

EXHIBIT 12



Rizzetta & Company

STATEMENT OF ESTIMATED REGULATORY COSTS

FOR

THE PETITION TO CONTRACT THE DISTRICT BOUNDARIES WIREGRASS COMMUNITY DEVELOPMENT DISTRICT

January 9, 2018

12750 Citrus Park Lane
Suite 115
Tampa, FL 33625
813-933-5571
rizzetta.com

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
1.	PURPOSE AND SCOPE.....	1
2.	WIREGRASS COMMUNITY DEVELOPMENT DISTRICT.....	2
II.	STATUTORY ITEMS.....	3
1.	AN ECONOMIC ANALYSIS SHOWING WHETHER THE RULE DIRECTLY OR INDIRECTLY	
A.	IS LIKELY TO HAVE AN ADVERSE IMPACT ON THE ECONOMIC GROWTH.....	5
B.	IS LIKELY TO HAVE AN ADVERSE IMPACT ON BUSINESS COMPETITIVENESS.....	5
C.	IS LIKELY TO INCREASE REGULATORY COSTS.....	5
2.	A GOOD FAITH ESTIMATE OF THE NUMBER OF INDIVIDUALS REQUIRED TO COMPLY.....	6
3.	A GOOD FAITH ESTIMATE OF THE COST TO THE AGENCY OR OTHER GOVERNMENT ENTITIES...	7
4.	A GOOD FAITH ESTIMATE OF THE TRANSACTIONAL COSTS TO BE INCURRED.....	10
5.	AN ANALYSIS OF THE IMPACT ON SMALL BUSINESSES.....	11
6.	ANY ADDITIONAL INFORMATION THAT THE AGENCY DETERMINES MAY BE USEFUL.....	11
7.	A DESCRIPTION OF ANY REGULATORY ALTERNATIVES AND RELATED STATEMENTS.....	11



I. INTRODUCTION

1. PURPOSE AND SCOPE

This Statement of Estimated Regulatory Costs has been prepared as a component of the petition filed with the Florida Land and Water Adjudicatory Commission (the "Commission"), to contract the boundaries of the Wiregrass Community Development District ("District") in accordance with Sections 190.046(1) and 190.005, Florida Statutes ("F.S."). Specifically, Section 190.005(1)(a)8, F.S., requires that, as part of the petition, a Statement of Estimated Regulatory Costs be prepared pursuant to Section 120.541, F.S.

A community development district ("CDD") is established under the Uniform Community Development District Act of 1980, Chapter 190 of the Florida Statutes, as amended (the "Act"). A CDD is a local unit of special-purpose government that is limited to the performance of those specialized functions authorized by the Act. Those specialized functions consist of planning, financing, constructing and maintaining certain public infrastructure improvements and community development services. As an independent special district, the CDD's governing body establishes its own budget and, within the scope of its authorized powers, operates independently of the local general-purpose governmental entity (i.e., the county or the city) whose boundaries include the CDD.

However, a CDD cannot regulate land use or issue development orders; those powers reside with the local general-purpose government. The Legislature has, in Section 190.004(3), F.S., made this clear by stating:

The establishment of an independent community development district as provided in this act is not a development order within the meaning of chapter 380. All governmental planning, environmental, and land development laws, regulations, and ordinances apply to all development of the land within a community development district. Community development districts do not have the power of a local government to adopt a comprehensive plan, building code, or land development code, as those terms are defined in the Community Planning Act. A district shall take no action which is inconsistent with applicable comprehensive plans, ordinances, or regulations of the applicable local general-purpose government.



In addition, the parameters for the review and evaluation of community development district petitions are clearly set forth in Section 190.002(2)(d), F.S., as follows:

That the process of establishing such a district pursuant to uniform general law be fair and based only on factors material to managing and financing the service delivery function of the district, so that any matter concerning permitting or planning of the development is not material or relevant.

Therefore, the scope of this Statement of Estimated Regulatory Costs is limited to an evaluation of those factors pertinent to the boundary contraction of a CDD as defined by the Legislature and outlined in Section 120.541(2), F.S.

The purpose of Chapter 190, F.S., is to provide another tool to government and private landowners in their efforts to comply with comprehensive plans which require adequate public facilities and services as pre-conditions for future development.

The CDD is a special purpose unit of local government that is established for the purpose of providing an alternative mechanism for financing the construction of public infrastructure. A CDD must be structured to be financially independent as intended by the Legislature. The cost of any additional public improvements to be constructed or any additional services to be provided by Pasco County (the "County") as a result of this development will be incurred whether the infrastructure is financed through a CDD or any other alternative financing method. The annual operations and administrative costs of the District will be borne entirely by the District and will not require any subsidy from the State of Florida or the County, nor will it place any additional economic burden on those persons not residing within the District.

2. WIREGRASS COMMUNITY DEVELOPMENT DISTRICT

The District was established pursuant to FLWAC Rule No. 42MMM-1.002 which became effective on June 24, 2009 and currently encompasses approximately 3,974.294 acres (the "Existing District"). The District is seeking authority to contract the boundaries of the Existing District to remove approximately 2,196.846 acres from the District boundaries (the "Contraction Areas"). After the contraction the District will have a total of



approximately 1,777.448 acres remaining within its boundaries (hereinafter, the "Contracted District").

Within the contracted District boundaries, the District will continue to exercise the powers outlined in Section 190.012, F.S., to finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems, facilities and basic infrastructure that includes, but is not limited to: water management and control, water supply, sewer, and wastewater management, bridges or culverts, District roads and street lights, transportation facilities, parking improvements, environmental remediation and clean up, conservation areas, parks and recreational facilities, or any other project, within or outside the boundaries of the District, required by a development order issued by a local government or subject of an agreement between the District and a governmental entity.

The District has financed infrastructure improvements through special or non-ad valorem assessment revenue bonds. Repayment of these bonds is through special or non-ad valorem assessments levied against all benefited properties within Assessment Area 1 and Assessment Area 2 within the District. Upon contraction, the lands upon which such assessments are levied will remain in the Contracted District. On-going operation and maintenance for District owned facilities is expected to be funded through maintenance assessments levied against all benefited properties within the Contracted District, as is currently done.

II. STATUTORY ITEMS:

Section 120.541(2), F.S., in pertinent part, provides that the elements a Statement of Estimated Regulatory Costs must contain are the following:

(a) An economic analysis showing whether the rule directly or indirectly:

1. Is likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within 5 years after the implementation of the rule;

2. Is likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets,



productivity, or innovation in excess of \$1 million in the aggregate within 5 years after the implementation of the rule; or

3. Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

(b) A good faith estimate of the number of individuals and entities likely to be required to comply with the rule, together with a general description of the types of individuals likely to be affected by the rule.

(c) A good faith estimate of the cost to the agency, and to any other state and local government entities, of implementing and enforcing the proposed rule, and any anticipated effect on state or local revenues.

(d) A good faith estimate of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the rule. As used in this section, "transactional costs" are direct costs that are readily ascertainable based upon standard business practices, and include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

(e) An analysis of the impact on small businesses as defined by s. 288.703, and an analysis of the impact on small counties and small cities as defined in s. 120.52. The impact analysis for small businesses must include the basis for the agency's decision not to implement alternatives that would reduce adverse impacts on small businesses.

(f) Any additional information that the agency determines may be useful.

(g) In the statement or revised statement, whichever applies, a description of any regulatory alternatives submitted under



paragraph (1)(a) and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule.

The estimated regulatory impact of establishing the District is summarized below. Statutory requirements are **SHOWN IN BOLD CAPS**.

1. AN ECONOMIC ANALYSIS SHOWING WHETHER THE RULE DIRECTLY OR INDIRECTLY:

A. IS LIKELY TO HAVE AN ADVERSE IMPACT ON ECONOMIC GROWTH, PRIVATE SECTOR JOB CREATION OR EMPLOYMENT, OR PRIVATE SECTOR INVESTMENT IN EXCESS OF \$1 MILLION IN THE AGGREGATE WITHIN 5 YEARS AFTER THE IMPLEMENTATION OF THE RULE;

It is expected that any economic impact would be positive or neutral in nature, particularly in the short term. There likely will be no significant impact on economic growth, private sector job creation or employment, or private sector investment as a direct result of the contraction of the District. Much of the development work in the Contracted District has already been completed. However, the contraction of the District is expected to allow the remaining property located in the Contraction Areas to be used for both County and District use, which would presumably have some positive impact on economic growth.

B. IS LIKELY TO HAVE AN ADVERSE IMPACT ON BUSINESS COMPETITIVENESS, INCLUDING THE ABILITY OF PERSONS DOING BUSINESS IN THE STATE TO COMPETE WITH PERSONS DOING BUSINESS IN OTHER STATES OR DOMESTIC MARKETS, PRODUCTIVITY, OR INNOVATION IN EXCESS OF \$1 MILLION IN THE AGGREGATE WITHIN 5 YEARS AFTER THE IMPLEMENTATION OF THE RULE;

Any impact on overall business competitiveness and/or innovation resulting from the District boundary contraction is likely to be minimal, but as is the case with the economic factors described above, such impact will presumably be positive in nature. All professional contributors to the boundary contraction and anticipated resulting developmental efforts are expected to be either locally or state-based. Once development is complete, the Contraction Areas are anticipated to be used for both County and District use. Thus, there will be no adverse impact on business competitiveness because of the contraction of the District boundaries.



C. OR IS LIKELY TO INCREASE REGULATORY COSTS, INCLUDING ANY TRANSACTIONAL COSTS, IN EXCESS OF \$1 MILLION IN THE AGGREGATE WITHIN 5 YEARS AFTER THE IMPLEMENTATION OF THE RULE.

A dramatic increase in overall regulatory or transaction costs is highly unlikely. As will be stated in further detail below, the Commission and/or the County may incur incidental administrative costs in reviewing the documents germane to the boundary contraction, but it is expected that these costs will be offset by various fees paid by the District to the Commission and the County, respectively.

No District facilities or services are currently provided to the Contraction Areas, and it is not intended that the District will provide facilities or services to the Contraction Areas in the future with the exception of the provision of certain irrigation water by the District to irrigation facilities constructed by landowners or others on the Contraction Areas. The District will invoice such users directly for their use of the irrigation water provided by the District, or will enter into agreements with future homeowners' associations and/or community development districts established for such areas relative to those entities' assessment for and collection of same. Operating costs for the property remaining in the District will continue to be funded by the landowners through direct funding agreements or special assessments levied by the District.

2. A GOOD FAITH ESTIMATE OF THE NUMBER OF INDIVIDUALS AND ENTITIES LIKELY TO BE REQUIRED TO COMPLY WITH THE RULE, TOGETHER WITH A GENERAL DESCRIPTION OF THE TYPES OF INDIVIDUALS LIKELY TO BE AFFECTED BY THE RULE:

The individuals and entities likely to be required to comply with the rule or affected by the proposed action (i.e., adoption of the rule) can be categorized, as follows: 1) The State of Florida and its residents, 2) Pasco County and its residents, 3) current and future property owners - Contracted District, and 4) current and future property owners - Contraction Area.

a. The State of Florida

The State of Florida and its residents and general population will not incur any compliance costs related to the contraction and on-going administration of the District, and will only be affected to the extent that the State incurs those nominal administrative costs outlined in Section 3(a)(1) below. The cost of any additional administrative services provided by the State as a result of this project will be incurred whether the



infrastructure is financed through a CDD or any alternative financing method.

b. Pasco County

The County and its residents not residing within the boundaries of the District will not incur any compliance costs related to the contraction and on-going administration of the District other than any one-time administrative costs outlined in Section 3(a)(2) below. Once the District boundaries are contracted, these residents will not be affected by adoption of the rule. The cost of any additional administrative services provided by the County as a result of this development will be incurred whether the infrastructure is financed through a CDD or any alternative financing method.

c. Current and Future Property Owners – Contracted District

The current property owners and future property owners of the lands within the Contracted District will be affected by the contraction of the District boundaries to the extent that the District operations and maintenance assessments allocated for the District's operational costs will no longer be allocated to the Contraction Areas.

d. Current Property Owner and Future Property Owners – Contraction Areas

The current property owners and future property owners of the lands within the Contraction Areas will be affected by the contraction of the District boundaries to the extent that the District operations and maintenance assessments allocated for the District's operational costs will no longer be allocated to the Contraction Areas as such property owners will be outside of the District boundaries. Furthermore, the District does not currently provide facilities or services to the property within the Contraction Areas. To the extent that, in the future, irrigation water is provided by the District to irrigation facilities constructed by landowners or others on the Contraction Areas, the District will invoice such users directly for their use of the irrigation water, or will enter into agreements with future homeowners' associations and/or community development



districts established for such areas relative to those entities' assessment for and collection of same.

3. A GOOD FAITH ESTIMATE OF THE COST TO THE AGENCY, AND TO ANY OTHER STATE AND LOCAL ENTITIES, OF IMPLEMENTING AND ENFORCING THE PROPOSED RULE, AND ANY ANTICIPATED EFFECT ON STATE AND LOCAL REVENUES:

a. Costs to Governmental Agencies of Implementing and Enforcing the Rule

1. State of Florida ("Agency")

Because the Contraction Areas encompass more than 1,000 acres, this petition is being submitted to the Florida Land and Water Adjudicatory Commission (i.e., the "Agency" under Section 120.541(2), F.S.) for approval in accordance with Section 190.046(1)(f), F.S. The Agency may incur certain one-time administrative costs involved with the review of this petition, however it is anticipated that the Agency can account for the cost of its review with existing resources.

Once the District boundaries are contracted, the State of Florida will continue to incur only nominal administrative costs to review the periodic reports required pursuant to Chapters 190 and 189, F.S. These reports include the annual financial report, annual audit and public financing disclosures. To offset these costs, the Legislature has established a maximum fee of \$175 per District per year to pay the costs incurred by the Special Districts Information Program to administer the reporting requirements of Chapter 189, F.S. This amount is currently being paid by the District and will not change when the District boundaries are contracted. Because the District, as defined in Chapter 190, F.S., is designed to function as a self-sufficient special-purpose governmental entity, it is responsible for its own management. Therefore, except for the reporting requirements outlined above, or later established by law, no additional burden is placed on the State once the District has been established, and there will be no impact as a result of the contraction.

2. Pasco County



The County is entitled to hold a public hearing on the petition pursuant to Section 190.046(1)(d)3., F.S. However, any costs relative to the County's review of the petition and/or the holding of a public hearing, if desired, will be offset by the District's payment of a one-time filing fee to the County.

Once the District boundaries are contracted, the County will not incur any quantifiable on-going costs resulting from the on-going administration of the District. As previously stated, the CDD operates independently from the County and all administrative and operating costs incurred by the District relating to the financing and construction of infrastructure are borne entirely by the District. The District will continue to submit, for informational purposes, its annual budget, financial report, audit and public financing disclosures to the County. Since there are no legislative requirements for review or action, the County should not incur any costs but in the event that costs are incurred due to the County's decision to review same, such costs are anticipated to be minimal and paid for with existing resources.

While some District improvements have been dedicated to the County for ownership/control and maintenance, the overall financial impact to the County resulting from such actions is minimal due to available utility fees and other revenues. Moreover, regardless if the District boundaries are contracted, the County incurs a limited impact to County revenue, resulting from the dedication of infrastructure related to this development to the County.

3. The District

The costs of petitioning for the District's boundary amendment will be paid entirely by the developer of the Contraction Areas, Locust Branch, LLC (the "Developer"), pursuant to a funding agreement with the District. As a result, the District and its residents will not experience any costs relative to the implementation of the boundary amendment.

Thereafter, the District will continue to incur costs for operations and maintenance of its facilities and for its administration. These costs will be completely paid for from



annual assessments levied against all properties within the Contracted District benefiting from its facilities and its services.

b. Impact on State and Local Revenues

It is anticipated that approval of this petition will not have any negative effect on state or local revenues. The District is an independent unit of local government. It is designed to provide community facilities and services to serve the Project. It has its own sources of revenue. No State or local subsidies are required or expected. There is however, the potential for an increase in State sales tax revenue resulting from a stimulated economy although it is not possible to estimate this increase with any degree of certainty. In addition, local ad valorem tax revenues may be increased due to long-lasting increases in property values resulting from the District's construction of infrastructure and on-going maintenance services. Similarly, private development within the District, which will be facilitated by the District's activities, should have a positive impact on property values and therefore ad valorem taxes.

In addition, impact fee and development permit revenue has been generated by private development within the District and, accordingly, also increases local revenues.

Lastly, some express a concern that a CDD obligation could become a State, County or City obligation thereby negatively affecting State or local revenues. This cannot occur, as Chapter 190 specifically addresses this issue and expressly states: "It is further the purpose and intent of the Legislature that no debt or obligation of a district constitutes a burden on any local general-purpose government without its consent." Section 190.002(3), F.S. "A default on the bonds or obligations of a district shall not constitute a debt or obligation of a local general-purpose government or the state." Section 190.016(15), F.S.

Again, while some District improvements have been dedicated to the County for ownership/control and maintenance, the overall financial impact to the County resulting from such actions is minimal, due to available revenue sources, and



would have occurred even if the District did not exist and alternative financing was utilized.

In summary, contracting the boundaries of the Wiregrass Community Development District will not create any significant economic costs for the State of Florida, the County, or the District.

4. A GOOD FAITH ESTIMATE OF THE TRANSACTIONAL COSTS LIKELY TO BE INCURRED BY INDIVIDUALS AND ENTITIES, INCLUDING LOCAL GOVERNMENT ENTITIES, REQUIRED TO COMPLY WITH THE REQUIREMENTS OF THE RULE:

The transactional costs associated with the adoption of an administrative rule to amend the District's boundaries are nominal. The District will essentially function as it was originally intended. Any transaction costs associated with the boundary amendment will be funded by the Developer pursuant to a funding agreement, and will not be borne by District or its residents.

The District provides various community facilities and services to serve the properties within the District. These facilities and services, and the estimated costs associated with the provision of each, were provided in the original Statement of Estimated Regulatory Costs and Petition to establish the District. Please note that some District improvements are owned and operated by Pasco County or other entities. It is important to note that the various costs are typical for developments of the type contemplated here. These costs are not in addition to normal Project costs.

Assessments for repayment of the District's bonds have been levied against certain benefited properties within the Existing District which, after contraction, will remain with the boundary of the Contracted District. The obligation to pay the assessments "runs with the land" and is transferred to new property owners upon sale of any portions of the property.

To fund the cost of maintaining infrastructure that the District maintains, operation and maintenance assessments are imposed on benefited properties within the Existing District. The District will not provide facilities and services to the Contraction Areas with the exception of the provision of certain irrigation water by the District to irrigation facilities constructed by landowners or others on the Contraction Areas. The District will invoice such users directly for their use of the irrigation water provided by the District, or will enter into agreements with future homeowners' associations and/or community development districts established for such areas relative to those entities' assessment for and collection of same.



All persons choosing to acquire property in the District will continue to be responsible for such assessments in addition to the taxes or assessments imposed by the County or other taxing authorities. In exchange for the payment of these special assessments, there are benefits to be derived by the property owners. Specifically, these persons receive a higher level of services because they, the property owners, elect the members of the District's Board of Supervisors. Further, the District is limited in jurisdiction and responsibility to this single development. Therefore, the District is expected to be responsive to the needs of the property owners.

5. AN ANALYSIS OF THE IMPACT ON SMALL BUSINESSES AS DEFINED BY S. 288.703, AND AN ANALYSIS OF THE IMPACT ON SMALL COUNTIES AND SMALL CITIES AS DEFINED IN S. 120.52:

Contracting the boundaries of the District should not have any negative impact on small businesses. Any business, large or small, has the option of locating in a community development district provided the local governmental authority has issued the appropriate land use approvals. Those that choose this option are subjected to the financial obligations imposed by the District and accrue the benefits resulting from being in the District.

Pasco County is not defined as a small county for purposes of this requirement.

6. ANY ADDITIONAL INFORMATION THAT THE AGENCY DETERMINES MAY BE USEFUL:

Certain data utilized in this report was provided by the District and represents the best information available at this time. Other data was provided by Rizzetta & Company and was based on observations, analysis and experience with private development and other CDD's in various stages of existence.

7. A DESCRIPTION OF ANY REGULATORY ALTERNATIVES SUBMITTED AND A STATEMENT ADOPTING THE ALTERNATIVE OR A STATEMENT OF THE REASONS FOR REJECTING THE ALTERNATIVE IN FAVOR OF THE PROPOSED RULE:

Not applicable.



WIREGRASS COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ESTIMATED REGULATORY COSTS

Rizzetta & Company, Inc., does not represent the Wiregrass Community Development District as a Municipal Advisor or Securities Broker nor is Rizzetta & Company, Inc. registered to provide such services as described in Section 15B of the Securities and Exchange Act of 1934, as amended. Similarly, Rizzetta & Company, Inc., does not provide the Wiregrass Community Development District with financial advisory services or offer investment advice in any form.



Rizzetta & Company

EXHIBIT 13

Authorization of Agent

This letter shall serve as a designation of Lindsay C. Whelan, Esq., whose address is 119 S. Monroe Street, Suite 300, Tallahassee, Florida 32301, to act as agent for the Wiregrass Community Development District, a local unit of special-purpose government established pursuant to the provisions of Chapter 190, *Florida Statutes*, and Rule 42MMM-1, *Florida Administrative Code*, with regard to any and all matters pertaining to the Petition to the Florida Land and Water Adjudicatory Commission to contract the boundary of the Wiregrass Community Development District pursuant to Chapter 190, *Florida Statutes*. This authorization shall remain in effect until revoked in writing.

**WIREGRASS COMMUNITY
DEVELOPMENT DISTRICT**



Bill Porter
Chairman, Board of Supervisors

DATE: 1/24, 2018

STATE OF FLORIDA
COUNTY OF POSCO

I hereby certify that on this day, before me, an officer duly authorized to take acknowledgments, personally appeared Bill Porter, Chairman of Wiregrass Community Development District, who executed the foregoing instrument, acknowledged before me that he executed the same on behalf of the foregoing entity and was identified in the manner indicated below.

Witness my hand and official seal this 24 day of January, 2018.



Notary Public

KATHERINE WALLEY
Notary Public, State of Florida
My Comm. Expires Sept. 21, 2019
No. FF 920032

Personally known: known
Produced Identification: _____
Type of Identification: _____