

Cory Lake Isles

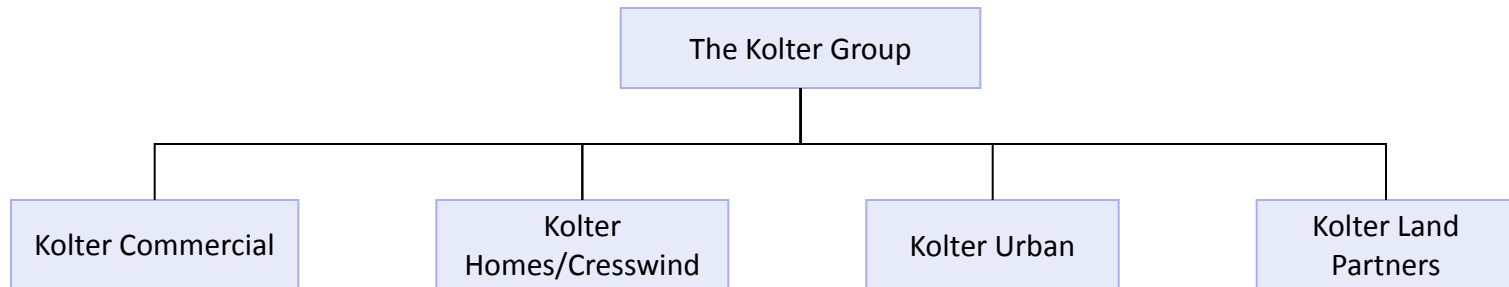
Kolter/CDD Proposed Agreement

September 19, 2012



KOLTER
LAND PARTNERS

The Kolter Group



- ∞ The Kolter Group LLC (“Kolter”) is a multi-platform real estate development, investment and construction services firm that has invested in over \$9 billion of real estate projects (both completed and currently in development) since 1993.
- ∞ Residential projects currently in development total over 20,000 units with sell-out value of approximately \$5 billion.
- ∞ Sales of historical developments in low-rise, mid-rise, tower, and master-planned communities over \$3 billion.
- ∞ Mostly realized self-developed commercial portfolio valued at over \$1 billion.
- ∞ Strong balance sheet and sponsorship.
- ∞ Leadership team with nearly 200 years of experience and over \$17 billion in transactional volume.

Kolter Land Partners

∞ Realized Investments

- Approximately 2,500 residential lots to date (including sales at current projects)

∞ Current Investments

- Over 30 projects comprising approximately 5,000 remaining lots

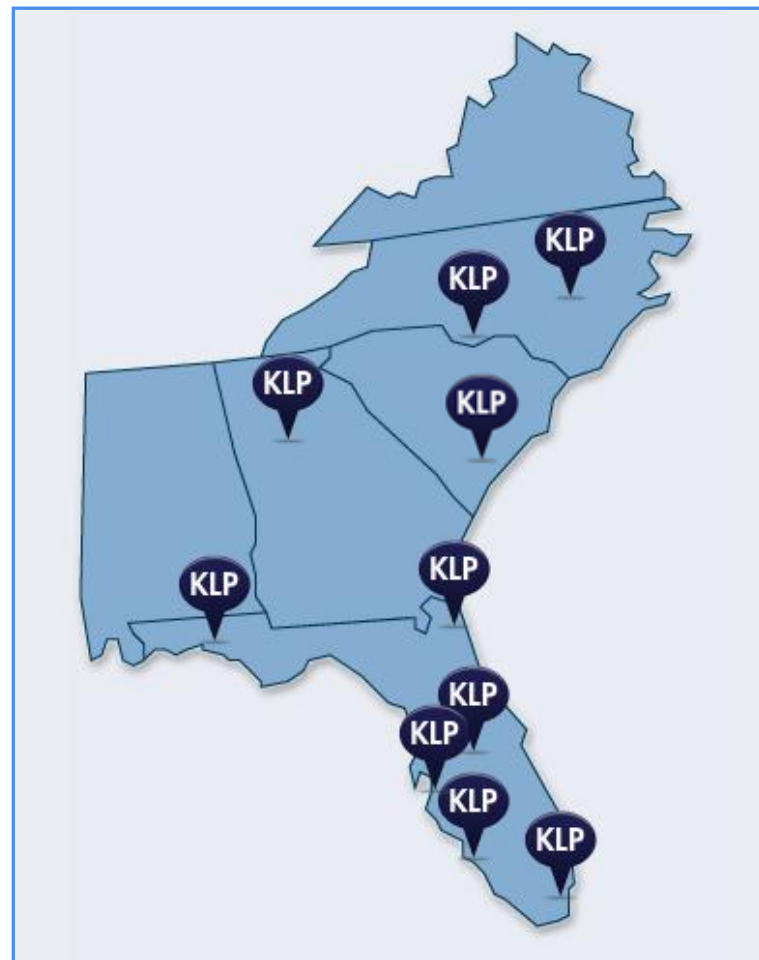
∞ Go-Forward Investment Focus

- Developed, partially developed, and entitled developed low-rise residential development properties in the Southeast

Kolter Experience

☞ Southeastern US focus

- Tampa Bay
- Orlando
- Manatee/Sarasota
- Ft. Myers/Naples
- Palm Beach/Martin Counties
- Jacksonville
- FL Panhandle
- Atlanta
- Charlotte
- Raleigh/Durham
- Charleston



Kolter's Experience



Kolter's Experience



KOLTER

∞ Cresswind at Lake Lanier – Lake Lanier, GA

Kolter's Experience



KOLTER

∞ Cresswind at Lake Lanier – Lake Lanier, GA

Kolter's Experience



Kolter's Experience



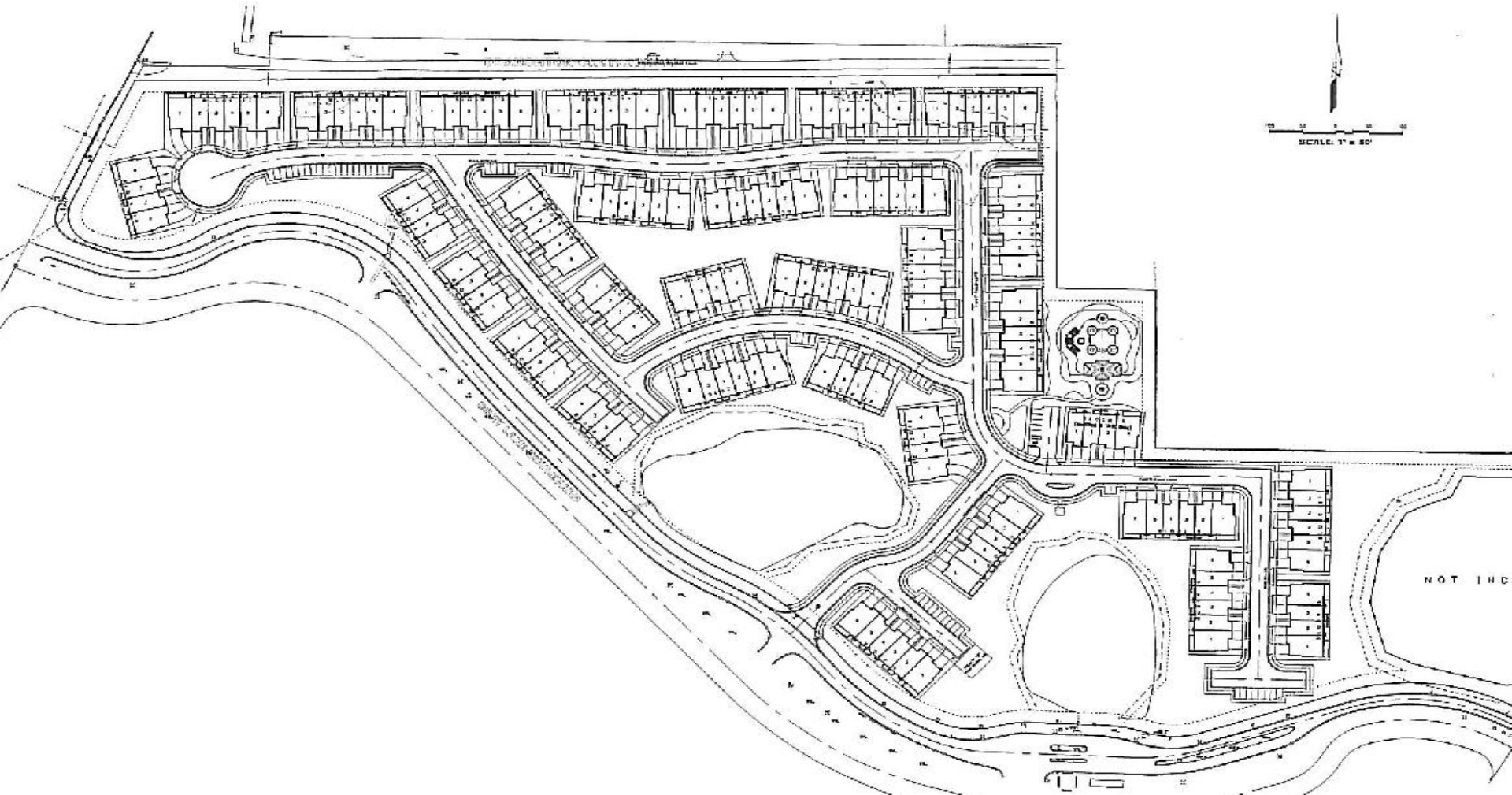
KOLTER

∞ NatureWalk – Seaside, FL

Current Status of Phase 7



Current Status of Phase 7



Current Status of Phase 7



Current Status of Phase 7



Current Status of Phase 7



Current Status of Phase 7

- ∞ Current delinquent taxes total \$1.95 million
 - Includes delinquent O&M of \$1.07 million
 - Includes delinquent P&I of \$602,000

- ∞ Heavy CDD burden on the property
 - \$1.99 million in outstanding, non-callable, high interest debt
 - 1997 Series A outstanding debt burden of \$230,000 at 8.375%
 - 2001 Series A outstanding debt burden of \$1.76 million at 7.2%
 - O&M currently assessed at \$390,000 annually

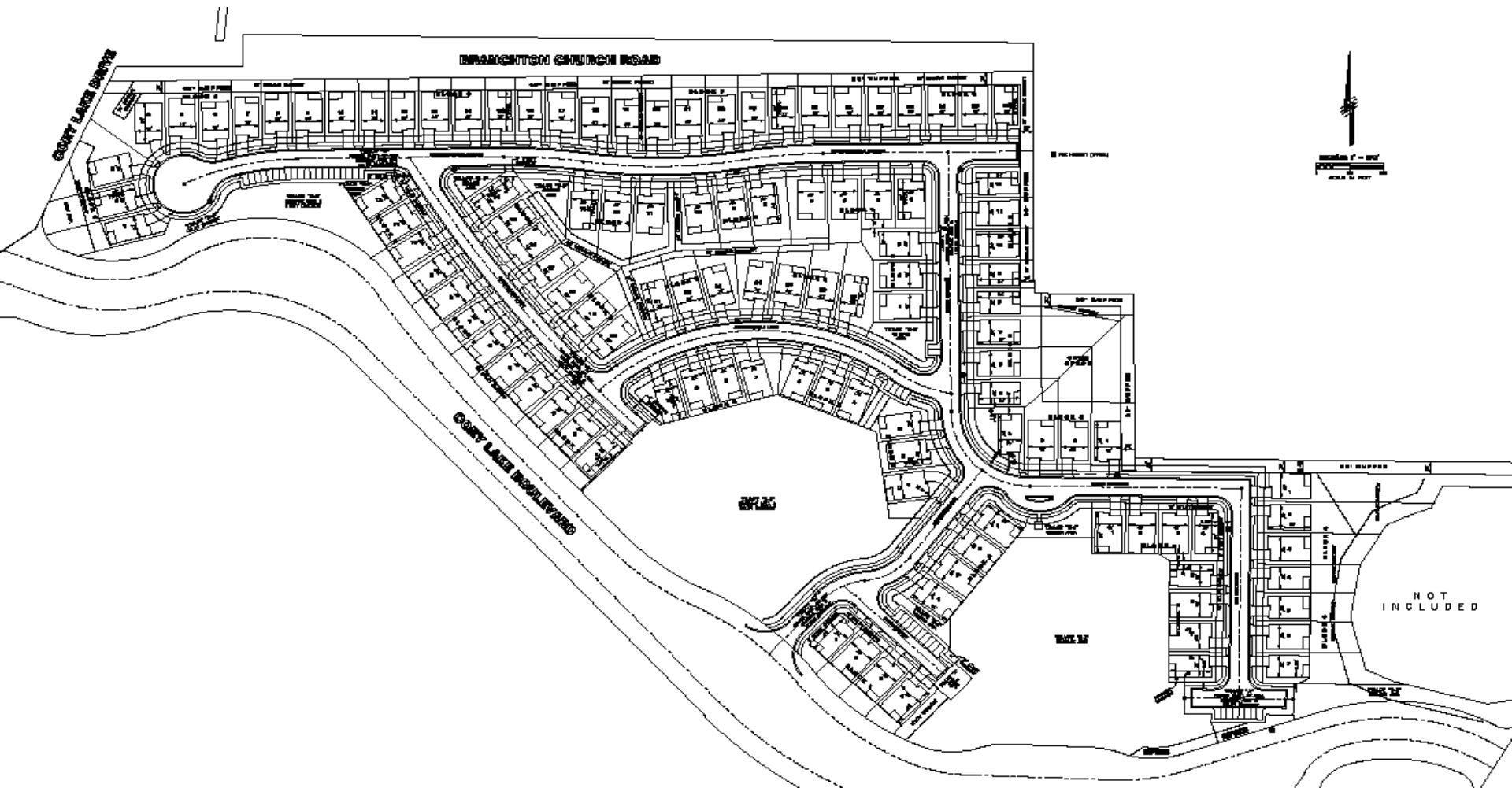
Current Status of Phase 7

- ∞ Phase 7 is “underwater” with CDD debt and taxes
 - Avatar is the current deed holder and is not willing to pay taxes or assessments and have abandoned the project
 - Reserve and revenue funds can be drawn upon by bondholders to make required payments currently not being paid by the landowner and can be used by bondholders to pay down defaulted debt
 - Failed tax deed sale at public auction in June 2012 – no bidders
 - Now on county’s “lands available for taxes” list
 - Cost of inactivity:
 - Interest on taxes and assessments currently accruing at an annual rate of 18%, plus penalties
 - Accrual of interest outpaces appreciation in land and homes
 - Infrastructure continues to deteriorate
 - Incomplete neighborhood
 - No support from O&M payments from Phase 7
 - Reserve funds will be drawn down by bondholders to pay down debt and make interest payments

Current Status of Phase 7

- ∞ Currently developed as 172 townhome lots
 - New townhome product not financially feasible in current market
 - Lot depths very shallow; only 81 feet
 - Permits on hold due to traffic light requirement
 - Needs capital investment to make buildable/marketable

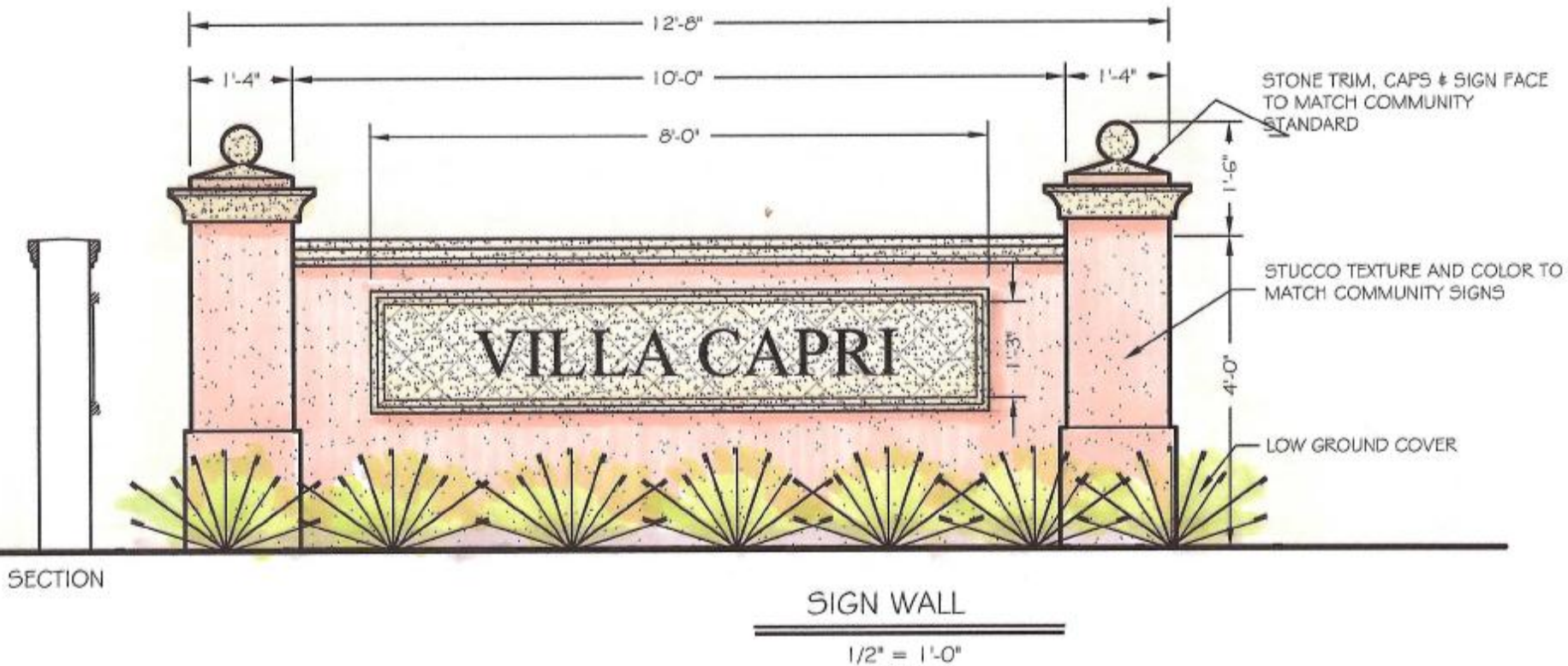
Proposal for Phase 7



Proposal for Phase 7



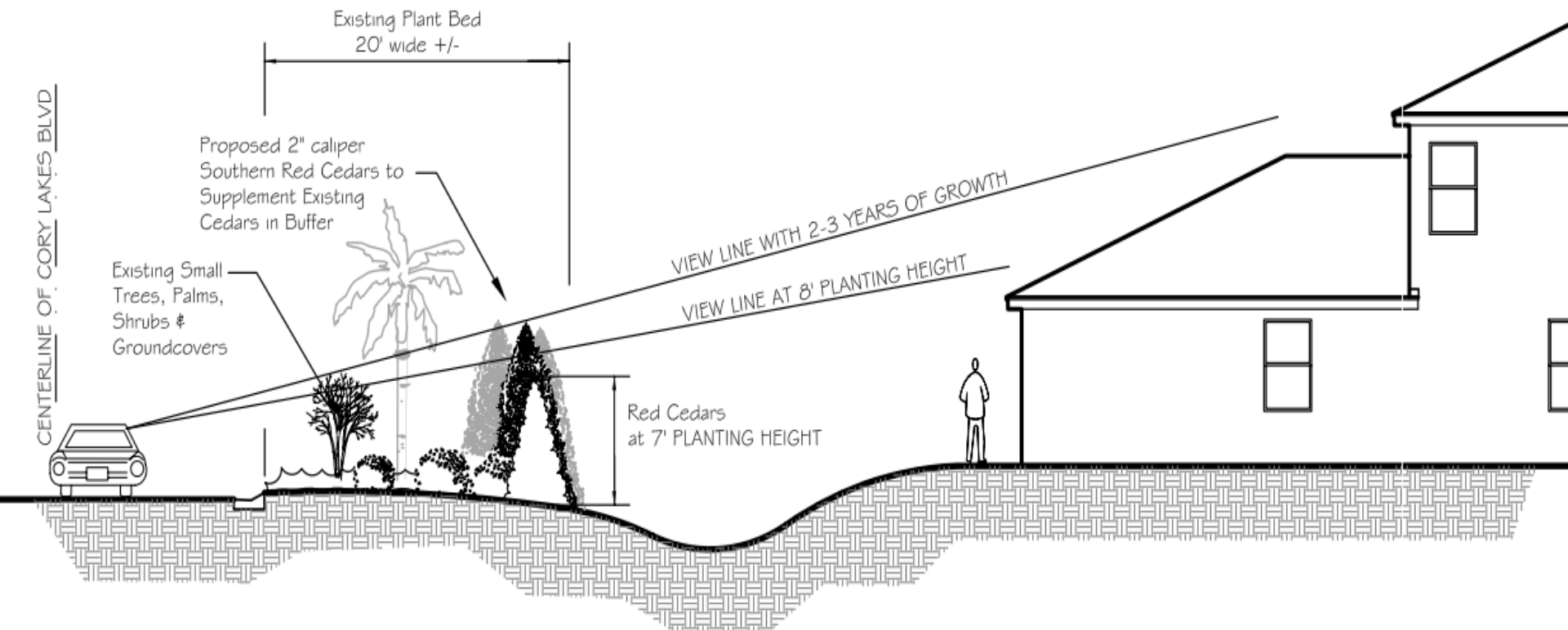
Proposal for Phase 7



Proposal for Phase 7



Proposal for Phase 7



Proposal for Phase 7



Juniperus silicicola



Juniperus silicicola

**Southern
Red Cedar**

Juniperus silicicola

Southern Red Cedar, Juniper
Cupressaceae (Cypress)

Nomenclature: Royal Hort. Society

Type	Tree, woody plant
Hardy range	7B to 10A
Height	25' to 50' / 7.60m to 15.20m
Spread	25' to 35' / 7.60m to 10.60m
Growth rate	Fast
Form	Columnar, oval and pyramidal
Exposure	Partial shade or partial sun to full sun
Persistence	Evergreen

Environment

Proposal for Phase 7



- ∞ Builder – Ryan Homes
- ∞ Average price from the low to mid \$200's
- ∞ One and two story homes between 1,600 and 2,800 square feet with 2 to 3 bathrooms and 3 to 4 bedrooms
- ∞ Brick paver driveways
- ∞ No more than 3 consecutive homes built that are less than 1,700 square feet
- ∞ The same floor plan elevation shall not be built next door or directly across the street from one another
- ∞ Interior specifications include tile in foyer & kitchens, 42" upper cabinets and granite countertops (or similar) in kitchen
- ∞ Contracts with home purchasers will require acknowledgement of rental restrictions in HOA docs and no multiple purchases

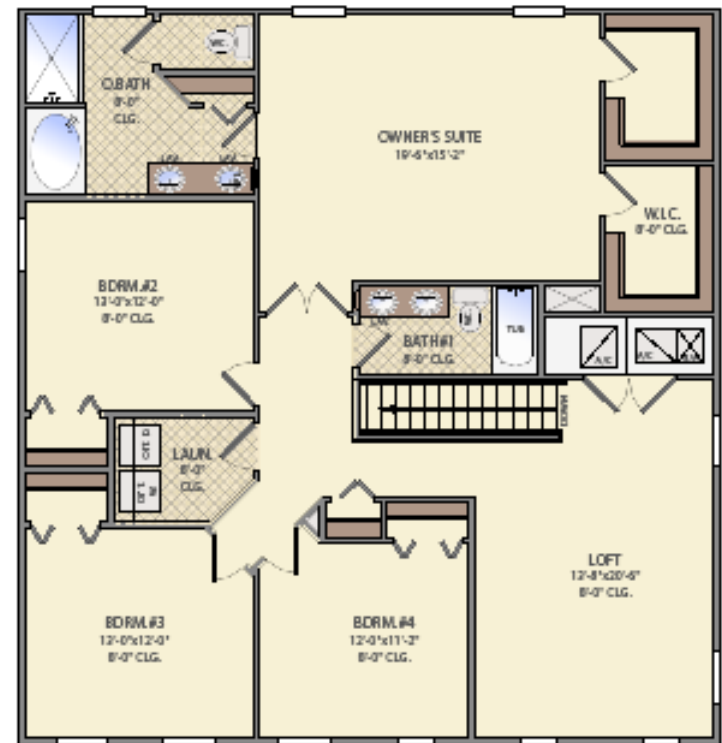
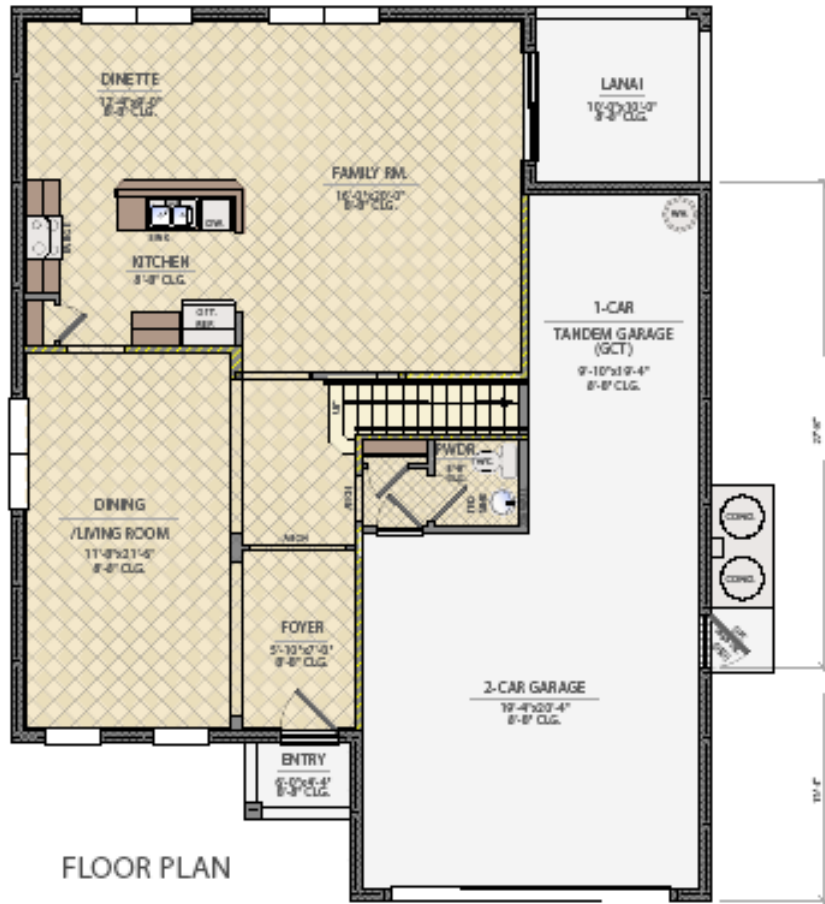
Proposal for Phase 7



Proposal for Phase 7



Proposal for Phase 7



Proposed Agreement with the District

- ∞ Kolter will purchase tax deed from Hillsborough County for ≈\$2 million
- ∞ Kolter will receive a refund of \$721,000 of the tax deed purchase funds
- ∞ Kolter cleans up and repairs existing infrastructure
- ∞ Kolter funds required traffic signal at Cross Creek Blvd & Cory Lakes main entrance

Proposed Agreement with the District

- ∞ Kolter's partner, ITG, has purchased 100% of the 1997 & 2001 bonds with a face value of \$7 million for \$6.5 million
- ∞ The CDD and Kolter will agree to modify the 1997 & 2001 bonds as follows:
 - Bondholders will eliminate the ≈\$2 million CDD assessments for \$1.4 million, clearing Phase 7 all liens. The sources are:
 - \$100,000 from the refund of the tax deed purchase by Kolter
 - \$310,707 from Kolter
 - \$624,000 from the 2001 reserve/revenue accounts
 - \$365,053 from the 1997 reserve/revenue accounts
 - \$0 from the CDD general fund
 - Kolter will have the authority to issue new bonds on Phase 7 for a 30-year term. Phase 7 bonds would pay for Phase 7 infrastructure.

Proposed Agreement with the District

- ∞ Bondholders would agree to early payoff of the \$1.025MM balance on 1997 bonds with the following payments:
 - Interest payment of \$54,647 on November 1, 2012 from 1997 revenue account
 - Interest payment of \$43,760 on May 1, 2013 from collections of the 2013 assessments currently on roll
 - Principle payment of \$1.025 million on May 1, 2013 from 1997 revenue account and collections of the 2013 assessments currently on roll
- ∞ This provides a savings to the CDD of \$64,487 in interest savings that would have been required to be paid in November of 2013 and May of 2014 under current bond terms. Also, there will be no further assessments on the 1997 bonds after the 2012 tax bill is issued.

Proposed Agreement with the District

- ∞ The CDD and Kolter will agree to modify the 1997 & 2001 bonds indenture as follows:
 - Bondholders will agree to allow the remaining outstanding 2001 bonds to be refinanced by the District, 1 year from the agreement closing date
 - Currently, the 1997 and 2001 bonds are non-callable
 - Homeowners would not see a change in their current debt service assessments
 - Assessment amounts and term of payments would not change, but the District would have the option to refinance current debt if desirable

Proposed Agreement with the District

- ∞ CDD will agree to a prepayment of O&M assessments of \$563 per lot in Phase 7, annually, for 7 years as a result of Kolter's contributions
- ∞ Assessments on the Phase 7 lots will be the same as other lots in CLI, but will receive the above credit for the net amount of \$1,600 annually
- ∞ If CDD lowers assessments from current rate \$2,163 annually, the \$563 credit will be lowered dollar for dollar such that each lot in Phase 7 will pay no less than \$1,600 annually
- ∞ At the end of the 7 year period, the Phase 7 lots will pay the same assessment as all other lots in CLI
- ∞ CDD will maintain all roads, sewer, wetlands, lakes, common area landscape/irrigation and drainage system similar to other lots in Cory Lakes.
- ∞ Total annual O&M assessments of \$184,000, annually, will begin in October of 2013 on Phase 7 regardless if homes are built and occupied

Proposed Agreement with the District

- ∞ The \$900,000 provided by Kolter for the pool will be put in an escrow account to pay for the pool bathhouse
- ∞ The final pool design and budget shall be agreed to by CDD and Kolter prior to commencement of construction
- ∞ The CDD shall be responsible for costs above the \$900,000 budget
- ∞ The pool shall be constructed during 2013

Phase 7 O&M Estimate

<u>Category</u>	<u>CLI Budget/Yr.</u>	<u>Phase 7 Added Increment*</u>	<u>Total CDD/Yr.</u>	<u>Comment</u>
Streets, Drains, Roadway & Sidewalk Maint.	\$50,000	\$6,900	\$58,500	Avg. \$60/residential lot x 115 lots
Paver Replacements	\$30,000	\$3,000	\$33,000	0.5%/yr @ 6.00/sq. ft.
Stormwater System Maintenance	\$2,000	\$800	\$2,800	23 inlets @ \$33/inlet
Stormwater Pond Maintenance	\$18,000	\$4,500	\$22,500	1/2 day by Armstrong (375/mo)
Sanitary Lift Station	\$1,700	\$1,700	\$3,400	1 additional lift station
Street Lights	\$140,000	\$17,000	\$157,000	35 street lights @490/yr.
Sanitary Sewer Collection System	\$0	\$0	\$0	City of Tampa
Landscape 7 Maintenance	\$386,000	\$30,000	\$416,000	
Totals	\$627,700	\$63,900	\$693,200	

*Assumes only the incremental costs of the added O&M resulting from additional infrastructure requirements for the CDD. Does not include O & M for any common areas in Phase 7 or sharing of other District common assets.

Income from O & M	\$184,000			115 lots x \$1,600/year
Phase 7 Incremental Costs	\$63,900			
Cost estimate of Pool Area	\$100,000			Estimate of Pool area costs
Excess from assessments	\$20,100			

Proposed Agreement with CDD



Proposed Agreement with CDD



Board Considerations

- ∞ Proposal allows for the completion of the Cory Lakes neighborhood
- ∞ Eliminates townhomes with current market values in the low \$100's and replaces them with single family homes likely valued in the low \$200's
- ∞ Puts the District in a position to issue new debt at favorable rates since unbuilt lots will be separated from improved home lots
 - The non-callable provision of the current bonds is modified so that the District can refinance existing bond debt at lower rates

Board Considerations

- ∞ This proposal pays off the 1997 bonds early with no further assessments to residents after this year's tax bill
- ∞ Provides a traffic signal at Cory Lake and Cross Creek Blvd, increasing safety for all residents
- ∞ Provides \$900,000 to build a community pool with pool slide that will put CLI on par with or superior to other large master planned communities in the area.
 - This should add value to all homes in CLI
 - The pool has been identified as a top priority by the residents in accordance with the strategic plan

Board Considerations

- ∞ The 115 new lots will commence payment of O&M in October 2013 with net receipts in the amount of \approx 184,000 annually which more than \approx \$64,000 in expenses the District will assume to maintain infrastructure in Phase 7 and the estimated \$100,000 in expenses for the new pool
 - This should keep O&M assessments the same for existing residents and provide a surplus to use to enhance services or lower assessments
- ∞ Eliminates litigation costs and legal exposure in pursuing foreclosure on Phase 7 property and potential litigation from previous owner and bondholders on amount of O&M assessed against Phase 7 property