Charles Cove
Community Development District

12051 Corporate Boulevard, Orlando, FL 32817; 407-723-5900

The meeting of the Board of Supervisors for the Charles Cove Community Development District will be held **Wednesday, February 19, 2020 at 1:00 p.m. at 43824 Highway 27, Davenport, FL 33837**. The proposed agenda for this Board Meeting is found below.

If you would like to attend the Board Meeting by phone, you may do so by dialing:

Phone: 1-866-621-3956 Participant Code: 796 580 192#

BOARD OF SUPERVISORS' MEETING AGENDA

Organizational Matters

- Roll Call to Confirm Quorum
- Public Comment Period

1. Swearing in Sean Bailey
2. Consideration of the Minutes of the January 15, 2020 Board of Supervisors' Meeting
3. Consideration of the Minutes of the January 15, 2020 Landowners' Meeting

Business Matters

4. Presentation of Draft Supplemental Assessment Methodology Report for Phase 1
5. Consideration of Resolution 2020-30, Adopting Internal Controls
6. Public Hearing on the District's Use of the Uniform Method of Levying, Collecting and Enforcing Non Ad-Valorem Assessment
   - Public Comments and Testimony
   - Board Comments
   - Consideration of Resolution 2020-31

Other Business

- Staff Reports
  District Counsel
  District Engineer
  District Manager – next meeting is March 18th (3 Public Hearings)
- Supervisor Requests and Audience Comments
- Adjournment

pfm

Charles Cove
Community Development District

Oath of Office

CHARLES COVE
COMMUNITY DEVELOPMENT DISTRICT
BOARD OF SUPERVISORS
OATH OF OFFICE

I,_____, A CITIZEN OF THE STATE OF FLORIDA AND OF THE UNITED STATES OF AMERICA, AND BEING EMPLOYED BY OR AN OFFICER OF CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT AND A RECIPIENT OF PUBLIC FUNDS AS SUCH EMPLOYEE OR OFFICER, DO HEREBY SOLEMNLY SWEAR OR AFFIRM THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES AND OF THE STATE OF FLORIDA.

_____
Board Supervisor

ACKNOWLEDGMENT OF OATH BEING TAKEN

STATE OF FLORIDA
COUNTY OF POLK

The foregoing oath was administered before me this ___ day of _____, 2020, by _____, who personally appeared before me, and is personally known to me or has produced _____ as identification, and is the person described in and who took the aforementioned oath as a Member of the Board of Supervisors of Charles Cove Community Development District and acknowledged to and before me that he/she took said oath for the purposes therein expressed.

(NOTARY SEAL)

_____
Notary Public, State of Florida

Print Name: _____

Commission No.: _____ Expires: _____

Charles Cove
Community Development District

Minutes of the January 15, 2020
Board of Supervisors' Meeting

MINUTES OF MEETING

CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT
BOARD OF SUPERVISORS' MEETING
Wednesday, January 15, 2020 1:08 p.m.
Ramada, 43824 US-27, Davenport, FL 33837

Board Members present:

Timothy Hultgren	Board Member
Branden Eckenrode	Board Member
Chris Wrenn	Board Member
Bradley Kingsley	Board Member

Also present were:

Jennifer Walden	PFM Group
Lynne Mullins	PFM Group
Kevin Plenzler	PFM
Roy Van Wyk	Hopping Green & Sams, P.A.
Bruce Taylor	Dave Schmitt Engineering

FIRST ORDER OF BUSINESS **Call to Order and Roll Call**

Ms. Walden called the meeting of the Board of Supervisors of the Charles Cove CDD to order at 1:08 p.m. and the roll was called.

SECOND ORDER OF BUSINESS **Public Comment Period**

Ms. Walden called for any public comments on any agenda items. There were no members of the public present.

THIRD ORDER OF BUSINESS **Swearing in Newly Elected Board Members**

Ms. Walden administered the oath of office to Mr. Hultgren, Mr. Eckenrode, Mr. Wrenn, and Mr. Kingsley.

FOURTH ORDER OF BUSINESS **Consideration of the Minutes of the December 11, 2019 Board of Supervisors' Organizational Meeting**

The Board reviewed the minutes for the December 11, 2019 Board of Supervisors' Organizational Meeting.

On MOTION by Mr. Eckenrode, seconded by Mr. Hultgren, with all in favor, the Board approved the Minutes of the December 11, 2019 Board of Supervisors' Organizational Meeting.

FIFTH ORDER OF BUSINESS **Consideration of Resolution 2020-26, Canvassing an Certifying the Results of the Landowners' Election**

Ms. Walden explained Resolution 2020-26 canvasses and certifies the results of the Landowners' Election as follows: Timothy Hultgren received 153 votes, Branden Eckenrode received 153 votes, Christopher Wrenn received 152 votes, Bradley Kingsley received 152 votes and Sean Bailey received 152 votes.

Timothy Hultgren and Branden Eckenrode will each serve a four year term and Christopher Wrenn, Bradley Kingsley, and Sean Bailey will each serve a two year term.

On MOTION by Mr. Wrenn, seconded by Mr. Eckenrode, with all in favor, the Board approved Resolution 2020-26, Canvassing and Certifying the Results of the Landowners' Election.

SIXTH ORDER OF BUSINESS **Consideration of Resolution 2020-27, Election of Officers**

Ms. Walden recommended keeping herself as Secretary, Ms. Mullins as Assistant Secretary, Jennifer Glasgow as Assistant Treasure, and Amanda Lane as Assistant Treasurer.

Ms. Walden noted the Board can keep the slate the same or make changes. The current slate of officers is as follows: Mr. Hultgren as Chair, Mr. Eckenrode as Vice-Chair, Mr. Wrenn and Mr. Kingsley as Assistant Secretaries. Ms. Walden recommended adding Mr. Bailey as Assistant Secretary.

On MOTION by Mr. Hultgren, seconded by Mr. Eckenrode, with all in favor, the Board approved Resolution 2020-27, Electing of Officers as follows: Timothy Hultgren as Chair, Brandon Eckenrode as Vice-Chair, Jennifer Walden as Secretary, Lynne Mullins, Chris Wrenn, Bradley Kinsley, and Sean Bailey as Assistant Secretaries, Jennifer Glasgow as Treasurer, and Amanda Lane as Assistant Treasurer.

SEVENTH ORDER OF BUSINESS **Consideration of Statement of Qualifications for the Position of District Engineer**

Ms. Walden stated the District ran an RFQ ad for the position of a permanent District Engineer and only received a response from Dave Schmitt Engineering, Inc.

District staff reviewed the proposal and found them to be highly qualified to serve as District Engineer and recommended a motion to rank Dave Schmitt Engineering, Inc. as the No. 1 proposer.

On MOTION by Mr. Wrenn, seconded by Mr. Eckenrode, with all in favor, the Board approved ranking Dave Schmidt Engineering Inc. as the No. 1 Proposer.

EIGHTH ORDER OF BUSINESS **Consideration of Professional Engineering Services Agreement with Dave Schmitt Engineering Inc.**

Ms. Walden stated this is the standard agreement District Counsel drafted and it includes the schedule for rates as an exhibit.

On MOTION by Mr. Wrenn, seconded by Mr. Eckenrode, with all in favor, the Board approved Professional Engineering Services Agreement with Dave Schmitt Engineering Inc.

NINTH ORDER OF BUSINESS **Consideration of Phase 1A Conveyance**

Mr. Van Wyk presented documents for the transfer of parcels in Phase 1A that have been platted. The exhibit to the Affidavit and the Special Warranty Deed outline the parcels. These documents have not been fully reviewed by Developer Counsel. Mr. Van Wyk asked the Board for approval in substantial form subject to Developer Counsel review.

In the packet is a form of the Bill of Sale, Affidavit, Form of Deed from D.R. Horton, and a Quick Claim Deed to be received from the HOA. Under the Acquisition Agreement the Board has the option of asking for Title Insurance, a Lawyer's opinion of title, or acceptance of the Deeds as the Board chooses. Mr. Van Wyk recommended Title Insurance.

Mr. Van Wyk asked the Board to accept the documents in substantial form and allow District Staff to complete the acquisition.

On MOTION by Mr. Wrenn, seconded by Mr. Eckenrode, with all in favor, the Board accepted the documents in substantial form and to allow District staff to complete the acquisition of Phase 1A parcels.

TENTH ORDER OF BUSINESS **Public Hearing on the Imposition of Special Assessments**

a) Public Comments and Testimony
b) Board Comments
c) Consideration of Resolution 2020-28, Levying Special Assessments

Ms. Walden noted the public hearing was properly noticed in accordance with Florida Statutes and requested a motion to open the public hearing.

On MOTION by Mr. Hultgren, seconded by Mr. Wrenn with all in favor, the Board opened the Public Hearing.

Ms. Walden noted there were no members of the public present and requested a motion to close the public hearing.

On MOTION by Mr. Wrenn, seconded by Mr. Kingsley, with all in favor, the Board closed the Public Hearing.

Mr. Van Wyk requested District staff present the outline of the improvements in the Engineer's Report and Assessment Methodology.

Mr. Taylor presented the Engineer's Report. Exhibit 7 of the Engineer's Report outlines Phase 1 consists of storm water management at $3,500,000.00, utilities which includes water, sewer, and street lighting at a cost of $1,800,000.00, roadways at $1,800,000.00, the entry feature at $200,000.00, parks and recreational facilities at $2,500,000.00, with a contingency of $500,000.00. The total for Phase 1 Construction which consists of A, B and C is roughly $10,300,000.00.

Phase 2 has a timeframe of 2021-2025. It consists of storm water management at 1,300,000.00, utilities which includes water, sewer, and street lighting at $1,400,000.00, roadways at $1,500,000.00, the entry feature at $25,000.00, parks and recreational facilities at $300,000.00, with a contingency of $100,000.00. The total for Phase 2 Construction is $4,625,000.00. The total for 550 lots is $14,925,000.00.

Mr. Van Wyk asked if it is his professional opinion that the costs outlined in the Engineer's Report are reasonable for the types of improvements to be constructed. Mr. Taylor stated yes. Mr. Van Wyk asked if it is his professional opinion that all of the improvements can be constructed as outlined in the report. Mr. Taylor replied that is correct.

Mr. Plenzler presented the Phase 1 Master Assessment Methodology. It outlines the maximum assessments securing the repayment of Bonds that will be issued by the District to fund the Capital Improvement benefitting the lands within the Phase 1.

There are 322 units in Phase 1 and 550 units total. The Phase Capital Improvement cost for Phase 1 is $10,300,000.00. Table 5 page 8 of the Assessment Methodology outlines the Capital Improvement Plan which will require a maximum bond principle totaling just less than $12,000,000.00. Table 6 outlines the maximum assessments on a principle per unit basis of 37,236.00 per unit and a maximum annual assessments of $2,633.00 per unit. He analyzed the assessments on an acreage and per lot basis and found the assessments to be reasonably and equitable allocated. He found the benefit received by each of the District's property owners will exceed the cost of the related assessments. There are no changes from the document which was provided at the last Board Meeting.

Mr. Hultgren asked if there is a mathematical equation that determines the benefit allocation vs. the cost allocation. Mr. Plenzler responded Table 4 of the Assessment Methodology shows that calculation. It is based on lot value, what is put inside the lots, and the cost of the infrastructure that there is a benefit received.

Mr. Van Wyk explained by approving Resolution 2020-28 the Board is making certain findings with respect to the testimony heard from the District Engineer and the Assessment Methodology Consultant regarding the imposition of special assessments. This is the first of two resolutions. When the District issues bonds it will be refined down and apply this resolution and future resolution to the number of Bonds that are issued.

On MOTION by Mr. Hultgren, seconded by Mr. Wrenn, with all in favor, the Board approved Resolution 2020-28, Levying Special Assessments.

ELEVENTH ORDER OF BUSINESS **Consideration of Resolution 2020-29, Setting Heating Date, Time, and Place and Authorizing Publication of Notice of Public Hearing on Parking and Parking Enforcement Policies**

Ms. Walden explained this resolution sets a public hearing date, time and place authorizing the publication of notice of public hearing on the parking and parking enforcement policies. Due to the notice deadlines District staff recommended the public hearing date be pushed to March 18, 2020 at 1:00 p.m. at this location.

On MOTION by Mr. Hultgren, seconded by Mr. Wrenn, with all in favor, the Board approved Resolution 2020-29, Setting March 18, 2020 at 1:00 p.m. at this location as the Public Hearing Date, and Authorizing Publication of Notice of Public Hearing on Parking and Parking Enforcement Policies.

TWELFTH ORDER OF BUSINESS **Staff Reports**

Attorney: District Counsel filed a validation complaint and has a hearing date of March 11, 2020 at 10:30 a.m. in front of Judge Rudabaugh. Any bonds that extend beyond a period of five years are required to be validated by the court. He explained the Bond Validation Process. He needs a representative of the Board or the Landowner to attend the hearing on March 11, 2020 and will send out a notice.

Engineer: No Report

District Manager: Ms. Walden noted the next scheduled meeting is Wednesday, February 19, 2020 at 1:00 p.m. at this location. The Public Hearing on the Uniform method will take place at that meeting.

THIRTEENTH ORDER OF BUSINESS **Audience Comments & Supervisor Requests**

Mr. Eckenrode asked is Ms. Walden brought the proposal for Mr. Hultgren to sign. Ms. Walden said she did. District Counsel may be putting together an agreement for lake maintenance for Charles Cove.

FOURTEENTH ORDER OF BUSINESS **Adjournment**

There was no further business to discuss. Ms. Walden requested a motion to adjourn.

On MOTION by Mr. Wrenn, seconded by Mr. Hultgren, with all in favor, the January 15, 2019 Meeting of the Board of Supervisors of the Charles Cove Community Development District was adjourned.

_____
Secretary / Assistant Secretary

_____
Chairperson / Vice Chairperson

Charles Cove
Community Development District

Minutes of the January 15, 2020
Landowners' Meeting

MINUTES OF MEETING

CHARLES COVE
COMMUNITY DEVELOPMENT DISTRICT
LANDOWNERS' ELECTION
Wednesday, January 15, 2020
43824Highway 27, Davenport, FL 33837
Called to order at 1:06 p.m.

Present:

Timothy Hultgren	Proxyholder
Branden Eckenrode	D.R. Horton
Christopher Wrenn	D.R. Horton
Bradley Kingsley	D.R. Horton
Jennifer Walden	PFM Group Consulting, LLC
Lynne Mullins	PFM Group Consulting, LLC
Kevin Plenzler	PFM
Roy Van Wyk	Hopping Green and Sams

FIRST ORDER OF BUSINESS **Call to Order and Roll Call**

The meeting was called to order at 1:00 p.m.

SECOND ORDER OF BUSINESS **Appointment of Chairperson for the Purpose of Conducting the Landowners' Meeting**

Ms. Walden, as District Manager, was appointed chair of the Landowners' meeting.

Determination of Number of Voting Units Represented or Assigned by Proxy

Ms. Walden noted that Mr. Hultgren was present and is the authorized voter for D.R. Horton Inc. which, owns several parcels with total acreage of 19.05 acres and 133 lots which allows for 153 votes. Mr. Hultgren has the original proxy form as well as his ballot.

Acceptance of Nominations for the Board of Supervisors

Mr. Hultgren nominated Timothy Hultgren for Seat 1, Branden Eckenrode for Seat 2, Christopher Wrenn for Seat 3, Bradley Kingsley for Seat 4, and Sean Bailey for Seat 5. There were no further nominations.

Casting of Ballots

The votes were cast as follows:

Timothy Hultgren received 153 votes.
Branden Eckenrode received 153 votes.
Christopher Wrenn received 152 votes.
Bradley Kingsley received 152 votes.
Sean Bailey received 152 votes.

Ballot Tabulations and Announcement of Election Results

Thus, Timothy Hultgren and Branden Eckenrode will each serve a four year term and Christopher Wrenn, Bradley Kingsley, and Sean Bailey will each serve a two year term.

THIRD ORDER OF BUSINESS **Adjournment**

The Landowners' Election was adjourned.

_____ _____

Secretary / Assistant Secretary Chairperson / Vice Chairperson

Charles Cove
Community Development District

Draft Supplemental Assessment Methodology Report for Phase 1

SUPPLEMENTAL ASSESSMENT METHODOLOGY PHASE 1

CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT

February 2020

Prepared for:

Members of the Board of Supervisors,
Charles Cove Community Development District

Prepared on February 12, 2020

PFM Financial Advisors LLC
12051 Corporate Boulevard
Orlando, FL 32817

SUPPLEMENTAL ASSESSMENT METHODOLOGY PHASE 1
CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT

February 12, 2020

1.0 Introduction

1.1 Purpose

This "Supplemental Assessment Methodology, Phase 1" dated February 12, 2020 ("Supplemental Methodology") provides a system for the allocation of non-ad valorem special assessments securing the repayment of bond debt planned to be issued by the Charles Cove Community Development District ("District") to fund beneficial public infrastructure improvements and facilities. This Supplemental Methodology operates pursuant to and applies the principles of the "Master Assessment Methodology," dated December 10, 2019 ("Master Methodology"). The Supplemental Methodology described herein has two goals: (1) quantifying the special benefits received by properties within the District as a result of the construction of the District's improvements and facilities, and (2) equitably allocating the costs incurred by the District to provide these benefits to properties in the District.

The District plans to implement a capital improvement program ("CIP") that will allow for the development of property within the District. The District plans to fund the majority of its CIP through bond debt financing. This bond debt will be repaid from the proceeds of non-ad valorem special assessments levied by the District. These special assessments will serve as liens against properties within the boundary of the District that receive a special benefit from the CIP. This Phase 1 Methodology is designed to conform to the requirements of Chapters 170, 190, and 197 of the Florida Statutes with respect to special assessments and is consistent with our understanding of the case law on this subject.

1.2 Background

The District includes approximately 184 gross acres of property within its boundaries. The District is generally located south of Massee Road, west of US 27 and Lake Saint Charles, north of Diamond Acres Road within the City of Haines City, Florida. At build-out, the District is expected to contain 550 single-family lots and related infrastructure. The 322 units for Phase 1 of the District is found in Table 1.

Table 1. Summary of District Land Use Plan

RE Use	PH 1
Single Family Units	322

Source: Developer

1.3 CIP - Infrastructure Installation

The District will construct its public infrastructure and improvements on a phased basis, as outlined in the "Charles Cove Community Development District Engineer's Report for Capital Improvements", dated December 4, 2019 ("Engineer's Report"), as prepared by Dave Schmitt Engineering, Inc. ("District Engineer"). A legal description for the District, as provided by the District Engineer, is attached as Exhibit "A." The District infrastructure and improvements for Phase 1 are designed to serve Phase 1, with components of Phase 1 development benefitting Phase 2 as detailed in the Engineer's Report. It is important to note that the CIP costs are provided with respect to the timing of the costs on a phased basis (Table 2) as well as a benefit allocation basis (Table 3) based on the District's Engineer's footnote regarding the "master costs" of development which are shared by the entire project.

Table 2. Summary of CIP Cost Estimates - Phasing

Infrastructure Component (1)	Estimated Costs, Phase 1
Stormwater Management Facilities	$3,500,000
Utilities (Water/Sewer & Street Lighting) (2)	$1,800,000
Roadways	$1,800,000
Entry Feature (2)	$200,000
Parks and Recreation Facilities (2)	$2,500,000
Contingency (2)	$500,000
Total	$10,300,000

Source: Dave Schmitt Engineering, Inc.
(1) Any costs outlined herein the Engineer's Report not funded with bond proceeds will be funded via Developer's Agreement with the District.
(2) Master development costs shared by entire development

Table 3. Summary of CIP Cost Estimates – Benefit Allocation

Infrastructure Component (1)	Estimated Costs, Phase 1
Stormwater Management Facilities	$3,500,000
Utilities (Water/Sewer & Street Lighting) (2)	$1,873,455
Roadways	$1,800,000
Entry Feature (2)	$131,727
Parks and Recreation Facilities (2)	$1,639,273
Contingency (2)	$351,273
Total	$9,295,727

Source: Dave Schmitt Engineering, Inc.
(1) Any costs outlined herein the Engineer's Report not funded with bond proceeds will be funded via Developer's Agreement with the District.
(2) Master development costs shared by entire development

1.4 Requirements of a Valid Assessment Methodology

In PFM Financial Advisors LLC, the Assessment Consultant's ("PFM FA" and/or "AC") 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. PFM FA's experience 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.

1.5 Special Benefits and General Benefits

Improvements undertaken by the District create both special benefits and general benefits to property owners located within and surrounding the District. However, in our opinion, the general benefits to the public at large are incidental in nature and are readily distinguishable from the special benefits which accrue to property located within the District. It is the District's CIP that enables properties within the District's boundaries to be developed. Without the District's CIP there would be no infrastructure to support development of land within the District. Without these improvements, development of property in the District would not be permitted.

The new infrastructure improvements included in the CIP create both: (1) special benefits to the developable property within the District and (2) general benefits to properties outside the District. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to the developable property within the District.

The CIP described in the District Engineer's Report enables the developable property within the District to be developed. Without the CIP, there would be no infrastructure to support development of the developable property within the District.

1.6 Special Benefits Provided by CIP Components

The roadway improvements will provide ingress and egress to residents and landowners, access to District commercial properties, and connections to existing roadways in the area, as outlined in more detail in the Engineer's Report. The roadway costs also include on-street parking, bicycle lanes, and sidewalks planned for the District. Some of the special benefits provided to properties within the District by the roadway improvements are added accessibility to the property, added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property. Further, roadway improvements are required by state regulatory agencies and the local municipalities prior to or simultaneous with any development of property within the District.

Stormwater Management System

The District's stormwater management system consists of water retention ponds, roadway inlets, collector pipes, manholes, and other improvements providing benefits to properties by effectively draining and dispersing stormwater runoff. Some of the special benefits provided to properties within the District by the stormwater management system are the added use of the property, increased sanitary conditions of the property, flood mitigation, protection of the environment, and the probability of increased marketability and value of the property. Further, stormwater management improvements are required by state regulatory agencies and the local municipalities prior to or simultaneous with any development of property within the District.

Utility System Improvements

The District's utility system includes a series of interconnected and looped water mains connecting to an extension of the major distribution system from an existing water treatment plant. This water distribution system delivers potable water and fire protection water to the properties within the District. The CIP also includes a water distribution system used to deliver reclaimed water to the properties for irrigation purposes.

The District will provide sanitary sewer facilities including lift stations, gravity collection systems, and sanitary force mains. Some of the special benefits provided to properties within the District by the water and sewer utility improvements are the added use of the property, added enjoyment of the property, increased sanitary conditions of the property, protection of the environment, and the probability of increased marketability and value of the property. Further, these utility improvements are required by state regulatory agencies and local municipalities prior to any development of property within the District.

Landscaping and Irrigation Improvements

The landscaping and irrigation estimates include landscape, streetscape, hardscape, signage, monumentation, and common area improvement costs including the irrigation systems required to support such improvements. The electrical duct bank system & lighting improvements include a plastic pipe duct bank system that will allow for the undergrounding of utilities and will also serve to power streetlights needed to illuminate the roadways and pedestrian areas within the District. These improvements provide for the safety and added enjoyment of the property and the probability of increased marketability and value of the property. Further, many of these landscape and irrigation improvements are required by state regulatory agencies and local municipalities prior to or simultaneous with any development of property within the District.

2.0 CIP Plan of Finance

The District intends to finance the majority of its Phase 1 CIP by issuing bonds. These bonds will be issued in several series, as development progresses within the District. The District's first series of bonds is expected to be issued in the 2020 calendar year ("Series 2020 Bonds") and will help fund the costs of the Phase 1 District infrastructure and improvements. The District infrastructure and improvements for Phase 1 are designed to serve Phase 1, with components of Phase 1 infrastructure improvements benefitting Phase 2 as detailed in Table 3. A number of component funds comprise the total principal of the bonds to be issued by the District. These funds may include but are not limited to acquisition and construction, capitalized interest, a debt service reserve, underwriter's discount, and issuance costs.

An estimate of the bond issuance required to fund the District's CIP is found in Table 4. The construction/acquisition funds raised by the District's bonds may fund only a portion of the District's CIP. The balance of any remaining CIP costs will be funded by one or more District landowner(s) or by other means.

Table 4. Estimated District Bond Financing Details, Phase 1

Bond Fund	Phase 1 Bonds Value (1)
Construction/Acquisition Fund	$5,484,338
Debt Service Reserve	$187,150
Capitalized Interest	$160,913
Costs of Issuance (Including Underwriter's Fee)	$297,600
Contingency	$0
Bond Principal	$6,130,000
Average Annual Interest Rate:	4.50%
Term (Years):	30
Maximum Net Annual Debt Service:	$374,300
Maximum Gross Annual Debt Service (2):	$402,473

Source: District Underwriter

(1) The values shown are estimated and subject to change.

(2) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 7.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.

3.0 Assessment Methodology

3.1 Assessment Foundation

The assessment methodology associated with the allocation of the costs of the CIP is a four-step process. First, the District Engineer determines the costs for the District's infrastructure and related improvements. Second, an estimate of the amount of bonds required to finance the infrastructure improvements is calculated. Third, the District Engineer outlines which parcels benefit from the provision of each phase of infrastructure and improvements. Finally, the as-financed costs of the infrastructure and related improvements are allocated to the benefiting properties based on the approximate relative benefit each unit receives.

3.2 Allocation of Specific Assessments

The discussion offered below illustrates the process by which the District will allocate bond debt it incurs to fund its Phase 1 CIP. The District intends to issue $6,130,000 of bond debt to fund a portion of the Phase 1 CIP detailed in Table 4. The District's bond debt will be secured primarily by special assessments allocated to properties in the District based on and proportional to the benefits that each property receives from the CIP.

As noted above, 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 costs of its CIP to benefiting properties in the District. The two principles are: (1) the properties being assessed must receive a special benefit from the CIP and (2) the assessments allocated to each property must be fairly and reasonably apportioned among the benefiting properties.

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, equivalent residential units ("ERU"), dwelling units, and acreage. These ERU values equate the benefit received by a stated amount of such particular land use category to the benefit received by a typical single-family residence. The use of ERU values to estimate the benefit derived from infrastructure improvements is recognized as a simple, fair, and reasonable method for apportioning benefit. ERU values are a commonly accepted method for calculating special benefit assessments in Florida.

The assignment of ERU values to units of development planned for the District begins with consideration of the benefit received by a hypothetical single family residence from the District's CIP. This hypothetical single family residence will serve as the base unit for purposes of ERU allocation, and has been assigned an ERU value of 1.0 per residence. In assigning ERU values to the uses anticipated to be developed within the District, PFM FA considered several factors. First, the lot size of a Development Unit was taken into consideration. The size of a Development Unit affects the stormwater runoff generated by the Development Unit, the landscaping and lighting required to serve the Development Unit, and the length of roadways necessary to serve the Development Unit, among other impacts.

Second, the vehicle traffic generated by the Development Unit was taken into consideration. PFM FA is familiar with roadway trip generation statistics for property types such as those planned for the District and took those figures into consideration when assigning ERU values. Land uses with higher trip generation rates have a greater impact on roadway improvements, and thus receive a greater benefit from those improvements, and have thus been assigned higher ERU values.

Third, the District considered the probable usage of water and sewer utilities by the various land uses. For example, a multi-family residence will probably have a greater impact on and receive a greater benefit from water and sewer utilities when compared to non-medical office space covering a similar area. PFM

FA, has determined that an assessment methodology based on ERU values. Table 5 contains the allocation of the District's CIP costs, as financed, to the Development Units planned for the District based on the ERU value assigned to each Development Unit per phase. Table 6 shows the annual bond debt service assessments associated with the bond par allocations found in Table 5. Table 6 becomes important as the land within a phase is platted, as specific bond debt service assessments will be assigned to the individual Development Units within the relevant phases at that time.

Table 5. Allocation of the Costs of the District's CIP, as Financed

Description	Units	Total Bonds Principal Assmt. per ERU	Total Bonds Principal Assmt. per Unit
Single Family Lots (Phase 1)	322	$6,130,000	$19,037
Total	322	$6,130,000	

Source: PFM Financial Advisors LLC

Table 6. Summary of Annual Assessments

Description	Planned Lots/ERUs	Bonds Max Net Annual Assmt./ Category	Bonds Max Net Annual Assmt./ Unit	Bonds Max Gross Annual Assmt./ Category (1)	Bonds Max Gross Annual Assmt./ Unit (1)
Single Family Lots (Phase 1)	322	$374,300	$1,162	$402,473	$1,250
Total	322	$374,300		$402,473	

(1) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 7.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.

Source: PFM Financial Advisors LLC

3.3 Assignment of Specific Assessments

Assessments securing bonds issued to fund Phase 1 properties will initially be assigned to Phase 1 properties on an equal per-gross acre basis. Similarly, assessments securing bonds issued to fund future phase(s) properties will initially be assigned to future phase(s) properties on an equal per-gross acre basis. The assessments for each phase will then be equally divided among the lots within that phase, as property is *initially* platted. The final assignment of bond debt to a specific lot does not take place until the land containing that lot is platted. The specific bond debt assessment that is assigned to platted Development Unit will be detailed in one or more future supplemental assessment reports, in accordance with the principles and allocations set forth in this Phase 1 Supplemental Methodology. Properties slated for development will first be assigned bond debt service assessments by the District based on the amounts set forth in Table 5 and Table 6. Bond indebtedness remaining to be allocated will initially be assigned on an equal per-acre basis to all acreage within the District or Phase that has not been developed.

The entitlements assigned or committed by the Developer via deed or development agreement will serve as the basis for determining the entitlements allocated to property within the District owned by a specific property owner. As undeveloped acreage is included as land to be developed, the District will assign par and annual assessments as outlined in Table 6 and Table 7 above until any outstanding District bond issuance is fully secured (subject to the exceptions outlined in Section 3.4).

The District will fund its Phase 1 CIP via its Series 2020 Bonds. As outlined in Section 2.0 above, a Development Unit's full bond debt service assessment (estimates of which are provided in Table 5 and Table 6) will be assigned when that Development Unit is platted.

In addition, a lien for the bond debt necessary to finance the District's Phase 1 CIP will be placed on Phase 1 lands within the District at the time of the District's bond issuance. This lien will be satisfied at some point in the future at the District's discretion by either the assignment of bond debt service assessments accompanying a future bond issuance providing funding for the CIP or a Contribution by the property owner in lieu of assessments. Should the District not issue bonds to fully fund the costs of its Phase 1 CIP, the District can enforce a completion agreement with the Developer, executed prior to the issuance of any bond debt, which requires the Developer to fund the balance of the Phase 1 CIP and contribute the improvements to the District. If the District's Phase 1 CIP is revised at some point in the future such that less than the total CIP costs in Table 4 are required, the District will reallocate any preexisting bond debt service assessments providing security for the CIP to all developable and assessable properties within the District pursuant to the assessment allocation principals outlined in this Phase 1 Supplemental Methodology.

If all properties within the District's Phase 1 have been assigned bond debt service assessments such that the full par value of the District's bonds are secured, and additional development occurs within the District such that density is increased above the land uses shown in Table 1 ("New Development"), bond debt service assessments will be assigned to that New Development and all properties will receive a proportionate reduction in their bond debt service assessment. In the event that a unit owner has prepaid its debt assessment, the respective unit will not be included in the reassignment analysis.

3.4 True-Up Mechanism

Although the District does not process plats, it does have an important role to play during the course of development. Whenever a parcel's land use and development density and intensity is determined with sufficient certainty, the District must allocate a portion of its debt to the parcel according to the procedures outlined in Section 3.2 above. In addition, the District must also prevent any buildup of debt on land that has not yet been developed. Otherwise, the land could be fully subdivided without all of the debt being allocated.

To preclude this, a test is conducted when development thresholds are reached within the District. As long as the development at these thresholds does not cause the debt on the remaining land to increase above a debt "Ceiling Level" illustrated in Table 7 below, then no further action in necessary. However, if the debt on the remaining land does increase, a debt reduction payment will be necessary.

The ceiling level of debt is established at the time each series of bonds is issued. For example, the District may issue up to $6,130,000 in Bonds to fund the Phase 1 CIP. There are approximately 120.37 gross acres of land within the District's Phase 1; however, according the Engineer's Report. Each of these acres will be assigned an equal assessment of the $6,130,000 in remaining unassigned bond debt assessments. Therefore, and assuming for purposes of this illustration that all $6,130,000 in anticipated bond debt is issued by the District to fund its CIP, the ceiling level of debt for developable and assessable properties would be $50,927 per acre ($6,130,000 / 120.37). This ceiling level is based upon the best information available at the time of this report, is subject to change, and will only be finalized at the time of the District's first bond issuance.

A test will be conducted when 25%, 50%, 75%, 90%, and 100% of the acreage within the District has been developed. The ceiling amount of debt is determined at the time any District bond issuance is closed. The ceiling amount is the ratio of the amount of debt outstanding divided by the number of acres of land for which no debt allocation has occurred as per this methodology. Table 7 illustrates when the true-up test will be applied to determine if debt reduction payments are required. However, a true-up payment may be suspended at the District's discretion. If the property owner can demonstrate to the District, and the District finds in its discretion (consistent with the opinion of the District Engineer), that all necessary land use approvals, including applicable zoning, can reasonably and economically support development totaling greater than or equal to 322 units for Phase 1 on the remaining unplatted developable acreage within the remaining phases, a true-up payment may be suspended.

Table 7. True- Up Thresholds, Phase 1

Category	25%	50%	75%	90%	100%
Platted Developable Acres	30.1	60.2	90.3	108.3	120.4
Unplatted Developable Acres	90.3	60.2	30.1	12.0	0.0
Debt Ceiling per Acre	$50,927	$50,927	$50,927	$50,927	$50,927

Source: PFM Financial Advisors LLC

In the event that additional land not currently subject to the assessments required to repay the debt associated with the Phase 1 CIP is developed in such a manner as to receive special benefit from the CIP, it is contemplated that this Phase 1 Supplemental Methodology will be re-applied to include such new parcels. The additional land, as a result of applying this Phase 1 Supplemental Methodology, will be allocated an appropriate share of the special assessments, with all previously-assessed parcels receiving a relative adjustment in their assessment levels.

4.0 Contribution of District Infrastructure and/or Improvements

The costs of the District's CIP will likely be funded by two mechanisms. The first mechanism is the issuance of special assessment bonds. The second mechanism is the contribution of funds or CIP components to the District ("Contribution"). Property owners within the District will have the opportunity to make such a Contribution upon approval by the District.

A District property owner's Contribution will give rise to assessment credits that can be applied by the property owner to reduce or eliminate bond debt service assessments that would otherwise be assigned to lands within the District to fund the costs of the CIP. Prior to a property owner reducing or eliminating bond debt service assessments through a Contribution, it must be shown that the improvements funded or contributed by the property owner are a component of the CIP, as outlined in the Engineer's Report. The property owner will be permitted to apply assessment credits equal to the value of the Contribution plus the costs of financing the improvement(s) that would otherwise have been incurred by the District if the District were required to issue bonds to fund or acquire the improvement(s) (such that the property would not be responsible for bond financing costs if the Contribution was made prior to the District's issuance of special assessment bonds). A property owner possessing assessment credits due to a Contribution will, in the District's discretion, have the opportunity to use the assessment credits to adjust bond debt service assessment levels of Development Units.

5.0 Assessment Roll

Table 8 outlines the bond principal assessment per assessable acre for the lands within the District. A description of the land within the District, which will be assessed to secure the repayment of the District's bonds, is found in Exhibit "A", below. The assessments shall be paid in not more than thirty (30) annual installments.

Table 8. Assessment Roll

Parcel ID Numbers	Assessable Acreage	Bond Principal Assessment	Bond Principal Assessment per Acre	Net Total Bond Annual Assessment	Net Annual Assessment per Acre	Bond Gross Annual Assessment (1)	Bond Gross Annual Assessment per Acre (1)
Phase 1*	120.37	$6,130,000	$50,927	$374,300	$3,110	$402,473	$3,344
TOTAL	120.37	$6,130,000	$50,927	$374,300	$3,110	$402,473	$3,344

*As described in the District Engineer's Report

(1) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 7.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.

Source: PFM Financial Advisors LLC

EXHIBIT "A"

LEGAL DESCRIPTION OF LAND LOCATED WITHIN THE DISTRICT

PHASE 1:

DESCRIPTION

A PORTION OF SECTION 31, TOWNSHIP 26 SOUTH, RANGE 27 EAST, POLK COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SOUTHWEST QUARTER (SW1/4) OF SAID SECTION 31, TOWNSHIP 26 SOUTH, RANGE 27 EAST; THENCE NORTH 89°18'20" EAST, ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER, A DISTANCE OF 1,481.98 FEET; THENCE, DEPARTING SAID NORTH LINE, SOUTH 00°58'59" EAST, A DISTANCE OF 39.93 FEET TO A POINT ON THE SOUTH LINE OF THE COUNTY MAINTAINED RIGHT-OF-WAY OF MASSEE ROAD PER MAP BOOK 5, PAGES 1 THROUGH 4 AND MAP BOOK 14, PAGES 45 THROUGH 52, OFFICIAL RECORDS OF POLK COUNTY FLORIDA, FOR A POINT OF BEGINNING; THENCE, ALONG SAID SOUTH LINE THE FOLLOWING FIVE (5) COURSES AND DISTANCES: (1) NORTH 89°01'01" EAST, A DISTANCE OF 80.38 FEET; (2) THENCE NORTH 88°54'34" EAST, A DISTANCE OF 305.06 FEET; (3) THENCE NORTH 88°44'08" EAST, A DISTANCE OF 300.90 FEET; (4) THENCE NORTH 88°47'53" EAST, A DISTANCE OF 579.96 FEET; (5) THENCE NORTH 89°19'58" EAST, A DISTANCE OF 36.39 FEET; THENCE, DEPARTING SAID SOUTH LINE, SOUTH 00°16'17" EAST, A DISTANCE OF 188.71 FEET; THENCE NORTH 89°18'20" EAST, A DISTANCE OF 100.00 FEET; THENCE SOUTH 00°16'17" EAST, A DISTANCE OF 1,095.19 FEET; THENCE NORTH 89°33'06" EAST, A DISTANCE OF 661.80 FEET; THENCE SOUTH 00°15'46" EAST, A DISTANCE OF 1,316.74 FEET TO A POINT ON THE SOUTH LINE OF AFORESAID SECTION 31; THENCE SOUTH 89°48'34" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 2101.28 FEET; THENCE NORTH 00°19'58" WEST, A DISTANCE OF 10.00 FEET; THENCE SOUTH 89°48'34" WEST, A DISTANCE OF 361.53 FEET; THENCE NORTH 00°47'03" EAST, A DISTANCE OF 538.29 FEET TO A POINT OF CURVATURE TO THE LEFT, CONCAVE TO THE WEST, HAVING A RADIUS OF 1,065.14 FEET, A CENTRAL ANGLE OF 13°01'02", AND A CHORD LENGTH OF 241.47 FEET, WHICH BEARS NORTH 05°43'28" WEST; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 241.99 FEET TO POINT OF REVERSE CURVATURE OF A CURVE TO THE RIGHT, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 295.00 FEET, A CENTRAL ANGLE OF 69°37'48", AND A CHORD LENGTH OF 336.85 FEET WHICH BEARS NORTH 22°34'55" EAST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 358.51 FEET TO POINT OF REVERSE CURVATURE OF A CURVE TO THE LEFT, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 385.00 FEET, A CENTRAL ANGLE OF 27°20'17", AND A CHORD LENGTH OF 181.96 FEET WHICH BEARS NORTH 43°43'41" EAST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 183.70 FEET TO A POINT OF REVERSE CURVATURE OF A CURVE TO THE RIGHT, CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 285.00 FEET, A CENTRAL ANGLE OF 40°05'42", AND A CHORD LENGTH OF 195.40 FEET WHICH BEARS NORTH 50°06'23" EAST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 199.44 FEET TO A POINT OF REVERSE CURVATURE OF A CURVE TO THE LEFT, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 315.00 FEET, A CENTRAL ANGLE OF 23°29'15", AND A CHORD LENGTH OF 128.23 FEET WHICH BEARS NORTH 58°24'49" EAST; THENCE NORTHEAST ALONG THE ARC OF SAID CURVE A DISTANCE OF 129.13 FEET TO A POINT OF NON-TANGENCY WITH A CURVE TO THE LEFT, CONCAVE SOUTH HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 80°16'18", AND A CHORD LENGTH OF 32.23 FEET WHICH BEARS SOUTH 88°22'01" WEST; THENCE WESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 35.03 FEET TO A POINT OF REVERSE CURVATURE OF A CURVE TO THE RIGHT, CONCAVE NORTH, HAVING A RADIUS OF 355.60 FEET, A CENTRAL ANGLE OF 82°26'12", AND A CHORD LENGTH OF 468.63 FEET WHICH BEARS SOUTH 89°26'58" WEST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 511.64 FEET TO A POINT OF REVERSE CURVATURE WITH A CURVE TO THE LEFT, CONCAVE SOUTHWEST, HAVING A RADIUS OF 150.00 FEET, A CENTRAL ANGLE OF 26°35'30", AND A CHORD LENGTH OF 68.99 FEET WHICH BEARS NORTH 62°37'40" WEST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 69.62 FEET TO A POINT OF NON-TANGENCY; THENCE NORTH 14°04'35" EAST, A DISTANCE OF 94.84 FEET; THENCE NORTH 15°18'48" WEST, A DISTANCE OF 84.01 FEET TO A POINT OF CURVATURE TO THE LEFT, CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 554.00 FEET, A CENTRAL ANGLE OF 37°57'06", AND A CHORD LENGTH OF 360.29 FEET, WHICH BEARS NORTH 34°17'21" WEST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 366.96 FEET TO A POINT ON A NON-TANGENT CURVE TO THE LEFT, CONCAVE TO THE NORTH, HAVING A RADIUS OF 488.36 FEET, A CENTRAL ANGLE OF 23°33'01", AND A CHORD LENGTH OF 199.32 FEET WHICH BEARS NORTH 68°18'53" EAST; THENCE EASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 200.73 FEET TO A POINT ON A NON-TANGENT CURVE TO THE LEFT, CONCAVE TO THE NORTHEAST, HAVING A RADIUS OF 759.61 FEET, A CENTRAL ANGLE OF 10°03'39", AND A CHORD LENGTH OF 133.21 FEET WHICH BEARS SOUTH 64°27'07" EAST; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 133.38 FEET; THENCE NORTH 20°31'04" EAST, A DISTANCE OF 110.00 FEET TO A POINT ON A NON-TANGENT CURVE TO THE LEFT, CONCAVE TO THE NORTH, HAVING A RADIUS OF 649.61 FEET, A CENTRAL ANGLE OF 31°19'41", AND A CHORD LENGTH OF 350.78 FEET WHICH BEARS SOUTH 85°08'46" EAST; THENCE EASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 355.19 FEET; THENCE NORTH 33°34'18" WEST, A DISTANCE OF 54.63 FEET TO A POINT ON A NON-TANGENT CURVE TO THE LEFT, CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 85°03'09", AND A CHORD LENGTH OF 33.80 FEET WHICH BEARS NORTH 38°41'00" EAST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 37.11 FEET; THENCE NORTH 00°41'58" WEST, A DISTANCE OF 455.24 FEET TO A POINT OF CURVATURE TO THE LEFT, CONCAVE TO THE SOUTHWEST, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 90°14'39", AND A CHORD LENGTH OF 35.43 FEET, WHICH BEARS NORTH 45°49'17" WEST; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 39.38 FEET; THENCE NORTH 00°58'59" WEST, A DISTANCE OF 14.18 FEET TO THE POINT OF BEGINNING.

CONTAINING 5,243,294 SQUARE FEET OR 120.369 ACRES, MORE OR LESS.

Charles Cove
Community Development District

Resolution 2020-30,
Adopting Internal Controls

RESOLUTION 2020-30

A RESOLUTION BY THE BOARD OF SUPERVISORS OF THE CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT ADOPTING AN INTERNAL CONTROLS POLICY CONSISTENT WITH SECTION 218.33, FLORIDA STATUTES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Charles Cove Community Development District (the "District") is a local unit of special-purpose government created and existing pursuant to Chapter 190, *Florida Statutes*, being situated entirely within the City of Haines City, Florida; and

WHEREAS, consistent with Section 218.33, *Florida Statutes,* the District is statutorily required to establish and maintain internal controls designed to prevent and detect fraud, waste, and abuse as defined in Section 11.45(1), *Florida Statutes;* promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets; and

WHEREAS, to demonstrate compliance with Section 218.33, *Florida Statutes,* the District desires to adopt by resolution the Internal Controls Policy attached hereto as **Exhibit A**.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE CHARLES COVE DISTRICT:

SECTION 1. The attached Internal Controls Policy attached hereto as **Exhibit A** is hereby adopted pursuant to this Resolution.

SECTION 2. If any provision of this Resolution is held to be illegal or invalid, the other provisions shall remain in full force and effect.

SECTION 3. This Resolution shall become effective upon its passage and shall remain in effect unless rescinded or repealed.

PASSED AND ADOPTED THIS 19TH DAY OF FEBRUARY, 2020.

ATTEST:

CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT

_____
Secretary/Assistant Secretary

_____
Chairperson, Board of Supervisors

EXHIBIT "A"

CHARLES COVE
COMMUNITY DEVELOPMENT DISTRICT
INTERNAL CONTROLS POLICY

1. Purpose.

1.1. The purpose of this internal controls policy is to establish and maintain internal controls for the Charles Cove Community Development District.

1.2. Consistent with Section 218.33(3), *Florida Statutes,* the internal controls adopted herein are designed to:

1.2.1. Prevent and detect Fraud, Waste, and Abuse (as hereinafter defined).

1.2.2. Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.

1.2.3. Support economical and efficient operations.

1.2.4. Ensure reliability of financial records and reports.

1.2.5. Safeguard Assets (as hereinafter defined).

2. Definitions.

2.1. "Abuse" means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.

2.2. "Assets" means District assets such as cash or other financial resources, supplies, inventories, equipment and other fixed assets, real property, intellectual property, or data.

2.3. "Auditor" means the independent auditor (and its employees) retained by the District to perform the annual audit required by state law.

2.4. "Board" means the Board of Supervisors for the District.

2.5. "District Management" means (i) the independent contractor (and its employees) retained by the District to provide professional district management services to the District and (ii) any other independent contractor (and its employees) separately retained by the District to provide amenity management services, provided said services include a responsibility to safeguard and protect Assets.

2.6. "Fraud" means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity's assets, bribery, or the use of one's position for personal enrichment through the deliberate misuse or misapplication of an organization's resources.

2.7. "Internal Controls" means systems and procedures designed to prevent and detect fraud, waste, and abuse; promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices; support economical and efficient operations; ensure reliability of financial records and reports; and safeguard assets.

2.8. "Risk" means anything that could negatively impact the District's ability to meet its goals and objectives. The term includes strategic, financial, regulatory, reputational, and operational risks.

2.9. "Waste" means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

3. Control Environment.

3.1. Ethical and Honest Behavior.

3.1.1. District Management is responsible for maintaining a work environment that promotes ethical and honest behavior on the part of all employees, contractors, vendors and others.

3.1.2. Managers at all levels must behave ethically and communicate to employees and others that they are expected to behave ethically.

3.1.3. Managers must demonstrate through words and actions that unethical behavior will not be tolerated.

4. Risk Assessment.

4.1. Risk Assessment. District Management is responsible for assessing Risk to the District. District Management's Risk assessments shall include, but not be limited to:

4.1.1. Identifying potential hazards.

4.1.2. Evaluating the likelihood and extent of harm.

4.1.3. Identifying cost-justified precautions and implementing those precautions.

5. Control Activities.

5.1. Minimum Internal Controls. The District hereby establishes the following minimum Internal Controls to prevent and detect Fraud, Waste, and Abuse:

5.1.1. Preventive controls designed to forestall errors or irregularities and thereby avoid the cost of corrections. Preventive control activities shall include, but not be limited to, the following:

5.1.1.1. Identifying and segregating incompatible duties and/or implementing mitigating controls.

5.1.1.2. Performing accounting functions in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards.

5.1.1.3. Requiring proper authorizations to access and/or modify accounting software.

5.1.1.4. Implementing computerized accounting techniques (e.g. to help identify coding errors, avoid duplicate invoices, etc.).

5.1.1.5. Maintaining a schedule of the District's material fixed Assets.

5.1.1.6. Maintaining physical control over the District's material and vulnerable Assets (e.g. lock and key, computer passwords, network firewalls, etc.).

5.1.1.7. Retaining and restricting access to sensitive documents.

5.1.1.8. Performing regular electronic data backups.

5.1.2. Detective controls designed to measure the effectiveness of preventive controls and to detect errors or irregularities when they occur. Detective control activities shall include, but not be limited to, the following:

5.1.2.1. Preparing financial reports in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) standards.

5.1.2.2. Reviewing financial statements and investigating any material variances between budgeted expenses and actual expenses.

5.1.2.3. Establishing and implementing periodic reconciliations of bank, trust, and petty cash accounts.

5.1.2.4. Establishing an internal protocol for reporting and investigating known or suspected acts of Fraud, Waste, or Abuse.

5.1.2.5. Engaging in periodic physical inventory counts and comparisons with inventory records.

5.1.2.6. Monitoring all ACH (electronic) transactions and the sequencing of checks.

5.2. Implementation. District Management shall implement the minimum Internal Controls described herein. District Management may also implement additional Internal Controls that it deems advisable or appropriate for the District. The specific ways District Management implements these minimum Internal Controls shall be consistent with Generally Accepted Accounting Principles (GAAP) and otherwise conform to Governmental Accounting Standards Board (GASB) and American Institute of Certified Public Accountants (AICPA) standards and norms.

6. Information and Communication.

6.1. Information and Communication. District Management shall communicate to its employees (needing to know) information relevant to the Internal Controls, including but not limited to any changes to the Internal Controls and/or changes to laws, rules, contracts, grant agreements, and best practices.

6.2. Training. District Management shall regularly train its employees (needing the training) in connection with the Internal Controls described herein and promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.

7. Monitoring Activities.

7.1. Internal Reviews. District Management shall internally review the District's Internal Controls at least once per year. In connection with this internal review, District Management shall:

7.1.1.1. Review its operational processes.

7.1.1.2. Consider the potential risk of Fraud, Waste, or Abuse inherent in each process.

7.1.1.3. Identify the controls included in the process, or controls that could be included, that would result in a reduction in the inherent risk.

7.1.1.4. Assess whether there are Internal Controls that need to be improved or added to the process under consideration.

7.1.1.5. Implement new controls or improve existing controls that are determined to be the most efficient and effective for decreasing the risk of Fraud, Waste or Abuse.

7.1.1.6. Train its employees on implemented new controls or improvements to existing controls.

7.2. External Audits and Other Reviews. Audits and other reviews may be performed on various components of the District's Internal Controls by the Auditor consistent with Government Auditing Standards (GAS). Audits may identify material deficiencies in the Internal Controls and make recommendations to improve them. District Management shall communicate and cooperate with the Board and the Auditor regarding the potential implementation of Auditor recommendations.

Specific Authority: §§ 190.011(5)], 218.33(3), *Florida Statutes*
Effective date: February 19, 2020

Charles Cove
Community Development District

Resolution 2020-31,
Uniform Method of Levying, Collecting and Enforcing Non Ad-Valorem Assessment

RESOLUTION 2020-31

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT EXPRESSING ITS INTENT TO UTILIZE THE UNIFORM METHOD OF LEVYING, COLLECTING, AND ENFORCING NON-AD VALOREM ASSESSMENTS WHICH MAY BE LEVIED BY THE CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT IN ACCORDANCE WITH SECTION 197.3632, FLORIDA STATUTES; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Charles Cove Community Development District ("District") was established pursuant to the provisions of Chapter 190, *Florida Statutes*, which authorizes the District to levy certain assessments which include benefit and maintenance assessments and further authorizes the District to levy special assessments pursuant to Chapters 170 and 197, *Florida Statutes*, for the acquisition, maintenance, construction, or reconstruction of assessable improvements authorized by Chapter 190, *Florida Statutes*; and

WHEREAS, the above referenced assessments are non-ad valorem in nature and, therefore, may be levied and collected under the provisions of Section 197.3632, *Florida Statutes*, in which the State of Florida has provided a uniform method for the levying, collecting, and enforcing such non-ad valorem assessments (the "Uniform Method"); and

WHEREAS, the Board has previously adopted Resolution 2020-12 declaring the intent to use the Uniform Method for the levy, collection and enforcement of non-ad valorem special assessments authorized by Section 197.3632, *Florida Statutes*, over certain lands within the District as described therein; and

WHEREAS, pursuant to Section 197.3632, *Florida Statutes*, the District has caused notice of a public hearing on the District's intent to use the Uniform Method to be advertised weekly in a newspaper of general circulation within Polk County for four (4) consecutive weeks prior to such hearing; and

WHEREAS, the District has held a public hearing pursuant to Section 197.3632, *Florida Statutes*, where public and landowners were allowed to give testimony regarding the use of the Uniform Method; and

WHEREAS, the District desires to use the Uniform Method for the levy, collection and enforcement of non-ad valorem special assessments authorized by Section 197.3632, *Florida Statutes*, for special assessments, including benefit and maintenance assessments, over all the lands in the District as further described in **Exhibit A**.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. The Charles Cove Community Development District upon conducting its public hearing as required by Section 197.3632, *Florida Statutes*, hereby expresses its need and intent to use the Uniform Method of collecting assessments imposed by the District over the lands described in **Exhibit A**, as provided in Chapters 170 and 190, *Florida Statutes*, each of which are non-ad valorem assessments which may be collected annually pursuant to the provisions of Chapter 190, *Florida Statutes*, for the purpose of paying principal and interest on any and all of its indebtedness and for the purpose of paying the cost of operating and maintaining its assessable improvements. The legal description of the boundaries of the real property subject to a levy of assessments is attached and made a part of this Resolution as **Exhibit A**. The non-ad valorem assessments and the District's use of the uniform method of collecting its non-ad valorem assessment(s) may continue in any given year when the Board of Supervisors determines that use of the uniform method for that year is in the best interests of the District.

SECTION 2. The District's Secretary is authorized to provide the Property Appraiser and Tax Collector of Polk County and the Department of Revenue of the State of Florida with a copy of this Resolution and enter into any agreements with the Property Appraiser and/or Tax Collector necessary to carry out the provisions of this Resolution.

SECTION 3. If any provision of this Resolution is held to be illegal or invalid, the other provisions shall remain in full force and effect.

SECTION 4. This Resolution shall become effective upon its passage and shall remain in effect unless rescinded or repealed.

PASSED AND ADOPTED this 19th day of February, 2020.

ATTEST:

CHARLES COVE COMMUNITY DEVELOPMENT DISTRICT

_____
Secretary/Assistant Secretary

_____
Chairperson, Board of Supervisors

Exhibit A: Legal Description of Charles Cove Community Development District

EXHIBIT A
Legal Description of Charles Cove Community Development District

A PORTION OF SECTION 31, TOWNSHIP 26 SOUTH, RANGE 27 EAST, POLK COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SOUTHWEST QUARTER (SW1/4) OF SECTION 31, TOWNSHIP 26 SOUTH, RANGE 27 EAST; THENCE NORTH 89°18'20" EAST, ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER, A DISTANCE OF 200.00 FEET; THENCE, DEPARTING SAID NORTH LINE, SOUTH 00°41'40" EAST, A DISTANCE OF 45.16 FEET TO A POINT ON THE SOUTH LINE OF THE COUNTY MAINTAINED RIGHT-OF-WAY OF MASSEE ROAD PER MAP BOOK 5, PAGES 1 THROUGH 4 AND MAP BOOK 14, PAGES 45 THROUGH 52, OFFICIAL RECORDS OF POLK COUNTY FLORIDA, FOR A POINT OF BEGINNING; THENCE, ALONG SAID SOUTH LINE, THE FOLLOWING TWELVE (12) COURSES AND DISTANCES: (1) SOUTH 89°19'57" EAST, A DISTANCE OF 39.69 FEET; (2) THENCE NORTH 89°42'40" EAST, A DISTANCE OF 162.62 FEET; (3) THENCE NORTH 86°08'46" EAST, A DISTANCE OF 137.60 FEET; (4) THENCE NORTH 89°03'08" EAST, A DISTANCE OF 211.45 FEET; (5) THENCE NORTH 88°20'00" EAST, A DISTANCE OF 179.42 FEET; (6) THENCE SOUTH 85°17'02" EAST, A DISTANCE OF 54.27 FEET; (7) THENCE NORTH 89°24'38" EAST, A DISTANCE OF 237.57 FEET; (8) THENCE NORTH 89°01'01" EAST, A DISTANCE OF 340.67 FEET; (9) THENCE NORTH 88°54'34" EAST, A DISTANCE OF 305.06 FEET; (10) THENCE NORTH 88°44'08" EAST, A DISTANCE OF 300.90 FEET; (11) THENCE NORTH 88°47'53" EAST, A DISTANCE OF 579.96 FEET; (12) THENCE NORTH 89°19'58" EAST, A DISTANCE OF 36.39 FEET; THENCE, DEPARTING SAID SOUTH LINE, SOUTH 00°16'17" EAST, A DISTANCE OF 188.71 FEET; THENCE NORTH 89°18'20" EAST, A DISTANCE OF 100.00 FEET; THENCE SOUTH 00°16'17" EAST, A DISTANCE OF 1,095.19 FEET; THENCE NORTH 89°33'06" EAST, A DISTANCE OF 661.80 FEET; THENCE SOUTH 00°15'46" EAST, A DISTANCE OF 1,316.74 FEET TO A POINT ON THE SOUTH LINE OF AFORESAID SECTION 31; THENCE SOUTH 89°48'34" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 2101.28 FEET; THENCE NORTH 00°19'58" WEST, A DISTANCE OF 10.00 FEET; THENCE SOUTH 89°48'34" WEST, A DISTANCE OF 416.50 FEET; THENCE SOUTH 00°19'58" EAST, A DISTANCE OF 6.00 FEET; THENCE SOUTH 89°48'34" WEST, A DISTANCE OF 380.38 FEET; THENCE SOUTH 00°11'26" EAST, A DISTANCE OF 4.00 FEET TO A POINT ON THE SOUTH LINE OF AFORESAID SOUTHWEST QUARTER; THENCE SOUTH 89°48'34" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 642.78 FEET TO THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER; THENCE NORTH 00°23'41" WEST, ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER, A DISTANCE OF 1,300.80 FEET;

THENCE, DEPARTING SAID WEST LINE, NORTH 89°33'26" EAST, A DISTANCE OF 200.00 FEET; THENCE NORTH 00°23'41" WEST, A DISTANCE OF 1,256.52 FEET TO THE POINT OF BEGINNING.

CONTAINING 8,019,376 SQUARE FEET OR 184.100 ACRES, MORE OR LESS.