

UNIVERSITY PARK RECREATION DISTRICT

June 27, 2019

VIA FIRST CLASS MAIL

To all Homeowners of University Park Recreation District

RE: University Park Recreation District
Special Assessments
Parcel ID: 2054155009

Dear Home Owner:

Along with this letter is your bill for the District's special assessment for operations and maintenance ("O&M"). This is one of three special assessments that the District has imposed. These are explained below. _____

(1) Special Assessment for O&M – one-time at \$1,000 per residence

This is a one-time assessment of \$1,000 per residence to fund: (a) district operations and (b) litigation expenses. But for the Garrett lawsuit, the District would not have needed to impose this assessment. The plan was to acquire the recreational facilities and club this spring and thereby utilize its net operating income to fund district operations.

(2) Special Assessment for Bonds

This is an assessment approved by the Board to fund the acquisition of the Country Club. The District held a bond referendum on February 7, 2019 and over 80% voted in favor of issuing long term bonds to fund the acquisition of the Country Club. The bonds are collateralized and their debt service paid for from special assessments. Payment would be allowed over a thirty (30) year period. These were approved by the Board using the 50%/50% allocation methodology wherein: (a) 50% of the cost is spread equally and (b) 50% of the cost is based on home value. To issue these bonds the District must complete the validation process in circuit court. The Garrett lawsuit and challenges to the bond validation have delayed this process. However, the District is confident that it will eventually be able to validate and to sell the bonds.

(3) Special Assessment for Bond Anticipation Note

But for the Garrett lawsuit, the District would not be considering this option. However, as noted above the Garrett lawsuit has delayed bond validation and the purchase of the club. UPRD is considering accelerating the purchase of the club for two reasons: (a) the purchase contract expires in September and (b) by purchasing the club UPRD would have its revenues to fund its operations.

To accelerate the purchase of the recreational facilities and club, the District is considering issuing a bond anticipation note ("BAN"). The BAN does not need to be

validated. The District has published a request from proposals from investors and lenders for the BAN. If the proposals are deemed to be in the best interest of the community, the District plans to select the investor or lender in July and to close the BAN transaction in July as well. This will fund the purchase of the Country Club.

To secure the BAN the District is in the process of imposing a special assessment in a manner identical to the special assessment for the bonds referenced in Paragraph 2. UPRD **does not expect to collect these assessments**. Instead, they are to secure the BAN if the District decides to issue it.

The BAN has a term of two years. The District expects to validate its bonds over the upcoming two years and to use the proceeds of the bonds to pay off the BAN. In that case the special assessments for the BAN would not be necessary and would be cancelled. However, if in the unlikely event that the District cannot issue its bonds when the BAN comes due, then the District would collect the BAN special assessment. In no event would the BAN Special Assessment be issued if the bonds referenced in paragraph 2 above are issued and those bonds are validated by courts of competent jurisdiction through all appeals.

Thank you for your support of the District. Please direct any questions or concerns you may have to the District Manager through our website or directly at PFM Consulting Group, LLC, 12051 Corporate Boulevard, Orlando, FL 32817; 407-723-5900, or HarrisCa@PFM.com.

Sincerely,

Bob Wood, Chairman
University Park Recreation District