

Presentation to:

**Concord Station
Community Development District**

***-- Acquisition of the Concord Station Clubhouse
With Tax Exempt Bonds --***

LENNAR®

Overview

- ◆ Lennar is evaluating selling the Concord Station Clubhouse (“Clubhouse”) to third parties which is fairly customary once a community is approaching build out.
- ◆ Pursuant to the Club Plan, each resident in the Community pays an annual fee to use the Clubhouse in perpetuity and for maintenance. The annual fee increases approximately 5.4% per annum until 2035 and then is level thereafter.
- ◆ The Homeowners Association (“HOA”) holds an option to acquire the Clubhouse from Lennar pursuant to a prescribed formula set forth below.
- ◆ The CDD is a better mechanism to acquire the Clubhouse because the CDD has access to low cost tax exempt financing
- ◆ The Club Plan sets forth an Option Price which is the aggregate in place Club Plan Fees divided by the Capitalization Rate of 6%.
 - In the current year, each Resident pays a Club Plan Fee equal to **\$468** per annum.
 - Based on 1,516 Units in the Development, the Total Club Plan Fees for this calculation are **\$709,488.**
 - Based on the current Capitalization Rate formula, the Purchase Price of the Clubhouse is **\$11,824,800** plus transactional and financing fees.
 - Like the Annual Club Fees, the Option Price increases by 5.4% per annum.
- ◆ There are a number of benefits to the District acquiring the Clubhouse.

Current Club Membership Fees (2016 Budget)

	Club Expense *	Club Fee	Sales Tax	Total
Monthly	\$26.14	\$39	\$4.55	\$69.69
Annually	\$313.68	\$468	\$54.71	\$836.39

* Based on Budget -- 1353 Units and Annual Operating Expense of \$424,372

Benefits To Community Acquiring the Clubhouse Thru the CDD

There are Significant Financial & Ancillary Benefits to the Community by Owning the Clubhouse v. Making Club Plan Payments

- ◆ The Community would save approximately **\$12,000,000** over 30 years.
- ◆ The CDD has access to issuing tax-exempt bonds at record low interest rates. Very likely a portion of the Bonds may be rated which would drive down cost of funds to approximately 4.5%*, well below the Capitalization Rate.
 - Rate assumed herein is 4.5%.
- ◆ Payments would be fixed v. subject to annual increases under the Club Plan.
- ◆ Payments terminate once Bonds are paid off. Whereas, Club Plan payments are in perpetuity -- Expenses would continue under either scenario.
- ◆ The CDD would control ownership and thus operational and management decisions.
- ◆ Lennar would pay its Bond Payments and Expenses on its lots.
- ◆ The CDD Benefits from Governmental Immunity by owning the Clubhouse.

* Assumes portion of Bonds are rated and non rated

Prior Club Sales

- ◆ Developers/Builders routinely structure Club Plans in this manner.
- ◆ A number of Community Development Districts have acquired Clubhouses with Tax Exempt Bonds –
 - South Kendall Community Development District
 - Lakes By The Bay Community Development District
 - East Homestead Community Development District
 - Panther Trails Community Development District
 - Venetian Community Development District
 - Bellagio Community Development District

Club Plan Payments

Current Club Plan Schedule and Purchase Option

	<u>Year</u>	<u>Mthly</u>	<u>Annual</u>	<u>Club Plan Payments</u>	<u>Purchase Option Price</u>
1	2016	\$39	\$468	\$709,488	\$11,824,800
2	2017	\$41	\$492	\$745,872	\$12,431,200
3	2018	\$43	\$516	\$782,256	\$13,037,600
4	2019	\$45	\$540	\$818,640	\$13,644,000
5	2020	\$47	\$564	\$855,024	\$14,250,400
6	2021	\$49	\$588	\$891,408	\$14,856,800
7	2022	\$51	\$612	\$927,792	\$15,463,200
8	2023	\$53	\$636	\$964,176	\$16,069,600
9	2024	\$55	\$660	\$1,000,560	\$16,676,000
10	2025	\$57	\$684	\$1,036,944	\$17,282,400
11	2026	\$59	\$708	\$1,073,328	\$17,888,800
12	2027	\$61	\$732	\$1,109,712	\$18,495,200
13	2028	\$63	\$756	\$1,146,096	\$19,101,600
14	2029	\$65	\$780	\$1,182,480	\$19,708,000
15	2030	\$67	\$804	\$1,218,864	\$20,314,400
16	2031	\$69	\$828	\$1,255,248	\$20,920,800
17	2032	\$71	\$852	\$1,291,632	\$21,527,200
18	2033	\$73	\$876	\$1,328,016	\$22,133,600
19	2034	\$75	\$900	\$1,364,400	\$22,740,000
20	2035	\$77	\$924	\$1,400,784	\$23,346,400
21	2036	\$77	\$924	\$1,400,784	\$23,346,400
22	2037	\$77	\$924	\$1,400,784	\$23,346,400
23	2038	\$77	\$924	\$1,400,784	\$23,346,400
24	2039	\$77	\$924	\$1,400,784	\$23,346,400
25	2040	\$77	\$924	\$1,400,784	\$23,346,400
26	2041	\$77	\$924	\$1,400,784	\$23,346,400
27	2042	\$77	\$924	\$1,400,784	\$23,346,400
28	2043	\$77	\$924	\$1,400,784	\$23,346,400
29	2044	\$77	\$924	\$1,400,784	\$23,346,400
30	2045	\$77	\$924	\$1,400,784	\$23,346,400
31	2046	\$77	\$924	\$1,400,784	\$23,346,400
	TOTAL	\$67	\$803	\$36,511,344	

Lease v. Own Detail

*Approximately \$12 MM of Cumulative Savings **

	<u>Club Plan Payments</u>	<u>Total Debt Service</u>	<u>Savings</u>			<u>Cumulative Savings</u>
			<u>Mthly</u>	<u>Annually</u>	<u>Savings</u>	
1	\$709,488	\$228,156	1	\$0	\$0	\$0
2	\$745,872	\$697,575	2	\$3	\$32	\$48,297
3	\$782,256	\$742,700	3	\$2	\$26	\$87,853
4	\$818,640	\$786,200	4	\$2	\$21	\$120,293
5	\$855,024	\$788,075	5	\$4	\$44	\$187,242
6	\$891,408	\$789,625	6	\$6	\$67	\$289,025
7	\$927,792	\$785,850	7	\$8	\$94	\$430,967
8	\$964,176	\$786,913	8	\$10	\$117	\$608,231
9	\$1,000,560	\$787,650	9	\$12	\$140	\$821,141
10	\$1,036,944	\$790,113	10	\$14	\$163	\$1,067,972
11	\$1,073,328	\$786,938	11	\$16	\$189	\$1,354,363
12	\$1,109,712	\$788,338	12	\$18	\$212	\$1,675,737
13	\$1,146,096	\$789,100	13	\$20	\$235	\$2,032,733
14	\$1,182,480	\$789,225	14	\$22	\$259	\$2,425,988
15	\$1,218,864	\$788,713	15	\$24	\$284	\$2,856,140
16	\$1,255,248	\$787,563	16	\$26	\$308	\$3,323,825
17	\$1,291,632	\$785,775	17	\$28	\$334	\$3,829,682
18	\$1,328,016	\$788,350	18	\$30	\$356	\$4,369,348
19	\$1,364,400	\$790,075	19	\$32	\$379	\$4,943,673
20	\$1,400,784	\$785,950	20	\$34	\$406	\$5,558,507
21	\$1,400,784	\$786,188	21	\$34	\$405	\$6,173,104
22	\$1,400,784	\$790,575	22	\$34	\$403	\$6,783,313
23	\$1,400,784	\$787,625	23	\$34	\$404	\$7,396,472
24	\$1,400,784	\$788,775	24	\$34	\$404	\$8,008,481
25	\$1,400,784	\$788,800	25	\$34	\$404	\$8,620,465
26	\$1,400,784	\$787,700	26	\$34	\$404	\$9,233,549
27	\$1,400,784	\$785,475	27	\$34	\$406	\$9,848,858
28	\$1,400,784	\$787,125	28	\$34	\$405	\$10,462,517
29	\$1,400,784	\$787,425	29	\$34	\$405	\$11,075,876
30	\$1,400,784	\$786,375	30	\$34	\$405	\$11,690,285
31	<u>\$1,400,784</u>	<u>\$788,975</u>	31	\$34	\$404	\$12,302,094
	\$36,511,344	\$23,727,919			\$12,302,094	

* Bond estimate based on market conditions. Assumes Bond Rate of 4.50% and \$12.9 MM of Par (includes COI, DSRF, CAPI Year 1, ~ Transaction Costs)

Savings Summary

Approximately \$12 MM of Cumulative Savings

	<u>Club Plan Payments</u> (Excludes Operations)	<u>Buy Today</u>
Fixed/Variable	Increased Payments	Fixed
Assumed Purchase Price	NA	\$11,824,800
Assumed Bond Int. Rate	NA	4.50%
	(Avg Pmt)	
Monthly Payment	\$66.90	\$38.35
Annual Payment	\$802.80	\$460.14
Total District Payments (30 yrs)	\$36,511,344	\$23,727,919
<u>Savings Summary</u>		
Total District Savings	NA	\$12,302,094
% Savings		34%