



Second Supplemental Engineer's Report

Deer Run

Community Development District

Prepared For
Board of Supervisors
Deer Run Community Development District
Bunnell, Florida

Prepared By
Dewberry Engineers, Inc.

Revised July 2018

August 24, 2017

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*SECOND SUPPLEMENTAL
ENGINEER'S REPORT FOR
DEER RUN COMMUNITY DEVELOPMENT DISTRICT*

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1. INTRODUCTION

1.1 Report Overview

This second Supplemental Engineer's Report has been prepared by Dewberry Engineers Inc., District Engineer for the Deer Run Community Development District (CDD) (herein called the "District"). This Supplemental Engineer's Report supplements the District Engineer's Master Report dated August 31, 2007, and the Supplemental Engineer's Report for the 2008 Improvements, dated April 8, 2008, as revised, and approved by the District's Board of Supervisors (the "Board"). This report has been prepared at the direction of the Board to (i) provide an update to the status of previously completed infrastructure; (ii) describe and provide costs estimates for the addition of new components to the District's capital improvement program (the "CIP") consisting of an amenity center; (iii) update the costs for the remainder of the District's CIP based upon the updated development plan for the lands included within the boundaries of the District; (iv) provide an update to the permitting status for the CIP; and (v) describe the Series 2018 Project (hereinafter defined) to be funded with proceeds of the District's Series 2018 Special Assessment Revenue and Refunding Bonds (the "Series 2018 Bonds").

1.2 Description of the District and the Development

The District encompasses approximately 690 gross acres and is located in the City of Bunnell, Florida, and generally situated north of SR 100 (Moody Avenue) and east of U.S. 1. The District was established for the purpose of acquiring, constructing, owning and maintaining public infrastructure improvements to the serve the lands within the District. The District has previously issued its Series 2008 Bonds to fund the acquisition and/or construction of a portion of the District's CIP including Grand Reserve Boulevard, the main spine road traversing the District, and infrastructure serving the initial phase of development consisting of 157 lots as well as the golf course and related facilities. It is the intent of the District to issue its Series 2018 Bonds to fund additional portions of the CIP consisting of the amenity center and certain landscaping and hardscaping improvements (the "Series 2018 Project"). The cost estimates for the District's entire CIP (both completed and planned) are illustrated in Table 2A.

Lands within the District were to have been zoned pursuant to two (2) separate zoning approvals. Approximately 602 acres were the subject of an amended and restated planned unit development (R-PUD) approved by the City Commission for the City on November 22, 2005 (the "Oak Branch R-PUD"). The Oak Branch R-PUD allowed (i) a mix of residential uses not to exceed 749 residential units (gross density of 1.24 units per acre), including single-family and townhomes; (ii) approximately three (3) acres of commercial land; and (iii) approximately 114 acres for an 18-hole golf course and clubhouse. Approximately sixty percent (60%) of the land within the Oak Branch PUD was designated for conservation/open space, which includes the open areas on individual lots, natural wetland areas and the golf course.

The second zoning application encompassed approximately eighty-two (82) acres referred to as Deer Run (the "Deer Run PUD"). The Deer Run PUD would have allowed (i) a maximum of 328 residential units (4 units per acre) and three (3) acres of commercial property, but was never formally adopted by the City.

The Developer filed for rezoning of the undeveloped portions of the land included in the original Oak Branch R-PUD and the proposed Deer Run PUD. That rezoning includes approximately 195 acres, but does not include the previously zoned, permitted, developed and platted 157 lots or the existing 18-hole golf course. The property included in the new zoning ordinance is known as Grand Reserve (the "Grand Reserve PUD") The Grand Reserve PUD was effective May 29, 2018 and is recorded in Official Records Book 2283, page 48 of the public records of Flagler County, Florida. The Grand Reserve PUD allows development of 686 single family lots, with a minimum lot width of 40' and minimum lot size of 4,000 square feet, along with approximately two and one-half (2.5) acres of commercial property fronting on State Road 100.

D.R. Horton, Inc. – Jacksonville (the "Developer") serving as the new developer of the project has redesigned the project to be developed as a single-family residential community known as Grande Reserve (the "Development") which, in addition to the existing golf course and related facilities, is currently planned to include 843 residential units and an approximately 2.5-acre commercial parcel situated at the southeast corner of the entrance on U.S. 1.

As depicted in Table 1B, the current revised development plan for the Development consists of a total of 843 single-family residential lots consisting of the existing Grand Reserve and an additional six (6) units referred to as Grand Reserve. Pursuant to the approvals provided for in the Oak Branch R-PUD, the existing Grand Reserve was developed and platted as 157 lots (61 – seventy-five [75] foot lots and 96 – fifty [50] foot lots) and the golf course together with the golf clubhouse and maintenance facility.

As stated herein, the District intends to issue its Series 2018 Bonds to acquire and/or construct the Series 2018 Project which consists of the amenity center and certain landscaping and hardscaping improvements which are estimated to cost \$3.5 million. The amenity center included as part of the Series 2018 Project will be owned and operated by the District for the use of all residents in the District. The remainder of the infrastructure for the District is expected to be constructed by the Developer. The cost estimates for the completed and remaining portions of the District's CIP are shown in Table 2A.

1.3 Purpose of the Report

The purpose of this Supplemental Engineer's Report is to (i) provide an update to the status of previously completed infrastructure; (ii) describe and provide costs estimates for the addition of new components to the District's CIP consisting of an amenity center; (iii) update the costs for the remainder of the District's CIP based upon the updated development plan for the lands included within the boundaries

of the District; (iv) provide an update to the permitting status for the CIP; and (v) describe the Series 2018 Project to be funded with proceeds of the District's Series 2018 Bonds. The District will finance, acquire and/or, construct, operate, and maintain certain components of the infrastructure improvements that are needed to serve the Development. The project description, site data and other supporting information presented in the original Engineer's Report dated August 31, 2007, and as noted in the Supplemental Engineer's Report dated April 8, 2008, as revised, shall be referenced in its entirety except for the updates provided within this Supplemental Engineer's Report.

1.4 Updated Land Use Descriptions

As depicted in Table 1B, the current revised development plan for the Development consists of a total of 843 single-family residential lots to be developed in six (6) units referred to as Grand Reserve including the existing phase. Pursuant to the approvals provided for in the Oak Branch R-PUD, the existing Grand Reserve was developed and platted as of 157 lots (61 – seventy-five [75] foot lots and 96 – fifty [50] foot lots) and the golf course together with the golf clubhouse and maintenance facility.

1.5 Ownership and Maintenance

The ownership and maintenance responsibilities of the District's CIP are set forth as follows:

| Proposed Infrastructure Improvements | Ownership | Constructed By | Maintenance Responsibility |
|---|-------------------|-----------------------|-----------------------------------|
| Water Distribution and Sanitary Sewer Collection System | City* | Developer | City |
| Surface Water Management System | CDD/Golf Course** | Developer* | CDD/Golf Course** |
| On-site and Off-site Wetland Mitigation | CDD | CDD | CDD |
| On-site Transportation Improvements | City* | CDD | City* |
| On-site ROW Landscaping and Maintenance | CDD | CDD | CDD |
| Off-site Transportation Improvements | FDOT | CDD | FDOT |
| Recreation Facilities/Amenity Center | CDD | CDD | CDD |
| Irrigation System | CDD | CDD | CDD |
| Electrical Underground Conduits | Utility | Developer | Utility |

*City of Bunnell

**The portions of the stormwater management ponds that are being acquired by the CDD with bond proceeds will be owned by the CDD.

2. OPINION OF PROBABLE CONSTRUCTION COSTS

Table 2A presents an updated summary of the costs for the District's CIP including drainage, roadways, water, sewer and reuse, landscaping, entry features, recreational amenities and under grounding of electrical service.

A portion of the CIP has previously been completed and was funded with proceeds of the Series 2008 Bonds and from the prior developer. The completed portions of the CIP and corresponding costs include the construction of the infrastructure associated with the existing Grand Reserve and Grand Reserve Boulevard consisting of water distribution, sanitary sewer collection, re-use mains, underground electrical conduits, and stormwater management systems. The remaining portions of the CIP that have not been completed will be constructed in phases to be determined.

The costs in Tables 2A are derived from estimates of expected quantities of infrastructure multiplied by unit costs typical in the area of the District. Included within these costs are technical services consisting of planning, land surveying, engineering, environmental permitting, soils and material testing related to such infrastructure. These services are necessary for the design, permitting and construction management of the infrastructure improvements. The costs are exclusive of legal, administrative, financing, operations or maintenance services necessary to finance, construct, and operate the infrastructure improvements proposed by the District. The District Engineer has considered and in certain instances relied upon opinions, information, and documentation prepared or supplied by others, which may have included public officials, public entities, engineering professionals and contractors.

3. PERMITTING STATUS

Permitting for the District's CIP has been ongoing since the beginning of the existing phase to the new phases of the Development. A discussion of each of the required permits and tentative schedule for the CIP construction permits is presented below:

City of Bunnell – Rezoning: As previously discussed herein, the Development was zoned pursuant to two (2) separate zoning approvals.

U.S. Army Corps of Engineers (USACOE) – Dredge and Fill permit: Originally approved for the entire property, a USACOE permit was obtained, which provided for the final determination of the wetland boundaries and the proposed impacts within the project. The proposed construction activities involve the removal and crossing of wetlands for development activities. Based on this permit, all the permitted encroachments were cleared and filled in conformity with the permit. We believe that within the Grand Reserve Phase 1 there is a possible wetland impact that is less than 0.1 acres of impacts. This additional impact will need to be permitted through the USACOE or satisfied via obtaining a letter stating that no permit would be required.

St. Johns River Water Management District (SJRWMD) – Environmental Resource Permit (ERP): This original ERP was issued for the overall property. This permit provided for the

development of the stormwater systems, ponds, roadways, and the mass grading of the project. It provided for the delineation of the wetland lines as well as any impacts to the same. This is the master permit for the infrastructures of the development. Most of the construction work under this permit has been completed. The basis for additional permit modifications for the next phases of Grand Reserve will utilize this permit. The permitting for the Grand Reserve additional phases will be submitted for approvals with the district as plans are completed. The SJRWMD permit is typically issued 60-90 days after submittal.

Florida Department of Environmental Protection (FDEP) – Potable Water Permit: Final permits and construction plans for the next phase of Grand Reserve will be submitted for approval with the department.

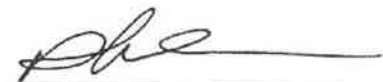
Florida Department of Environmental Protection (FDEP) – Domestic Wastewater Permit: The FDEP Domestic Wastewater Permits for the proposed improvements in Grand Reserve will be submitted for approval with the department.

City of Bunnell Approvals: Final construction plan approvals for the Grand Reserve infrastructure systems will be submitted to the City for approval. In addition, the final plats will be reviewed and recorded by the City.

4. ENGINEER'S CERTIFICATION

It is our opinion that the improvements proposed are necessary for the development of the lands within the District and that the estimated construction costs are fair and reasonable. It is also our opinion that the improvements included within the CIP are assessable improvements within the meaning of Chapter 190, F.S. We have no reason to believe that the CIP cannot be constructed at the cost described in this Supplemental Report. We believe that the District will be well served by the improvements discussed in this Supplemental Report.

I hereby certify that the foregoing is a true and correct copy of the Supplemental Report for the District.



Reinardo Malave, P.E.
Florida Registration No. 31588

TABLE 1A
Deer Run CDD
Land Use Summary

| TYPE OF USE | Total Area (acres) | Percent of Total |
|--|-----------------------|------------------|
| Stormwater | 59.9 | 8.7% |
| Residential/Commercial | 145.74 | 21.1% |
| Road Right of Way | 44.27 | 6.4% |
| Golf Course | 101.23 | 14.6% |
| Open Space / Common Area/Amenity Center | 26.53 | 3.8% |
| Wetland/Conservation | 316.65 | 45.4% |
| TOTAL | 690.39 | 100.0% |

**TABLE 1B
Deer Run CDD
Unit Mix**

| Phases | Minimum Lot Sizes | Total Lots Per Phase |
|--------------------------------------|--------------------------|-----------------------------|
| Grand Reserve (Existing and Platted) | 50' X 110' | 157 |
| Grand Reserve (Phase 1) | 50' X 110' | 125 |
| Grand Reserve (Phase 2) | 50' X 110' | 117 |
| Grand Reserve (Phase 3) | 40' X 120' | 57 |
| Grand Reserve (Phase 4) | 40' X 120' | 135 |
| Grand Reserve (Phase 5) | 40' X 120' | 106 |
| Grand Reserve (Phase 6) | 40' X 115' | 146 |
| TOTAL LOTS | | 843 |

TOTAL ACREAGE – 690.405 acres
(Revised July 2018)

DEER RUN CDD
OPINION OF PROBABLE CONSTRUCTION COSTS

PROJECT INFRASTRUCTURE BY PHASE

June 2018

Table 2A

| Description | Grand Reserve Unit 1 | Grand Reserve (Units 2-4) | Series 2018 Project |
|--|-------------------------|------------------------------|------------------------|
| Stormwater Management Systems | \$3,533,000 | \$9,005,000 | |
| Roadways | \$4,056,914 | \$3,135,000 | |
| Utilities (Water, Sanitary Sewer, Reuse) | \$2,313,300 | \$5,643,000 | |
| Landscape/Hardscape | \$1,861,481 | | \$455,000 |
| Underground Electrical Systems | \$170,000 | \$632,000 | |
| Clubhouse/Amenity Facilities | | | \$3,000,000 |
| | | | |
| TOTALS | \$11,934,695 | \$18,415,000 | \$3,455,000 |

| | | | |
|------------------------------|--|--|---------------------|
| Grand Total - Project | | | \$33,804,695 |
|------------------------------|--|--|---------------------|

Note: Grand Reserve Unit 1 Improvements were funded with proceeds of the Series 2008 Bonds in the amount of \$6.995 million. The remainder of the Grand Reserve Unit 1 Improvements were funded by the prior developer.

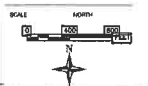


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DEER RUN CDD
 GRAND RESERVE
 MASTER PLAN
 City of Blount, FL
 Roger Coates, P.E.

NOT FOR
 CONSTRUCTION

KEY PLAN



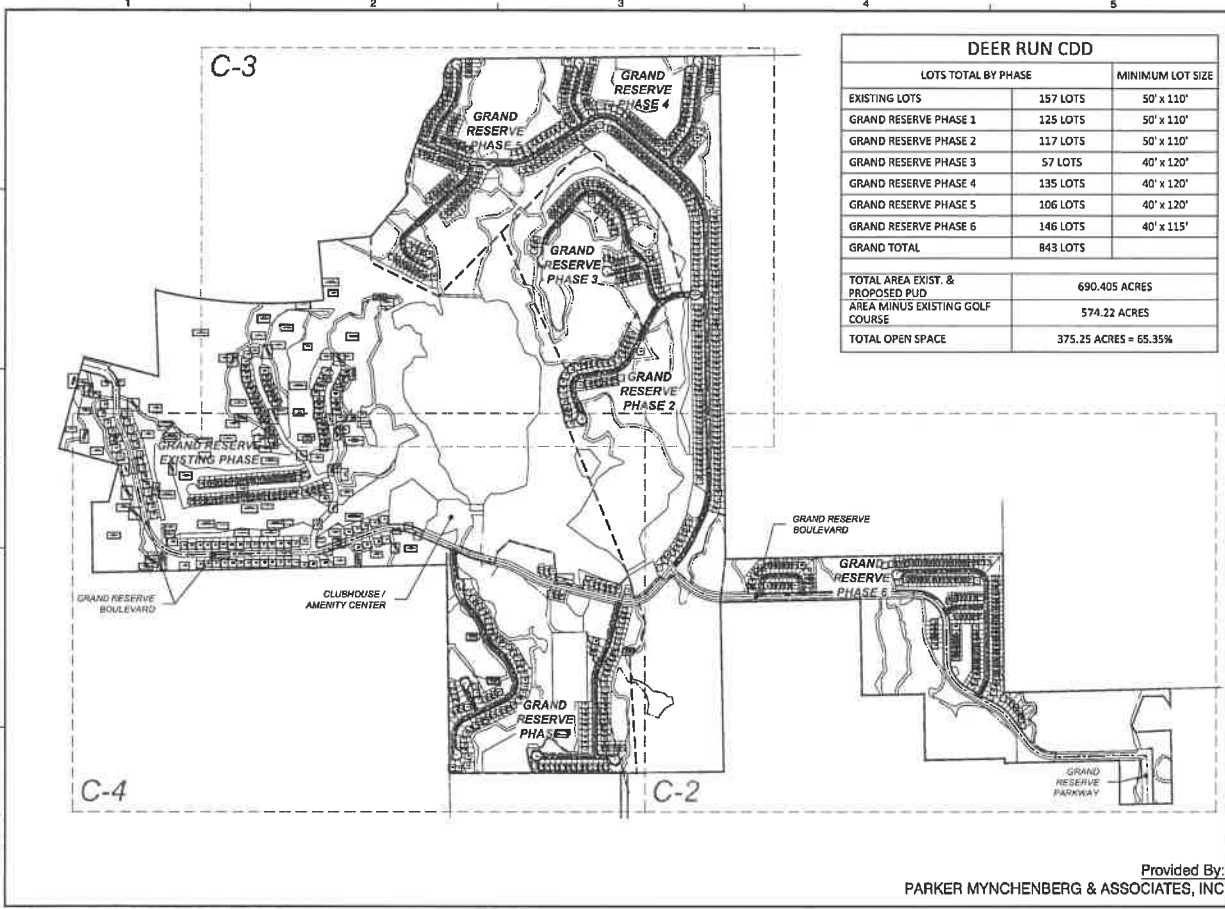
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MASTER
 DEVELOPMENT
 PLAN

PROJECT NO. 000000
 FILE REFERENCE NO.

C-1
 SHEET NO.

Provided By:
 PARKER MYNCHENBERG & ASSOCIATES, INC



| DEER RUN CDD | | |
|----------------------------------|----------|-----------------------|
| LOTS TOTAL BY PHASE | | MINIMUM LOT SIZE |
| EXISTING LOTS | 157 LOTS | 50' x 110' |
| GRAND RESERVE PHASE 1 | 125 LOTS | 50' x 110' |
| GRAND RESERVE PHASE 2 | 117 LOTS | 50' x 110' |
| GRAND RESERVE PHASE 3 | 57 LOTS | 40' x 120' |
| GRAND RESERVE PHASE 4 | 135 LOTS | 40' x 120' |
| GRAND RESERVE PHASE 5 | 106 LOTS | 40' x 120' |
| GRAND RESERVE PHASE 6 | 146 LOTS | 40' x 115' |
| GRAND TOTAL | 843 LOTS | |
| TOTAL AREA EXIST. & PROPOSED PUD | | 690.405 ACRES |
| AREA MINUS EXISTING GOLF COURSE | | 574.22 ACRES |
| TOTAL OPEN SPACE | | 375.25 ACRES = 65.35% |

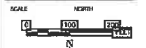


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DEER RUN CDD
GRAND RESERVE
MASTER PLAN
City of Deerfield, IL
Project Comm. 1/1

SCALE
NOT FOR
CONSTRUCTION

KEY PLAN



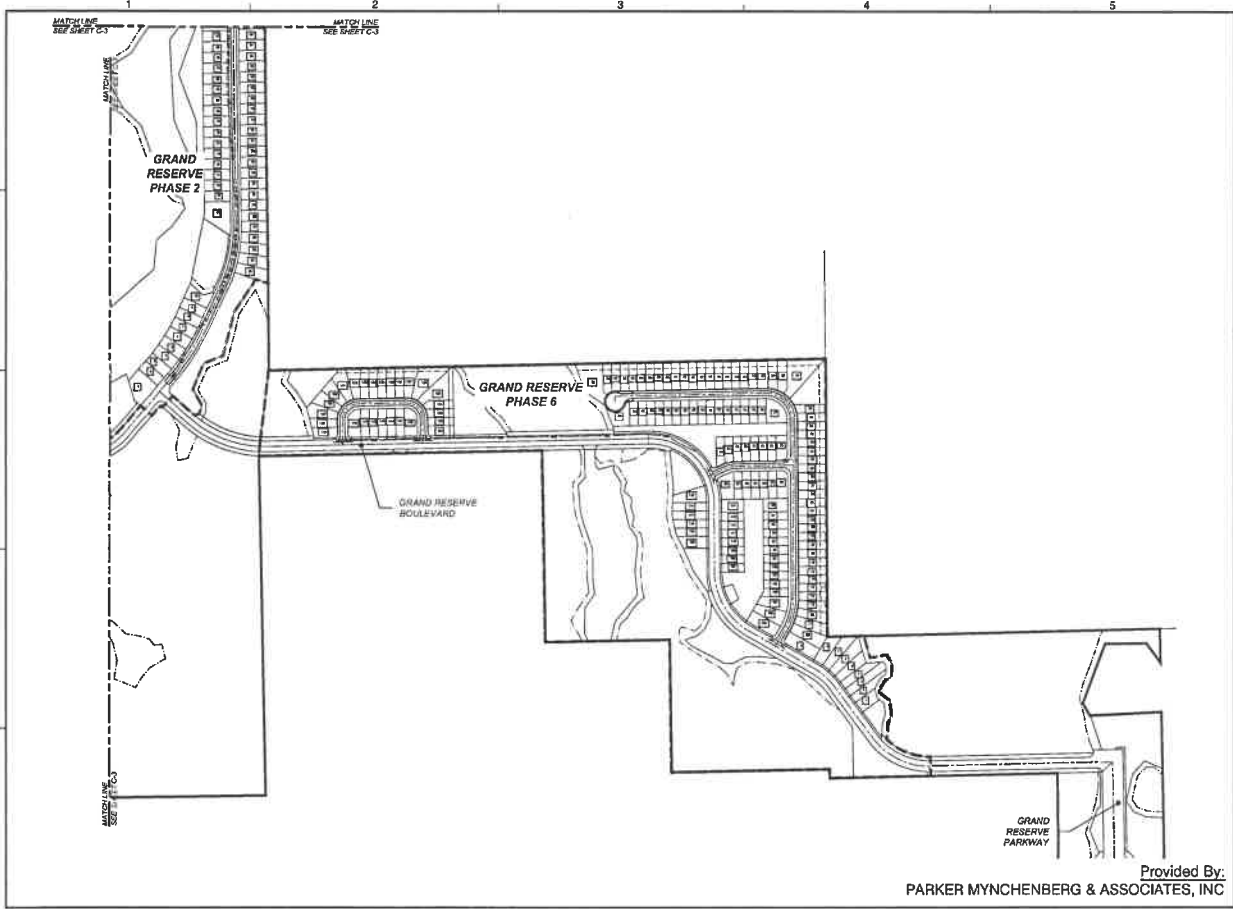
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 DATE: _____
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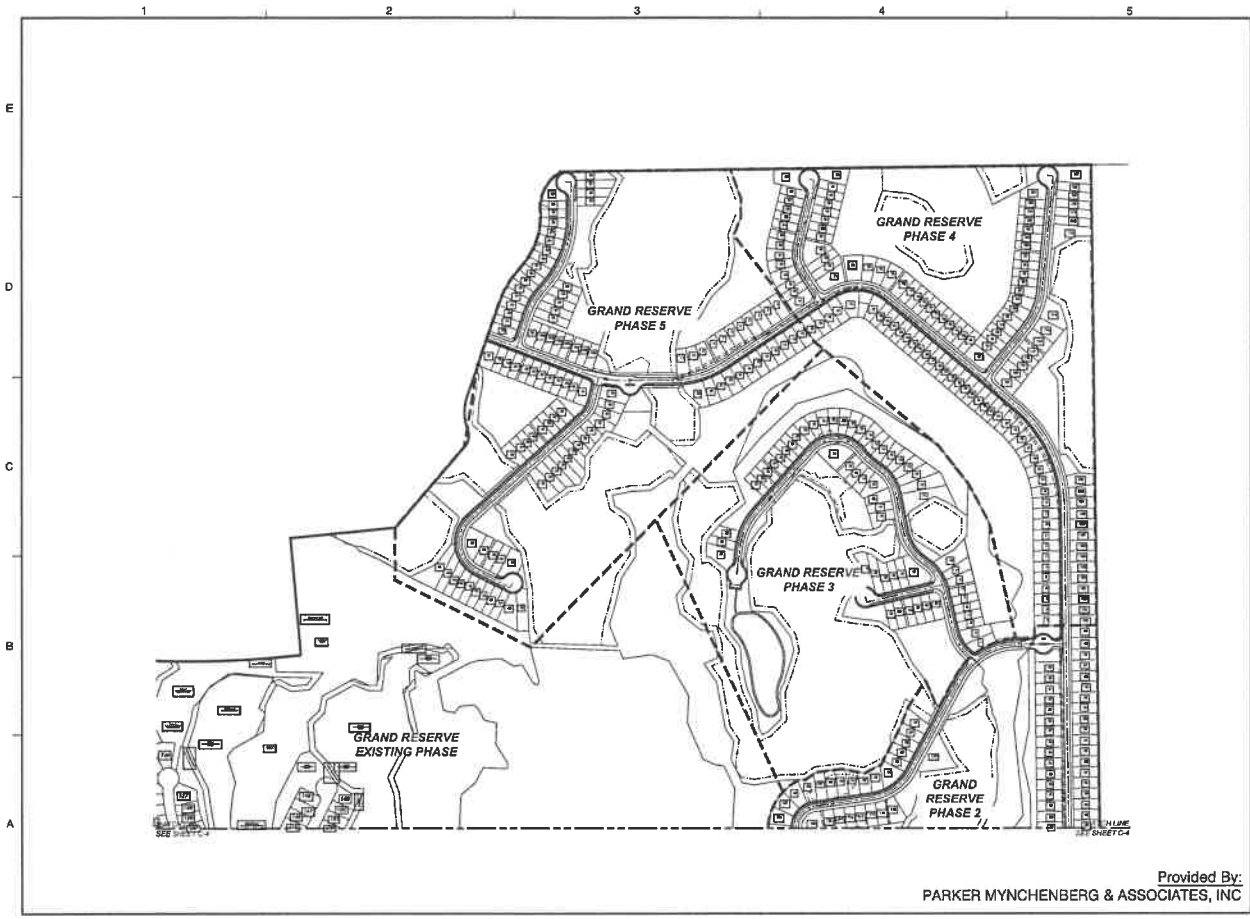
PARTIAL SITE PLAN

PROJECT NO. 000888
FILE NUMBER 10

Sheet No. **C-2**



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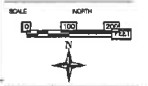


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**DEER RUN CDD
 GRAND RESERVE
 MASTER PLAN**
 City of Deer Run, FL
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NOT FOR CONSTRUCTION

KEY PLAN



| NO. | DATE | BY | DESCRIPTION |
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REVISIONS

DRAWN BY:
 APPROVED BY:
 CHECKED BY:
 DATE:

PARTIAL SITE PLAN

PROJECT NO: SHEET NO:

C-3
 SHEET NO

Provided By:
PARKER MYNCHENBERG & ASSOCIATES, INC

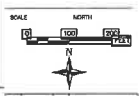


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**DEER RUN CDD
GRAND RESERVE
MASTER PLAN**
City of Deer Run, FL
Traylor County, FL

SCALE
**NOT FOR
CONSTRUCTION**

REVISIONS



| NO. | DATE | BY | DESCRIPTION |
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DESIGNED BY:
 APPROVED BY:
 CHECKED BY:
 DATE:
 TITLE:

PARTIAL SITE PLAN

PROJECT NO: 008881
FILE REFERENCE NO: **C-4**

Provided By:
PARKER MYNCHENBERG & ASSOCIATES, INC
04/27/10

