonds and the portion of the Assessments to be levied in accordance with the Methodology to pay the debt service requirements on such Series of Bonds. The Methodology is the same as the 2006 Methodology in that, as reflected in the 2006 Engineer’s Report and the Engineer’s Report, each residential unit in the District benefits equally from the 2006 Project and the New Project.

The Methodology takes into consideration the reduction in assessment principal and interest and annual assessments per unit levied by the District in connection with the Series 2006 Bonds as a result of refinancing the Refunded Bonds through the issuance of a Series of the Validation Bonds, at a reduced interest rate. This Report is designed to conform to the requirements of Chapters 190 and 170, Florida Statutes (“F.S.”).

It is anticipated that all the proposed Assessments will be collected through the Uniform Method of Collection described in Chapter 197.3632, F.S. or any other legal means available to the District. It is not the intent of this Report to address a methodology for allocating any other assessments, if

applicable, that may be levied by the District, a property owner's association, or any other unit of government.

## 1.2 Background

As described in the 2006 Methodology, the 195 single family units in the District benefit equally from the 2006 Project and the New Project. This is shown in Table 1.

## 1.3 Special Benefits and General Benefits

In the process of constructing or acquiring infrastructure improvements which provide special benefits to properties within the District's boundaries, incidental general betterment to the public at large is also created. These improvements are incidental and different from the special benefits provided to properties within the boundaries of the District.

Although the general public outside the District may gain from the District's infrastructure improvements, the benefits are incidental. The 2006 Project and the New Project are designed to meet the needs of the developed property within the District. The property owners within the District are therefore receiving special benefits not received by those outside the boundaries.

## 1.4 Special Benefits Exceed the Costs Allocated

The special benefits provided to the residential units within the District, from the 2006 Project and the New Project are greater than or equal to the costs associated with providing these benefits. The increase in the market value of the benefiting property will be significantly more than the cost of the improvements being acquired.

## 1.5 Requirements of a Valid Assessment Methodology

There are two requirements under Florida Law for valid special assessment:

- 1.) The properties must receive a special benefit from the improvements being paid for, and

2.) The assessments must be fairly and reasonably allocated to the properties being assessed.

This Report does not change the benefits that were allocated by the 2006 Methodology nor does the Report modify the allocation to the properties within the District receiving such benefit.

## **2.0 Assessment Methodology**

### **2.1 Allocation of Benefit and Debt**

The current estimated cost of the New Project, including contingency, is \$1,624,265.32 and is shown in Table 2. The 2022 Engineer's Report will be supplemented prior to the issuance of the District's first Series of Bonds under the Master Trust Indenture to further refine the cost of the new Project to more closely reflect the actual estimated cost as of the date of issuance of such Bonds.

Table 3 displays the bond sizing for the Validation Bonds. The original principal amount of the Validation Bonds is estimated to be \$2,100,000, with an average interest rate of 3.88% and a final maturity date of May 1, 2039. Note that it is possible that any Series of the Validation Bonds may have a later final maturity date (not exceeding the latest date permitted by applicable law) in the event it is necessary to generate proceeds sufficient to fund the New Project, however, in such event, the Assessments will not exceed the maximum principal of the Assessments or the annual per unit Assessments set forth in this Report.

Table 4 allocates the current estimated cost of the New Project to each of the residential units in the District on an equal basis. As noted earlier, the allocation of benefit to the residential units from the 2006 Methodology is unchanged and is not specifically set forth in this Report. Using these allocations, Table 5 allocates the principal amount of the Validation Bonds to each residential unit. Table 6 shows the annual Assessments associated with the Validation Bonds.

### **3.0 Assessment Roll**

The preliminary assessment roll for the Assessments associated with the Validation Bonds is shown in Table 7.

### **4.0 Additional Information**

Governmental Management Services-South Florida, LLC (GMS) does not represent the District as a Municipal Advisor or Securities Broker, nor is GMS registered to provide such services as described in Section 15B of the Securities and Exchange Act of 1934, as amended. Similarly, GMS does not provide the District with financial advisory services or offer investment advice.

**TABLE 1  
 CYPRESS COVE COMMUNITY DEVELOPMENT DISTRICT  
 DEVELOPMENT PROGRAM**

| Land Use                       | No. of Units | ERUs per Unit (1) | Total ERUs    |
|--------------------------------|--------------|-------------------|---------------|
| Single Family                  | 195          | 1.00              | 195.00        |
| <b>Total Residential Units</b> | <b>195</b>   |                   | <b>195.00</b> |

(1) ERUs - Equivalent Residential Units

**TABLE 2  
 CYPRESS COVE COMMUNITY DEVELOPMENT DISTRICT  
 INFRASTRUCTURE COST ESTIMATES**

| IMPROVEMENT   | COST ESTIMATE |                     |
|---|---------------|---------------------|
| Paving and Drainage   | \$            | 204,894.73          |
| Main Gate Improvements  | \$            | 25,350.78           |
| Secondary Gate Improvements   | \$            | 53,531.69           |
| Sound Buffer Wall   | \$            | 503,910.70          |
| Tree Removal & Replacement  | \$            | 511,724.35          |
| Engineering Design, Bidding, Permitting, and<br>Construction Phase Services | \$            | 194,911.84          |
| Contingency   | \$            | 129,941.23          |
| <b>Total</b>  | <b>\$</b>     | <b>1,624,265.32</b> |

*Information provided by KCI Technologies Inc.*



**TABLE 3  
CYPRESS COVE COMMUNITY DEVELOPMENT DISTRICT  
BOND SIZING**

| Sources                           | Validation<br>Bonds    |
|-----------------------------------|------------------------|
| <b>Bond Proceeds:</b>             |                        |
| Par Amount*                       | \$ 2,100,000.00        |
| <b>Other Sources of Funds:</b>    |                        |
| Construction Fund                 | \$ 21,187.25           |
| Revenue Account                   | \$ 13,641.16           |
|                                   | <u>\$ 34,828.41</u>    |
|                                   | <u>\$ 2,134,828.41</u> |
| <b>Uses:</b>                      |                        |
| <b>Project Fund Deposits:</b>     |                        |
| Project Fund                      | \$ 1,624,265.32        |
| <b>Refunding Escrow Deposits:</b> |                        |
| Cash Deposit                      | \$ 255,525.04          |
| <b>Delivery Date Expenses:</b>    |                        |
| Cost of Issuance                  | \$ 205,000.00          |
| Underwriter's Discount            | \$ 50,000.00           |
|                                   | <u>\$ 255,000.00</u>   |
| <b>Other Uses of Funds:</b>       |                        |
| Rounding                          | \$ 38.05               |
|                                   | <u>\$ 2,134,828.41</u> |
| <b>Bond Assumptions*:</b>         |                        |
| Average Interest Rate             | 3.88%                  |
| Amortization - Final Maturity     | 5/1/2039               |

\*Subject to change.

**TABLE 4  
 CYPRESS COVE COMMUNITY DEVELOPMENT DISTRICT  
 ALLOCATION OF CONSTRUCTION COSTS - NEW PROJECT**

| Land Use      | No. of Units | ERU factor | Total ERUs    | Percentage of<br>Total ERU's | ALLOCATION OF<br>TOTAL<br>IMPROVEMENT<br>COSTS TOTAL |    | IMPROVEMENT<br>COSTS PER UNIT |
|---------------|--------------|------------|---------------|------------------------------|--|----|-------------------------------|
|               |              |            |               |                              | \$   | \$ |                               |
| Single Family | 195          | 1.00       | 195.00        | 100.00%                      | \$ 1,624,265   | \$ | 8,329.57                      |
| <b>TOTALS</b> | <b>195</b>   |            | <b>195.00</b> | <b>100.00%</b>               | <b>\$ 1,624,265</b>                                  |    |                               |

**TABLE 5  
 CYPRESS COVE COMMUNITY DEVELOPMENT DISTRICT  
 ALLOCATION OF PAR DEBT - VALIDATION BONDS**

| Land Use      | VALIDATION BONDS | No. of Units | VALIDATION BONDS<br>PRINCIPAL<br>PER UNIT |
|---------------|------------------|--------------|---|
| Single Family | \$ 2,100,000.00  | 195          | \$ 10,769.23                              |
| <b>TOTALS</b> |                  | <b>195</b>   |   |

**TABLE 6  
 CYPRESS COVE COMMUNITY DEVELOPMENT DISTRICT  
 VALIDATION BONDS ALLOCATION OF ANNUAL ASSESSMENT**

| Land Use      | YEAR           | VALIDATION BONDS<br>ANNUAL ASSESSMENT | VALIDATION BONDS<br>ANNUAL ASSESSMENT<br>PER UNIT |
|---------------|----------------|---------------------------------------|---|
| Single Family | 2023           | \$ 167,452                            | \$ 858.73   |
| Single Family | 2024           | \$ 151,625                            | \$ 777.56   |
| Single Family | 2025           | \$ 154,150                            | \$ 790.51   |
| Single Family | 2026           | \$ 156,525                            | \$ 802.69   |
| Single Family | 2027 thru 2037 | \$ 169,575                            | \$ 869.62   |

TOTALS





Table 7 Continued

| Folio Number | Land Use      | Validation Bonds<br>Principal | Validation Bonds<br>Annual<br>Assessment*<br>Bond Year '23 | Validation Bonds<br>Annual<br>Assessment*<br>Bond Year '24 | Validation Bonds<br>Annual<br>Assessment*<br>Bond Year '25 | Validation Bonds<br>Annual<br>Assessment*<br>Bond Year '26 | Validation Bonds<br>Annual<br>Assessment*<br>Bond Year '27 to '37 |
|--------------|---------------|-------------------------------|--|--|--|--|---|
| 484126181590 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181600 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181610 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181620 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181630 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181640 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181650 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181660 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181670 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181680 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181690 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181700 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181710 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181720 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181730 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181740 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181750 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181760 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181770 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181780 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181790 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181800 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181810 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181820 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181830 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181840 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181850 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181860 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181870 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181880 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181890 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181900 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181910 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181920 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181930 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181940 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
| 484126181950 | Single Family | \$10,769.23                   | \$858.73   | \$777.56   | \$790.51   | \$802.69   | \$869.62  |
|              |               | <b>\$2,100,000.00</b>         | <b>\$167,461.67</b>  | <b>\$151,625.00</b>  | <b>\$154,150.00</b>  | <b>\$156,525.00</b>  | <b>\$169,575.00</b>   |

\* This amount will grossed up 6% for early payment discounts and Broward County collection fees.