

RESOLUTION 2026-25

A RESOLUTION ADOPTING A RULE OF THE VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT AMENDING CHAPTER VIII; PROVIDING FOR THE RESTATEMENT OF DISTRICT RULES; PROVIDING FOR THE REVISION OF THE ASSESSMENT SCHEDULE; PROVIDING FOR AND ESTABLISHING AN UPDATED ASSESSMENT METHODOLOGY; AND PROVIDING FOR AN EFFECTIVE DATE OF THE RESTATEMENT AND AMENDMENT.

WHEREAS, Village Center Community Development District (District) imposes special assessments for operation and maintenance of public facilities which provide a special benefit to property located within the District; and

WHEREAS, for fiscal years ending 2013 through 2026, the District has apportioned special assessments among property owners in accordance with a methodology adopted pursuant to Resolution 12-16; and

WHEREAS, the methodology establishes the manner in which the assessments are apportioned and paid, based on an allocation of the benefits among the parcels of real property specially benefitted by the public facilities; and

WHEREAS, The District has engaged its qualified financial advisor, PFM Financial Advisors LLC, to prepare the Operation & Maintenance Assessment Methodology Report dated September 9, 2026 (the "Report," attached hereto as Exhibit "A" and incorporated herein by reference) using recent data to confirm whether the methodology remains reasonable for future years and to suggest any appropriate updates for periods beginning with fiscal year 2027; and

WHEREAS, the Report confirms that the methodology remains reasonable and appropriate for fiscal years beginning in 2027, but suggests updating the list of land use categories and applicable units of measure with respect to parcels for certain potential uses which diverge from typical commercial-retail activity; and

WHEREAS, the District has advertised its intent to adopt an amendment to and restatement of the rule implementing a revised assessment methodology, has advertised for a hearing to consider adoption of the same, and has held the public hearing for such adoption in compliance with all applicable statutes and rules; and

WHEREAS, the District Board of Supervisors in a Public Hearing on September 9, 2026, has considered public input of staff and the public and has determined it is in the best interests of all persons and entities to be served by the District and to adopt an amended and restated rule Chapter VIII incorporating updates to the assessment methodology consistent with the Report;

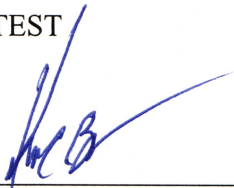
NOW, THEREFORE, BE IT RESOLVED, by THE BOARD OF SUPERVISORS OF THE VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT as follows:

1. The findings in the Report are hereby adopted as the findings of the Board of Supervisors of the District.

2. The Board hereby determines that the benefits that will accrue to the properties improved and that it is in the interest of the District and the owners of property within the District that assessments be made in proportion the benefits received as set forth in the Report.
3. There is hereby adopted an amended and restated Chapter VIII Rule to update the assessment methodology in accordance with the Report and make certain clarifying revisions.
4. This rule revision, upon adoption, shall become effective upon adoption.

DONE AND RESOLVED at The Villages, Sumter County, Florida this 9th day of September, 2026.

ATTEST



Kenneth C. Blocker, Secretary

VILLAGE CENTER COMMUNITY
DEVELOPMENT DISTRICT



Kelly Flores, Chair

**A RULE OF THE
VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT (District)
CHAPTER VIII
ESTABLISHING A STRUCTURE FOR EQUITABLY DISTRIBUTING COSTS
FOR OPERATING AND MAINTAINING DISTRICT FACILITIES, SYSTEMS
AND SERVICES AND OPERATING POLICIES AND PROCEDURES FOR THE
OPERATION AND MAINTENANCE OF
FACILITIES, SYSTEMS AND SERVICES PROVIDED TO
PROPERTIES WITHIN THE DISTRICT
AND SUCH PROPERTIES FOR WHICH THE DISTRICT
HAS ACCEPTED MAINTENANCE RESPONSIBILITY FROM THE PROPERTY
OWNER, AND PROVIDING FOR AN EFFECTIVE DATE**

PART 1: GENERAL PROVISIONS AND DEFINITIONS APPLICABLE TO PROPERTIES WITHIN AND WITHOUT VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT; ESTABLISHING AN OPERATION AND MAINTENANCE FEE, AND OPERATING PROCEDURES FOR SERVICES PROVIDED BY VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT.

SECTION 1: Operation and maintenance services shall be provided by the District in accordance with the operating policy of the District which is attached hereto and made part hereof and an operation and maintenance assessment shall be applicable to Village Center Community Development District and such other properties owned by the District or dedicated for the use and benefit of areas within the District.

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SECTION 3: PURPOSE: The purpose of this Rule is to establish an operation and maintenance assessment, and operating policies for the District to provide operation and maintenance services to properties within the District and common areas to preserve the public health, safety, welfare and enjoyment of the area. The operation and maintenance assessment will generate sufficient revenues from users benefiting from District facilities, systems and services to pay the expenses of same, and other improvements of the District; and to provide an effective date.

SECTION 4: NECESSITY: To establish a uniform and comprehensive operation and maintenance assessment and operating policies pertaining to properties within the District for facilities, systems and services provided by the District.

SECTION 5: DEFINITIONS: The following terms and phrases, when used herein, shall have the meaning ascribed to them in this Section, except where the context clearly indicates a different meaning. Words used in the present terms shall include the future, and singular number includes the plural, and the plural the singular.

5.1 CONSUMER: Any person, firm, association, corporation, governmental agency or similar organization supplied with services and affected by the operating procedures, which shall also include the Developer.

5.2 DEVELOPER: Any person, corporation, or other legally recognized entity who engages in the business of making improvements to or upon real property located within or without the District as owner or legally constituted agent for the owner of such real property.

5.3 DISTRICT: The Village Center Community Development District as defined in 5.9.

5.4 RESERVED.

5.5 RESERVED.

5.6 PROPERTY: The land or improvements upon land of which the consumer is owner or over which consumer has control either by contract, license or possessory interest sufficient to authorize consumer to make application for service, or adjacent right of way which services the land or site being developed. District may require proof of such interest prior to the furnishing of service by copy of an instrument of conveyance, warranty deed, contract or appropriate verified statement contained in the application for service.

5.7 ASSESSMENT SCHEDULE: The schedule of assessments charged for the particular classification of service.

5.8 TERMS "SHALL" AND "MAY": As used herein, the word "may" is permissive, and the word "shall" is mandatory.

5.9 VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT: A unit of special purpose local government authorized pursuant to Chapter 190, Florida Statutes, and created August 27, 1992, by Ordinance Number 92-06, by the Town of Lady Lake Town Commission.

SECTION 6: GENERAL: In the absence of specific written agreement to the contrary entered into prior to the effective date of this Rule, these regulations apply

without modification or change to each and every entity to whom the District renders service in accordance with this Rule.

SECTION 7: OTHER USES PROHIBITED WITHOUT THE EXPRESS WRITTEN APPROVAL OF THE DISTRICT:

7.1 Boating: power, paddle, or wind driven boats are prohibited. This prohibition includes all personal flotation devices whether mechanically, personally, or wind powered and is applicable to other bodies of water within the District. This prohibition is not meant to prohibit the operation of District owned and/or operated boats or boats required for maintenance of the water body. Radio controlled boats may be authorized in specific areas with the written approval of the District Manager.

7.2 Parades, street festivals, demonstrations, rallies, circus', fairs, carnivals, picket lines, flea markets, street vendors, soliciting of contributions, erecting permanent or temporary structures, and similar activities, are prohibited within the District except with the approval of the District Manager.

7.3 Swimming, scuba diving including the use of helmet diving suits, snorkeling, wading, or fishing in other bodies of water within the District.

7.4 Stocking or releasing of fish or vegetation in bodies of water within the District.

7.5 Use of facilities without prior application and approval.

7.6 Overnight camping in tents or RV's, except with the advanced permission of the District Manager.

7.7 Fixed or rotary wing aircraft capable of landing on water, including radio controlled model aircraft. This prohibition is not meant to prohibit emergency aircraft.

7.8 Skateboarding

7.9 Bicycles, except as operated on road right of ways or parking lots.

7.10 No person may leave, stand or park any motor vehicle, golf cart or merchandise on any District owned public property, including any street, parking lot, alley, or easement, or upon any public place, including vacant land, shopping center parking lots or any other similar area for the purpose of displaying such motor vehicle, golf cart or merchandise for rent or sale without the approval of the District Manager.

7.11 No person may leave, stand or park any motor vehicle or golf cart on any District property other than in designated parking areas without the approval of the District Manager.

7.12 No person or vehicle shall obstruct the free flow of traffic, either vehicular or pedestrian, within the District without the approval of the District Manager.

SECTION 8: BILLING:

8.1 Annual Assessments: At the direction of the Board of Supervisors, the maintenance assessment shall be charged annually and may be incorporated as a non-ad valorem assessment and placed upon the County Property Tax Bill.

8.2 Bills for incidental service shall be rendered monthly or periodically at intervals not to exceed ninety (90) days at the direction of the Board of Supervisors, and shall be due when rendered. A bill shall be deemed rendered when mailed United States mail, postage prepaid, or when delivered to the customer's address.

SECTION 9: ACCESS TO PREMISES: As a condition to providing services, the District or its authorized agents or employees shall have access to all common areas within the District during all reasonable hours and, in the event of an emergency, at any time, for the purposes of maintaining, inspecting, repairing, installing or removing District's property, and for any other purposes incident to performance.

SECTION 10: PROTECTION OF DISTRICT PROPERTY: In the event of any damage to District property located within Village Center District Town Square which arise out of any act of consumer or agents, employees or independent contractors upon the premises, the cost of repairs or replacement shall be the responsibility of the person or persons causing the damage, and full payment or reimbursement to District shall be required.

SECTION 11: MAINTENANCE AND STANDARDS: All owners of Fee Parcels within the District acknowledge that the assessment imposed by the District shall be the source of revenue to pay for ongoing operation and maintenance of owned

or dedicated District facilities, systems and services not otherwise provided for in the project wide maintenance agreement.

SECTION 12: PRIVATE FIRE SERVICE CONNECTION: A private fire service connection is to be used for fire purposes only and is to have no connection whatsoever with any service lines that may be used for other than fire purposes, and because of the danger of pollution, shall have no connection with any other source of supply with the exception in case a tank or fire pump is installed as secondary supply. There shall be a backflow preventer installed by the consumer at his expense in each District connection to prevent the water from these secondary supplies from flowing into the District mains.

The consumer shall not draw any water whatsoever through this connection for any purpose except the extinguishing of fires, or for periodic tests of the fire system, which tests shall be made upon notification to the District. Any authorized representative of the District shall have free access to the building at any reasonable time for the purpose of inspecting any of the fire service connection equipment.

SECTION 13: ASSESSMENT SCHEDULE:

1. Village Center Downtown ("VOSS") Maintenance Assessment. Certain facilities were designed and constructed to be for the common use of, and to provide a special benefit to, the parcels located within the portion of the Village Center Community Development District downtown area commonly referred to as "VOSS" and platted as "Village Center Downtown" in Plat Book 55, Page 72, Public Records Lake County Florida. The District Board of Supervisors may levy a maintenance special assessment (the "VOSS CAM Assessment") from time to time to maintain and preserve such facilities as authorized by Chapter 190, Florida Statutes. The District shall apportion the VOSS CAM Assessment

between the benefited lands in proportion to the benefits received by each tract of land as follows:

1) It is the intent that all 'owners of lands designated on the Village Center Downtown plat as Building Areas, and their invitees and guests, shall commonly utilize all areas owned by or dedicated to the District outside of the actual building wall and appurtenant features and therefore the District shall maintain all such properties outside of the actual building wall and appurtenant features. Where no structure has been constructed upon a Building Area, the District shall have access to maintain, but no obligation to maintain, the vacant Building Area.

2) For land designated on the Village Center Downtown plat as Building Areas, the VOSS CAM Assessment shall be the owner's pro-rata share of the total maintenance costs determined by calculating the proportion of the habitable building area owned in relation to the total habitable building area within the all Building Areas. For the purposes of the VOSS CAM Assessment, Habitable building area means: for Building Areas reasonably designated by the District as used for Commercial-retail activity, 100% of the actual interior square footage of improvements; for Building Areas in which the use of all or substantially all the habitable square feet are, as reasonably determined by the District, constructed primarily as or for the primary purpose of a hotel or performing arts center (uses which diverge from typical commercial-retail activity), 25% of the actual interior square footage of improvements.

B. Rolling Acres Plaza ("RAP") Maintenance Assessment. Certain facilities were designed and constructed to be for the common use of, and to provide a special benefit to, the parcels located within the portion of the Village Center Community Development District commonly referred to as "Rolling Acres Plaza." The District Board of Supervisors may levy a maintenance special assessment

(the "RAP Assessment") from time to time to maintain and preserve such facilities as authorized by Chapter 190, Florida Statutes. The District shall apportion the RAP Assessment between the benefited lands in proportion to the benefits received by each tract of land as follows:

The apportionment of the RAP Assessment shall be according to each owner's pro-rata share of the total maintenance costs determined by calculating the proportion of the habitable building area owned in relation to the total habitable building area within all of Rolling Acres Plaza. For the purposes of the RAP Assessment, habitable building area means for building areas reasonably designated by the District as used for commercial-retail activity, 100% of the actual interior square footage of improvements; for building areas in which the use of all or substantially all the habitable square feet are, as reasonably determined by the District, constructed primarily as or for the primary purpose of a hotel, performing arts center (uses which diverge from typical commercial-retail activity), 25% of the actual interior square footage of improvements.

C. Road Maintenance and Storm Water System Assessment. Certain road and stormwater facilities were designed and constructed to be for the common use of, and to provide a special benefit to, all properties within the District. The District Board of Supervisors may levy a maintenance special assessment (the "Road Assessment") from time to time to maintain and preserve such facilities as authorized by Chapter 190, Florida Statutes. The District shall apportion the Road Assessment between the benefited lands in proportion to the benefits received by each tract of land as follows:

The Road Maintenance and Storm Water System Assessment schedule for Building Areas shall be the owner's pro-rata share of the total maintenance costs determined by calculating the proportion of the habitable building area owned in relation to the total habitable building area within the District. For the purposes of

the Road Assessment, habitable building area means 100% of the actual interior square footage of improvements for all uses.

D. Adjustment of Assessments. The VOSS CAM Assessment, RAP Assessment, and Road Assessment described in this Chapter may be adjusted annually by the Board of Supervisors based upon its adopted Budget. The Budget shall be adopted annually as provided for in Section 190.008 F.S.

SECTION 14: EFFECTIVE DATE: This Rule Revision shall become effective upon its approval by the Board of Supervisors of the District.

Specific Authority: 190.035 F.S., 190.011(5) F.S., 120.54 F.S.

Law Implemented: 190.035 F.S., 190.011(5) F.S., 120.54 F.S.

History: Adopted: 2005
 Amended and Restated: July 18, 2008
 Amended and Restated: June 14, 2012
 Amended and Restated: September 9, 2026



OPERATION & MAINTENANCE ASSESSMENT METHODOLOGY REPORT FOR VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT

FISCAL YEAR 2026-2027

September 2026

Prepared for:

**Members of the Board of Supervisors,
Village Center Community Development District**

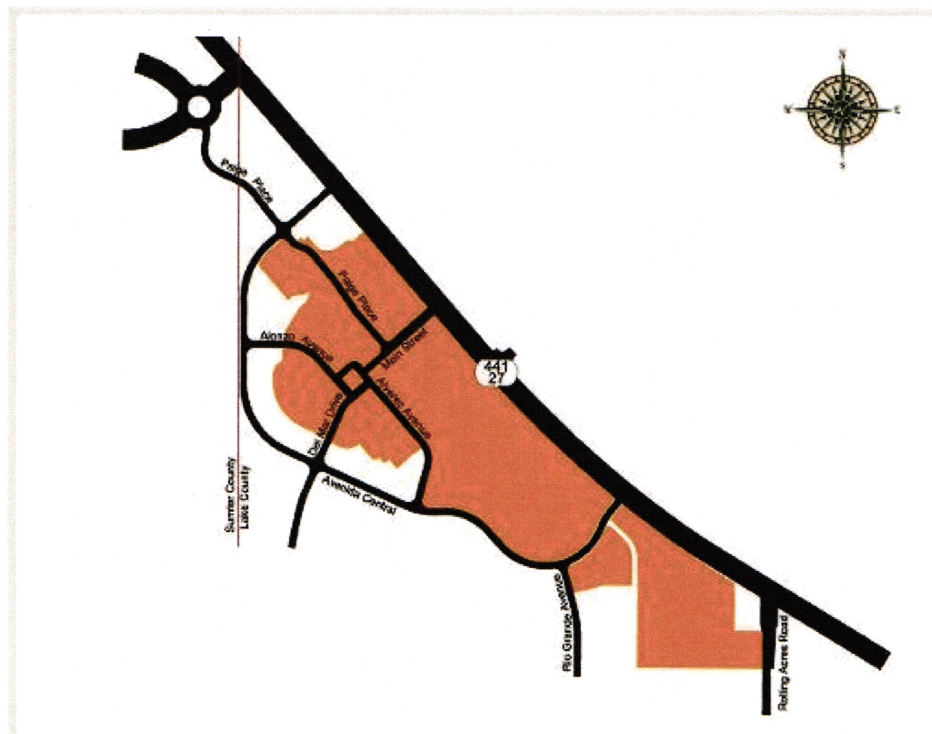
Prepared on September 9, 2026

PFM Financial Advisors LLC
3501 Quadrangle Boulevard, Ste 270
Orlando, FL 32817

1.1 District Overview

Village Center Community Development District ("Village Center" or "VCCDD" or "District") was established pursuant to Florida Statutes Chapter 190 and the Town of Lady Lake Ordinance No.92-06 on August 17, 1992. The lands that are encompassed by the District are located in the Town of Lady Lake, FL and consist of approximately 170 acres. The geographical boundaries of the District include a mix of non-residential properties inclusive of but not necessarily limited to commercial retail, institutional, multi-family for-rent apartments, and governmental properties.

Map 1. District Map



Source: District Manager



The District currently funds Operation and Maintenance (“O&M”) of its existing public improvements and community facilities (the “Improvements”). These O&M expenses are funded via the collection of annual non-ad valorem special assessments. As the District’s O&M responsibilities vary over time, the District’s O&M expenses will vary to meet the District’s needs. This Operation and Maintenance Assessment Methodology Report (“O&M Methodology Report”) provides a methodology to allocate the annual O&M expenses among the properties within the District that receive a special benefit from the O&M of the Improvements.

Certain Improvements, including district roads, provide a special benefit to all properties in the District. Other Improvements primarily provide a benefit to certain property located within certain portions of the District. Some improvements primarily provide a special benefit to parcels shown on the plat of the Village Center Downtown subdivision and often referred to as The Village of Spanish Springs (“VOSS Downtown”). Other improvements primarily provide a special benefit to parcels located in a commercial development often referred to as Rolling Acres Plaza. Accordingly, while certain elements of the budget are for the benefit of, and can be allocated across, the entire District, other elements of the O&M budget are identified as specially benefiting the properties within the VOSS Downtown (the “Downtown Parcels”) or the properties within the Rolling Acres Plaza (the “Rolling Acres Parcels”).

The District has acquired or constructed roads and related improvements for the benefit of all properties within its boundaries. All development in the District receives the special benefit of roads and related improvements. The roads and related improvements must be maintained and preserved, which maintenance, preservation and related services are funded in part by the imposition of a special assessment on all assessable parcels in the District (the “Road Assessment”) received into the District’s Road Maintenance Fund.

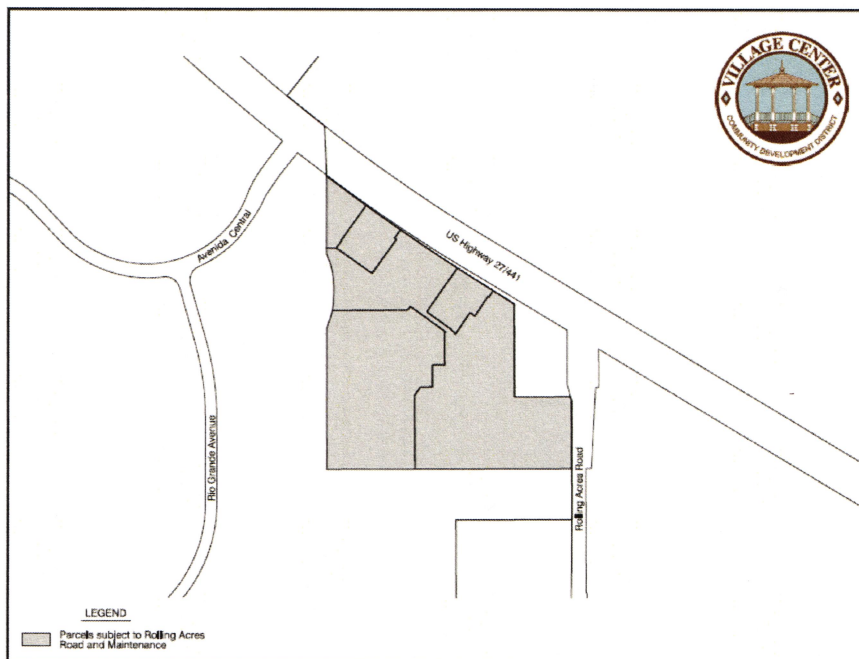
The District constructed or acquired various infrastructure improvements, equipment and public facilities within and adjacent to the VOSS Downtown which must be maintained and preserved specifically for the special benefit of the Downtown Parcels. These improvements, equipment and public facilities provide certain services, which maintenance, preservation and services are funded in part by the imposition of a special assessment (the “VOSS CAM Assessment”) within the VOSS Downtown received into the District’s Village of Spanish Springs Special Revenue Fund.

Finally, the District constructed or acquired various infrastructure improvements, equipment and public facilities within and adjacent to the Rolling Acres Plaza which must be maintained and preserved specifically for the special benefit of the Rolling Acres Parcels. These improvements, equipment and public facilities provide certain services, which maintenance, preservation and services are funded in part by the imposition of a special assessment (the “RAP Assessment”) within Rolling Acres Plaza received into the District’s RAP Special Revenue Fund.

Map 2 below displays, with shading, all areas subject to District Assessments. All shaded areas are subject to the Road Assessment. The VOSS CAM Assessment and RAP Assessment are imposed upon the parcels indicated.



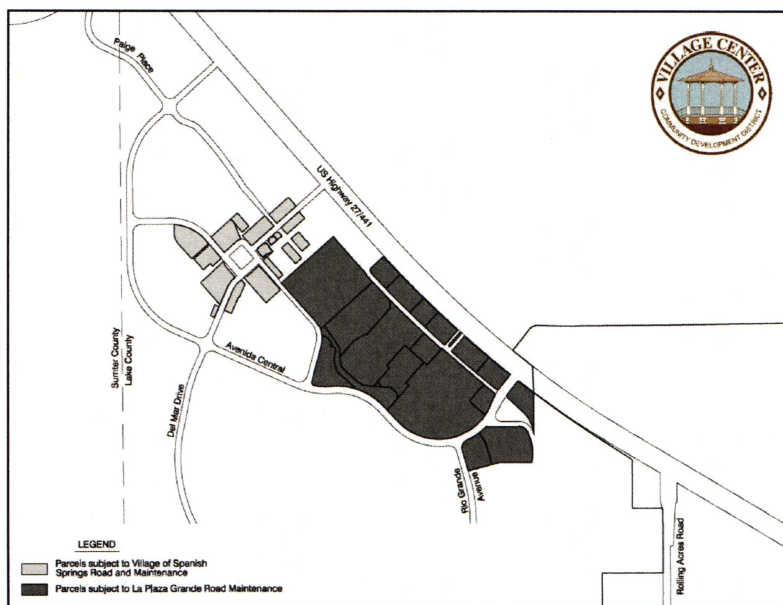
Map 2A. District Rolling Acres Plaza Road and Maintenance Assessment Area



Village Center Community Development District Maintenance Assessment Area

Source: District Manager

Map 2B. District VOSS Road and Maintenance Assessment Area



Source: District Manager



The methodology described here allocates the District's annual O&M expenses to properties based upon the benefits each receives from the infrastructure program. This report is designed to conform to the requirements of Chapters 190, F.S. with respect to special assessments and is consistent with PFM Financial Advisors LLC ("PFMFA" or "Assessment Consultant") understanding of Florida state statutes and the case law on this subject.

1.2 Budget Overview

The Board of Supervisors ("Board") of the District are in the process of establishing the District's Proposed Budget for Fiscal Year 2027 ("2026-2027 O&M Budget"). The District currently funds O&M of its existing infrastructure. These O&M expenses are funded via the collection of an annual non-ad valorem special assessments pursuant to a methodology set out in a rule adopted by Board Resolution 2012-16. As the District's operation and maintenance responsibilities vary over time, the O&M expenses will vary to meet the District's needs.

The lands within the District have undergone development since 1992. It is appropriate for the District to consider and, if appropriate, refine the methodology for allocating the cost of its O&M operations associated with its existing infrastructure. This O&M Methodology Report is associated with the 2026-2027 O&M Budget. This O&M Methodology Report contains the recommended O&M assessment methodology ("O&M Methodology") to be used for allocating the District's Fiscal Year 2026-2027 O&M Budget, also, for the allocation of O&M assessments in future years. Table 1 summarizes the proposed 2026-2027 O&M Budget on a net basis exclusive of estimated costs of collection via the county and tax collector.

In addition, per discussions with The Villages District Management ("District Manager"), certain infrastructure primarily benefits a certain area of the District, specifically the RAP Assessment Area and VOSS Assessment Area. Therefore, while elements of the budget can be allocated across the entire District, certain elements of the O&M budget benefit the distinct areas of the District.

Table 1. VOSS District Fiscal Year 2026-2027 O&M Budget ⁽¹⁾

REVENUES	\$
CAM & ROAD MAINTENANCE ASSESSM	2,161,575
MISCELLANEOUS REVENUE	1,500
INT INCOME - CFB	5,000
INT INCOME - CASH EQUIV	54,000
LTP REALIZED GAIN/LOSS	20,000
FLFIT-REALIZED GAIN/LOSS	15,000
GROUND LEASE (T)	1,561
RENTS & LEASES/T-L	21,830
(ADD)/USE-WORKING CAPITAL	129,925
(ADD)/USE-GENERAL R&R	581,843
TOTAL	2,992,234



APPROPRIATIONS	\$
MANAGEMENT FEES	62,284
LEGAL SERVICES	2,000
TAX COLLECTOR FEES	45,904
OTHER PROFESSIONAL SVCS	2,788
JANITORIAL SVCS	93,806
SYSTEMS MGMT SUPPORT	126,499
TRAVEL & PER DIEM	1,200
ELECTRICITY	82,113
NATURAL GAS	1,133
WATER & SEWER	4,263
IRRIGATION WATER	25,965
STORAGE UNIT RENTAL	4,000
BUILDING/STRUCTURE MAINT	251,547
LANDSCAPE MAINT-RECURRING	317,081
LANDSCAPE MAINT-NON RECURRING	99,000
IRRIGATION REPAIR	13,965
OTHER MAINTENANCE	416,553
MISC CURRENT CHARGES	65,825
OPERATING SUPPLIES	2,500
NON CAPITAL FF&E	2,000
INFRASTRUCTURE	780,866
TRANS TO GENERAL R&R	550,000
TRANS TO ROAD MAINT FUND (2)	40,942
TOTAL	2,992,234
NET OF REVENUES/APPROPRIATIONS	0

Source: Village Center CDD Proposed Budget for Fiscal Year 2027

(1) preliminary budget subject to change at final adoption

(2) funds transferred to the road reserve fund

Table 2. RAP District Fiscal Year 2026-2027 O&M Budget (1)

REVENUES	\$
CAM & ROAD MAINTENANCE ASSESSM	103,362
INT INCOME - CFB	1,000
INT INCOME - CASH EQUIV	20,000
LTP REALIZED GAIN/LOSS	2,500
(ADD)/USE-WORKING CAPITAL	(44,106)
TOTAL	82,756
APPROPRIATIONS	\$
MANAGEMENT FEES	2,068
TAX COLLECTOR FEES	2,771
OTHER PROFESSIONAL SVCS	341
ELECTRICITY	548



IRRIGATION WATER	10,317
BUILDING/STRUCTURE MAINT	0
LANDSCAPE MAINT-RECURRING	30,033
LANDSCAPE MAINT-NON RECURRING	7,500
GATE MAINTENANCE	0
IRRIGATION REPAIR	200
TRANS TO ROAD MAINT FUND (2)	28,978
TOTAL	82,756
NET OF REVENUES/APPROPRIATIONS	0

Source: Village Center CDD Proposed Budget for Fiscal Year 2027

(1) preliminary budget subject to change at final adoption

(2) funds transferred to the road reserve fund

Table 3. Road District Fiscal Year 2026-2027 O&M Budget (1)

REVENUES	\$
CAM & ROAD MAINTENANCE ASSESSM	42,842
INT INCOME - CFB	1,500
INT INCOME - CASH EQUIV	20,000
LTP REALIZED GAIN/LOSS	7,000
FLFIT-REALIZED GAIN/LOSS	15,000
TRANSFER IN - SPECIAL REVENUE	69,920
(ADD)/USE-WORKING CAPITAL	8,811
(ADD)/USE-GENERAL R&R	300,490
TOTAL	465,563
APPROPRIATIONS	\$
MANAGEMENT FEES	2,500
TAX COLLECTOR FEES	893
OTHER PROFESSIONAL SVCS	680
BUILDING/STRUCTURE MAINT	61,000
OTHER MAINTENANCE	300,490
TRANS TO GENERAL R&R (2)	100,000
TOTAL	465,563
NET OF REVENUES/APPROPRIATIONS	0

Source: Village Center CDD Proposed Budget for Fiscal Year 2027

(1) preliminary budget subject to change at final adoption

(2) funds transferred to the road reserve fund



1.3 Requirements of a Valid Assessment Methodology

In PFMFA's experience, there are two primary requirements for special assessments to be valid under Florida law. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments. Second, the assessments must be fairly and reasonably allocated to the properties being assessed. If these two characteristics of valid special assessments are adhered to, Florida law provides some latitude to legislative bodies, such as the District's Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that the mathematical perfection of calculating special benefit is likely impossible. Our research suggests that only if the District's Board was to act in an arbitrary, capricious, or grossly unfair fashion would its assessment methods be overturned.

2.0 Assessment Methodology

2.1 Overview

The assessment methodology is a process by which the District will allocate the costs associated with its O&M activities to properties in the District benefiting from the improvements. The allocation is based upon the benefits that each property receives.

2.2 Allocation of Annual O&M Budget

As noted in Section 1.3, as long as two basic principles are adhered to, Florida law generally allows the District Board some latitude in determining the appropriate methodology to allocate the O&M budget to benefiting properties in the District. In allocating special assessments to benefiting property, Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, building square feet, equivalent residential units ("ERU"), dwelling units, and acreage. For purposes of this analysis, use of non-residential commercial building square feet is applied. The use of square feet to estimate the benefit derived from O&M activities is recognized as a simple, fair, and reasonable method for apportioning benefit.

For purposes of square footage assessments, a property's proportionate share is determined using the property's heated/cooled ("habitable") square footage as provided by the county's property appraiser; however, there are exceptions made with respect to square footage associated with certain types of uses which are identified as not being primarily commercial retail (e.g., performing arts facilities, hotels, etc.) The benefit from the O&M of the District facilities is related to and generally the function of the overall traffic activity from the commercial end user combined with the mix of budget expenditures.

For example, all property owners benefit equally from general and administrative costs, while certain parcels may benefit more (or less) from infrastructure maintenance on roads based on the parcel-specific traffic activity. For purposes of allocation and use of square feet, the collection of commercial end users is viewed as a commercial-retail center assuming similar benefit and traffic activity (while acknowledging that some commercial users may generate comparatively more or less traffic).



With respect to parcels in which all or substantially all the habitable square footage is used for a hotel or performing arts center (which use diverges from typical commercial-retail activity), a more tailored unit of measure is applied (see Table 4). Based on a trips-based analysis, for purposes of the District and consistent with the other commercial districts within The Villages, a discount of 75% is applied to the reported square footage (application of 25% of the square footage) of hotel and performing arts center land use for the RAP Assessment Area and VOSS Assessment Area common area maintenance budgets. Road maintenance is associated with extending the useful life of road/transportation infrastructure development which is initially financed and allocated on acreage basis and allocated to development densities accordingly. As a result, these budget categories will allocate assessments based on total habitable square footage of development without the discount.

Table 4. Commercial Land Use Trips / Square Footage Summary*

Comparable Benefit Review				
Code	Use	Units of Measure	Trips per Unit	
			Peak AM	Peak PM
820	Commercial Retail Center	1,000 SQFT	2.87	4.25
310	Hotel	Room	0.53	0.6
441	Live Theatre	Seats	-	0.02

Trip Estimates (Using Commercial - Retail Trip Generation)		
<u>Hotel</u>	<u>Bldg SQFT</u>	<u>Trips (Peak PM)</u>
Waterfront Inn	70,847	300.75
Hotel Eastport	91,752	389.49
Towne Place Suites Marriott	69,182	293.68
<u>Performing Arts Center / Theatre</u>	<u>Bldg SQFT</u>	<u>Trips (Peak PM)</u>
The Sharon	43,686	185.45

Trip Estimates (Using Hotel & Theatre Trip Generation)			
<u>Hotel</u>	<u>Rms</u>	<u>Trips (Peak PM)</u>	<u>% of Retail Trips</u>
Waterfront Inn	116	69.6	23.1%
Hotel Eastport	120	72.0	18.5%
Towne Place Suites Marriott	119	71.4	24.3%
<u>Performing Arts Center / Theatre</u>	<u>Seats</u>	<u>Trips (Peak PM)</u>	<u>% of Retail Trips</u>
The Sharon	1,022	20.44	11.02%

			<u>Recommended Discount Factor</u>
WTD AVG (Non-Commercial Retail Uses)	21.0%		25.0%

Source: Institute of Transportation Engineers, Trip Generation Manual, 11th Edition, Developer, and PFM Financial Advisors

*Represents The Villages data used across commercial districts for discount factor calculation purposes



As described above, based on the nature of the O&M budget and that various elements of the overall budget are identified as benefitting specific areas within the District, PFMFA reviewed and allocated the budget accordingly. Table 5 details that allocation and the resulting budget amount per square foot.

Table 5. Summary of Budget Allocation Across the District's Areas

Areas	Total Assessment (net)	Total Assessment (gross)	SQFT	Rate per SqFt
VOSS Assessment	\$2,161,575	\$2,251,641	435,557	\$5.17
RAP Assessment	\$103,362	\$107,669	308,284	\$0.35
Road Assessment	\$42,842	\$44,627	446,272	\$0.100
TOTAL	\$2,296,660	\$2,394,908		\$5.62

Adjustments

	VOSS	RAP	Road
Net	\$2,161,575	\$103,362	\$42,842
Gross	\$2,251,641	\$107,669	\$44,627
Road Reallocation	\$41,130	\$30,828	
Remaining	\$2,210,511	\$76,840	

Areas	Total Assessment (gross)	Rate per SqFt
VOSS Assessment	\$2,210,510.63	\$5.07
RAP Assessment	\$76,840.35	\$0.249
Road Assessment	\$44,627.00	\$0.100

Source: PFM Financial Advisors LLC

(1) Gross assessments include a 4.0% gross-up to account for the statutory early payment discount.

Based upon the analysis set forth in this O&M Methodology Report, the Assessment Consultant has determined that the allocation of the District's Fiscal Year 2026-2027 O&M Budget among the District's property owners, results in an assessment methodology that is fair, reasonable, and consistent with the requirements of Florida law. Notwithstanding material changes to the facts within the O&M Methodology Report, it is reasonable for the Board to adopt the assessment methodology for the District's Fiscal Year 2026-2027 O&M Assessments and for future fiscal years.