

June 16, 2020

Mr. Armando Silva
District Manager
Keys Cove II Community Development District
Special District Services, Inc.
The Oaks Center
2501A Burns Road
Palm Beach Gardens, FL 33410

Re: Year 2020 Keys Cove II Community Development District Report

Dear Mr. Silva:

The intent of this report is fourfold: 1) To inform as to the status of ownership of the infrastructure that was financed or constructed by the District; 2) To describe the state, working order and condition of the infrastructure still owned by the District; 3) To give recommendations as to the funds estimated necessary for the proper maintenance, repair and operation of the District's infrastructure and; 4) To review the insurance carried by the District and amounts set aside for the purpose of paying their premiums.

The District is in Sections 20 and 21, Township 57 South, Range 39 East, in the City of Homestead, Miami-Dade County, Florida. It is bounded by North Canal Drive on the north, the east line of the plat of Shores at Keys Gate (PB 161, PG 37) on the west, Towne Centre Boulevard (SE 16 Street) on the south and a line located west of SW 152 Avenue on the east. The development is located within Zip Code 33035. See Exhibit 1 for a graphical representation of the development.

The Keys Cove II Community Development District (CDD) is fully encompassed within the limits of the plat of Keys Garden (the "Plat"). Such plat was recorded on December 6, 2006 in ORB 165, PG 81 of the Public Records of Miami-Dade County, Florida.

1. Infrastructure Ownership

1.1. General

In general, the infrastructure owned by the CDD is located within roadway Tract "B" of the Plat in the Townhomes sector (Miami-Dade County Folio No. 10-7921-026-4040), the roadway portion of the Condominium sector (Folio No. 10-7921-026-4030), the common areas of the Townhomes (tracts "E", "F", "G", "H", "I", "J", "K", "L", "M", "N", "O", and "P", Folio No. 10-7921-026-4060), the common areas of the Condominium sector, and lake Tracts "C" and "D" (Folio No. 10-7921-026-4050).

The Plat and the Declaration of Condominium for Shoma Homes Keys Gate, as recorded at ORB 25212, PG 3147, have provisions for the land where the CDD improvements are located, to be used for means of ingress and egress, traffic, the installation and maintenance of utilities, drainage, stormwater management, lakes, landscaping and other uses.

1.2. Roads

The road elements owned by the CDD include the following:

- a. In the Townhomes Sector: All the roadway improvements from back of sidewalk to back of sidewalk, inclusive of earthwork fill, sidewalks, grassed swales, pavement subgrade, base and asphalt layers, curbs, gutters and medians, roadway signs and pavement markings. The CDD roadway improvements exclude all private parking spaces and include the public spaces such as the handicap parking stalls. The improvements are in Tract “B” of the Plat (Folio No. 10-7921-026-4040).
- b. In the Condominium Sector: All the roadway improvements within a two-lane, 24-ft wide driveway throughout the Condominium Sector and a four-lane, divided road known as SE 24 Road. The improvement includes the earthwork fill, the subgrade, base, asphalt layers, curbs, gutters, medians, guardhouse and ancillary gates, mechanical, and electrical equipment. The improvements are located within the land described in the Quit Claim Deed in favor of the District recorded at OR 31112, PG 2710 (Folio No. 10-7921-026-4030).

1.3. Drainage and Stormwater Management System

The drainage and stormwater management owned by the CDD include the drainage system located within the roadways in the Townhomes sector (Tract “B”) (Folio No. 10-7921-026-4040), as well as the pipe extensions and yard drains located inside the common areas of the Townhomes sector (Tracts “E”, “F”, “G”, “H”, “I”, “J”, “K”, “L”, “M”, “N”, “O”, “P”) (Folio No. 10-7921-026-4060). It also includes the drainage system in the roadways of the Condominium sector (Folio No. 10-7921-026-4030), as well as the pipe extensions and yard drains located inside the common areas of the Condominium sector. The CDD also owns the improvements to the lake side slopes adjacent to the Development.

1.4. Water Distribution System

The CDD constructed the water distribution system described in the Engineer’s Report of November 14, 2005 and in the Assignment and Acquisition Agreement of November 14, 2005. The water distribution improvements were constructed within tracts and easements provided by plat for that purpose. The improvements included pipes, valves, fire hydrants, tees, reducers, crosses, bends, water services, tapping sleeves and system appurtenances. The water distribution system was conveyed to the City of Homestead for ownership and maintenance.

1.5. Sanitary Sewer System

The CDD constructed the sanitary sewer system described in the Engineer’s Report of November 14, 2005 and in the Assignment and Acquisition Agreement of November 14, 2005. The sanitary sewer system improvements were constructed within tracts and easements provided by plat for that purpose. The improvements included sanitary laterals, manholes, pipes, two lift stations and a force main. The sanitary sewer system, including the lift stations and force main, were conveyed to the City of Homestead.

1.6. Street Lighting

In September of 2008 the CDD acquired from the Developer the street lighting system within tracts “A” and “B”. This infrastructure is described in the 1st Supplemental to the Engineer’s Report dated September 2, 2008. The improvements acquired were constructed within the ingress and egress tracts as well as within the common areas of the Development. As of the date of this report, the CDD maintains ownership of the lighting system except for the underground electrical feeding system which belongs to Florida Power and Light Company.

In 2016 the CDD acquired from the Developer the lighting improvements within the right of way of SE 24 Road in Tracts “A” and “B”.

1.7. Landscaping and Irrigation System

In September of 2008 the CDD acquired from the Developer the landscaping and irrigation system. This infrastructure is described in the 1st Supplemental to the Engineer’s Report dated September 2, 2008. The improvements acquired included but were not limited to all trees, shrubs, decorative plants and grass planted within the ingress and egress tract (Tract “B”, Folio No. 10-7921-026-4040) as well as within the common areas of the Townhome sector (Tracts “E”, “F”, “G”, “H”, “I”, “J”, “K”, “L”, “M”, “N”, “O”, “P”) (Folio No. 10-7921-026-4060) and the common areas of the Condominium sector. The CDD also acquired the irrigation system serving the landscaped areas.

In 2016 the CDD acquired from the Developer new landscaping improvements within the right of way of SE 24 Road in Tracts “A” and “B”.

2. State, Working Order and Condition of the Infrastructure Currently Owned by the District

Alvarez Engineers, Inc. conducted a field inspection to determine the current state, working order and condition of the infrastructure owned by the District.

2.1. General

Except for the final lift of asphalt in portions of the Townhomes and Condominium sectors, and the water and sewer services for the buildings that have not yet been constructed in the Condominium sector, as shown in Exhibit 1, the CDD public infrastructure has been completed.

2.2. Roads

The offsite and onsite roads completed in 2007 and in 2012 are in general good condition, except that some pavement markings are fading due to aging.

2.3. Drainage and Stormwater Management System

The lakes tracts are in good working order and condition. The drainage system in the roads and common areas are in good physical condition.

2.4. Water Distribution System

The system is in good working order and condition.

2.5. Sanitary Sewer System

The system, including two lift stations, are in good working order and condition. The City of Homestead identified the south and north lift stations as Numbers 61 and 62 respectively and has given the following telephone number to call in case of emergencies: 305-248-5201.

2.6. Street Lighting

The street lighting system within the ingress and egress tracts and common areas is in good condition.

2.7. Landscaping and Irrigation System

The landscaping in the areas of the Development where buildings have been constructed was found in good condition.

The irrigation systems in areas of the Development, where buildings have been constructed, is in good working order and condition.

3. Estimated Maintenance Costs for District Owned Infrastructure

3.1. General

- a. The proposed CDD 2020-2021 Fiscal Year budget has the following amounts for maintenance expenditures:

2020-2021 Budget for Maintenance	
Engineering/Inspections	\$3,000
Lawn & Landscape Maintenance	\$190,000
Mulch	\$28,200
Tree Shrubbery Maintenance/Replacement	\$15,000
Pest Control/Fertilization	\$12,000
Irrigation Maintenance & Upkeep	\$25,200
Street/Roadway Maintenance & Upkeep	\$18,000
Security Services/Entrance	\$138,000
Guard House Utilities: & Gate Maintenance	\$30,000
FP&L Power Street Lights/Irrigation Pump Stations	\$60,000
Street Light Maintenance	\$35,000
Paver Restoration & Tree Root Removal	\$10,000
Miscellaneous Maintenance	\$18,000
Maintenance Contingency	\$13,900
Total	\$596,300

For more detailed information on the proposed 2020-2021 Fiscal Year Budget please visit the District’s website at the following link:

<https://keyscove2cdd.org/financials/>

Alvarez Engineers finds the District’s proposed maintenance budget for Fiscal Year 2020-2021 adequate, and recommends considering the following suggestions for future budgets:

3.2. District Roads

Funds will be needed to replace the wearing roadway asphalt layer in about 15 years, when the asphalt has reached its estimated 30-year service life. The District Board of Supervisors may decide whether to create a sinking fund to finance the future capital expense over the next 15 years or to pay a lump sum amount at the end of the asphalt service life. The table below provides the estimated future replacement cost and the estimated annual contributions over the remaining service life to fund the expense. The calculations below assume an annual interest rate of 0.25%.

Pavement Service Life (30 Years Estimated)		Present Year	Remaining Service Life (Yrs)	Present Year Cost (PC) of Pavement Replacement (Mill and Resurface 3/4" Thick)			Future Replacement Cost @ End of Service Life*	Annual Interest Rate	Annuity to Finance (FC) in (n) Years given (i)
From	To			Quantity (SY)	Unit Cost (\$/SY)	(PC)			
2005	2035	2020	15	64,110	\$5.75	\$368,633	\$573,224	0.25%	$FCi/((1+i)^n-1)$ \$37,551

* Using Florida Department of Transportation Inflation Factors

3.3. Stormwater Management System

Onsite. The following is a suggested 5-year cyclical program for servicing the inlets, manholes, pipes and French drains of the drainage system for which the CDD is responsible. The program consists of servicing 20% of the system every year so that at the end of the fifth year, 100% of the system will have been serviced. The table below shows the estimated amount that would need to be budgeted yearly to service the 267 drainage structures and 23,409 Linear Feet of pipes in the District. The program may be financed yearly or in one lump sum when needed, at the discretion of the Board of Supervisors.

Total No. Structures in CDD	Total LF Pipes	No. Structures with Pipes Serviced per Year					Cost/EA Structure	Cost/LF Pipe	Total Budget Amount Per Year
		Year 1	Year 2	Year 3	Year 4	Year 5			
297	23409	60					\$150.00	\$5.00	\$32,500
			60				\$150.00	\$5.00	\$32,500
				60			\$150.00	\$5.00	\$32,500
					60		\$150.00	\$5.00	\$32,500
						60	\$150.00	\$5.00	\$32,500

Master Stormwater Management System (Lakes). In accordance with Special Condition 2 of SFWMD Permit No. 13-00044-S-09, Keys Gate Community Association, Inc. will continue the operation and maintenance of the lakes under their annual budget.

3.4. Water and Sanitary Sewer Systems

The water and sewer systems are maintained, operated and funded by the City of Homestead and may be contacted for emergencies at 305-248-5201.

4. Insurance

Alvarez Engineers has reviewed the District's general liability, hired non-owned auto, employment practices and public officials policy provided by Florida Insurance Alliance under Agreement No. 100119044 for the period between October 1, 2019 and October 1, 2020. The District has budgeted enough funds to cover the insurance premium of \$5,513.

This report was prepared to the best of my knowledge and belief and is based on field observations conducted by Alvarez Engineers personnel, the District Engineer's Report, public documents available and communications with the District's field personnel.

If you have any questions, please do not hesitate to contact me at 305-640-1345 or at Juan.Alvarez@Alvarezeng.com.

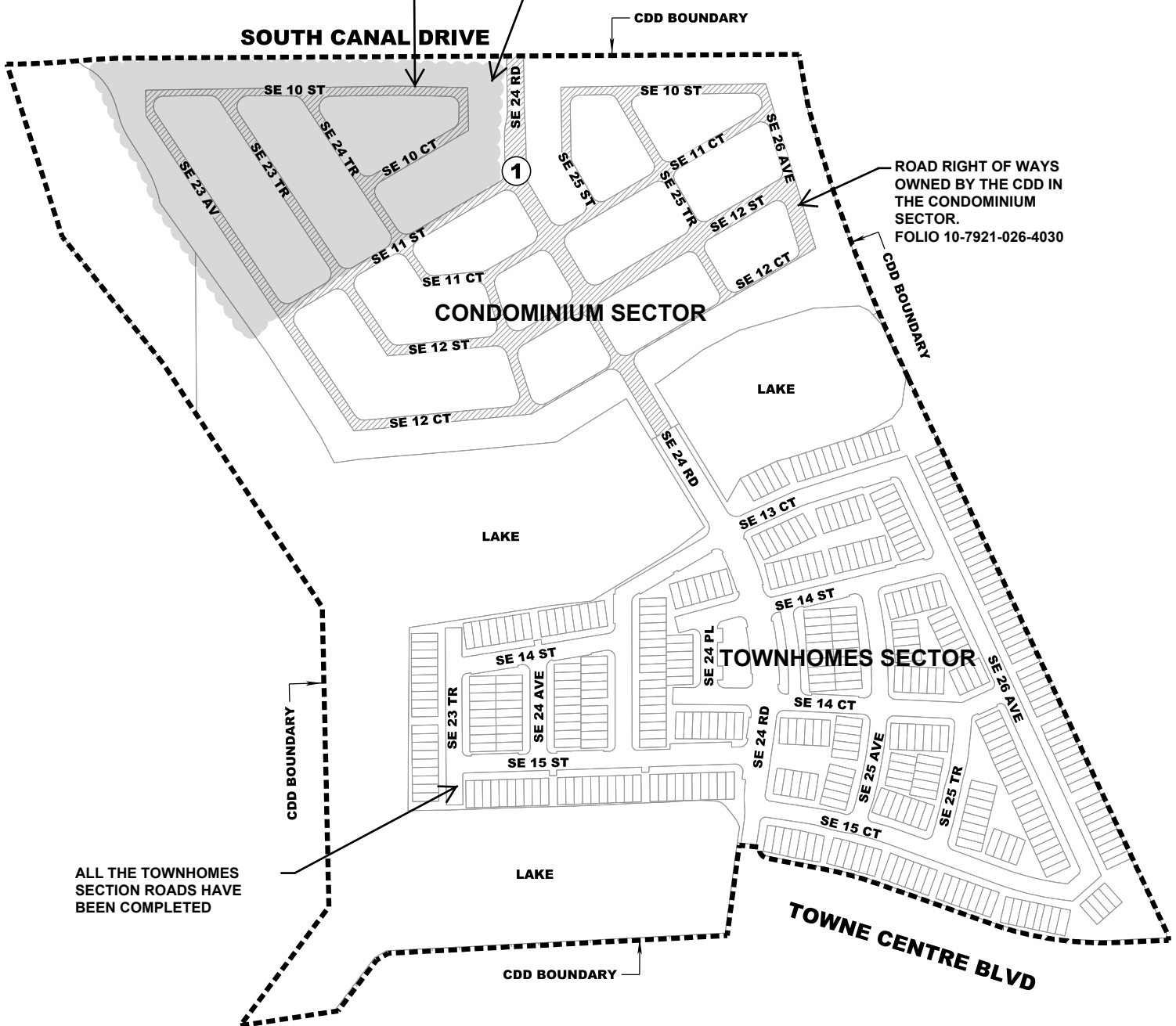
Sincerely,
Alvarez Engineers, Inc.



Juan R. Alvarez, PE
District Engineer
Florida Engineer License No. 38522
Digitally Signed
Date: June 16, 2020

ROADS WITHIN THE CLOUDED AREA ARE BEING RECONSTRUCTED DUE TO VERTICAL CONSTRUCTION

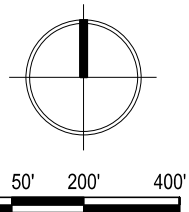
AREA OF THE CONDOMINIUM SECTOR WHERE BUILDINGS ARE BEING BUILT



ROAD RIGHT OF WAYS OWNED BY THE CDD IN THE CONDOMINIUM SECTOR. FOLIO 10-7921-026-4030

ALL THE TOWNHOMES SECTION ROADS HAVE BEEN COMPLETED

1 CDD OWNERSHIP
 PORTION OF TRACT "A" (PB 165, PG 81)
 FOLIO 10-7921-026-4030
 ORB 31112, PG 2710
 CATEGORY: INTERIOR ROADS



ALVAREZ ENGINEERS, INC.
 KEYS COVE II C.D.D.
DISTRICT BOUNDARY

EXHIBIT 1