

*In the opinion of Bond Counsel, assuming compliance by the District with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the 2019 Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of other tax consequences to holders of the 2019 Bonds.*

**\$12,670,000**  
**LAKWOOD RANCH STEWARDSHIP DISTRICT**  
**Special Assessment Revenue Bonds, Series 2019**  
**(Azario Project)**

**Dated: Date of Delivery**

**Due: May 1, as set forth below**

The Lakewood Ranch Stewardship District (the "District") is issuing its Special Assessment Revenue Bonds, Series 2019 (Azario Project) (the "2019 Bonds") in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof; provided that the 2019 Bonds will be deliverable to the initial purchasers in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The 2019 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2019 Bonds will be made in book entry form and purchasers of beneficial interests in the 2019 Bonds will not receive physical 2019 Bond certificates. For so long as the book entry system is maintained, the principal of, premium, if any, and interest on the 2019 Bonds will be paid from the sources described herein by U.S. Bank National Association, as trustee (the "Trustee"), to DTC as the registered owner thereof. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the Direct Participants and Indirect Participants, as more fully described herein. Any purchaser, as a beneficial owner of a 2019 Bond, must maintain an account with a broker or dealer who is, or acts through, a Direct Participant in order to receive payment of the principal of, premium, if any, and interest on such 2019 Bond. Interest on the 2019 Bonds calculated on the basis of a 360 day year comprised of twelve thirty day months is payable on each May 1 and November 1 commencing May 1, 2020. See "DESCRIPTION OF THE 2019 BONDS" herein.

Proceeds of the 2019 Bonds will be used to (i) finance the acquisition, construction, installation and equipping of the 2019 Project (ii) fund the 2019 Reserve Account in an amount equal to the initial 2019 Reserve Account Requirement, (iii) capitalize interest on the 2019 Bonds through November 1, 2020 and (iv) pay costs of issuance of the 2019 Bonds. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The District is a local unit of special purpose government and an independent special district of the State of Florida, created pursuant to Chapter 2005-338, Laws of Florida, as amended (the "Act"). The 2019 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of September 1, 2005 (the "Master Indenture") by and between the District and the Trustee as supplemented by a Twenty-Sixth Supplemental Trust Indenture dated as of December 1, 2019 from the District to the Trustee (the "Supplemental Indenture" together with the Master Indenture, the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture. The principal of and interest on the 2019 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the Series 2019 Assessments (the "2019 Pledged Revenues") and the Funds and Accounts (except for the 2019 Rebate Account and the 2019 Cost of Issuance Account) established by the Supplemental Indenture (the "2019 Pledged Funds"). The 2019 Pledged Revenues and 2019 Pledged Funds collectively comprise the "2019 Trust Estate."

The 2019 Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts, and at the redemption price more fully described herein under the caption "DESCRIPTION OF THE 2019 BONDS – Redemption Provisions."

NEITHER THE 2019 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE OF FLORIDA. THE 2019 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2019 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2019 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2019 PLEDGED REVENUES AND THE 2019 PLEDGED FUNDS PLEDGED TO THE 2019 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

**Investment in the 2019 Bonds poses certain risks and the 2019 Bonds are not a suitable investment for all potential investors. See "INTRODUCTION", "BONDHOLDERS' RISKS" and "Suitability for Investment" herein. The Underwriter is limiting this offering of the 2019 Bonds to accredited investors within the meaning of the rules of the Florida Department of Financial Services; the limitation of the initial offering of 2019 Bonds to Accredited Investors does not denote restrictions on transfer in any secondary market for the 2019 Bonds. The 2019 Bonds are not credit enhanced, are not rated and no application has been made for a rating or credit enhancement with respect to the 2019 Bonds, nor is there any reason to believe that the District would have been successful in obtaining either credit enhancement for the 2019 Bonds or a rating for the 2019 Bonds had application been made. Potential investors are solely responsible for evaluating the merits and risks of an investment in the 2019 Bonds.**

This cover page contains certain information for quick reference only. It is not a summary of the 2019 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE**

**\$1,260,000 – 3.125% Term Bond due May 1, 2025; Price: 100.000, CUSIP 51265KCU0\***  
**\$1,490,000 – 3.400% Term Bond due May 1, 2030; Price: 99.391, CUSIP 51265KCV8\***  
**\$3,980,000 – 4.000% Term Bond due May 1, 2040; Price: 100.504\*\*, CUSIP 51265KCW6\***  
**\$5,940,000 – 4.000% Term Bond due May 1, 2050; Price: 98.438, CUSIP 51265KCX4\***

The 2019 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to the receipt of the opinion of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, as to the validity of the 2019 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by its counsel, Akerman LLP, Orlando, Florida, for the District by its counsel, Hopping Green & Sams, P.A., Tallahassee, Florida, for the Developer (hereinafter defined) by J. Wayne Crosby, P.A., Winter Park, Florida, and for the Trustee by Holland & Knight, LLP, Miami, Florida. PFM Financial Advisors LLC is serving as the District's Independent Registered Municipal Advisor in connection with the issuance of the 2019 Bonds. It is expected that the 2019 Bonds will be delivered in book entry form through the facilities of DTC on or about December 9, 2019.

**MBS Capital Markets, LLC**

Dated: November 22, 2019

\* The District is not responsible for the use of the CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Limited Offering Memorandum

\*\* Priced to first optional redemption date of May 1, 2030.

**LAKWOOD RANCH STEWARDSHIP DISTRICT**

**BOARD OF SUPERVISORS**

Rex Jensen, Chair  
Tony Chiofalo, Vice Chair/Assistant Secretary  
Scott Almand, Treasurer  
Jim Schier, Assistant Secretary  
Ed Hunzeker, Assistant Secretary

**DISTRICT MANAGER**

PFM Group Consulting, LLC  
Orlando, Florida

**COUNSEL TO THE DISTRICT**

Hopping Green & Sams, P.A.  
Tallahassee, Florida

**DISTRICT ENGINEER**

Stantec Consulting Services Inc.  
Sarasota, Florida

**BOND COUNSEL**

Bryant Miller Olive P.A.  
Tampa, Florida

**METHODOLOGY CONSULTANT AND MUNICIPAL ADVISOR**

PFM Financial Advisors LLC  
Orlando, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE 2019 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE 2019 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DEVELOPER AND SMR (AS HEREINAFTER DEFINED), THE DISTRICT, THE DEPOSITORY TRUST COMPANY, PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES, WHICH SOURCES ARE BELIEVED TO BE RELIABLE BUT WHICH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF OR THE DISTRICT WITH RESPECT TO INFORMATION PROVIDED BY OTHERS OR THE UNDERWRITER NAMED ON THE COVER PAGE OF THIS LIMITED OFFERING MEMORANDUM. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN CONTAINED ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER OR SMR OR IN THE STATUS OF LAKEWOOD RANCH, THE DEVELOPMENT OR THE 2019 PROJECT (AS SUCH TERMS ARE HEREINAFTER DEFINED) SINCE THE DATE HEREOF. THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM AND MAKES NO REPRESENTATION WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE MATERIAL CONTAINED IN THIS LIMITED OFFERING MEMORANDUM. THE TRUSTEE HAS NO DUTY OR OBLIGATION TO PAY THE 2019 BONDS FROM ITS OWN FUNDS, ASSETS OR CORPORATE CAPITAL OR TO MAKE INQUIRY REGARDING, OR INVESTIGATE THE USE OF, AMOUNTS DISBURSED FROM THE TRUST.

THE 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE 2019 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE DISTRICT, MANATEE COUNTY, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISIONS THEREOF HAVE GUARANTEED OR PASSED UPON THE MERITS OF THE 2019 BONDS, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

"FORWARD-LOOKING STATEMENTS" ARE USED IN THIS DOCUMENT BY USING FORWARD LOOKING WORDS SUCH AS "MAY," "WILL," "SHOULD," "INTENDS," "EXPECTS," "BELIEVES," "ANTICIPATES," "ESTIMATES," OR OTHERS. THE READER IS CAUTIONED THAT FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A VARIETY OF UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THE PROJECTED RESULTS. THOSE RISKS AND UNCERTAINTIES INCLUDE GENERAL ECONOMIC AND BUSINESS CONDITIONS, CONDITIONS IN THE FINANCIAL MARKETS AND REAL ESTATE MARKET, THE DISTRICT'S COLLECTION OF THE SERIES 2019 ASSESSMENTS, AND VARIOUS OTHER FACTORS WHICH MAY BE BEYOND THE DISTRICT'S, THE DEVELOPER AND SMR'S CONTROL. BECAUSE THE DISTRICT, THE DEVELOPER AND SMR CANNOT PREDICT ALL FACTORS THAT MAY AFFECT FUTURE DECISIONS, ACTIONS, EVENTS, OR FINANCIAL CIRCUMSTANCES, WHAT ACTUALLY HAPPENS MAY BE DIFFERENT FROM WHAT IS INCLUDED IN FORWARD-LOOKING STATEMENTS.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT, THE DEVELOPER AND SMR DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

THIS LIMITED OFFERING MEMORANDUM IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: [WWW.MUNIOS.COM](http://WWW.MUNIOS.COM) AND [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG). THIS LIMITED OFFERING MEMORANDUM MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRELY DIRECTLY FROM SUCH WEBSITE.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN, INCLUDING THE DISTRICT'S WEBSITE, ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS LIMITED OFFERING MEMORANDUM FOR ANY PURPOSE INCLUDING FOR PURPOSES OF RULE 15C2-12 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION.

THE LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT OR MBS CAPITAL MARKETS, LLC AND ANY ONE OR MORE OF THE OWNERS OF THE 2019 BONDS.

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## SUMMARY STATEMENT

This Summary Statement is part of this Limited Offering Memorandum and is subject in all respects to the more complete information and definitions contained in or incorporated in this Limited Offering Memorandum. This Summary Statement should not be considered to be a complete statement of the facts material to making an investment decision. The offer by the Lakewood Ranch Stewardship District (the "District") of its Special Assessment Revenue Bonds, Series 2019 (Azario Project) (the "2019 Bonds") is made only by means of this entire Limited Offering Memorandum. No person is authorized to detach this Summary Statement from this Limited Offering Memorandum or to otherwise use it without the entire Limited Offering Memorandum. Unless otherwise defined, all capitalized terms in this Summary Statement shall be as defined herein, in the Indenture (herein defined) or in the text of this Limited Offering Memorandum.

### **Bond Owners' Risks; Limited Offering**

NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2019 BONDS. INVESTMENT IN THE 2019 BONDS POSES CERTAIN RISKS AND THE 2019 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "INTRODUCTION", "BONDHOLDERS' RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE 2019 BONDS.

### **The District**

The District is a local unit of special-purpose government of the State of Florida (the "State") created pursuant to the Lakewood Ranch Stewardship District Act, Chapter 2005-338, Laws of Florida as amended (the "Act"). The District consists of approximately 25,605 acres located within both Manatee and Sarasota Counties. For more complete information about the District, see "THE DISTRICT" herein.

### **The 2019 Bonds**

The 2019 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of September 1, 2005 by and between the District and U.S. Bank National Association as successor to Wachovia Bank, National Association (the "Master Indenture") as trustee (the "Trustee") as supplemented by a Twenty-Sixth Supplemental Trust Indenture dated as of December 1, 2019 from the District to the Trustee (the "Supplemental Indenture" together with the Master Indenture, the "Indenture"). The Master Indenture and form of Supplemental Indenture is reproduced hereto as APPENDIX B. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Indenture. The 2019 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof; provided that the 2019 Bonds will be deliverable to the initial purchasers in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The 2019 Bonds will bear interest at the fixed rates set forth on the cover page, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable on each May 1 and November 1 commencing on May 1, 2020. The 2019 Bonds are subject to extraordinary mandatory, optional and mandatory redemption prior to the stated date of maturity, as provided herein. See "DESCRIPTION OF THE 2019 BONDS" herein.

### **Purpose of the 2019 Bonds**

The 2019 Bonds are being issued in order to provide funds to (i) construct, acquire, equip and install the 2019 Project, (ii) fund the 2019 Reserve Account in an amount equal to the initial 2019 Reserve Account Requirement, (iii) pay costs of issuance of the 2019 Bonds, and (iv) to capitalize the interest on the 2019 Bonds through November 1, 2020. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

### **Azario Lakewood Ranch**

Azario Lakewood Ranch (the "Development") is located in an area of the District known as the Northeast Sector which encompasses approximately 3,853 gross acres. The Development which will ultimately encompass approximately 1,011 acres and is planned as a residential community consisting of 1,821 single family detached and

semi-detached units with four (4) amenity campuses, a golf course, and golf course maintenance facility. The Series 2019 Assessments will be initially be allocated on an equal gross acre basis to all acres in the Development. As parcels of land are (i) sold by the Developer with specific entitlements assigned thereto or (ii) platted, the Series 2019 Assessments are then allocated to such parcel or parcels based upon the amount of transferred entitlements or units platted. See "THE DEVELOPMENT" and "ASSESSMENT METHODOLOGY herein and Appendix E hereto.

**Security for the 2019 Bonds**

The principal of and interest on the 2019 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the Series 2019 Assessments (the "2019 Pledged Revenues") and the Funds and Accounts (except for the 2019 Rebate Account and 2019 Cost of Issuance Account) established by the Supplemental Indenture (the "2019 Pledged Funds"). The 2019 Pledged Revenues and the 2019 Pledged Funds collectively comprise the "2019 Trust Estate".

[END OF SUMMARY STATEMENT]

**\$12,670,000**  
**LAKWOOD RANCH STEWARDSHIP DISTRICT**  
**Special Assessment Revenue Bonds, Series 2019**  
**(Azario Project)**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, summary statement and appendices hereto, is to provide certain information in connection with the issuance and sale by Lakewood Ranch Stewardship District (the "District") of its \$12,670,000 Special Assessment Revenue Bonds, Series 2019 (Azario Project) (the "2019 Bonds").

No person has been authorized by the District or the Underwriter (as defined herein) to give any information or to make any representations, other than those contained in this Limited Offering Memorandum and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The District is a local unit of special purpose government of the State of Florida, created pursuant to Chapter 2005-338, Laws of Florida as amended (the "Act"). Among the purposes for which the District was established are financing the acquisition and construction of and the maintenance and operation of the infrastructure and other public facilities necessary for development of the lands within the District. The Act authorizes the District to issue bonds for purposes, among others, of financing the cost of acquisition and construction of assessable improvements including water management and control, water supply, wastewater management, reclamation and reuse, roadway improvements, landscaping, street lights, parks and other basic infrastructure projects within and, in accordance with the provisions of the Act, without the boundaries of the District. For more complete information about the District, its Board of Supervisors and the District Manager, see "THE DISTRICT" herein.

The boundaries of the District encompass approximately 25,605 acres of land located in Manatee and Sarasota Counties. The portion of the District being developed with certain proceeds of the 2019 Bonds is a portion of the area known as the Northeast Sector, an area of approximately 3,853 gross acres located in Manatee County, (the "County") in the northeastern portion of the District. Azario Lakewood Ranch (the "Development") currently encompasses approximately 992 acres within the Northeast Sector but will ultimately include 1,011 acres upon completion of the contemplated purchase of an additional 19.1 acres, as discussed further herein. See "THE DEVELOPMENT" herein

The current sole landowner and the developer of the lands within the Development is Taylor Morrison of Florida, Inc. (the "Developer"), a Florida corporation. See "THE DEVELOPER" herein.

The 2019 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of September 1, 2005 by and between the District and U.S. Bank National Association as successor to Wachovia Bank, National Association (the "Master Indenture") as trustee (the "Trustee") as supplemented by an Twenty-Sixth Supplemental Trust Indenture dated as of December 1, 2019 from the District to the Trustee (the "Supplemental Indenture" together with the Master Indenture, the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture. The principal of and interest on the 2019 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the Series 2019 Assessments (the "2019 Pledged Revenues") and the Funds and Accounts (except for the 2019 Rebate Account and 2019 Cost of Issuance Account) established by the Supplemental Indenture (the "2019 Pledged Funds"). The 2019 Pledged Revenues and the 2019 Pledged Funds collectively comprise the "2019 Trust Estate".

NEITHER THE 2019 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE OF FLORIDA. THE 2019 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2019 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2019 BONDS SHALL BE PAYABLE SOLELY FROM, AND

SHALL BE SECURED SOLELY BY, THE 2019 PLEDGED REVENUES AND THE 2019 PLEDGED FUNDS PLEDGED TO THE 2019 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

Proceeds of the 2019 Bonds will be used to (i) acquire, construct, install and equip the 2019 Project, (ii) fund the 2019 Reserve Account in an amount equal to the initial 2019 Reserve Account Requirement, (iii) pay costs of issuance of the 2019 Bonds, and (iv) capitalize interest on the 2019 Bonds through November 1, 2020. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

INVESTMENT IN THE 2019 BONDS POSES CERTAIN RISKS AND THE 2019 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "BONDHOLDERS' RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN.

THE 2019 BONDS ARE NOT CREDIT ENHANCED AND ARE NOT RATED. PROSPECTIVE INVESTORS IN THE 2019 BONDS ARE INVITED TO VISIT THE DISTRICT AND TO REQUEST FROM THE DISTRICT DOCUMENTS, INSTRUMENTS AND INFORMATION WHICH MAY NOT NECESSARILY BE REFERRED TO, SUMMARIZED OR DESCRIBED HEREIN. THEREFORE, PROSPECTIVE INVESTORS SHOULD RELY UPON THE INFORMATION APPEARING IN THIS LIMITED OFFERING MEMORANDUM WITHIN THE CONTEXT OF THE AVAILABILITY OF SUCH ADDITIONAL INFORMATION AND THE SOURCES THEREOF. PROSPECTIVE INVESTORS MAY REQUEST SUCH ADDITIONAL INFORMATION AND ARRANGE TO VISIT THE DISTRICT AS DESCRIBED HEREIN UNDER THE CAPTION "SUITABILITY FOR INVESTMENT."

There follows in this Limited Offering Memorandum a brief description of the District, the 2019 Project, Lakewood Ranch, the Development, the Developer, a description of the terms of the 2019 Bonds and summaries of certain terms of the Indenture and certain provisions of the Act and other sections of Florida Statutes. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and statute, and all references to the 2019 Bonds are qualified by reference to the form thereof and the information with respect thereto contained in the Indenture. A copy of the Master Indenture and the proposed form of the Supplemental Indenture appear in APPENDIX B hereto.

This Limited Offering Memorandum speaks only as of its date and the information contained herein is subject to change.

### **SUITABILITY FOR INVESTMENT**

While the 2019 Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), MBS Capital Markets, LLC (the "Underwriter") will, as required by Chapter 189, Florida Statutes, offer the 2019 Bonds only to "accredited investors," within the meaning of Chapter 517, Florida Statutes, and the rules promulgated thereunder. However, the limitation of the initial offering to Accredited Investors does not denote restrictions on transfers in any secondary market for the 2019 Bonds. Prospective investors in the 2019 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the 2019 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Investment in the 2019 Bonds poses certain economic risks. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, and the opportunity to ask questions of the District, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the 2019 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to:

Brett Sealy  
MBS Capital Markets, LLC  
152 Lincoln Avenue  
Winter Park, Florida 32789  
Ph: (407) 622-0130 ext. 303 (office)

## DESCRIPTION OF THE 2019 BONDS

### General

The 2019 Bonds are issuable only in fully-registered form, in denominations of \$5,000 or any integral multiple thereof; provided that the 2019 Bonds will be deliverable to the initial purchasers in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof. The 2019 Bonds will be dated as of the date of delivery thereof, will bear interest from that date at the rates per annum and, subject to the redemption provisions set forth below, will mature on the dates set forth on the cover page of this Limited Offering Memorandum. Each 2019 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such 2019 Bond has been paid, in which event such 2019 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2019 Bonds, in which event such 2019 Bond shall bear interest from its date. Interest on the 2019 Bonds will be computed on the basis of a 360-day year based on twelve 30-day months and will be payable on each May 1 and November 1, commencing May 1, 2020.

The 2019 Bonds shall be initially issued in the form of a separate single certificated fully registered 2019 Bond for each maturity thereof. Upon initial issuance, the ownership of each such 2019 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Bond Depository. Except as provided in the Indenture, all of the Outstanding 2019 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC. See "DESCRIPTION OF THE 2019 BONDS - Book-Entry Only System" herein.

### Redemption Provisions

*Optional Redemption.* The 2019 Bonds are subject to redemption at the option of the District prior to maturity in whole or in part at any time on or after May 1, 2030 (less than all 2019 Bonds to be selected by lot), at the Redemption Price of the principal amount of the 2019 Bonds or portions thereof to be redeemed together with accrued interest to the redemption date.

*Mandatory Sinking Fund Redemption.* The 2019 Bond maturing on May 1, 2025 is subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2019 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>
2021	\$235,000
2022	245,000
2023	250,000
2024	260,000
2025*	270,000

\* Maturity

The 2019 Bond maturing on May 1, 2030 is subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2019 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>
2026	\$280,000
2027	285,000
2028	295,000
2029	310,000
2030*	320,000

\* Maturity

The 2019 Bond maturing on May 1,2040 is subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2019 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>
2031	\$330,000
2032	345,000
2033	360,000
2034	370,000
2035	385,000
2036	405,000
2037	420,000
2038	435,000
2039	455,000
2040*	475,000

\* Maturity

The 2019 Bond maturing on May 1, 2050 is subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2019 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>
2041	\$495,000
2042	515,000
2043	535,000
2044	555,000
2045	580,000
2046	600,000
2047	625,000
2048	650,000
2049	680,000
2050*	705,000

\* Maturity

Upon redemption or purchase of the 2019 Bonds (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so that Debt Service on such 2019 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of such 2019 Bonds (the annual principal amounts so determined referred to as the "Aggregate Amortization Installments"). The Amortization Installments as so recalculated shall not result in an increase in Aggregate Amortization Installments in any year.

*Extraordinary Mandatory Redemption.* The 2019 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Quarterly Redemption Date, and if in part on a pro rata basis as calculated by the District determined by the ratio of the Outstanding principal amount of each maturity of the 2019 Bonds treating for such purposes each Amortization Installment as a maturity divided by the aggregate principal amount of Outstanding 2019 Bonds and as otherwise provided in the Indenture, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(i) On May 1, 2021, from amounts transferred to the 2019 Prepayment Subaccount of the 2019 Redemption Account from the Retainage Subaccount in the 2019 Acquisition and Construction Account as provided in 403(b) of the Supplemental Indenture;

(ii) On or after the Date of Completion of the 2019 Project, by application of moneys transferred from either subaccount of the 2019 Acquisition and Construction Account to the 2019 Prepayment Subaccount of the 2019 Redemption Account in accordance with the terms of the Indenture; or

(iii) Amounts are deposited into the 2019 Prepayment Subaccount of the 2019 Redemption Account from the prepayment of Series 2019 Assessments and from amounts deposited into the 2019 Prepayment Subaccount from the 2019 Reserve Account; or

(iv) When the amount on deposit in the 2019 Reserve Account, together with other moneys available therefor are sufficient to pay and redeem all 2019 Bonds then Outstanding as provided in the Supplemental Indenture.

Except as otherwise provided in the Indenture, if less than all of the 2019 Bonds subject to redemption shall be called for redemption, the particular maturities of such 2019 Bonds or portions of particular maturities of such 2019 Bonds to be redeemed shall be selected by the Bond Registrar on a pro rata basis as determined by the ratio of the Outstanding principal amount of each maturity of the 2019 Bonds divided by the aggregate principal amount of Outstanding 2019 Bonds and as otherwise provided in the Indenture and then by lot within each maturity, as determined by Cede & Co.

“Quarterly Redemption Date” means each February 1, May 1, August 1 and November 1.

#### **Notice and Effect of Redemption**

Notice of each redemption of 2019 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each Registered Owner of 2019 Bonds to be redeemed at the address of such Registered Owner recorded on the bond register maintained by the Bond Registrar. Notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the 2019 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such 2019 Bonds or such portions thereof on such date, interest on such 2019 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2019 Bonds or portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such 2019 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice or any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

#### **Book-Entry Only System**

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and neither the District nor the Underwriter make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

The Depository Trust Company ("DTC") will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2019 Bond certificate will be issued for each maturity of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt

issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants". DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019 Bond (each a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019 Bond documents. For example, Beneficial Owners of 2019 Bonds may wish to ascertain that the nominee holding the 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such



DTC Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the 2019 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC upon compliance with any applicable DTC rules and procedures. In that event, 2019 Bond certificates will be printed and delivered at the expense of the District.

So long as Cede & Co. is the registered owner of the 2019 Bonds, as nominee of DTC, reference herein to the Bondholders or Registered Owners of the 2019 Bonds will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the 2019 Bonds.

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE 2019 BONDS. THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE 2019 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM.

#### **ESTIMATED SOURCES AND USES OF PROCEEDS**

Proceeds from the issuance and delivery of the 2019 Bonds are expected to be applied as follows:

##### **SOURCES**

Par Amount of 2019 Bonds	\$ 12,670,000.00
Less Net Original Issue Discount	(81,797.70)
<b>TOTAL SOURCES:</b>	<b>\$ 12,588,202.30</b>

##### **USES**

Deposit to General Subaccount of 2019 Acquisition and Construction Account	\$ 10,934,170.80
Deposit to Retainage Subaccount of 2019 Acquisition and Construction Account	\$ 439,559.64
Deposit to 2019 Reserve Account	361,475.00
2019 Costs of Issuance Account (including Underwriter's Discount)	417,550.00
Deposit to 2019 Capitalized Interest Account*	\$ 435,446.86
<b>TOTAL USES:</b>	<b>12,588,202.30</b>

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\*Interest is being capitalized on the 2019 Bonds through November 1, 2020

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**DEBT SERVICE REQUIREMENTS FOR 2019 BONDS**

<b>Year Ending November 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$0	\$435,446.86	\$435,446.86
2021	\$235,000	483,163.13	718,163.13
2022	245,000	475,663.13	720,663.13
2023	250,000	467,928.75	717,928.75
2024	260,000	459,960.00	719,960.00
2025	270,000	451,678.75	721,678.75
2026	280,000	442,700.00	722,700.00
2027	285,000	443,095.00	718,095.00
2028	295,000	423,235.00	718,235.00
2029	310,000	412,950.00	722,950.00
2030	320,000	402,240.00	722,240.00
2031	330,000	390,200.00	720,200.00
2032	345,000	376,700.00	721,700.00
2033	360,000	362,600.00	722,600.00
2034	370,000	348,000.00	718,000.00
2035	385,000	332,900.00	717,900.00
2036	405,000	317,100.00	722,100.00
2037	420,000	300,600.00	720,600.00
2038	435,000	283,500.00	718,500.00
2039	455,000	265,700.00	720,700.00
2040	475,000	247,100.00	722,100.00
2041	495,000	227,700.00	722,700.00
2042	515,000	207,500.00	722,500.00
2043	535,000	186,500.00	721,500.00
2044	555,000	164,700.00	719,700.00
2045	580,000	142,000.00	722,000.00
2046	600,000	118,400.00	718,400.00
2047	625,000	93,900.00	718,900.00
2048	650,000	68,400.00	718,400.00
2049	680,000	41,800.00	721,800.00
2050*	<u>705,000</u>	<u>14,100.00</u>	<u>719,100.00</u>
<b>TOTALS</b>	<b><u>\$12,670,000</u></b>	<b><u>\$9,377,460.62</u></b>	<b><u>\$22,047,460.62</u></b>

\*Final Maturity May 1, 2050.

**SECURITY FOR AND SOURCE OF PAYMENT OF THE 2019 BONDS**

**General**

The primary source of payment for the 2019 Bonds are the revenues derived by the District from the Series 2019 Assessments imposed, pursuant to the Assessment Proceedings, as provided in the Assessment Reports (as defined herein) attached hereto as APPENDIX E. The principal of, premium, if any, and interest on the 2019 Bonds are equally and ratably secured under the Indenture by a first lien upon and pledge of revenues derived by the District from the Series 2019 Assessments collected by or on behalf of the District (the "Series 2019 Assessments" or the "2019 Pledged Revenues"). Please refer to "ASSESSMENT METHODOLOGY" herein.

The Indenture provides that the pledge of the revenues derived by the District from the Series 2019 Assessments shall be valid and binding from and after the date of delivery of the 2019 Bonds, and the proceeds of the 2019 Bonds and Series 2019 Assessments, respectively, shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien against the 2019 Trust Estate (as defined in the Indenture) shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District irrespective of whether such parties have notice thereof.

Delinquent Series 2019 Assessments consist of any installment of any Series 2019 Assessment which is deposited with the Trustee after the date on which such installment is due and payable. The Series 2019 Assessments will be levied upon land within the District specially benefited by the 2019 Project. See "ASSESSMENT METHODOLOGY", and "THE CAPITAL IMPROVEMENT PROGRAM" herein, "APPENDIX A – ENGINEER'S REPORT" and "APPENDIX E – ASSESSMENT METHODOLOGY REPORTS" attached hereto for a brief summary of such improvements.

Non-ad valorem assessments are not based on millage and can become a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. Series 2019 Assessments also consist of amounts received from any foreclosure or other court proceeding for the enforcement of collection of the Series 2019 Assessments or from the issuance and sale of tax certificates with respect to such Series 2019 Assessments, less the fees and costs of collection thereof payable to the Tax Collector or other collection agent and less certain administrative costs payable to the Property Appraiser. The Indenture provides that the District shall not be required to collect Series 2019 Assessments using the Uniform Collection Method provided for in Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, as amended (the "Uniform Method") until such time as the property subject to such Series 2019 Assessments has been platted and assigned a distinct ad valorem property tax identification number by the Property Appraiser. In addition, the District is not required to use the Uniform Collection Method when the property is owned by a government or includes structures owned by a government. Pursuant to the Indenture, all Series 2019 Assessments that are collected directly by the District and not via the Uniform Method shall be due and payable by a landowner no later than thirty (30) days prior to each Interest Payment Date. Pursuant to the Indenture, upon the occurrence of an Event of Default, the collection of Series 2019 Assessments shall be in the manner directed by the Majority Owners. See also "COLLECTION OF SERIES 2019 ASSESSMENTS" herein.

The District has covenanted in the Indenture that if the owner of any lot or parcel of land shall be delinquent in the payment of any Series 2019 Assessment, then such Series 2019 Assessment shall be enforced in accordance with Section 6 of the Act or collected pursuant to the provisions of Chapters 170 and 197, Florida Statutes including but not limited to the sale of tax certificates and tax deeds as regards such Delinquent Assessment. If the provisions of Chapter 197, Florida Statutes, are inapplicable, then upon the delinquency of any Series 2019 Assessment, the District either on its own behalf, or through the actions of the Trustee, may, but is not obligated to, declare the entire unpaid balance of such Assessment to be in default, at its own expense and cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, Florida Statutes, Section 6 of the Act and Chapter 170, Florida Statutes, or otherwise as provided by law.

The District has additionally covenanted that, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, and the provision for the foreclosure of liens of Delinquent Assessments and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of and on behalf of, the Majority Owners. However, the 2019 Bonds may not be accelerated except to the extent the Series 2019 Assessments have been accelerated.

In the Supplemental Indenture, the District has covenanted that if any property shall be offered for sale for the nonpayment of any Series 2019 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2019 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount greater than or equal to the balance due on the Series 2019 Assessments for such property (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special-purpose entity title to the property for the benefit of the Owners of the 2019 Bonds; provided that the Trustee shall have the right, acting at the direction of the Majority Holders, but shall not be obligated, to direct the District with respect to any action to be so taken. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the 2019 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property

acquired by it as trustee for the Owners of the 2019 Bonds within sixty (60) days after the receipt of the request therefor signed by the Trustee or the Majority Owners. The Trustee may, upon direction from the Majority Owners, pay costs associated with any such actions taken by the District from any moneys legally available for such purpose held under the Indenture.

If any Series 2019 Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the District shall be satisfied that any such Series 2019 Assessment is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Series 2019 Assessment when it might have done so, the District has covenanted to either: (i) take all necessary steps to cause a new Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment from legally available moneys, which moneys shall be deposited into the 2019 Revenue Account. In case any such subsequent Assessment shall also be annulled, the District shall obtain and make other Assessments until a valid Assessment shall be made.

The 2019 Bonds are limited obligations of the District issued under the provisions of the Act and the Indenture and do not constitute an indebtedness of the State, or any political subdivision thereof and are payable solely from proceeds of the 2019 Pledged Revenues and the 2019 Pledged Funds, and the District is not obligated to pay the 2019 Bonds except from such funds. The issuance of the 2019 Bonds shall not directly, indirectly or contingently obligate the District to levy or pledge any other funds whatsoever therefor or to make any appropriation for its payment except from such funds. The 2019 Bonds are not obligations or indebtedness of the State or any agency, authority, district or political subdivision of the State, other than the District.

### **Developer Prepayment Waiver**

Pursuant to the terms of the Act and the Assessment Proceedings, the owner of property subject to Series 2019 Assessments may pay the entire balance of the Series 2019 Assessments used to finance capital improvements remaining due within thirty (30) days after such improvements have been completed and the Board has adopted a resolution accepting the improvements, without interest. The Developer will waive this right in writing prior to closing which waiver will run with the land.

### **Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner**

The Supplemental Indenture contains the following provisions which, pursuant to the terms of the Supplemental Indenture, shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the then Outstanding Series 2019 Assessments (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding"). For as long as any 2019 Bonds remain Outstanding, in any Proceeding involving the District, any Insolvent Taxpayer, the Trustee, the 2019 Bonds or the Series 2019 Assessments, the District shall be obligated to act in accordance with direction from the Trustee with regard to all matters directly or indirectly affecting the 2019 Bonds or for as long as any of the 2019 Bonds remain Outstanding, in any proceeding involving the District, any Insolvent Taxpayer, the 2019 Bonds or the Series 2019 Assessments or the Trustee. The District agrees that it shall not be a defense to a breach of the foregoing covenant that it has acted upon advice of counsel in not complying with this covenant.

The District acknowledges and agrees that, although the 2019 Bonds were issued by the District, the Owners of the 2019 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving any Insolvent Taxpayer: (a) the District agrees that it shall follow the direction of the Trustee in making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2019 Assessments, the 2019 Bonds or any rights of the Trustee under the Indenture; (b) the District agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2019 Assessments, the 2019 Bonds or any rights of the Trustee under the Indenture that are inconsistent with any direction from the Trustee; (c) the Trustee shall have the right, but is not obligated to, (i) file and vote in any such Proceeding any and all claims of the District, and seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2019 Assessments, would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy,

for the purpose of exercising any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the Series 2019 Assessments, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code and (d) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Series 2019 Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the Series 2019 Assessments, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

Notwithstanding the provisions of the immediately preceding paragraphs, the Supplemental Indenture does not preclude the District from becoming a party to a Proceeding in order to enforce a claim for operation and maintenance assessments, and the District shall be free to pursue such a claim in such manner as it shall deem appropriate in its sole and absolute discretion. Any actions taken by the District in pursuance of its claim for operation and maintenance assessments in any Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or directions with respect to the Series 2019 Assessments whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (c) of the paragraph above.

**No Parity Bonds; Limitation on Additional Bonds**

Pursuant to the Supplemental Indenture, other than Refunding Bonds issued to refund the Outstanding 2019 Bonds, the District shall not, while any 2019 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the 2019 Trust Estate. The District further covenants and agrees that so long as the 2019 Bonds are Outstanding, it will not impose debt service Assessments for capital projects on any lands then subject to the Series 2019 Assessments without the written consent of the Majority Owners; provided, however, that such consent shall not be required if (i) such Assessments do not exceed the Maximum Assessment Levels, or (ii) the Series 2019 Assessments have been Substantially Absorbed. Notwithstanding the above limitations, the District may impose capital Assessments (or the issuance of Bonds secured by such Assessments) on property then subject to the Series 2019 Assessments which are necessary for health, safety or welfare reasons, or to remediate a natural disaster or to effect repairs to or replacement of property, facilities or equipment of the District.

“Maximum Assessment Levels” shall mean the following per unit annual gross debt service assessment levels as shall be evidenced by a Maximum Assessment Level Certification:

<b><u>Product</u></b>	<b><u>Maximum Annual Assessment Levels <sup>(1)</sup></u></b>
Townhomes	\$1,480
Villas	\$1,830
40' - 49'	\$1,830
50' - 59'	\$2,080
60' - 69'	\$2,330
70' - 79'	\$2,680
80' - 89'	\$2,930
90' - 99'	\$2,930

<sup>(1)</sup> Inclusive of the Series 2019 Assessments and Assessments levied in connection with the District’s Special Assessment Revenue Bonds, Series 2018 (Northeast Sector Project – Phase 1B).

Substantially Absorbed means the date on which the principal amount of the Series 2019 Assessments equaling at least ninety percent (90%) of the then Outstanding principal amount of the 2019 Bonds are levied on tax parcels within the District with respect to which a certificate of occupancy has been issued for a structure thereon.

### **Events of Default and Remedies**

Events of Default. Each of the following events is an Event of Default with respect to the 2019 Bonds:

- (a) Any payment of Debt Service on the 2019 Bonds is not made when due;
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations under the Master Indenture or under the Supplemental Indenture relating to the 2019 Bonds;
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of the 2019 Project;
- (d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;
- (e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;
- (f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control;
- (g) The District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the 2019 Bonds or in the Master Indenture or in the Supplemental Indenture on the part of the District to be performed (other than a default in the payment of Debt Service on the 2019 Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten per centum (10%) in aggregate principal amount of the 2019 Bonds then Outstanding;
- (h) More than twenty percent (20%) of the operation and maintenance assessments levied by the District are not paid by the date such are due and payable.
- (i) The Trustee is authorized to withdraw funds from the 2019 Reserve Account in an amount greater than twenty-five percent (25%) of the 2019 Reserve Account Requirement to pay debt service on the 2019 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the 2019 Reserve Account to pay debt service on the 2019 Bonds) and any such amount withdrawn is not replenished within ninety (90) days of the date of such withdrawal.
- (j) Material breach by the District of any material covenant made by it in the Indenture, whether or not notice of such breach has been given.

Remedies. Pursuant to the Supplemental Indenture, the District covenants and agrees that it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, and the provisions for the foreclosure of liens of Delinquent Assessments. The District acknowledges and agrees that (i) upon failure of any property owner to pay Series 2019 Assessments collected directly by the District when due, that the entire Series 2019 Assessments on the delinquent property, with interest and penalties thereon, shall immediately become due and payable and the District shall promptly cause to be commenced the necessary legal proceedings for the foreclosure of liens of delinquent Series 2019 Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings.

## **Agreement for Assignment of Development Rights**

Contemporaneously with the issuance of the 2019 Bonds, the Developer and the District will enter into a Collateral Assignment and Assumption of Development and Contract Rights (the "Assignment Agreement"). The Assignment Agreement provides, among other things, that in the event the Developer defaults in the payment of Series 2019 Assessments levied on lands owned by the Developer, the District may exercise its remedial rights to secure control and/or title to the lands owned by the Developer. Such exercise of remedial rights by the District may include foreclosure proceedings, acceptance of a deed in lieu of foreclosure and the establishment of a special-purpose entity to hold title to such lands, as designee of the District. Pursuant to the Assignment Agreement, the Developer agrees subject to the provisions of the Assignment Agreement, to collaterally assign to the District all of its development rights and contract rights relating to lands benefited by the Azario CIP (the "Development and Contract Rights") as security for the Developer's payment and performance and discharge of its obligation to pay the Series 2019 Assessments levied against the lands within the Development. Such Development and Contract Rights specifically exclude any such portion of the Development and Contract Rights which relate solely to any property which has been conveyed resulting from the sale of land in the ordinary course of business, or to the County, the District, any applicable homeowner's association or other governing entity or association as may be required by applicable permits, approvals, plats, entitlements or regulations, if any. As discussed under the subcaption "THE DEVELOPMENT – Land Acquisition/Development Financing", a portion of the lands in the Development are subject to an existing mortgage in favor of SMR Northeast, LLC. Pursuant to a Tri-Party Agreement between the District, the Developer and SMR Northeast, LLC, SMR Northeast, LLC grants the District a license to use the Development and Contract Rights under the Assignment Agreement to complete the Development upon failure by the Developer to pay the Series 2019 Assessments, provided such use of such license is not in a manner inconsistent with the continued rights of SMR Northeast, LLC.

## **Completion Agreement**

The District and the Developer in connection with the issuance of the 2019 Bonds into an agreement (the "Completion Agreement") pursuant to which the Developer agreed to provide funds to complete the Azario CIP to the extent that proceeds of the 2019 Bonds and any other debt of the District are insufficient therefor. Remedies for a default under the Completion Agreement include damages and/or specific performance. Such obligation of the Developer is unsecured.

## **True Up Agreement**

In connection with the issuance of the 2019 Bonds, the District and Developer will enter into an agreement pursuant to which the Developer agrees to timely pay all Series 2019 Assessments on lands owned by the Developer within the Development and to pay when requested by the District any amount of Series 2019 Assessments allocated to unplatted acres in excess of the allocation in place at the time of issuance of the 2019 Bonds.

## **COLLECTION OF SERIES 2019 ASSESSMENTS**

As stated above, the Indenture provides that the District shall not be required to collect Series 2019 Assessments using the Uniform Method until such time as the property subject to such Assessments has been platted and assigned a distinct ad valorem property tax identification number by the Property Appraiser. The Indenture provides that in the case of an event of default, the Series 2019 Assessments shall be collected as directed by the Majority Owners.

The Indenture further provides that in addition, and not in limitation of, the covenants contained elsewhere in the Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2019 Assessments, as described in "APPENDIX E – ASSESSMENT METHODOLOGY REPORTS", and to levy the Series 2019 Assessments and any required true-up payments set forth in such assessment reports, in such manner as will generate funds sufficient to pay the principal of and interest on the 2019 Bonds, when due.

## **ENFORCEMENT OF ASSESSMENT COLLECTIONS**

As stated herein, the primary prospective source of payment for the 2019 Bonds are the revenues derived by the District from the Series 2019 Assessments imposed on each parcel of benefited land within the District pursuant to the Assessment Proceedings. To the extent that Developer or other landowners in the Development fail to pay such Series 2019 Assessments, delay payments, or are unable to pay the same, the successful pursuit of collection procedures available to the District is essential to continued payment of principal of and interest on the 2019 Bonds. The Act provides for various methods of collection of delinquent special assessments by reference to other provisions

of the Florida Statutes. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes.

### **Judicial Proceedings**

In addition to the sale of tax certificates as a method of enforcing the payment of Series 2019 Assessments, Section 170.10, Florida Statutes, provides that upon the failure of any property owner to pay the principal of the Series 2019 Assessments or the interest thereon, when due, the governing body of the District is authorized to commence legal proceedings for the enforcement of the payment thereof, including commencement of an action in chancery, commencement of a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or commencement of an action under Chapter 173, Florida Statutes, relating to foreclosure of municipal tax and special assessment liens. Foreclosure proceedings under the provisions of Chapter 173, Florida Statutes, can be commenced after the expiration of one year from the date any special assessment or installment thereof becomes due. Section 170.10, Florida Statutes does not have the one year waiting period. Such a proceeding is in rem, meaning that it is brought against the land and not against the owner in the Circuit Court where the land is located.

Certain mortgage lenders have, in recent foreclosure suits brought under Chapter 170, Florida Statutes, plead a defense stating that a foreclosing district must abide by the same one year period as Chapter 173, Florida Statutes, in order to begin foreclosure proceedings. To the extent that any districts have taken a position on this, they have all asserted that the one year waiting period does not apply to Chapter 170, Florida Statutes, and at least one Circuit Court has agreed.

In general, after the District commences the suit, there is a period of notice to, and an opportunity for response by, affected persons. Ultimately a hearing will be held and if the court decides in favor of the District, a judgment will be rendered in the amount of the delinquent special assessments and costs of the proceeding. The judgment would also direct sale of the land subject to the delinquent special assessments by public bid to the highest bidder, with proceeds of the sale being applied to payment of the delinquent special assessments. If no bidder bids at least the amount of the delinquent special assessments and applicable costs, the District may obtain title to the land.

Pursuant to the Indenture, if any property shall be offered for sale for the nonpayment of any Series 2019 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2019 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount less than or equal to the balance due on the Series 2019 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special-purpose entity title to the property for the benefit of the Owners of the 2019 Bonds; provided that the Trustee shall have the right, acting at the direction of the Majority Holders, but shall not be obligated, to direct the District with respect to any action taken pursuant to the Indenture and as described in this paragraph. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the 2019 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the 2019 Bonds within sixty (60) days after the receipt of the request therefor signed by the Trustee or the Majority Owners. The Trustee may, upon direction from the Majority Owners, pay costs associated with any actions taken by District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture. The District has the right but not the obligation to credit bid the amount of any delinquent Series 2019 Assessments but absent such credit bid, it should be noted that it is unlikely that the District will have sufficient funds to complete any purchases of property offered for sale for the nonpayment of Series 2019 Assessments.

Enforcement of the obligation to pay Series 2019 Assessments and the ability of the Tax Collector to sell tax certificates and ultimately tax deeds, or the ability to foreclose the lien created by the failure to pay Series 2019 Assessments, may not be readily available or may be limited as such enforcement is dependent upon judicial actions that are often subject to discretion and delay.

For a description of the Series 2019 Assessments and the methodology for their levy, please refer to "APPENDIX E – ASSESSMENT METHODOLOGY REPORTS" herein.

Unless the Series 2019 Assessments are collected using the Uniform Method, the only remedies available for enforcement of the Series 2019 Assessments would be those described in this Section.



## Tax Collection Procedures

The Series 2019 Assessments will be payable in annual installments and will be certified for collection by the District each year. The determination, order, levy and collection of Series 2019 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District or the Tax Collector or the Property Appraiser (in the case of Series 2019 Assessments being collected using the Uniform Method) to comply with such requirements could result in delays in the collection of, or the complete inability to collect, Series 2019 Assessments during any year. Such delays in the collection of, or complete inability to collect, Series 2019 Assessments could have a material adverse effect on the ability of the District to make full or punctual payment of Debt Service on the 2019 Bonds.

As stated herein, the primary source of payment for the 2019 Bonds are expected to be the revenues derived by the District from the Series 2019 Assessments imposed on benefited lands within the District pursuant to the Assessment Proceedings. To the extent that landowners fail to pay such Series 2019 Assessments, delay payments, or are unable to pay the same, the successful pursuit of collection procedures available to the District is essential to continued payment of principal of and interest on the 2019 Bonds. The Act provides for various methods of collection of delinquent special assessments by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes.

The Florida Statutes provide that, subject to certain conditions, assessments such as the Series 2019 Assessments may be collected in the same manner as ad valorem taxes. The statutes relating to enforcement of ad valorem taxes provide that ad valorem taxes become due and payable on November 1 of the year when assessed and constitute a lien upon the land from January 1 of such year. The Series 2019 Assessments are a lien on the land against which they are assessed from the date the assessments are levied until paid or barred by operation of law. The lien of the Series 2019 Assessments is of equal dignity with the lien for ad valorem taxes upon land, and thus is a first lien, superior to all other liens, including mortgages (except for state and county taxes and other taxes which are of equal dignity). Such taxes and assessments (including the Series 2019 Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District, subject to next succeeding sentence, are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2019 Assessments. If a landowner initiates legal proceedings contesting the levy or the amount of a particular ad valorem tax or possibly a non-ad valorem assessment which could include the Series 2019 Assessments, under certain circumstances, such landowner may be permitted to pay only that amount of ad valorem taxes and possibly non ad valorem assessments that the landowner, in good faith, admits to be owing. As described below, if a landowner should commence legal proceedings regarding the Series 2019 Assessments, this could result in the delay of certain remedial actions made available using the Uniform Method. If a significant number of landowners contest the levy or amount of Series 2019 Assessments, it is possible the District would not have sufficient revenues to timely pay debt service on the 2019 Bonds. Upon any receipt of moneys by the Tax Collector from the Series 2019 Assessments, such moneys will be delivered to the District, which will remit such moneys to the Trustee for deposit to the applicable accounts and subaccounts under the Indenture and applied in accordance therewith.

All city, county, school and special districts, including the District, ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2019 Assessments collected pursuant to the Uniform Method, are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full, except that if a taxpayer has commenced legal proceedings contesting the levy or amount of an ad valorem tax and possibly a non-ad valorem assessment, a tax collector may accept a partial payment of the ad valorem tax, and possibly, the non-ad valorem assessment. If a taxpayer disputes all or a portion of the Series 2019 Assessments, and pays the balance of ad valorem taxes and non-ad valorem assessments which the taxpayer in good faith admits to be owing, this could possibly cause a delay in the collection of the Series 2019 Assessments, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the 2019 Bonds. Under certain circumstances, the District may prospectively opt out of using the Uniform Method and utilize the foreclosure procedures described in the section above captioned "Judicial Proceedings".

If Series 2019 Assessments collected pursuant to the Uniform Method are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid taxes become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to

institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

### **Sale of Tax Certificates**

The collection of delinquent special assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for the payment of the special assessment due. The demand for such certificates is in turn dependent upon various factors, which include the interest that can be earned by ownership of such certificates and the value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying value of the land within the District may affect the demand for such certificates and the successful collection of the Series 2019 Assessments. See "BONDHOLDERS' RISKS" herein.

In the event of a delinquency in the payment of taxes on real property, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and interest and certain costs and charges relating thereto, and who accepts the lowest interest rate per annum to be borne by the certificates (not to exceed 18%). Delinquent taxes may be paid by a taxpayer prior to the date of sale of a tax certificate by the payment of such taxes, together with interest and all costs and charges relating thereto. Generally, tax certificates are sold by public bid. If there are no bidders at the public sale of tax certificates, the certificate is issued to the county in which the assessed lands are located, at the maximum rate of interest allowed (currently 18%). During the pendency of any litigation arising from the context of a landowner's tax assessment collected through the Uniform Method, which may possibly include non-ad valorem special assessments such as the Series 2019 Assessments, it is possible that the tax collector will not sell tax certificates with respect to such property. The Tax Collector does not collect any money if tax certificates are issued to the county. Proceeds from the sale of tax certificates are required to be used to pay taxes (including Series 2019 Assessments), interest, costs and charges on the real property described in the certificate.

County-held certificates may be purchased and any tax certificate may be redeemed, in whole or in part, by any person at any time before a tax deed is issued or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, charges and omitted taxes due. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the certificate such proceeds less service charges, and the certificate is canceled. Any holder, other than the county, of a tax certificate that has not been redeemed has seven years from the date of issuance of the tax certificate during which to act against the land that is the subject of the tax certificate.

After an initial period ending two years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all other outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the County holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the county must apply for a tax deed two years after April 1 of the year of issuance. The County pays costs and fees to the Tax Collector but not any amount to redeem any other outstanding certificates covering the land. Thereafter, the property is advertised for public sale.

In any such public sale, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the tax certificate, charges for the cost of sale, redemption of other tax certificates on the land, and the amount paid by such holder in applying for the tax deed, plus interest thereon. In the case of homestead property, the bid is also deemed to include an amount equal to one-half of the latest assessed value of the homestead. If there are no higher bids, the holder receives title to the land and the amounts paid for the certificate and in applying for a tax deed are credited towards the purchase price. If there are other bids, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax certificate, and all other amounts paid by such person in applying for a tax deed, are forwarded to the holder thereof or credited to such holder if such holder is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the land and then to the former title holder of the property (less service charges), lienholders of record, mortgagees of record, vendees of recorded contracts for deeds, and other lienholders and any other person to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their interests may appear.

Except for certain governmental liens and certain restrictive covenants and restrictions, no right, interest, restriction or other covenant survives the issuance of a tax deed. Thus, for example, outstanding mortgages on property subject to a tax deed would be extinguished.

If there are no bidders at the public sale, the County may at any time within ninety (90) days from the date of offering for public sale purchase the land without further notice or advertising for a statutorily prescribed opening bid. After ninety (90) days have passed, any person or governmental unit may purchase the land by paying the amount of the opening bid. Three years from the date of offering for public sale, unsold lands escheat to the County in which they are located and all tax certificates and liens against the property are canceled and a deed is executed vesting title in the County Commissioners.

## FUNDS AND ACCOUNTS

Pursuant to the Supplemental Indenture, the following Funds and Accounts will be held by the Trustee:

- (a) within the Acquisition and Construction Fund, a 2019 Acquisition and Construction Account and therein a General Subaccount and Retainage Subaccount and a 2019 Costs of Issuance Account;
- (b) within the Debt Service Fund, a 2019 Sinking Fund Account, a 2019 Interest Account, a 2019 Capitalized Interest Account; and a 2019 Redemption Account (and therein a 2019 Prepayment Subaccount);
- (c) within the Reserve Fund, a 2019 Reserve Account;
- (d) within the Revenue Fund, a 2019 Revenue Account; and
- (e) within the Rebate Fund, a 2019 Rebate Account.

### Acquisition and Construction Fund

*2019 Acquisition and Construction Account.* Amounts on deposit in the 2019 General Subaccount of the Acquisition and Construction Account shall be applied to pay the Costs of the 2019 Project upon compliance with the requirements of the requisition provisions set forth in the Master Indenture and/or as otherwise provided in the Supplemental Indenture.

Amounts on deposit in the Retainage Subaccount of the 2019 Acquisition and Construction Account shall be retained therein and shall not be available to pay Costs of the 2019 Project, unless and until the District shall have delivered to the Trustee a certificate, on which the Trustee may conclusively rely, stating that the Developer has received the required modifications to the zoning ordinance and the required modifications to the Assessment Proceedings have been completed, all as described and contemplated herein. Such certificate shall also set forth the amount to be transferred from the Retainage Subaccount of the 2019 Acquisition and Construction Account into the General Subaccount of the 2019 Acquisition and Construction Account. Any amount remaining in the Retainage Subaccount in the 2019 Acquisition and Construction Account on March 15, 2021, shall be transferred to and deposited in the 2019 Prepayment Subaccount in the 2019 Redemption Account and applied to the extraordinary mandatory redemption of the 2019 Bonds on May 1, 2021, in the manner prescribed in the 2019 Bonds.

Any balance remaining in the 2019 Acquisition and Construction Account after the Date of Completion of the 2019 Project and after retaining the amount, if any, of all remaining unpaid Costs of the 2019 Project set forth in the Engineers' Certificate establishing such Date of Completion, shall be transferred to and deposited in the 2019 Prepayment Subaccount in the 2019 Redemption Account and applied to the extraordinary mandatory redemption of the 2019 Bonds in the manner prescribed in the Supplemental Indenture.

Upon the occurrence of an Event of Default, moneys in the 2019 Acquisition and Construction Account and the 2019 Trust Estate may be used to pay the fees and the expenses and costs of litigation and other remedies of the Trustee incurred to pursue remedies under the Indenture.

*2019 Costs of Issuance Account.* Amounts deposited in the 2019 Costs of Issuance Account shall, at the written direction of an Authorized Officer of the District, be used to pay the costs of issuance relating to the 2019 Bonds. After May 1, 2020, amounts on deposit therein for which there is not pending with the Trustee, a requisition shall be transferred to the 2019 Reserve Account if there is any deficiency therein and the remainder to the 2019 Acquisition and Construction Account if the Date of Completion has not yet occurred and if the Date of Completion has already occurred to the 2019 Revenue Account and the 2019 Costs of Issuance Account shall be closed.

## **2019 Reserve Account**

The 2019 Reserve Account will, at the time of delivery of the 2019 Bonds, be funded from a portion of the proceeds of the 2019 Bonds in an amount equal to the 2019 Reserve Account Requirement for the 2019 Bonds. Pursuant to the Indenture, the 2019 Reserve Account Requirement is as of any date of calculation 50% of the Maximum Annual Debt Service Requirement for the 2019 Bonds, initially \$361,475.00. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. Amounts on deposit in the 2019 Reserve Account, except as otherwise provided in the Supplemental Indenture, shall be used only for the purpose of making payments into the 2019 Interest Account and the 2019 Sinking Fund Account to pay the 2019 Bonds, without distinction as to 2019 Bonds and without privilege or priority of one 2019 Bond over another, when due when the moneys on deposit in such Accounts and available therefor are insufficient.

The Trustee, on or before the forty-fifth day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each Quarterly Redemption Date, after taking into account all payments and transfers made as of such date, shall compute the value of the 2019 Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in such account, from the first legally available sources of the District. Any excess monies in the 2019 Reserve Account (other than excess from investment earnings) shall be deposited in the 2019 Acquisition and Construction Account until the Date of Completion of the 2019 Project and on and after the Date of Completion of the 2019 Project shall be deposited into the 2019 Prepayment Subaccount.

All earnings on investments in the 2019 Reserve Account, provided no deficiency exists in the 2019 Reserve Account, shall, until the Date of Completion, be deposited to the 2019 Construction and Acquisition Account and on and after the Date of Completion, shall be deposited to the 2019 Revenue Account. To the extent a deficiency exists in the 2019 Reserve Account, investment earnings in such account shall remain in that account. Such account shall consist only of cash and 2019 Investment Obligations.

Notwithstanding the foregoing, on the earliest date on which there is on deposit in the 2019 Reserve Account, sufficient monies, taking into account other monies available therefor, to pay and redeem all of the Outstanding 2019 Bonds, together with accrued interest, if any, on such 2019 Bonds to the earliest date of redemption, then the Trustee shall use the amount on deposit in the 2019 Reserve Account to pay and redeem all of the Outstanding 2019 Bonds on the earliest possible date.

The District may provide that the difference between the amounts on deposit in the 2019 Reserve Account and the 2019 Reserve Account Requirement shall be an amount covered by obtaining bond insurance or a surety bond issued by a municipal bond insurer, rated in one of the two highest categories (at least AA by Fitch, and/or S&P and/or at least Aa by Moody's without reference to gradations) by two nationally recognized rating agencies, (the "Reserve Account Credit Instrument"). At any time after the issuance of the 2019 Bonds, the District may withdraw any or all of the amount of money on deposit in the 2019 Reserve Account and substitute in its place a Reserve Account Credit Instrument as described above in the face amount of such withdrawal and such withdrawn moneys shall, after payment of the premium for such Reserve Account Credit Instrument, be (a) until the Date of Completion, transferred to the Series 2019 Acquisition and Construction Account to be used to pay Costs of the 2019 Project, (b) after the Date of Completion, transferred to the 2019 Prepayment Subaccount and used to redeem 2019 Bonds, or (c) upon receipt of an opinion of Bond Counsel, transferred to the District to be used for any lawful purpose of the District.

## **Application of Prepayment Principal**

All Prepayment Principal shall upon receipt by the Trustee be deposited to the 2019 Prepayment Subaccount of the 2019 Redemption Account. At the time the District deposits Prepayment Principal with the Trustee it shall notify the Trustee in writing as to the amount of Prepayment Principal. Amounts on deposit in the 2019 Prepayment Subaccount shall be applied to the redemption of the 2019 Bonds in the manner provided in the Indenture.

## **Tax Covenants and Rebate Accounts**

In the Supplemental Indenture the District has covenanted to comply with the Tax Regulatory Covenants (including deposits to and payments from the 2019 Rebate Account) included as part of the closing transcript for the 2019 Bonds, as amended and supplemented from time to time in accordance with their terms.

## **Establishment of 2019 Revenue Account in Revenue Fund; Application of Pledged Revenues and Investment Earnings**

The Trustee shall except as provided below or otherwise provided in the Supplemental Indenture deposit the 2019 Pledged Revenues to the 2019 Revenue Account and any other amounts or payments specifically designated by the District pursuant to a written direction for said purpose. The 2019 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Amounts on deposit in the 2019 Revenue Account, 2019 Interest Account, 2019 Capitalized Interest Account, 2019 Sinking Fund Account, 2019 Redemption Account, 2019 Reserve Account and each account and subaccount therein shall be used as provided in the Master Indenture except as otherwise provided in the Supplemental Indenture.

Immediately upon receipt the District shall deposit the 2019 Pledged Revenues with the Trustee together with a written accounting setting forth the amounts of such 2019 Pledged Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established under the Supplemental Indenture as follows:

- (i) Assessment Interest, which shall be deposited into the 2019 Interest Account;
- (ii) Assessment Principal, which shall be deposited into the 2019 Sinking Fund Account;
- (iii) Prepayment Principal, which shall be deposited into the 2019 Prepayment Subaccount of the 2019 Redemption Account;
- (iv) Delinquent Assessment Principal shall first be applied to restore the amount of any withdrawal, from the 2019 Reserve Account to pay the principal of 2019 Bonds to the extent that less than the 2019 Reserve Account Requirement is on deposit in the 2019 Reserve Account, and, the balance, if any, shall be deposited into the 2019 Sinking Fund Account.
- (v) Delinquent Assessment Interest, shall first be applied to restore the amount of any withdrawal from the 2019 Reserve Account to pay the interest on 2019 Bonds to the extent that less than the Reserve Account Requirement is on deposit in the 2019 Reserve Account, and, the balance, if any, deposited into the 2019 Interest Account; and
- (vi) the balance shall remain in the 2019 Revenue Account.

On the forty-fifth day which precedes each Quarterly Redemption Date (or if such forty-fifth day is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the 2019 Prepayment Subaccount of the 2019 Redemption Account, and if the balance therein is greater than zero, shall transfer, but only after determining that following such transfer sufficient amounts will remain on deposit in the 2019 Revenue Account to make the transfers required in the following paragraph, from the 2019 Revenue Account for deposit into such 2019 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of 2019 Bonds on the next succeeding Quarterly Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in such 2019 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of 2019 Bonds. Interest due in regard to such extraordinary mandatory redemption shall be paid from the 2019 Interest Account.

Except as otherwise provided below no later than each May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such date), the Trustee shall transfer from amounts on deposit in the 2019 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority and apply such amounts as provided in the Indenture:

FIRST, to the 2019 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2019 Bonds then Outstanding on such May 1 or November 1, less any amount already on deposit in the 2019 Interest Account not previously credited. On May 1, 2020 and November 1, 2020 the Trustee shall transfer from the 2019 Capitalized Interest Account to the 2019 Interest Account an amount equal to the lesser of the amount of interest due on the 2019 Bonds on such date or the amount on deposit in the 2019 Capitalized Interest Account. After November 1, 2020, any amounts in the Capitalized Interest Account shall be transferred to the 2019 Reserve Account if there is any deficiency therein and the remainder to the 2019 Acquisition and Construction Account if the Date of Completion has not yet occurred and if the Date of Completion has already occurred, to the 2019 Revenue Account;

SECOND, on each May 1, commencing May 1, 2021, to the 2019 Sinking Fund Account, an amount equal to the Amortization Installments or principal of 2019 Bonds due on such May 1, less any amounts already on deposit in such Account not previously credited;

THIRD, to the 2019 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the then 2019 Reserve Account Requirement; and

FOURTH, the balance shall be retained in the 2019 Revenue Account.

On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2019 Revenue Account to the 2019 Rebate Account established for the 2019 Bonds in the Rebate Fund in accordance with the Master Indenture and the Tax Regulatory Covenants, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants. To the extent insufficient moneys are on deposit in the 2019 Revenue Account to make the transfer provided for in the immediately preceding sentence the District shall deposit with the Trustee from available moneys of the District the amount of any such insufficiency.

On or after November 2, beginning November 2, 2020 the balance on deposit in the 2019 Revenue Account on such November 2 shall (i) before the Date of Completion, be transferred into the 2019 Acquisition and Construction Account, and (ii) on and after the Date of Completion, shall be paid over to the District at the written direction of an Authorized Officer and used for any lawful purpose of the District; provided, however, that on the date of such proposed transfer the amount on deposit in the 2019 Reserve Account shall be equal to the 2019 Reserve Account Requirement, and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Indenture relating to the 2019 Bonds, including payment of Trustee's fees and expenses then due.

Anything in the Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the 2019 Bonds shall be invested only in 2019 Investment Obligations, and further, earnings on investments in the 2019 Acquisition and Construction Account, 2019 Costs of Issuance Account, the 2019 Capitalized Interest Account and 2019 Revenue Account shall be retained as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the 2019 Sinking Fund Account, 2019 Interest Account and the 2019 Redemption Account including any subaccounts therein shall be deposited, as realized, to the credit of the 2019 Revenue Account and used for the purpose of such Account. Earnings on investments in the 2019 Reserve Account shall be applied as provided under "2019 Reserve Account" above.

### **BONDHOLDERS' RISKS**

There are certain risks inherent in an investment in bonds issued by a public authority or governmental body in the State and secured by special assessments. Certain of these risks are described in other sections of this Limited Offering Memorandum. Certain additional risks are associated with the 2019 Bonds offered hereby and are set forth below. Investment in the 2019 Bonds poses certain economic risks. Prospective investors in the 2019 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the 2019 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. This section does not purport to summarize all risks that may be associated with purchasing or owning the 2019 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the 2019 Bonds.

(1) As of the date hereof, the Developer owns all of the lands in the District subject to the Series 2019 Assessments securing the 2019 Bonds. Payment of the Series 2019 Assessments is primarily dependent upon their timely payment by the Developer and subsequent landowners in the District. See "THE DEVELOPER" herein. Non-payment of the Series 2019 Assessments by the Developer or any subsequent significant landowner would have a substantial adverse impact upon the District's ability to pay debt service on the 2019 Bonds.

(2) In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other owner of benefited property, delays could occur in the payment of debt service on the 2019 Bonds as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner being able to pay the Series 2019 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2019 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2019 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the 2019 Bonds under the Indenture are in many respects dependent upon judicial actions

which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the 2019 Bonds, including, without limitation, enforcement of the obligation to pay Series 2019 Assessments and the ability of the District to foreclose the lien of the Series 2019 Assessments if not being collected pursuant to the Uniform Method, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the 2019 Bonds could have a material adverse impact on the interest of the Owners thereof.

In addition to the general bankruptcy and similar proceedings risks discussed above, a 2011 bankruptcy court decision in Florida held that the governing body of a community development district, which is a special purpose government similar to the District, and not the bondholders or indenture trustee, was the creditor of the landowner/debtors in bankruptcy with respect to claims for special assessments, and thus only the district could vote to approve or disapprove a reorganization plan submitted by the debtors in the case. The Indenture provides for the delegation of certain rights from the District to the Trustee in the event of a bankruptcy or similar proceeding with respect to an Insolvent Taxpayer. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2019 BONDS – Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner." The District cannot express any view whether such delegation would be enforceable and none of the legal opinions provided in connection with the issuance of the 2019 Bonds will specifically opine to the enforceability of such provision.

(3) The principal security for the payment of the principal of and interest on the 2019 Bonds is the timely collection of the Series 2019 Assessments. The Series 2019 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured only by a lien on such land. There is no assurance that the current and subsequent owners of this land will be able to pay the Series 2019 Assessments or that they will pay such Series 2019 Assessments even though financially able to do so. Beyond legal delays that could result from bankruptcy, the ability of the County to sell tax certificates (to the extent that any portion of the Series 2019 Assessments are being collected by the Uniform Method of Collection) will be dependent upon various factors, including the interest rate which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates. The determination of the benefits to be received by the land within the District as a result of implementation and development of the 2019 Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. In other words, the value of the land could potentially be ultimately less than the debt secured by the Series 2019 Assessments associated with it. To the extent that the realizable or market value of the land is lower than the assessment of benefits, the ability of the County to sell tax certificates relating to such land may be adversely affected (to the extent that any portion of the Series 2019 Assessments are being collected by the Uniform Method of Collection). Such adverse effect could render the District unable to collect delinquent Series 2019 Assessments, if any, and could negatively impact the ability of the District to make the full or punctual payment of Debt Service on the 2019 Bonds. The payment of the Series 2019 Assessments and the ability of the Tax Collector to sell tax certificates or the District to foreclose the lien of the unpaid taxes, including the Series 2019 Assessments, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to court foreclosure. Bankruptcy of a property owner will most likely also result in a delay by the Tax Collector or the District in prosecuting court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of and interest on the 2019 Bonds.

(4) The District is required to comply with statutory procedures in levying the Series 2019 Assessments. Failure of the District to follow these procedures could result in the Series 2019 Assessments not being levied or potential future challenges to such levy. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

(5) The District has not granted, and may not grant under Florida law, a mortgage or security interest in the 2019 Project. Furthermore, the District has not pledged the revenues, if any, from the operation of the 2019 Project as security for, or a source of payment of, the 2019 Bonds. Neither has the District covenanted to establish rates, fees and charges for the 2019 Project at any specified levels. The 2019 Bonds are payable primarily from, and secured by, the Series 2019 Assessments. The Developer and any other landowner's obligation to pay the Series 2019 Assessments is limited solely to the obligation of any landowner to pay Series 2019 Assessments levied against its land. Neither the Developer nor any other landowner is a guarantor of payment on any Series 2019 Assessments and the recourse for the Developer's or any other landowner's failure to pay the Series 2019 Assessments is limited to its ownership interest in the assessed land.

(6) In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of delinquent Series 2019 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2019 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. If the District has difficulty in collecting the Series 2019 Assessments, the 2019 Reserve Account could be rapidly depleted and the ability of the District to pay Debt Service could be materially adversely affected. It is possible that the District will not have sufficient funds to fund the cost of any judicial proceeding and will be compelled to request the 2019 Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of 2019 Bond proceeds that can be used for such purpose.

(7) Owners should note that several mortgage lenders have, in the past, raised legal challenges to the primacy of the liens similar to those of the Series 2019 Assessments in relation to the liens of mortgages burdening the same real property.

(8) Some of the risk factors described herein, which, if materialized, would result in a delay in the collection of the Series 2019 Assessments, but may not affect the timely payment of debt service on the 2019 Bonds because of the 2019 Reserve Account established by the District for the 2019 Bonds. The ability of the 2019 Reserve Account to fund deficiencies caused by delinquent Series 2019 Assessments is dependent upon the amount, duration and frequency of such deficiencies. Moneys on deposit in the 2019 Reserve Account may be invested in certain obligations permitted under the Indenture. Fluctuations in interest rates and other market factors could affect the amount of moneys available in the 2019 Reserve Account to make up deficiencies.

(9) Prospective Bondholders should note that although the Indenture contains a 2019 Reserve Account Requirement for the 2019 Reserve Account, and a corresponding obligation on the part of the District to replenish the 2019 Reserve Account to the 2019 Reserve Account Requirement, if in fact that account is accessed for any purpose, the District does not have a designated revenue source for replenishing that fund other than from the collection of delinquent Series 2019 Assessments. Moreover, the District will not be permitted to assess real property burdened by the Series 2019 Assessments for the purpose of replenishing the 2019 Reserve Account.

(10) The willingness and/or ability of an owner of land within the District to pay the Series 2019 Assessments could be affected by the existence of other taxes and assessments imposed upon the land by the District or by the County, or by other public entities, which may be affected by the value of the land subjected to such taxation and assessment. Under the Uniform Method of Collection, municipal, school, special district taxes and assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2019 Assessments if collected pursuant to the Uniform Method, are generally payable at one time. If a taxpayer does not make complete payment, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. In such case, the Tax Collector does not accept such partial payment; provided, however, that if a taxpayer has commenced legal proceedings contesting the levy or amount of an ad valorem tax and possibly a non-ad valorem assessment, a tax collector may accept a partial payment of the ad valorem tax, and possibly, the non-ad valorem assessment as described under "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. If a taxpayer disputes all or a portion of the Series 2019 Assessments, and pays the balance of ad valorem taxes and non-ad valorem assessments which the taxpayer in good faith admits to be owing, this could possibly cause a delay in the collection of the Series 2019 Assessments, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the 2019 Bonds. Public entities whose boundaries overlap those of the District, such as the County and the County school district, could, without the consent of the owners of the land within the District, impose additional taxes or assessments on the property within the District. The District has no control over the amount of taxes or assessments levied by governmental entities other than the District. The lien of the Series 2019 Assessments is, however, of equal dignity with such other public entities' taxes and assessments. In regard to any Series 2019 Assessments collected directly by the District rather than using the Uniform Method, the sale of tax certificates as described herein would not be an available remedy. In addition, the District has imposed or may also impose additional assessments, including for its operation, maintenance and administrative expenses, which will encumber the property burdened by the Series 2019 Assessments.

(11) The development of the Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer in developing property in the Development. Although the property is anticipated to be developed as described herein, there can be no assurance that such development will occur or be realized in the manner or schedule currently anticipated. In addition, the proposed development within the Development is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other



things, the design, nature and extent of required improvements, both public and private which must be constructed in accordance with applicable zoning, land use and environmental regulations. The schedule of development as described herein will be affected by the ability to obtain any such approvals in a timely manner, which may negatively impact the Developer's desire or ability to develop the Development as contemplated. See "APPENDIX "A" – ENGINEER'S REPORT attached hereto for a discussion of certain permits and approvals applicable to the 2019 Project and the Development. See "THE DEVELOPMENT – Fees and Assessments."

The value of the lands subject to the Series 2019 Assessments could also be adversely impacted by flooding or wind damage caused by hurricanes, tropical storms, or other catastrophic events. In addition to potential damage or destruction to any existing development or construction in or near the District, such catastrophic events could potentially render the lands in the 2019 Assessment Area unable to support development. The occurrence of any such events could materially adversely impact the District's ability to pay principal and interest on the Series 2019 Bonds. The Series 2019 Bonds are not insured, and the Districts' casualty insurance policies do not insure against losses incurred on private lands within their respective boundaries

(12) Proceeds of the 2019 Bonds will only fund a portion of the Azario CIP. Pursuant to a Completion Agreement with the District, the Developer has agreed to fund the remaining costs of the Azario CIP to the extent that proceeds of the 2019 Bonds and any future series of Bonds are not sufficient to do so (by providing funds to the District to enable it to complete that portion of the Azario CIP or by completing such portion of the Azario CIP and conveying it to the District); provided, however, such obligations are unsecured. In addition, the Developer will also execute and deliver to the District the Assignment Agreement, See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2019 BONDS – Agreement for Assignment of Development Rights" pursuant to which the Developer will collaterally assign to the District, to the extent assignable and to the extent that they are solely owned or controlled by the Developer, certain of its development rights relating to the 2019 Project and the Development as security for Developer's payment and performance and discharge of its obligation to pay the Series 2019 Assessments. Notwithstanding the Assignment Agreement there is no assurance that if there is a default by the Developer, and the District were to exercise remedies against the property within the District subject to the Series 2019 Assessments, that the District and/or Owners of the Bonds, as the case may be, will have all permits and development rights necessary to complete the Development or the 2019 Project. Further, as noted herein under "THE DEVELOPMENT – Land Acquisition/Development Financing" there is an existing mortgage in favor of SMR Northeast, LLC ("SMR Northeast"). Pursuant to a Tri-Party Agreement between the District, the Developer and SMR Northeast, SMR Northeast grants the District a license to use the development and contract rights under the Assignment Agreement to complete the Development upon an event of default by the Developer provided such use of such license is not in a manner inconsistent with the continued rights of SMR Northeast.

(13) The District may have incomplete information concerning the Development and the Developer. For example, the District has limited information concerning the condition of the land in the Development, its suitability for future development or its value. Furthermore, except to the extent described in this Limited Offering Memorandum under the captions "THE DEVELOPMENT" and "THE DEVELOPER", the District has not been provided information regarding the Developer and the Development and has not undertaken to independently verify or confirm any such information.

(14) Failure to complete development or substantial delays in the completion of the development of the lands subject to the Series 2019 Assessments due to litigation or other causes may reduce the value of lands subject to the Series 2019 Assessments and increase the length of time during which Series 2019 Assessments will be payable from undeveloped property and may affect the willingness and ability of the owners of such property to pay the Series 2019 Assessments when due.

(15) The interest rates borne by the 2019 Bonds are in general, higher than interest rates borne by other bonds of more established political subdivisions with varied revenue sources that do not involve the same degree of risk as investment in the 2019 Bonds. These higher interest rates are intended to compensate investors in the 2019 Bonds for the risk inherent in a purchase of the 2019 Bonds. However, such higher interest rates, in and of themselves, increase the amount of Series 2019 Assessments that the District must levy in order to provide for payments of debt service on the 2019 Bonds, and, in turn, may increase the burden upon owners of lands within the District, thereby possibly increasing the likelihood of non-payment or delinquency in payment of such Series 2019 Assessments.

(16) There is no assurance that a liquid secondary market will exist for the 2019 Bonds in the event a Beneficial Owner thereof determines to solicit purchasers of the 2019 Bonds. Even if a liquid secondary market exists, as with any marketable securities, there can be no assurance as to the price for which the 2019 Bonds may be sold.

Such price may be lower than that paid by the current Beneficial Owner of the 2019 Bonds, depending on the progress of development of the lands encumbered by the Series 2019 Assessments, existing real estate and financial market conditions. See Item No. 17 below for other matters that may adversely impact the availability of a liquid secondary market for the 2019 Bonds and the value of the 2019 Bonds. See BONDHOLDERS' RISKS—Item No. 17", and "SUITABILITY FOR INVESTMENT" herein.

(17) The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. The IRS has concluded its lengthy examination of certain issues of bonds (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District (the "Village Center CDD"). During the course of the audit of the Audited Bonds, Village Center CDD received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum ("TAM") concluding that Village Center CDD is not a political subdivision for purposes of Section 103(a) of the Code because Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. Village Center CDD received a second TAM dated June 17, 2015 which granted relief to Village Center CDD from retroactive application of the IRS's conclusion as to a political subdivision. Prior to the conclusion of the audits, the Audited Bonds were all refunded with taxable bonds. The audit of the Audited Bonds that were issued for utility improvements were closed without change to the tax exempt status of those Audited Bonds on April 25, 2016, and the audit of the remainder of the Audited Bonds (which funded recreational amenity acquisitions from entities related to the principal landowner in the Village Center CDD) was closed on July 14, 2016 without the IRS making a final determination that interest on the Audited Bonds should be included in gross income. However, the IRS letter to the Village Center CDD with respect to this second set of Audited Bonds noted that the agency found that the Village Center CDD was not a "proper issuer of tax-exempt bonds" and that those Audited Bonds were private-activity bonds that did not fall in any of the categories that qualify for tax-exemption.

Although the TAMs and the letters to the Village Center CDD from the IRS referred to above are addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, they reflect the audit position of the IRS, and there can be no assurance that the IRS would not commence additional audits of bonds issued by other special purpose districts raising issues similar to the issues raised in the case of the Audited Bonds based on the analysis set forth in the first TAM or on the related concerns addressed in the July 14, 2016 letter to the Village Center CDD.

It has been reported that the IRS has recently closed audits of other community development districts in Florida with no change to such districts' bonds' tax-exempt status, but has advised such districts that such districts must have public electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Currently, all members of the Board of the District were elected by affiliates of SMR and other landowners within the District and none were elected by qualified electors.

Owners of the 2019 Bonds are advised that, if the IRS does audit the 2019 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the Owners of the 2019 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the 2019 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the 2019 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the 2019 Bonds would adversely affect the availability of any secondary market for the 2019 Bonds. Should interest on the 2019 Bonds become includable in gross income for federal income tax purposes, not only will Owners of 2019 Bonds be required to pay income taxes on the interest received on such 2019 Bonds and related penalties, but because the interest rate on such 2019 Bonds will not be adequate to compensate Owners of the 2019 Bonds for the income taxes due on such interest, the value of the 2019 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE 2019 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE 2019 BONDS. PROSPECTIVE PURCHASERS OF THE 2019 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE 2019 BONDS IN THE EVENT THAT THE INTEREST ON THE 2019 BONDS BECOMES TAXABLE AND/OR THE DISTRICT IS EVER

DETERMINED TO NOT BE A POLITICAL SUBDIVISION FOR PURPOSES OF THE CODE AND/OR SECURITIES ACT (AS HEREINAFTER DEFINED).

(18) Since the 2019 Bonds have not been and will not be registered under the Securities Act of 1933, as amended, or any state securities laws, if the District is ever deemed, by the IRS, judicially or otherwise, not to be a political subdivision for purposes of the Code, it is possible that federal or state regulatory authorities could also determine that the District is not a political subdivision for purposes of the federal and state securities laws. Accordingly, the District and purchasers of 2019 Bonds may not be able to rely on the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), relating to securities issued by political subdivisions. In that event the Owners of the 2019 Bonds would need to ensure that subsequent transfers of the 2019 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

(19) Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the internal revenue (tax) laws of the United States. In addition, the Service may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. Certain of these proposals and interpretations, if implemented or upheld, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the 2019 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become or be upheld as law, and if so, the effect such proposals could have upon the value of bonds such as the 2019 Bonds, cannot be predicted. However, it is possible that any such law or interpretation could have a material and adverse effect upon the availability of a liquid secondary market and/or the value of the 2019 Bonds. See also "TAX MATTERS."

(20) It is impossible to predict what new proposals may be presented regarding ad valorem tax reform and/or special districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. On October 31, 2014, the Auditor General of the State released a 31-page report which requests legislative action to establish parameters on the amount of bonds a community development district may issue and provide additional oversight for special district bonds. This report renews requests made by the Auditor General in 2011 that led to the then Governor of Florida issuing an Executive Order on January 11, 2012 (the "Executive Order") directing the Office of Policy and Budget in the Executive Office of the Governor ("OPB") to examine the role of special districts in the State. As of the date hereof, the OPB has not made any recommendations pursuant to the Executive Order nor has the Florida legislature passed any related legislation. It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the 2019 Bonds. It should be noted that Section 10(p) of the Act provides in pertinent part that "The state pledges to the holders of any bonds issued under this act that it will not limit or alter the rights of the district ... to levy and collect the ... assessments ... and to fulfill the terms of any agreement made with the holders of such bonds ... and that it will not in any way impair the rights or remedies of such holders."

(21) In the event a bank forecloses on property because of a default on the mortgage and then the bank itself fails, the Federal Deposit Insurance Corporation (the "FDIC"), as receiver will then become the fee owner of such property. In such event, the FDIC will not, pursuant to its own rules and regulations, likely be liable to pay the Series 2019 Assessments. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

(22) The value of the land and successful development of the Development and the likelihood of timely payment of principal and interest on the 2019 Bonds could be affected by environmental factors with respect to such land. The District has not performed, nor has the District requested that there be performed on its behalf, any independent assessment of the environmental conditions within the District.

(23) If the District should commence a foreclosure action against a landowner for nonpayment of Series 2019 Assessments and if the Series 2019 Assessments are not being collected pursuant to the Uniform Method, such landowner may raise affirmative defenses to such foreclosure action. Even if such affirmative defenses were proven to be without merit, such affirmative defenses could result in delays in completing the foreclosure action. In addition, the District is required under the Indenture to fund the costs of such foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the Series 2019 Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of Series 2019 Bond proceeds that can be used for such purpose.

(24) Under Florida law, a landowner may contest the assessed valuation determined for its property which forms the basis of ad-valorem taxes such landowner must pay. During this contest period, the sale of a tax certificate under the Uniform Method will be suspended. If the Series 2019 Assessments are being collected along with ad valorem taxes pursuant to the Uniform Method, tax certificates will not be sold with respect to the Series 2019 Assessments even though the landowner is not contesting the amount of such Series 2019 Assessment.

(25) No application for credit enhancement or a rating on the 2019 Bonds has been made, nor is there any reason to believe that the District would have been successful in obtaining either for the 2019 Bonds had application been made.

This section does not purport to summarize all risks that may be associated with purchasing or owning the 2019 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety (inclusive of Appendices) for a more complete description of investment considerations relating to the 2019 Bonds.

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## THE DISTRICT

### General

The District is an independent local unit of special-purpose government of the State and an independent special district created pursuant to the Act, a special act of the Florida legislature.

### Governance

The Act provides that a five-member Board of Supervisors (the "Board") serves as the governing body of the District. Members of the Board (the "Supervisors") must be residents of the State and citizens of the United States. The Act provides that within 90 days after formation of the District, an election must be held pursuant to which Supervisors were elected on an at-large basis by the owners of the property within the District. Such election was held in accordance with the Act. Ownership of land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number).

The Act provides that there shall be an election by landowners for the District every 2 years on the first Tuesday after the first Monday in November. Each supervisor elected on or after November 2006 shall serve a 4-year term. Supervisors shall begin being elected by qualified electors of the District as the District becomes populated with qualified electors. The transition shall occur such that the composition of the Board, after the first general election following a trigger of the qualified elector population thresholds set forth below, shall be as follows:

(i) Once 10,000 qualified electors reside within the District, one governing board member shall be a person who was elected by the qualified electors and four governing board members shall be persons who were elected by the landowners.

(ii) Once 20,000 qualified electors reside within the District, two governing board members shall be persons who were elected by the qualified electors and three governing board members shall be persons elected by the landowners.

(iii) Once 30,000 qualified electors reside within the District, three governing board members shall be persons who were elected by the qualified electors and two governing board members shall be persons who were elected by the landowners.

(iv) Once 40,000 qualified electors reside within the District, four governing board members shall be persons who were elected by the qualified electors and one governing board member shall be a person who was elected by the landowners.

(v) Once 45,000 qualified electors reside within the District, all five governing board members shall be persons who were elected by the qualified electors.

All Supervisors elected by qualified electors shall be elected at large. Supervisors are subject to ethics and conflict of interest laws of the state that apply to all local public officers. They shall hold office for the terms for which they were elected or appointed and until their successors are chosen and qualified. If, during the term of office, a vacancy occurs, the remaining members of the board shall fill each vacancy by an appointment for the remainder of the unexpired term.

Notwithstanding the foregoing, if at any time the Board proposes to exercise its ad valorem taxing power, prior to the exercise of such power, all Supervisors shall be elected by qualified electors in the District and the Supervisors so selected must be qualified electors.

Any elected member of the Board of Supervisors may be removed by the Governor for malfeasance, misfeasance, dishonesty, incompetence or failure to perform the duties imposed upon him or her by the Act, and any vacancies that may occur in such office for such reasons shall be filled by the Governor as soon as practicable.

A majority of the members of the Board constitutes a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. Action taken by the District shall be upon a vote of a majority of the members present unless general law or a rule of the District requires a greater number.

The current members of the Board and the expiration of their terms are set forth below:

<u>Name</u>	<u>Title</u>	<u>Expiration of Term</u>
Rex Jensen	Chair	November, 2020
Tony Chiofalo	Vice Chair/ Assistant Secretary	November, 2020
J. Scott Almand	Treasurer	November, 2022
Jim Schier	Assistant Secretary	November, 2022
Ed Hunzeker	Assistant Secretary	November, 2022

All of the current Board members are employees of SMR other than Mr. Schier and Mr. Hunzeker. See "LAKEWOOD RANCH" herein.

### **Powers and Authority**

As a special district, the District has only those powers specifically delegated to it by the Act or necessarily implied from powers specifically delegated to it. In addition to the power to issue the Bonds to finance a portion of the costs of the Northeast Sector Project, among other provisions, the Act gives the District the power (i) to lease as lessor or lessee to or from any person, firm, corporation, association, or body, public or private, any projects of the type that the District is authorized to undertake and facilities or property of any nature for the use of the District to carry out the purposes authorized by the Act; (ii) to borrow money and issue bonds, certificates, warrants, notes or other evidence of indebtedness as provided in the Act, to levy such taxes and assessments as may be authorized and to charge, collect and enforce fees and other user charges; (iii) to raise, by user charges or fees authorized by resolution of the Board of Supervisors, amounts of money which are necessary for the conduct of the District activities and services and to enforce their receipt and collection in the manner prescribed by resolution not inconsistent with law; (iv) to exercise within the District, or beyond the District with prior approval by vote of a resolution of the governing body of the county if the taking will occur in an unincorporated area in that county, the right and power of eminent domain over any property within the state, except municipal, county, state, and federal property, for the uses and purpose of the District relating solely to water, sewer, District roads and water management, specifically including, without limitation, the power for the taking of easements for the drainage of the land of one person over and through the land of another; (v) to cooperate with, or contract with, other governmental agencies as may be necessary, convenient, incidental, or proper in connection with any of the powers, duties or purposes authorized by the Act; (vi) to assess and to impose upon lands in the District ad valorem taxes as provided by the Act; (vii) to determine, order, levy, impose, collect and enforce assessments pursuant to the Act and Chapter 170, Florida Statutes, as amended from time to time, pursuant to authority granted in Section 197.3631, Florida Statutes or pursuant to other provisions of general law now or hereinafter enacted; and (viii) to exercise all of the powers necessary, convenient, incidental or proper in connection with any other powers or duties or the special purpose of the District authorized by the Act.

The Act does not empower the District to adopt and enforce land use plans or zoning ordinances, and the Act does not empower the District to grant building permits; these functions are performed by the general purpose local government, acting through its governing body and its departments of government.

The Act exempts all property of the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of bonds of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with any of its debt obligations.

### **The District Manager**

The Act requires the Board to hire a district manager. The Act provides that the district manager shall have charge and supervision of the works of the District and shall be responsible for (i) preserving and maintaining any improvement or facility constructed or erected pursuant to the provision of the Act, (ii) maintaining and operating the equipment owned by the District, and (iii) performing such other duties as may be prescribed by the Board. The Act further provides that it shall not be a conflict of interest under Chapter 112, Florida Statutes, for a Supervisor, the district manager, or another employee of the District to be a stockholder, officer or employee of a landowner.

PFM Group Consulting, LLC serves as the District Manager.

## Outstanding Debt of the District

The District has issued multiple series of special assessment bonds which are currently outstanding and listed below. None of such series of bonds has a lien on the 2019 Trust Estate nor are secured by special assessments levied on the same lands as the Series 2019 Assessments other than the Special Assessment Bonds, Series 2018 (Northeast Sector Project – Phase 1B). Please see “THE DEVELOPMENT – Fees and Assessments”, for an enumeration of the Series 2019 Assessments and the special assessments levied in connection with the Special Assessment Bonds, Series 2018 (Northeast Sector Project – Phase 1B).

- \$27,215,000 Special Assessment Revenue Bonds, Series 2006 (Country Club East Project) issued on June 19, 2006 and currently outstanding in the amount of \$19,865,000.
- \$5,720,000 Special Assessment Revenue Bonds, Series 2010A (Central Park Project) issued on July 12, 2010 and currently outstanding in the amount of \$2,805,000.
- \$36,255,000 Special Assessment Revenue Bonds, Series 2011 (Lakewood Centre and NW Sector Projects) issued on May 13, 2011 and currently outstanding in the amount of \$31,615,000.
- \$1,765,000 Special Assessment Revenue Bonds, Series 2011 (Belle Isle Project) issued on May 13, 2011 and currently outstanding in the amount of \$1,485,000.
- \$8,500,000 Special Assessment Revenue Bonds, Series 2013A (Country Club East Project) issued on July 26, 2013 and currently outstanding in the amount of \$7,745,000.
- \$7,535,000 Special Assessment Revenue Bonds, Series 2013A (Central Park Project) issued on August 5, 2013 and currently outstanding in the amount of \$6,575,000.
- \$12,145,000 Special Assessment Revenue Bonds, Series 2014A (Country Club East Project) issued on October 14, 2014 and currently outstanding in the amount of \$11,185,000.
- \$37,360,000 Special Assessment Revenue Bonds, Series 2015 (Lakewood Center North Project) issued on February 9, 2015 and currently outstanding in the amount of \$33,680,000.
- \$79,505,000 Special Assessment Revenue Bonds, Series 2016 (Villages of Lakewood Ranch South Project) issued on February 8, 2016 and currently outstanding in the amount of \$67,610,000.
- \$49,480,000 Special Assessment Revenue Bonds, Series 2017 (Lakewood National and Polo Run Projects) issued on February 21, 2017 and currently outstanding in the amount of \$47,940,000.
- \$14,805,000 Special Assessment Revenue Bonds, Series 2017 (Del Webb Project) issued on May 8, 2017 and currently outstanding in the amount of \$14,250,000.
- \$33,000,000 (Not to Exceed) Bond Anticipation Note, Series 2017 (Northeast Sector Project) issued on September 8, 2017 and currently outstanding in the amount of \$0.
- \$14,548,000 Special Assessment Revenue Refunding Bonds, Series 2017 (Lake Club Project) issued on September 29, 2017 and currently outstanding in the amount of \$12,383,000.
- \$14,925,000 Special Assessment Revenue Bonds, Series 2018 (Northeast Sector Project —Phase 1 A) issued on August 30, 2018 and currently outstanding in the amount of \$14,925,000.
- \$36,185,000 Special Assessment Revenue Bonds, Series 2018 (Northeast Sector Project — Phase 1 B) issued on December 10, 2018 and currently outstanding in the amount of \$36,185,000.
- \$11,790,000 Special Assessment Revenue Bonds, Series 2018 (Lakewood Centre and NW Sector Projects) issued on December 10, 2018 and currently outstanding in the amount of \$11,260,000.
- \$7,580,000 Special Assessment Revenue Bonds, Series 2019 (The Isles at Lakewood Ranch Project – Phase I) issued on April 8, 2019 and currently outstanding in the amount of \$7,580,000.

- \$9,125,000 Special Assessment Revenue Bonds, Series 2019 (Lake Club Phase 4 Project) issued on May 20, 2019 is currently outstanding in the approximate principal amount of \$9,125,000.
- \$5,005,000 Special Assessment Revenue Bonds, Series 2019 (Cresswind Project) issued on May 20, 2019 is currently outstanding in the principal amount of \$5,005,000.
- \$4,775,000 Special Assessment Revenue Bonds, Series 2019 (Indigo Expansion Area Project) issued on September 9, 2019 and currently outstanding in the amount of \$4,775,000.
- \$5,585,000 Special Assessment Revenue Bonds, Series 2019 (Northeast Sector Project — Phase 2A) issued on November 4, 2019 and currently outstanding in the amount of \$5,585,000.

### **THE CAPITAL IMPROVEMENT PROGRAM**

Waldrop Engineering, serving as the District Project Engineer, has prepared the Engineer's Report dated December 2019 (the "Master Engineer's Report") describing the capital improvement program for the Development (the "Azario CIP") which is estimated to cost approximately \$35.8 million. The Azario CIP includes the public infrastructure component of the Development which consists of stormwater, wastewater, potable water, perimeter berm and landscaping and contingency. Enumeration of the costs of the Azario CIP are provided in the table below.

<u>Cost Category</u>	<u>Estimated Cost</u>
Stormwater	\$17,006,463
Wastewater	8,360,454
Potable Water	6,201,880
Perimeter Berm & Landscaping	507,064
Engineering and Survey	1,112,455
Contingency	<u>2,575,004</u>
<b>TOTAL</b>	<b>\$35,763,321</b>

Proceeds of the 2019 Bonds will be utilized to acquire a portion of the Azario CIP in the approximate amount of \$11.4 million. That portion of the Azario CIP funded with the proceeds of the 2019 Bonds is referred to herein as the "2019 Project." Detailed information concerning the Azario CIP is contained within the Engineer's Report. See Appendix A hereto.

The District does not currently intend to issue any additional series of Bonds to fund additional portions of the Azario CIP. As such, the remainder of the Azario CIP not funded with proceeds of the 2019 Bonds is anticipated to be funded with equity contributions by the Developer. The Developer will enter into a Completion Agreement whereby the Developer will agree to complete those portions of the Azario CIP not funded with proceeds of the 2019 Bonds. The District cannot make any representation that the Developer will have sufficient funds to complete the Azario CIP.

### **ASSESSMENT METHODOLOGY**

The District's Methodology Consultant has prepared the Master Assessment Methodology Report (the "Master Report") and the Supplemental Assessment Report (collectively the "Assessment Reports") attached hereto as APPENDIX E. The Assessments Reports provide a methodology to allocate the total benefit derived from the Azario CIP to each of the land uses planned in the Development on a fully financed basis. Initially, the special assessments are allocated on an equal acreage basis to the Development. As parcels of land are (i) sold by the Developer (herein defined) with specific entitlements assigned thereto or (ii) platted, the debt is then allocated to such parcel or parcels based upon the amount of transferred entitlements or units platted. The table below illustrates the principal and annual Series 2019 Assessments for the various product types planned within the Development. As described in more detail herein under the heading "THE DEVELOPMENT – Fees and Assessments", the lands within the Development are also subject to special assessments levied in connection with the District's Special Assessment Revenue Bonds, Series 2018 (Northeast Sector Project – Phase 1B).



<u>Land Use/Product Type</u>	[2019 Bonds Principal	[2019 Bonds Gross Annual
	<u>Per Unit</u>	<u>Debt Service</u> <u>Per Unit</u>
Single-Family 38'	\$5,362	\$329
Single-Family 42'	5,997	368
Single-Family 52'	7,008	430
Single-Family 62'	8,002	491
Single-Family 76'	9,013	553
Single-Family 90'	10,659	654

## LAKEWOOD RANCH

### General

Lakewood Ranch is an age-diverse, mixed use planned community located in Manatee and Sarasota counties east of Interstate 75 and is accessible from four Interstate 75 interchanges at Fruitville Road, University Parkway, State Road 70 and State Road 64. Downtown Sarasota is located approximately ten (10) miles southwest of Lakewood Ranch, downtown Bradenton is located approximately twelve (12) miles to the northwest and the Sarasota/Bradenton International Airport is located approximately six (6) miles to the west.

The approximately fifty (50) square mile core area of Lakewood Ranch was originally purchased by the Uihlein family in 1922 from the family of John Schroeder, who assembled the property in the early 1900's as a timber plantation. The planned community has since expanded in all directions and now includes approximately fifty-five (55) square miles. The unsold/undeveloped portions of Lakewood Ranch are owned by Schroeder-Manatee Ranch, Inc. ("SMR"), a Delaware corporation or affiliated entities that are owned directly or beneficially by the various branches of the Uihlein family of Milwaukee, Wisconsin, founders of the Joseph Schlitz Brewing Company.

SMR, through its subsidiaries, conducts or oversees a diversified base of activities at Lakewood Ranch including real estate sales, country club operations, commercial investment and development; raising beef cattle; turf farming and nursery operations. SMR also previously conducted a significant shell and aggregate mining operation that produced materials for road building and, as a by-product, created large lakes that serve as major amenities for the community. SMR's 33,000 square foot headquarters building is situated in Lakewood Ranch on Covenant Way just east of Lorraine Road and north of University Parkway.

### Existing Development

Since development activities commenced in 1994, a significant amount of residential, commercial, office, retail, civic and institutional development has occurred at Lakewood Ranch in both Manatee and Sarasota counties, spanning more than 10,000 acres. Development activities in Manatee County (north of University Parkway) initially were governed by two (2) Developments of Regional Impact (DRIs) known as Cypress Banks and University Lakes, which are generally situated east of Interstate 75, south of State Road 70 and North of University Parkway (which generally is the Manatee and Sarasota County line). Five (5) community development districts have been established for the purpose of acquiring, constructing and maintaining a portion of the public infrastructure necessary to serve the lands within these two (2) DRIs. Until 2017, development activities in Sarasota County (south of University Parkway) were predominantly commercial and office oriented and have been governed by the Lakewood Ranch Corporate Park DRI. However, the approval of the Villages of Lakewood Ranch South Development of Regional Impact provided for the development of residential land uses in portions of Lakewood Ranch located in Sarasota County where a new community known as "Waterside" is being developed that is approved for 5,144 residential entitlement units with transportation concurrency for all of the residential units as well as for two (2) retail village centers.

SMR has undertaken extensive long-term planning of its remaining undeveloped acreage serving to enhance the value of its land holdings. As part of that effort, SMR facilitated the establishment of the District, the boundaries of which include all 25,000+ acres of Lakewood Ranch land that was undeveloped at the time of establishment. Since the establishment of the District, a significant amount of entitlement and development activity has occurred including the approval of (i) a comprehensive plan amendment, providing for flexible land uses and densities for approximately 7,500 acres located north of State Road 70 and east of Lorraine Road in Manatee County, and (ii) two (2) developments of regional impact known as the Lakewood Centre DRI and Northwest Sector DRI that have been expanded to include additional land north of State Road 70 and west of Lorraine Road.

Sales activity at Lakewood Ranch commenced in 1994. Today, Lakewood Ranch is home to more than 12,500 households with an estimated population in excess of 30,000 based upon various Census reports and marketing study estimates. In 2015, 534 new homes were sold in Lakewood Ranch, ranking it eighth in new home sales for master planned communities in the United States by RCLCO. In 2016, 778 new homes were sold in Lakewood Ranch, ranking it fourth in new home sales for master planned communities in the United States by RCLCO. In 2017, 1,206 new homes were sold in Lakewood Ranch, ranking it third in new home sales for master planned communities in the United States by RCLCO. In 2018, 1,482 new homes were sold in Lakewood Ranch, ranking it second in new home sales for master planned communities in the United States by RCLCO. From January 1, 2019 through June 30, 2019, approximately 1,043 new homes were sold in Lakewood Ranch. In each of the last three (3) years, approximately 28,000 people passed through the information centers and model homes within Lakewood Ranch. In addition to the residential activity described above, approximately 4.5 million square feet of nonresidential mixed-use space has been constructed of which an estimated 4.3 million square feet is occupied. Based upon information obtained by SMR from the Economic Development Council, Lakewood Ranch as a whole is currently exhibiting a rate of occupancy 10% greater than that of the Sarasota/Manatee County area as whole.

The following information is a description of certain of the aforementioned development and sales activity that has occurred through June 30, 2019.

*Lakewood Ranch Community Development District 1: Summerfield/Riverwalk*

Development activities in Summerfield commenced in 1994 and sales of finished lots to builders started shortly thereafter. Summerfield, together with Riverwalk, comprise approximately 980 acres of residential and commercial properties. These villages are bounded on the north by State Road 70, on the east by the Braden River and Country Club Village and on the south and west by the River Club development (an adjacent community which is not part of Lakewood Ranch). The residential component includes approximately 1,782 homesites situated within eighteen (18) neighborhoods. Development of the homesites is complete and all of the lots were sold to builders at an average sales pace of approximately 225 per year. The builders in turn constructed and sold homes to retail buyers that originally ranged in size from 1,100 to 2,500 square feet and in price from the high \$90,000's to \$375,000 +. These villages are characterized by many lakes and a community park that contains ball fields for soccer and baseball/softball, basketball courts, tennis courts, a playground and tot lot. In addition, the Braden River Nature Trail forms a community park connecting two (2) large lakes with the 110-acre Herons Nest Nature Park. The buyer profile in Summerfield and Riverwalk included mostly first-time home buyers with some retirees and move-up buyers.

Adjacent to State Road 70 is an approximately nine- (9) acre retail/commercial site which contains, amongst other owners/tenants, M&I Bank, and approximately ten (10) retail tenants including Subway and Kids 'R' Kids Child Care Center that provides child care for infants through school age children in a structured educational environment.

*Lakewood Ranch Community Development District 2: Edgewater Village/Country Club South*

Development activities in Country Club South and Edgewater Village commenced in 1996 and sales of finished lots to builders started shortly thereafter. Country Club South together with Edgewater Village contain approximately 1,374 acres of residential and commercial property and are bounded on the south by University Parkway, on the east by Lorraine Road, on the north by Country Club North and on the west by Lakewood Ranch Boulevard. These two (2) villages include 1,033 single-family units and 728 condominium units nestled around Lake Uihlein and Main Street (hereinafter described). Since sales commenced, all of the single-family homesites and substantially all of the condominium units have been sold to builders. The builders have in turn sold all of the single-family homes and 656 condominium units to retail buyers.

Edgewater Village includes neighborhoods with homes built around Lake Uihlein, a 160-acre lake, and is in close proximity to the Lakewood Ranch Town Center and the Athletic Club (discussed herein). Also located within Edgewater Village is The Wharf Park which includes places to fish, launch a boat or enjoy the sunsets and expansive views on the lake. Custom single-family homes in Edgewater Village were originally offered at prices ranging from the mid \$100,000's to \$400,000 and in size from 1,100 to over 3,000 square feet.

Country Club South includes neighborhoods built around the Arnold Palmer designed Legacy Golf Course, a daily fee course open to the public. Single-family homes range from full maintenance condos to detached villas with maintenance-free lawn service to grand scale estate residences. Home sizes range from 1,350 to over 4,000 square feet and in price from the mid \$100,000's to \$2 million +. Miles of sidewalks and trails offer easy access to the 10,000 square foot Legacy Clubhouse, the Athletic Club and all of Lakewood Ranch.

Located adjacent to the villages of Edgewater and Country Club South is the Athletic Club at Lakewood Ranch (the "Athletic Club") which opened its first phase tennis facility in the spring of 1998. Since then this facility has added more courts, a fitness center and aquatics club. Such facilities are part of the LWR G&CC (defined herein) and include the following:

*Tennis Center*

- Twenty (20) Har-Tru Clay tennis courts with eighteen (18) lighted, including a stadium court, featuring an underground Hydro Grid watering system
- A full-service pro shop
- Men's and women's locker rooms

*Fitness Center*

- The 24-hour access Fitness Center has over sixty (60) pieces of the latest cardio equipment and state-of-the-art equipment. This facility is over 18,000 square feet and has four (4) full size fitness class studios. Other amenities include massage therapy, locker rooms and personal training.

*Aquatic Center*

- Heated Jr. Olympic eight (8) lane pool
- Heated resort pool
- Swim programs/teams

Adjacent to the villages of Country Club South and Edgewater Village is Main Street (described in more detail herein), a downtown mixed-use development area featuring specialty shops, outdoor restaurants, cafes, and condominiums. SMR and former joint venture partner Casto Lifestyle Properties developed Main Street. SMR is now the sole owner and manager of the mixed-use development.

*Lakewood Ranch Community Development District 4: Greenbrook and Greenbrook East (Greenbrook Village)*

Development activities in Greenbrook Village commenced in 2000 and sales to builders followed shortly thereafter. Greenbrook Village encompasses approximately 748 acres of residential property that is bounded on the north by State Road 70, on the east and the south by the Braden River and on the west by Summerfield Village. This village includes 1,462 single-family residential lots, along with 226 condominiums. Also included within Greenbrook Village is a recreational complex called Adventure Park with fields for soccer and baseball/softball, an in-line skate/hockey rink, basketball courts, a tot lot and dog park. In addition to Adventure Park, which is owned by Lakewood Ranch Community Development District 4 with reciprocal agreements with the other community development districts in Lakewood Ranch to ensure this amenity is enjoyed by all residents of Lakewood Ranch, SMR donated fifteen (15) acres for a public county park located in the eastern portion of Greenbrook Village.

Greenbrook Village is a family-oriented community that has primarily attracted young families. Homes in Greenbrook Village were originally being offered at prices ranging from the mid \$100,000's to \$700,000 + and in size from 1,250 to 3,500 square feet. All 1,462 single-family homesites and land for 226 condominium units have been sold to builders and the builders in turn have sold all of the homes and condominiums to retail buyers.

*Lakewood Ranch Community Development District 5: Lakewood Ranch Golf and Country Club (Country Club North)*

Development activities in Country Club North commenced in 2001 and sales to builders followed shortly thereafter. Country Club North consists of approximately 1,173 acres of residential property that is bounded on the north by the Braden River, on the east by Lorraine Road, on the west by existing development within Lakewood Ranch and on the south by The Masters Avenue. Country Club North includes 942 single-family residential units and two (2) eighteen-hole private golf courses designed by the Palmer Course Design Co., along with a 42,000 square foot clubhouse.

Country Club North is an upscale country club community that has primarily attracted retirees and move-up buyers mostly consisting of professionals with families. Homes in Country Club North were originally being offered at prices ranging from the mid \$200,000's to over \$5 million and in size from 1,960 to 17,000 square feet. All 942 homes sites have been sold to builders who in turn have sold all 942 homes to retail buyers.

Located within the village of Country Club North is the Lakewood Ranch Golf and Country Club (LWR G&CC), a private membership club with over 2,000 active members that is owned and operated by Lakewood Ranch Golf Company, LLC, a wholly owned subsidiary of SMR. LWR G&CC includes:

- Thirty-six (36) holes of golf designed by Palmer Course Design Co.
- A practice range and a practice chipping and putting green
- A 42,000 square foot grand Italian villa style clubhouse
- A formal dining room, grill and lounge, banquet facilities and private dining rooms
- Men's and ladies' lounges
- Golf pro shop
- Locker rooms
- Cart storage and administrative facilities
- An extension of LWR G&CC facilities and amenities located in Country Club East (described herein) featuring an additional eighteen (18) holes of golf designed by Robbins & Associates International (Rick Robbins) and a practice range with a chipping & putting green.
- Also located within Country Club East, an additional 29,600 square foot clubhouse that includes dining facilities, a golf pro shop and locker rooms.

In addition to the above referenced facilities, depending on the level of membership, LWR G&CC members have access to the Tennis Center, Aquatics Center, Fitness Center and Sporting Club Facility. A complete list of the types of membership currently being offered at LWR G&CC can be found on the Lakewood Ranch website at [www.lakewoodranch.com](http://www.lakewoodranch.com).

#### Lakewood Ranch Community Development District 6: Country Club West

In 2005, Neal Communities of Southwest Florida, Inc. purchased 369 acres of undeveloped land and developed the community within Lakewood Ranch known as Country Club West. The property is bounded on the west by Lakewood Ranch Boulevard, on the north by the Riverwalk subdivision and on the east and south by the Country Club North and South. Country Club West consists of 443 single-family residences and is an upscale country club community that has primarily attracted retirees and move-up buyers consisting of mostly professionals with families. Nine (9) holes of the LWR G&CC run through Country Club West and many of the homesites front either the golf course, lakes or preservation areas. Homes range in size from 1,450 square feet up to 4,500 square feet and range in price from the \$250,000's to over \$3 million. The development is complete and over 438 homes have been sold to retail buyers.

Residents of Country Club West have access to the extensive amenities currently available to residents of Lakewood Ranch, including: (i) the LWR G&CC amenities via membership, (ii) Lakewood Ranch homeowner associations and various activities, (iii) scenic drive and walkways, (iv) treed conservation and water areas, and (v) extensive landscaping.

Residents of Country Club West have access to the extensive amenities currently available to residents of Lakewood Ranch, including: (i) the LWR G&CC amenities via membership, (ii) Lakewood Ranch homeowner associations and various activities, (iii) scenic drive and walkways, (iv) treed conservation and water areas, and (v) extensive landscaping.

#### Lakewood Ranch Stewardship District: The Lake Club

Development activities in the Lake Club commenced in 2005 and sales to builders followed shortly thereafter. The Lake Club comprises approximately 1,465 acres in Manatee County and is located within District, approximately four (4) miles east of Interstate 75. It is bounded on the south by University Parkway, on the east by The Isles at Lakewood Ranch (described in more detail below) and on the west by Lorraine Road and the sold-out village of Country Club North which contains the LWR G&CC and to the north by Country Club East, an extension of the existing Country Club village and the LWR G&CC.

The Lake Club is an upscale residential village within Lakewood Ranch that will be developed in four (4) phases and is planned to include approximately 708 single-family residential homesites ranging in size from one-third

to one acre. The first two (2) phases of 328 single-family homesites are complete along with the 16,000 square foot clubhouse. Of the 328 single-family homesites, 327 have been sold to builders or directly to retail buyers. Approximately 266 homes have been sold to retail buyers ranging in price from slightly less than \$1 million to over \$5 million. Phase 3 and 4 of Lake Club planned for approximately sixty-eight (68) and 312 units, respectively, was purchased by an affiliate of Stock Development. Development activities in Phase 3 are complete with homebuilding activity underway and twenty-three (23) homes have been sold to retail buyers. Development activities in Phase 4 are also underway with model homes recently completed and fourteen (14) homes sold to retail buyers.

The Lake Club's target customer is the affluent, upscale buyer as the community has attracted retirees and move-up buyers comprised mostly of professionals with families. The Lake Club is a unique, upscale master planned gated community with an exclusive "non-golf" lifestyle distinctive to the community by including amenities such as series of lakes, natural green spaces, open spaces, a linear park system and a 16,000 square foot clubhouse. The community clubhouse includes two (2) large swimming facilities, tennis courts, fitness area, day spa, card room, multipurpose function room, concierge services and a catering kitchen.

In addition, residents of the Lake Club have access to the extensive amenities currently available to residents of Lakewood Ranch, including: (i) the LWR G&CC amenities via membership, (ii) Lakewood Ranch homeowner associations and various activities, (iii) scenic drive and walkways, (iv) treed conservation and water areas, (v) and extensive landscaping.

In addition to the LWR G&CC, the Lake Club is also located near two (2) other high-end golf courses: The Ritz-Carlton and The Concession. The Ritz-Carlton is an eighteen (18) hole golf course designed by Tom Fazio that is located within Lakewood Ranch and north of the Lake Club and Country Club East developments. This golf course serves the downtown Sarasota Ritz Carlton and Ritz Carlton Beach Club owners and guests. The only residential component of this community will be golf cottages currently being planned for future development. The Concession is an eighteen (18) hole golf course immediately east of Lakewood Ranch designed by Jack Nicklaus. The Concession is planned to include 255 homes at prices ranging from slightly less than \$1 million to over \$5 million.

#### Lakewood Ranch Stewardship District: Country Club East

Country Club East ("CCE") comprises approximately 1,190 acres and is located within the District approximately four (4) miles east of Interstate 75. CCE is being developed by a joint venture consisting of an affiliate of SMR and Starwood Land Ventures and includes approximately 841 acres of land planned for 1,352 residential units and approximately 349 acres of land that includes a Rick Robbins designed eighteen (18) hole golf course, a practice range with a chipping & putting green as well as an additional 29,600 square foot clubhouse that includes dining facilities, a golf pro shop and locker rooms. CCE is bounded on the south by The Lake Club, on the North by the Ritz-Carlton golf course, on the east by the Del Webb community (described herein) and on the west by Lorraine Road and the sold-out village of Country Club North which contains the LWR G&CC. Due to the success of the LWR G&CC, CCE is an extension of the LWR G&CC and therefore all members enjoy all courses and amenities of both club locations. In addition, residents of CCE have access to many of the same extensive amenities currently available to residents of Lakewood Ranch, including: (i) Lakewood Ranch homeowner associations and various activities, (ii) scenic drive and walkways, (iii) treed conservation and water areas, (iv) and extensive landscaping. Further, CCE is also proximately located to two (2) other high-end golf courses, the Ritz-Carlton and The Concession described herein above.

CCE is an upscale residential village within Lakewood Ranch. A variety of products are being offered in CCE, including single-family residential homesites ranging in size from one-sixth to over one-half acre as well as low-rise condominiums. CCE's target customer is the affluent, upscale buyer. The community is attracting professionals with families, move-up buyers and retirees. All 1,352 homesites have been sold to builders and 1,143 homes have been sold to retail buyers at prices ranging from the \$300,000's to over \$1 million.

#### Lakewood Ranch Stewardship District: Central Park

In 2009, Neal Communities of Southwest Florida, Inc. ("Neal Communities") started the development of the Central Park community within Lakewood Ranch on 372 acres of land. Central Park is bounded on the west by Lakewood Ranch Boulevard, on the north by 44<sup>th</sup> Avenue East, on the east by the future construction/extension of White Eagle Boulevard (f/k/a Pope Road) and the south by Malachite Drive. Generally inspired by New York's Central Park, this development includes 826 single-family residential units situated in five (5) distinct communities, each with a distinctive Central Park — related theme (e.g., "Great Lawn", "Conservatory Garden", etc.) The community is designed to encourage foot traffic, employing meandering walkways, fountains and park areas. Central Park was

primarily marketed to families but also attracted a broader demographic range of buyers. Homesite sizes are planned to range from forty-two (42) to seventy-six (76) feet in width. Homes in the Central Park range in size from 1,040 square feet up to over 3,000 square feet and were originally offered at prices ranging from \$127,000 to \$350,000. Features are a gated entry, pocket parks and the "Central Park" which includes such amenities as tennis courts, playgrounds, a splash park, a dog park, softball field and open area parks and pavilions.

Development of all 826 single-family homesites is complete and all 826 units have been sold to retail buyers.

Lakewood Ranch Stewardship District: Esplanade Golf and Country Club (Lakewood Centre/NW Sector)

In August 2011 and December 2012, Taylor Morrison purchased approximately 600 acres of undeveloped land and started construction and home sales of their Esplanade community located at the northeast corner of Rangeland Parkway and White Eagle Boulevard (f/k/a Pope Road). Esplanade was initially planned as a 450-unit age targeted community that was subsequently expanded and is currently being marketed as 1,250-unit active lifestyle community. Residents of Esplanade have full use of the community's eighteen (18) hole golf course and pro shop. Additional amenities include a clubhouse with fitness and aerobics center, grand ballroom, card and craft room, catering kitchen, billiard room and library. In addition, Esplanade includes a heated lagoon-style pool and spa, resistance pool, outdoor barbeque space, fire pit, tennis, pickle ball and bocce courts. Homes are currently being offered from 1,686 to over 3,000 square feet, with base prices ranging from \$234,900 to \$384,900. Through June 30, 2019, 1,120 homes have been sold to retail buyers. Both the homes and the amenities are designed to appeal to the senior, empty nester and seasonal resident. The entire community is planned to be maintenance free via the homeowner's association.

Lakewood Ranch Stewardship District: Bridgewater Community (Lakewood Centre/NW Sector)

In November 2012, Lennar Homes purchased approximately 172 acres of undeveloped land and started construction and home sales of their Bridgewater community located at the southeast corner of Rangeland Parkway and White Eagle Boulevard (f/k/a Pope Road). Bridgewater is a 275 single family home family community that includes a park and trail system. Homes were originally being offered from 1,677 to over 3,800 square feet, with base prices ranging from the low \$300,000's to mid \$400,000's. All 275 homes have been sold to retail buyers.

Lakewood Ranch Stewardship District: Harmony (Lakewood Centre/NW Sector)

In December 2013, Mattamy Homes purchased approximately 245 acres of undeveloped land located east of Lakewood Ranch Boulevard, south of Malachite Blvd and north of Rangeland Parkway. Mattamy is developing a community known as "Harmony" that is planned to include 677 homes consisting of 142 single-family homes and 535 townhomes and duplex homes. Single family homes are currently being offered from 1,626 to over 2,700 square feet, with base prices ranging from the mid \$200,000's to the low \$300,000's. The townhomes and duplex homes are currently being offered at base prices ranging from the high \$100,000's to the mid \$200,000's. Combined, approximately 677 homesites and townhomes have been developed with 455 sold and occupied by retail buyers and another approximately eleven (11) are under contract with retail buyers.

Lakewood Ranch Stewardship District: Indigo (Lakewood Centre North)

In August 2014, an entity affiliated with Neal Communities purchased approximately 111 acres of undeveloped land located on the northwest corner of 44<sup>th</sup> avenue and White Eagle Boulevard (f/k/a Pope Road). Additional lands were later purchased by the same entity and the District subsequently expanded its boundaries to include approximately eight-seven (87) acres. A community known as "Indigo" is being developed that is planned to include 661 single family homes which are currently being offered from 1,400 to over 2,980 square feet, with base prices starting in the mid \$200,000's. 300 units of the planned 661 residential units within Indigo have been sold to end-users of which 249 residential units have closed and fifty-one (51) residential units are under contract.

Lakewood Ranch Stewardship District: Mallory Park (Lakewood Centre North)

In September 2015, DiVosta Homes purchased approximately 150 acres of undeveloped land located to the west of White Eagle Boulevard (f/k/a Pope Road) and south of State Road 64. DiVosta is developing a residential community call "Mallory Park" on the site, consisting of 328 single family units and 108 multi-family units. Surrounded by thirty-six (36) acres of wetlands and lakes, walking trails throughout the community take you to the private clubhouse and other amenities. Home prices range from the high \$200,000's to the mid \$400,000's. Approximately 436 homesites have been developed with 173 homes sold and closed to retail buyers and an additional forty-six (46) homes are under contract with retail buyers.

Lakewood Ranch Stewardship District: Arbor Grande (Lakewood Centre North)

In December 2014, CalAtlantic Homes purchased approximately 100 acres of undeveloped land located on to the west of White Eagle Boulevard (f/k/a Pope Road) and south of State Road 64. CalAtlantic is developing a community known as "Arbor Grande" on the site, consisting of 183 single family units and 122 multi-family units. Home prices range from the mid \$400,000's to the mid \$600,000's. Approximately 305 homesites have been developed with 110 homes sold and closed to retail buyers and an additional thirty (30) homes are under contract with retail buyers.

Lakewood Ranch Stewardship District: Savannah (Lakewood Centre North)

In December 2014, Meritage Homes of Florida, Inc. purchased approximately 304 acres of undeveloped land located to the west of Lorraine Road and south of State Road 64. Meritage Homes is developing a community known as "Savannah" on the site, consisting of 475 single-family homes with prices ranging from the mid \$300,000's to the high \$400,000's. Approximately 475 homesites have been developed with 204 homes sold and closed to retail buyers and an additional twenty-one (21) homes are under contract with retail buyers.

Lakewood Ranch Stewardship District: Del Webb Lakewood Ranch

In December 2014, Pulte Home Company purchased approximately 643 acres to be developed as a Del Webb branded 55+ community planned to include 1,300 residential units, a clubhouse and associated recreational facilities. Development activities commenced in January 2015 and 855 homesites have been developed. Further, construction of the recreational facilities including an approximately 21,000 square foot clubhouse is complete. Sales activity within the Del Webb Lakewood Ranch commenced in January 2016. To date, approximately 642 sales contracts have been written with retail buyers of which approximately 536 have closed. Home prices range from \$240,000 to \$450,000.

Lakewood Ranch Stewardship District: Lakewood National/Polo Run

In December 2015, Lennar Homes, LLC ("Lennar") purchased approximately 1,390 acres of undeveloped land located on the north side of State Road 70 and east of Lorraine Road. Lennar is developing two (2) neighborhoods known as Lakewood National and Polo Run. Lakewood National is a bundled-golf community planned to include 1,576 residential units, two (2) eighteen (18) hole golf courses and associated recreational facilities. Polo Run is planned to include 423 residential units and associated recreational facilities. Development activities commenced in December 2015 with the first eighteen (18) holes of the golf course and 1,000 homesites in Lakewood National complete. Development of the initial 212 homesites in Polo Run is also complete. Homes sales commenced from an off-site sales center in May 2016. Home prices range from \$175,000 to \$500,000. To date, within Lakewood National there have been approximately 687 sales contracts written with retail buyers of which approximately 562 have closed. To date, within Polo Run there have been approximately 155 sales contracts written with retail buyers of which approximately 132 have closed.

Lakewood Ranch Stewardship District Palisades: (Lakewood Centre/NW Sector)

In December 2017, a land banking entity on behalf of D.R. Horton closed on undeveloped acreage located north of State Road 70, and east of Lorraine Road planned for 150-residential units. Model homes are currently open and home sales commenced in the fourth quarter of 2018. To date, within Palisades, there have been approximately fourteen (14) sales contracts written with retail buyers of which approximately twelve (12) have closed.

Lakewood Ranch Stewardship District: The Isles of Lakewood Ranch

December 2017, Toll Brothers acquired approximately 339 acres of undeveloped land bound on the east by the future Bourneside Boulevard and on the south by the existing University Parkway serving as the primary access road to this development. The development is planned to include 450 single-family homes and is being marketed as "The Isles at Lakewood Ranch". Model homes are currently open and home sales commenced in the fourth quarter of 2018 with forty-three (43) retail contracts written to date with retail buyers.

Lakewood Ranch Stewardship District: Villages of Lakewood Ranch South

Development activities commenced in the first quarter of 2018 on an approximately 3,518-acre development area in the southwestern portion of the District representing the first residential development in the Sarasota County

portion of Lakewood Ranch. The lands within this area are known as "Waterside" and are intended to be developed into twelve (12) neighborhoods planned for approximately 5,144 residential units of varying product type. In addition, approximately 390,000 square feet of mixed-use space and 60,000 square feet of public/civic space is planned to be developed in two (2) village centers. Land sales commenced in the fourth quarter of 2016. To date, the following development activity has taken place within Waterside.

In December 2016, Homes by Towne purchased 291 acres of undeveloped land within the Waterside project. Homes by Towne is developing a residential community on the site called "Lakehouse Cove" to include sixty (60) multi-family and 331 single-family units. Development activity commenced in early 2018 and to date approximately 100 sales contracts have been written with retail buyers of which fifty-seven (57) have closed.

In December 2016, Pulte Homes purchased 322 acres of undeveloped land within the Waterside project. Pulte is developing a residential community on the site called "Shoreview" to include 246 single-family units. Development activity commenced in early 2018 and to date approximately eighty-six (86) sales contracts have been written with retail buyers of which fifty-four (54) have closed.

In December 2016, Davis Development purchased twenty-five (25) acres of undeveloped land within the Waterside project, located on the western side of the development along Interstate-75. Davis Development is currently developing a 290-unit apartment complex on the site.

In February 2018, Ryan Company purchased approximately five (5) acres of undeveloped land within the Waterside project on the South East corner of Lorraine Road and University Parkway. Ryan Company has started development of a 172-unit assisted living facility on the site called Grand Living at LWR, which will be completed and open in the third quarter of 2019.

In December 2018, Davis Development purchased approximately fourteen (14) acres of undeveloped land within the Waterside project, specifically located within the Waterside Place development off of Deer Drive. This purchase is phase one of their Waterside Place projects and will include 320 apartment units. Davis Development is under contract to purchase three (3) additional phases over a three to four-year period, with these additional phases to include an additional 534 apartments and twenty-one (21) townhomes.

#### Lakewood Ranch Stewardship District: Northeast Sector

The northeast quadrant of Lakewood Ranch consists of approximately 3,853 gross acres and is planned to be developed into multiple residential and commercial tracts. Four (4) tracts within the northeast quadrant have been sold to an affiliate of The Kolter Group, Taylor Morrison Homes, Lennar Homes and a land bank entity on behalf of D.R. Horton.

The Kolter community planned for 648 residential units is anticipated to be marketed as a highly amenitized aged-restricted residential community known as "Cresswind Lakewood Ranch". Horizontal development activity within Cresswind Lakewood Ranch commenced in October 2018.

The Taylor Morrison community is planned for 1,750 single family homes and is an extension of their Esplanade development located within Lakewood Ranch just to the west and will include eighteen (18) holes of golf currently under construction. Initial development activity commenced in January 2019.

The Lennar community is planned for up to 1,500 single family homes. The approximately 550 acres for this community was purchased by Lennar in the second quarter of 2019 with development activities commencing immediately thereafter

The D.R. Horton community planned for 675 single-family residential units is anticipated to be marketed as "Solera at Lakewood Ranch". Horizontal development activities in Solera at Lakewood Ranch commenced in December 2018.

An additional tract of land within the northeast quadrant is under contract with Pulte Homes and is planned for 472 units with an anticipated closing in the fourth quarter of 2019.

#### Sarasota Polo Club

Located in the southeastern portion of Lakewood Ranch is the Sarasota Polo Club. Facilities include nine (9) world-class polo fields, a regulation size arena, paddocks, stables and clubhouse. Five (5) to ten (10) acre parcels were



sold directly to retail buyers for custom home and horse stable construction. More information on the Sarasota Polo Club and the events held there can be found by visiting [www.sarasotapolo.com](http://www.sarasotapolo.com).

### Main Street

Main Street is a mixed-use development offering shopping, dining and luxury housing and is currently home to 113,000 square feet of boutique-style shops, upscale restaurants, residential condominiums and 44,700 square feet of distinctive, class-A office space. Situated along Lake Uihlein, Main Street is reminiscent of Princeton's Palmer Square or Tampa's Hyde Park Village. Currently, occupancy is running approximately 99%.

Main Street includes a wide variety of retail stores such as Vanessa Fine Jewelry, Naples Soap Company and more. The Ana Molinari Day Spa offers complete salon and spa services, along with a clothing line. Respected national retail chains such as Starbucks add a familiar feel to the mix.

Dining choices at Main Street vary from very elegant to casual and include MacAllister's on the Ranch offering authentic Scottish cuisine and the recently opened "Grove", an elegant restaurant with banquet facilities that will be operated by the owner of the long-time favorite Pier 22 on the Bradenton Waterfront. Other dining options at Main Street include Paris Bistro, Main Street Trattoria featuring Italian cuisine and El Lago Ranchero featuring Mexican cuisine. Main Street offers casual dining options including Pinchers Crab Shack, Fast N Fresh, Station 400 (family-oriented breakfast and lunch eatery), Ed's Tavern (a family friendly sports restaurant), and the dessert shop Big Olaf Ice Creamery. Other tenants include The Fish Hole, an eighteen (18) hole miniature golf course; Premier Sotheby's International Realty and Knot Awl Beads.

The Lakewood Ranch Cinema, an extension of the Sarasota Film Society, is a six (6) screen movie theater at Main Street offering first run Hollywood, foreign language and American independent films. The cinema offers state-of-the-art film projection with Dolby-digital sound and stadium seating.

Main Street also features a multi-million-dollar condominium complex with sixty-four (64) upscale units. Residents can choose among the existing Lofts on Main, with its downtown Main Street location or two (2) offerings of lakefront units (one existing and one planned) that will overlook Lake Uihlein.

### Town Center

Town Center is a 470-acre commercial development that is bounded on the south by the Manatee and Sarasota County line, on the east by Lakewood Ranch Boulevard, on the north by the River Club development and on the west by Interstate 75. It is estimated that more than 2,500 people are currently employed in Town Center which currently includes a mix of multi-family residential, office, commercial, retail and institutional uses. Such uses include approximately 500,000 square feet of occupied commercial and retail space including a Publix grocery store anchored shopping center, service stations, banks, drug stores, restaurants and hotels; 288 apartments; approximately 925,000 square feet of office space with in excess of 92% occupancy; and medical and institutional uses including a 120-bed hospital, an eighty (80) unit assisted living facility and medical offices. Across from the hospital, construction of a 237-unit apartment complex was completed in 2014. A Marriot Fairfield Inn & Suites and a Hyatt Place are within the Town Center next to the Interstate-75 entrance.

### Corporate Park

Located in the southwestern portion of Lakewood Ranch is the Lakewood Ranch Corporate Park which is situated in the Lakewood Ranch Corporate Park DRI encompassing approximately 1,375 acres that are situated east of Interstate 75, south of University Parkway, west of the Sarasota Polo and north of vacant land. It is estimated that more than 4,000 people are employed in the Corporate Park which includes a mix of office, commercial, retail, medical, religious and educational uses. Approximately 232 acres have been sold on which have been developed 1,450,000 square feet of office space including a community college, medical offices, a church and private school. Currently, occupancy within Corporate Park is running over 90%.

### Commerce Park

Located just south of the northern boundary of Lakewood Ranch is the Lakewood Ranch Commerce Park, which encompasses approximately 900 acres that are situated just south of State Road 64 on the east and west side of Lakewood Ranch Boulevard. Commerce Park includes the Lakewood Ranch Business Park and acreage zoned as light industrial. Within Commerce Park, approximately 150 acres have been sold which comprises 532,500 square feet of space with approximately 95% occupancy, and includes a grocery store anchored shopping center, local retail space,

banks, service station and restaurants, as well as office and light industrial space. Site improvements are in place for an additional 225,000 square feet. Also, the Lakewood Ranch Business Park, located in the southwest corner of Commerce Park, has site improvements in place for an additional 940,000 square feet.

Based upon information obtained by SMR from the Economic Development Council, Lakewood Ranch as a whole is currently exhibiting a rate of occupancy 10% greater than that of the Sarasota/Manatee County area as whole. Such fact is primarily attributed to SMR's deliberate limitation of speculative sales in the various mixed-use areas located throughout Lakewood Ranch. A complete business directory for the Lakewood Ranch Town Center, Corporate Park and Commerce Park can be found on the Lakewood Ranch website by visiting [www.lakewoodranch.com](http://www.lakewoodranch.com).

### Educational and Religious Institutions

Lakewood Ranch offers, or is in close proximity to, educational facilities and religious institutions that include the following:

#### *Pre School and Day Care*

- Located within Lakewood Ranch is Kids 'R' Kids Child Care Center ("KRK"), Primrose School, The Goddard School, The Learning Experience day care and Kiddie Academy which offers childcare for infants through school age children in a structured educational environment. KRK offers full day care, before and after school care and school holiday care including summer camp.

#### *Elementary and Middle Schools*

- Located within Lakewood Ranch (adjacent to Summerfield/Riverwalk) are the Braden River Elementary School and Braden River Middle School, among the highest academically rated elementary and middle schools, respectively, in the Manatee and Sarasota two (2) county area. Located in Greenbrook East is McNeal Elementary School which opened in August 2003, and R. Dan Nolan Middle School which opened in 2004. Adjacent to Country Club East and The Lake Club is Willis Elementary School, which opened in late 2005. East of Lakewood Ranch Boulevard, between State Road 70 and State Road 64, is B. D. Gullett Elementary School which opened in 2007. Imagine School, a charter school with both elementary and middle school grade levels, opened in 2009 south of State Road 64 and west of Lakewood Ranch Boulevard. Further, a future middle school is planned next to B. D. Gullett Elementary School.

#### *High School*

- Located within Lakewood Ranch on Lakewood Ranch Boulevard between State Road 70 and State Road 64 is the Lakewood Ranch High School ("LRHS"), a state-of-the-art facility that opened in 1998. LRHS is Manatee County's first school designed and built specifically as a high school. Situated on 104 acres donated by SMR, the school's next-door neighbor is a regional county park. In addition, Manatee County purchased 150 acres from SMR in 2007 for a second Lakewood Ranch High School complex to be located north of State Road 64 and adjacent to the eastern boundary of Lakewood Ranch. Pursuant to a land exchange contract, that high school site will be relocated south to a site next to the Premier Sports Campus.

#### *Private/Preparatory Schools*

- The Out of Door Academy, a prestigious private school since 1924, opened its high school at Lakewood Ranch in 1997 and now also includes middle school classes. The academy provides a college preparatory curriculum, with a full range of academic courses, including honors and advanced placement classes. Pinnacle Academy which serves the educational needs of autistic children, is located near the southeast corner of State Road 70 and Lorraine Road.

#### *Undergraduate/Graduate/Continuing Education*

- Keiser University and Everglades University as well as a satellite campus for State College of Florida are located in Lakewood Ranch. The Lake Erie School of Osteopathic Medicine is also located in Lakewood Ranch and has expanded their campus to include dental and pharmacy

schools. Located close by are other campuses for State College of Florida which are also expanding, University of South Florida/New College and other campuses in Tampa and St. Petersburg.

#### *Religious Institutions*

- Currently located within Lakewood Ranch are several places of worship including churches of the Lutheran, Episcopal, Catholic, Methodist, Jewish, Presbyterian and Baptist denominations.

#### Medical Facilities

- Lakewood Ranch offers a myriad of medical facilities that include the following:
- 120-bed for-profit Lakewood Ranch hospital with emergency room with two adjacent medical office buildings with combined medical office space of more than 200,000 square feet.
- Extensive and multiple dental, general practice, pediatrician and specialist medical facilities.

#### Premier Sports Campus

The Premier Sports Campus ("PSC"), a Manatee County - owned and operated multi-purpose sports complex, is situated on approximately 145 acres located off State Road 70 East of Lorraine Road. Since opening in 2011, the PSC has hosted over 500,000 players, coaches and officials, hosting a variety of amateur, professional and world — class events including soccer, lacrosse, field hockey, rugby, archery, senior games, Ultimate Frisbee, Special Olympics, flag football, youth football and Frisbee golf. Features and events include:

- A \$5 million complex with twenty-two (22) FIFA regulation full-sized soccer fields, mixed use fields, including eight (8) fully lighted for night play, a 4,000-seat stadium around the main field with scoreboard, concession stand, bathrooms, locker rooms and meeting rooms.
- Features Celebration grass and a state-of-the-art underground irrigation system.
- A three (3) year agreement with the United States Soccer Federation, hosting the US Soccer Winter Showcase and Nike International Friendlies. This is the Country's most prestigious Youth Soccer Event, attracting 25,000 people with an approximate economic impact of \$11 million.
- Host the annual Labor Day Soccer Tournament with over 300 teams and an approximate economic impact of \$15 million.
- Host the largest annual Preseason High School Lacrosse in America, with 250 teams.
- Various professional camps in both soccer and Lacrosse.
- Averaging twenty-five (25) events annually with seven (7) or more attracting over 7,000 people.
- Average 1,000 parents and players each night in a variety of league play.
- Five (5) full time tenants in soccer, football, and lacrosse.
- The Lakewood Ranch Chargers club league (soccer) and Lakewood Ranch Monster Lacrosse.

### **THE DEVELOPMENT**

*The following information herein appearing under the captions "THE DEVELOPMENT" and "THE DEVELOPER" have been furnished by the Developer for inclusion in this Limited Offering Memorandum as a means for the prospective Bondholders to understand the anticipated development plan and risks associated with the Development and the provision of infrastructure to the real property within the District. Although believed to be reliable, such information has not been independently verified by the District or its counsel, the Underwriter or its counsel, or Bond Counsel, and no person other than the Developer, subject to certain qualifications and limitations, makes any representation or warranty as to the accuracy or completeness of such information. At the time of the issuance of the 2019 Bonds, the Developer will represent in writing that the information herein under the captions "THE DEVELOPER," "THE DEVELOPMENT," and "LITIGATION" (as it pertains to the Developer) does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.*

*The Developer's obligation to pay the Series 2019 Assessments is limited solely to its obligation as a landowner, just as any other landowner within the District. The Developer is not a guarantor of payment on any property within the District and the recourse for the Developer's failure to pay or otherwise comply with its obligations to the District is limited to its ownership interest in the land subject to the Series 2019 Assessments.*

## **General**

Azario Lakewood Ranch (the “Development”) currently encompasses approximately 992 acres located in the northeast quadrant of Lakewood Ranch just south of State Road 64 and on the east side of Lorraine Road. The Development runs concurrent with the District’s northern most boundary and is bound on the east by Uihlein Road, on the west by Lorraine Road, and on the south by the future extension of 44th Avenue East. There are two (2) main entrances planned for the Development at 44th Avenue East and Uihlein Road, with a secondary access point located at Uihlein Road, a quarter of a mile (0.25) north of the 44th Avenue East and Uihlein Road intersection.

The landowner and developer of the Development is Taylor Morrison of Florida, Inc., (the “Developer”), as more fully described under the heading “THE DEVELOPER”. At build-out, the Development is currently planned to include 1,821 residences in two (2) distinct amenitized single-family residential communities known as the Park East at Azario Neighborhood and the Azario Esplanade Neighborhood (see discussion of proposed forty-eight (48) unit expansion herein). The Park East at Azario Neighborhood planned for 307 single-family units is situated at the southeast corner of the Development at the intersection of the future extension of 44th Avenue East and Uihlein Road and will be marketed primarily to families. The Azario Esplanade Neighborhood planned for 1,514 residential units is intended to serve as a replacement community to the existing Taylor Morrison community, Esplanade Golf and Country Club at Lakewood Ranch (the “Esplanade Golf and Country Club”) consisting of 1,250 detached villas, garden condos and single-family home located at the northeast corner of Rangeland Parkway and White Eagle Boulevard (f/k/a Pope Road). As of September 30, 2019, 1,152 of the planned 1,250 residential units in Esplanade Golf and Country Club have been sold to end-users. The Azario Esplanade Neighborhood will be marketed to active adults and retirees consistent with the various other Esplanade-branded communities the Developer has or is actively developing throughout southwest Florida.

The Developer is currently in negotiations with SMR Northeast (as defined below) to purchase a parcel of land located within the District’s boundaries just outside of the northeast corner of the Development (the “Expansion Parcel”). Pending consummation of the sale of the Expansion Parcel, the Development’s eastern boundary will be extended to Uihlein Road to include approximately nineteen (19) acres planned for forty-eight (48) additional residential units within the Azario Esplanade Neighborhood. Upon the successful expansion of the Development’s boundaries, the Development will consist of 1,011 acres planned for 1,821 single family units situated across two (2) neighborhoods with 307 single-family units planned for within the Park East at Azario Neighborhood and 1,514 single-family units planned for within the Azario Esplanade Neighborhood.

The Development is planned to feature multiple resort-style amenity campuses and an eighteen-hole golf course. The Development is intended to be developed in seven (7) phases with the first two (2) phases of the Development planned for 464 single-family units, all located within the Esplanade Azario Neighborhood. Initial development activities in these phases commenced in the first quarter of 2019 with home pre-sales in Phases 1 and 2 expected to commence in the first quarter of 2020. As discussed in more detail herein under the heading “THE DEVELOPMENT – Assessment Area”, the 2019 Special Assessments levied in connection with the Series 2019 Bonds are levied on all 1,821 units planned within the Development including the forty-eight (48) units planned within the Expansion Parcel.

## **Land Acquisition/ Development Financing**

On December 21, 2018, the Developer acquired approximately 992 acres currently constituting the Development from SMR Northeast, LLC, a Florida limited liability company (“SMR Northeast”) and a wholly owned subsidiary of SMR for a fixed purchase price of \$39,299,208. An additional purchase price will be paid to SMR Northeast equal to 10.5% of the sales price of a completed home less a credit calculated using the purchase price less the aggregate of all applied credits divided by unsold homes.

The sale of the lands consisting of the 992 acres currently comprising the Development was in part consummated with \$19.3 million in cash with the remaining balance delivered via a purchase money promissory note (the “Promissory Note”). The Promissory Note provides for \$20,000,000 plus accrued interest to SMR Northeast and is secured by a Mortgage and Security Agreement collateralized by a portion of the lands in the Development containing half of the planned lots. The unpaid principal balance shall accrue interest at 2.76% and has a term of three (3) years from the execution of the Promissory Note. If the District’s construction of the extension of 44th Avenue East has not been completed within the one (1) year allotted in the purchase and sale agreement, the Developer can extend the date of maturity of the Promissory Note by one (1) day for each day the road construction is not complete beyond its completion deadline. Construction of the 44th Avenue East extension from Lorraine Road to Bourneside Boulevard commenced in June 2018 and is planned to be complete by February 2020.

The Promissory Note is secured by a mortgage and security agreement on a portion of the lands constituting the Development which provides for a collateral assignment including but not limited to all plans, permits, development rights, zoning approvals and concurrency rights. As additional security to the mortgage securing the Promissory Note, the Developer has also entered into a collateral assignment of declarant's rights. Upon issuance of the 2019 Bonds, SMR Northeast will enter into an agreement acknowledging the superiority of the lien of the Series 2019 Assessments to its mortgage and licensing to the District the right to utilize the rights granted in the mortgage and security agreement and the collateral assignment of declarant rights (see "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2019 BONDS – Agreement for Assignment of Development Rights") to complete development of the Development in the event of a failure by the Developer to pay the Series 2019 Assessments provided such use is not in a manner inconsistent with the continued rights of SMR Northeast.

The District currently does not intend to issue any additional series of Bonds to fund additional portions of the Azario CIP (see "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2019 BONDS - No Parity Bonds; Limitation on Additional Bonds). As such, the Developer anticipates using equity to fund the remaining portions of the Azario CIP not funded with proceeds of the 2019 Bonds as well as the other development costs not included within the Azario CIP (the "Developer-Funded Improvements"). Such Developer-Funded Improvements include, without limitation, private roads, security features, landscaping, recreational amenities, the golf-course and associated professional fees and are estimated to cost \$83.0 million. As discussed further herein, development activities commenced in the first quarter of 2019. As of October 31, 2019, the Developer estimates it has expended approximately \$19.3 million to acquire the lands constituting the Development and \$15.0 million in development-related expenditures to-date, including \$8.56 million towards the Azario CIP and \$6.44 million towards to the Developer-Funded Improvements

### **Northeast Sector – Development Agreement**

The area of Lakewood Ranch in which the Development is located is referred to as the "Northeast Sector" which consists of approximately 3,853 gross acres and is planned to be developed into multiple residential and commercial tracts. Currently, there are four (4) residential communities under development within the Northeast Sector inclusive of the Development. The Northeast Sector is located entirely within the County and the boundaries of the District and is bound on the north by State Road 64, on the south by State Road 70, on the west by Lorraine Road and on the east by the future Bourneside Boulevard. The four (4) major roadways serving the Northeast Sector include State Road 70, State Road 64, Lorraine Road and Bourneside Boulevard. Additional access ways include Uihlein Road, Rangeland Parkway, 44th Avenue East and Post Road. The lands within the Northeast Sector are currently planned to include approximately 8,176 residential units, eighty-five (85) acres planned for approximately 627,000 square feet of commercial space, parks and 120 acres planned for a public K-8 school and high school.

In order to facilitate the sale of the parcels within the Northeast Sector to developers (including the Development), SMR Northeast as the landowner of the lands in the Northeast Sector entered into a Local Development Agreement (the "Development Agreement") with the County on March 6, 2018 that governs and provides for traffic concurrency for the entire Northeast Sector. The Northeast Sector has a Manatee County Comprehensive Plan designation of MU-C which allows for it to be developed with a variety of land uses and densities. However, each parcel must undergo approval through the County's normal zoning and site plan process.

Per the Development Agreement, SMR Northeast is required to complete certain transportation improvements prior to or in conjunction with the development of the Northeast Sector to meet County concurrency requirements. The Development Agreement does allow for a proportionate share contribution to be made by SMR Northeast in lieu of such transportation improvements. However, construction and dedication activities are underway for the following roadways identified as thoroughfares and the right of way of each to the County (the "Mitigation Improvements") to mitigate the transportation impacts of the proposed development within the Northeast Sector:

- 1) Construct Uihlein Road from its current northern terminus at the north end of the Lakewood National development to State Road 64 as a four-lane divided roadway within a 120-foot right of way.
- 2) Construct 44th Avenue East Extension from Lorraine Road to Bourneside Boulevard as a four-lane divided roadway within a 120-foot right of way.
- 3) Dedicate 120 feet of right of way for Bourneside Boulevard from the northern entrance of Lakewood National to State Road 64 to accommodate build-out as a four-lane divided roadway within a 120-foot right of way. The construction of Bourneside Boulevard as a two-lane road shall not be considered a Mitigation Improvement because it serves as site-related access for the Northeast Sector.

Additional roadway improvements (the "Initiated Improvements" and together with the "Mitigation Improvements", the "Northeast Sector Improvements") required under the Development Agreement to be initiated by the SMR Northeast to enhance the development value of the Northeast Sector rather than mitigate against transportation impacts are identified below.

- 1) Rangeland Parkway from Lorraine Road to Bourneside Boulevard as a four-lane divided roadway within a 120-foot right of way.
- 2) Bourneside Boulevard as a two-lane roadway within the right of way.
- 3) Post Road, as a four-lane facility with a 120-foot right of way, from its current terminus at 59th Avenue East to Rangeland Parkway.

Construction of the aforementioned Northeast Sector Improvements have a required completion date of three (3) years from receiving County approval for zoning of the first development tract, subject to extensions. The first development tract in Northeast Sector obtained rezoning approval from the County on April 5, 2018 thus the required completion date is April 2021. Failure to meet the completion date will result in a suspension of the certificate level of service ("CLOS") for all development tracts until completion of such improvements.

A CLOS for transportation, recreational/open space, solid waste, and storm water is provided upon approval of final site plan for each development tract or a portion thereof and has an expiration date on the earlier of (i) December 31, 2032 or (ii) ten (10) years from the date of issuance of the CLOS for each respective development tract.

The District is undertaking the construction of the Northeast Sector Improvements described herein. All of the Northeast Sector Improvements are under active development. The District has previously issued its Special Assessment Revenue Bonds, Series 2018 (Northeast Sector – Phase 1A Project), its Special Assessment Revenue Bonds, Series 2018 (Northeast Sector – Phase 1B Project) and its Special Assessment Revenue Bonds, Series 2019 (Northeast Sector – Phase 2A Project) to fund a portion of the construction of Northeast Sector Improvements. The District further anticipates issuing additional series of Bonds to construct the remainder of the Northeast Sector Improvements which will be secured by special assessments on certain acreage within the Northeast Sector exclusive of the acreage constituting the Development.

### **Zoning and Permitting**

On October 4, 2018, the Development received rezoning and preliminary site plan approval from the County thereby allowing for the development of up to 1,750 single-family residential units. However, upon consummation of the sale of the Expansion Parcel, the Developer intends to submit for a modification to the zoning ordinance to include the Expansion Parcel and allow for at a minimum the 1,821 single-family residential units planned within the Development's expanded boundaries. The zoning ordinance, as currently approved, sets forth certain stipulations pertaining to design and land use, storm water, environmental and utilities. Below is a description of certain of those stipulations.

#### **Design and Land Use –**

- All applicable state and federal permits must be obtained prior to commencing development.
- Recreational centers/amenities require a Final Site Plan ("FSP") review and approval.

Utilities – mandatory connection to the County potable water system and wastewater system. The cost of connection, including the design, permitting and construction of off-site extensions of lines is the responsibility of the Developer.

#### **Environmental –**

- Provide an updated study for threatened and endangered plant or animal species prior to FSP approval.
- Prior to FSP review and approval, if wells are encountered, provide proper protection and abandonment of existing wells by submitting a plan to the County.
- The Development shall not impact the 40.59 acres of wetlands.

As previously discussed above, a CLOS for the entire Northeast Sector has been obtained and will expire on the earlier of (i) December 31, 2032 or (ii) ten (10) years from the date of issuance of the CLOS for the Development. The CLOS provides for concurrency for transportation, recreational/open space, solid water, and stormwater. The CLOS for potable water and sanitary water shall be obtained at each final site plan approval.

As described in further detail in Engineer’s Report, the Developer has obtained certain permits for the entire Development from the Southwest Florida Water Management District ("SWFWMD") and U.S. Army Corps of Engineers ("USACE") for storm water management and wetland mitigation. Further, the Developer has obtained all necessary permits and approvals for the infrastructure to serve Phase 1 and Phase 2 of the Development planned for 464 residential units including, without limitation, construction plan (“CP”), and final site plan (“FSP”) approval from the County. The remaining five (5) phases of the Development will be permitted as development and home sale activities warrant the same.

Upon issuance of the 2019 Bonds, the District Project Engineer will certify that any permits and approvals necessary for the infrastructure specific to the Development that have not previously been obtained are expected to be obtained in the ordinary course of business.

## Environmental

In conjunction with its the purchase of the current lands within the Development consisting of 992 acres, the Developer commissioned a Phase I Environmental Site Assessment (the “Phase I ESA”) from E Co Consultants, Inc. The Phase I ESA revealed no evidence of environmentally recognized conditions.

## Product Type/Phasing

As previously discussed herein, the lands within the Development are intended to be developed into two (2) single-family residential communities referred to as Park East at Azario Neighborhood and Azario Esplanade Neighborhood. The Development is planned to be developed in seven (7) phases for the development of approximately 1,821 residential units upon consummation of the sale of the Expansion Parcel. The Azario Esplanade Neighborhood will include bundled golf and non-golf homesites with the bundled golf residences having full memberships to the eighteen-hole golf course and the non-golf residences having social memberships that provide for access to all amenities outside of the golf course. The information in the table below depicts the number of units by phase, neighborhood and product type for the lands within the Development, which information is subject to change.

<b>Product Type</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	<b>Phase 4</b>	<b>Phase 5</b>	<b>Phase 6</b>	<b>Phase 7</b>	<b>Total</b>
<b>Azario Esplanade – Golf</b>								
Single-Family 42’	0	73	64	55	55	55	59	361
Single-Family 52’	2	40	24	24	24	24	41	179
Single-Family 62’	18	23	21	24	24	24	53	187
Single-Family 76’	23	29	10	24	21	0	0	107
Single-Family 90’	3	21	12	0	0	0	0	36
<b>Subtotal</b>	<b>46</b>	<b>186</b>	<b>131</b>	<b>127</b>	<b>124</b>	<b>103</b>	<b>153</b>	<b>870</b>
<b>Azario Esplanade– Non-Golf</b>								
Single-Family 38’	0	102	26	48	48	54	0	278
Single-Family 52’	2	74	20	36	36	36	46	250
Single-Family 62’	39	15	10	24	28	0	0	116
<b>Subtotal</b>	<b>41</b>	<b>191</b>	<b>56</b>	<b>108</b>	<b>112</b>	<b>90</b>	<b>46</b>	<b>644</b>
<b>Park East</b>								
Single-Family 42’	0	0	25	25	36	0	0	86
Single-Family 52’	0	0	6	24	24	24	13	91
Single-Family 62’	0	0	6	24	24	24	11	89
Single-Family 76’	0	0	15	15	11	0	0	41
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>88</b>	<b>95</b>	<b>48</b>	<b>24</b>	<b>307</b>
<b>Total</b>	<b>87</b>	<b>377</b>	<b>239</b>	<b>323</b>	<b>331</b>	<b>241</b>	<b>223</b>	<b>1,821</b>

Development activities for Phases 1 and 2 consisting of 464 residential units within the Azario Esplanade Neighborhood are underway with completion expected by September 2020. The development of each subsequent phase of the Azario Esplanade Neighborhood is expected to commence as home sale activity warrants the same.

Further, development of the initial phase of the Park East Azario Neighborhood consisting of fifty-two (52) residential units is scheduled to commence in November 2020.

### Home Construction/Sales Activity

The Development is planned to feature eight (8) model homes and one (1) sales center. Construction of model homes along with the on-site sales center is scheduled to be complete and open in March 2020 to coincide with the planned grand opening for the Development. Home pre-sales in Phases 1 and 2 of the Development are expected to commence in the first quarter of 2020.

### Projected Absorption

In its capacity as both the developer and homebuilder, the Developer intends on developing finished lots for subsequent home construction thereon and eventual sale to retail buyers. Home pre-sales activity in the Development is scheduled to commence in the first quarter of 2020. The following table sets forth the Developer's anticipated pace of residential home sales to retail buyers within each respective neighborhood.

<u>Product Type</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total</u>
<b>Esplanade – Golf</b>												
Single-Family 42'	23	36	36	36	36	36	36	36	36	36	14	<b>361</b>
Single-Family 52'	18	24	24	24	24	24	24	17	0	0	0	<b>179</b>
Single-Family 62'	14	24	24	24	24	24	24	24	5	0	0	<b>187</b>
Single-Family 76'	15	24	24	24	20	0	0	0	0	0	0	<b>107</b>
Single-Family 90'	<u>12</u>	<u>12</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<b>36</b>
<b>Subtotal</b>	<b>82</b>	<b>120</b>	<b>120</b>	<b>108</b>	<b>104</b>	<b>84</b>	<b>84</b>	<b>77</b>	<b>41</b>	<b>36</b>	<b>14</b>	<b>870</b>
<b>Esplanade – Non-Golf</b>												
Single-Family 38'	28	48	48	48	48	48	10	0	0	0	0	<b>278</b>
Single-Family 52'	22	36	36	36	36	36	36	12	0	0	0	<b>250</b>
Single-Family 62'	<u>16</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<b>116</b>
<b>Subtotal</b>	<b>66</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>108</b>	<b>88</b>	<b>46</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>644</b>
<b>Park East</b>												
Single-Family 42'	0	16	15	15	15	15	10	0	0	0	0	<b>86</b>
Single-Family 52'	4	24	24	24	15	0	0	0	0	0	0	<b>91</b>
Single-Family 62'	4	24	24	24	13	0	0	0	0	0	0	<b>89</b>
Single-Family 76'	<u>0</u>	<u>25</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<b>41</b>
<b>Subtotal</b>	<b>8</b>	<b>89</b>	<b>79</b>	<b>63</b>	<b>43</b>	<b>15</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>307</b>
<b>Total</b>	<b>156</b>	<b>317</b>	<b>307</b>	<b>279</b>	<b>255</b>	<b>187</b>	<b>140</b>	<b>89</b>	<b>41</b>	<b>36</b>	<b>14</b>	<b>1,821</b>

The projections in the table above are based upon estimates and assumptions that are inherently uncertain, though considered reasonable, and are subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict. As a result, there can be no assurance that such projections will occur or be realized in the time frames anticipated. See "BONDHOLDERS' RISKS" herein.

### Product Offerings/Pricing

The Esplanade at Azario Neighborhood is being marketed as an active-lifestyle age-targeted community designed to appeal to the senior, empty nester and silver lining residents. The Esplanade at Azario Neighborhood is planned to offer single-family attached and detached homes with distinctive Mediterranean-style architecture and views of serene lakes, extensive landscaping, and an eighteen-hole golf course. Homes are anticipated to range in size from approximately 1,688 square-feet to 5,500 square-feet with prices ranging in the high \$200s to \$900s.



The Park East at Azario Neighborhood is being marketed to young families and is designed to enhance the family-oriented nature of the neighborhood by including multiple parks. Homes are anticipated to range in size from 1,989 square-feet to 4,789 square-feet with prices ranging in the low \$300s to \$600s.

The information in the table below illustrates the current estimated base pricing and square footage for the residential units planned within the Development, which information is subject to change.

<b><u>Product Type</u></b>	<b><u>Est. Square Footages</u></b>	<b><u>Est. Average Base Prices</u></b>
<b>Azario Esplanade – Golf</b>		
Single-Family 42'	1,688 to 1,926	\$296,000
Single-Family 52'	1,856 to 2,275	\$391,000
Single-Family 62'	2,413 to 2,921	\$448,000
Single-Family 76'	2,570 to 3,190	\$556,000
Single-Family 90'	3,000 to 5,500	\$850,000
<b>Azario Esplanade– Non-Golf</b>		
Single-Family 38'	1,533 to 1,533	\$266,000
Single-Family 52'	1,856 to 2,275	\$353,000
Single-Family 62'	2,253 to 2,921	\$426,000
<b>Park East</b>		
Single-Family 42'	1,989 to 2,585	\$300,000
Single-Family 52'	2,055 to 3,422	\$335,000
Single-Family 62'	2,582 to 4,400	\$404,000
Single-Family 76'	2,862 to 4,789	\$632,000

#### **Assessment Area**

The Development is currently planned to be developed in seven (7) phases to ultimately provide infrastructure supporting the development of 1,821 residential units, recreational amenities and an eighteen-hole golf course. As previously discussed under the heading “CAPITAL IMPROVEMENT PROGRAM”, the 2019 Bonds are sized to fund the 2019 Project which is estimated to cost \$11.4 million.

As more fully described under the heading “ASSESSMENT METHODOLOGY”, the Assessment Reports initially allocate the Series 2019 Assessments over the gross acreage in the Development. As such acreage is developed and platted, the Series 2019 Assessments are allocated to those parcels that are platted. Based on the sizing of the 2019 Bonds, the Series 2019 Assessments will be allocated to all 1,821 residential units located in the Development.

As previously discussed herein, the District previously issued its Special Assessment Revenue Bonds, Series 2018 (Northeast Sector - Phase 1B Project) (the “2018 Northeast Sector Phase 1B Bonds”) to construct a portion of the Northeast Sector Improvements which are partially secured by special assessments levied on the same lands encumbered by the 2019 Bonds secured by the Series 2019 Assessments. A detail of the overlapping assessments levied in the Development in connection with the 2018 Northeast Sector Phase 1B Bonds and the 2019 Bonds is provided herein under the heading “Fees and Assessments.”

The Development is currently planned for 1,821 residential units, inclusive of the density planned within the Expansion Parcel. However, the Development previously received rezoning and preliminary site plan approval from the County for the development of up to 1,750 single-family residential units. Thus, upon issuance of the 2019 Bonds, approximately \$439,560 of net proceeds will be deposited and held in the Retainage Subaccount in the 2019 Acquisition and Construction Account established for the seventy-one (71) lots pending zoning approval and completion of the modification of the assessment process. The proceeds held in the Retainage Subaccount, together with the allocable share of the 2019 Debt Service Reserve Account, represent an amount equal to the principal amount of the 2019 Bonds allocable to the seventy-one (71) lots. To the extent modifications to the zoning ordinance and the required modifications to the Assessment Proceedings have not been completed by March 15, 2021, the monies held in the Retainage Subaccount (together with proceeds from the 2019 Debt Service Reserve Account) will be transferred to the 2019 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the 2019 Bonds applicable to such seventy-one (71) lots.

## **Recreational Amenities**

The Developer currently intends to construct community-specific and community-wide recreational amenities as discussed in more detail below. Such amenities are intended to service each of the core buyer profiles within each neighborhood. All recreational facilities are intended to be privately funded and constructed by the Developer in the estimated amount of \$27.0 million and, upon completion, conveyed to the applicable homeowner's associations established for the respective neighborhoods.

### *Azario Esplanade Neighborhood*

The recreational amenities in the Esplanade community are intended to be geared towards active adults and similar in nature to other of the Developer's Esplanade-branded southwest Florida communities. The Developer has designed an extensive resort-style amenities package including a clubhouse, event center, culinary center, pool pavilion, resort pool, lap pool, fitness center and spa, tiki bar, tennis courts, pickle ball courts, bocce ball courts, multiple nature trails and dog parks. The construction of an eighteen-hole golf course will further lend itself to the overall Development's active lifestyle. The eighteen-hole golf course will run throughout the Esplanade at Azario Neighborhood and is currently under construction with an anticipated completion date of March 2020. Memberships to the golf course will be provided to residents living in the bundled golf homesites. Residences in non-golf homesites will be provided with social memberships that provide access to all amenities outside of the golf course.

### *Park East at Azario Neighborhood*

The recreational amenities in the Park East community are intended to be geared towards the traditional family buyer and similar in nature to other of the Developer's family style southwest Florida communities. The Developer has designed an extensive active family-style amenities package including a playground with tot lot, basketball court, multi-purpose court, fire pit, and sand volleyball court. Features also planned include a dog park and a large flex lawn area with gazebo and fishing pier into one of the many community lakes.

## **Utilities**

Water and sewer for the Development will be provided by the County. Further, re-use will be provided by Braden River Utilities which is owned by an affiliate of SMR. Electric power will be provided by Peace River Electric Company and gas service will be provided by Tampa Electric Company. The Development is located within the franchise areas of Verizon and Spectrum for telephone, cable and internet services.

## **Schools**

Based upon current school zoning, children residing in the Development would generally attend B.D. Gullett Elementary School, R. Dan Nolan Middle School and Lakewood Ranch High School all 'A' rated schools for 2019 according to the Florida Department of Education.

## **Marketing**

SMR and its affiliates undertake a comprehensive marketing effort for Lakewood Ranch in its entirety and estimate that their calendar year 2019 marketing expenditures will be approximately \$9.5 million. Such expenditures are primarily funded with a 3% marketing fee each developer/homebuilder, inclusive of the Developer, is required to pay upon the closing of the sale of a new home in Lakewood Ranch.

Further, the Developer has employed its own marketing efforts to market their neighborhood within Lakewood Ranch. The Developer anticipates utilizing a marketing campaign that includes branded content, social media, a website, events, frontage and signage, and public relations. In addition, the Developer is currently under construction with nine (9) model homes and an on-site sales center.

## **Fees and Assessments**

Each homeowner residing in the Development will pay annual taxes, assessments and fees on an ongoing basis including ad valorem property taxes, Series 2019 Assessments, special assessments levied in connection with the 2018 Northeast Sector Phase 1B Bonds, homeowner's association ("HOA") fees, and administrative, operation and maintenance assessments levied by the District as described in more detail below.

*Property Taxes:*

The current millage rate for the area of the County where the Development is located is approximately 15.6694 mills. Accordingly, by way of example, the annual property taxes for a \$350,000 taxable value home would be \$5,484.

*Homeowner’s Association Fee:*

The Park East at Azario Neighborhood will have HOA fees for common ground maintenance and recreational amenities as well as any other HOA-owned facilities that will vary annually based on the adopted budget by the HOA for a particular year. The anticipated monthly HOA fees for all Park East at Azario Neighborhood product types are approximately \$152 and subject to change.

The Azario Esplanade Neighborhood provides for maintenance-free living and as such all homeowners residing in the Azario Esplanade Neighborhood will be subject to annual homeowners' association fees for individual yard maintenance, common ground maintenance and recreational amenities as well as any other HOA-owned facilities. The HOA fees will vary annually based on the adopted budget by the HOA for a particular year. The anticipated monthly HOA fees for the bundled golf homes are \$596 for all product types and the anticipated monthly HOA fees for the non-golf homes are \$353 for all product types, both of which are subject to change.

*District Special Assessments:*

All homeowners residing in the Development will be subject to the Series 2019 Assessments levied in connection with the 2019 Bonds and special assessments levied in connection with the 2018 Northeast Sector Phase 1B Bonds (the “Northeast Sector Assessments”). In addition, all homeowners will be subject to annual operation and maintenance assessments levied by the District which are derived from the District’s annual budget and are subject to change each year. The table below illustrates the annual Series 2019 Assessments, Northeast Sector Assessments and Fiscal Year 2020 Operation and Maintenance Assessment (“O&M”) that will be levied by the District for each respective product-types.

<b>Unit Type</b>	<b>[Annual Series 2019 Assessment Per Unit (Gross)</b>	<b>Annual Northeast Sector Assessments Per Unit (Gross)</b>	<b>Est. Annual Fiscal Year 2020 Operation and Maintenance Assessment Per Unit (Gross)*</b>
Single-Family 38’	\$329	\$864	\$301
Single-Family 42’	368	\$864	\$301
Single-Family 52’	430	\$864	\$301
Single-Family 62’	491	\$864	\$301
Single-Family 76’	553	\$864	\$301
Single-Family 90’	654	\$864	\$301

\* O&M Assessments are initially levied on a per acre basis until lots are platted. The estimated annual FY20 O&M Assessments per undeveloped acre is \$70.

**Competition**

Lakewood Ranch is its own submarket and as such it is anticipated the primary competitors for the Development will include actively selling neighborhoods within Lakewood Ranch with similar product offerings and price points. Please see “LAKEWOOD RANCH”, for a more detailed description of such neighborhoods.

This section does not purport to summarize all of the existing or planned communities in the area of the Development, but rather to provide a description of those that the Developer feels may pose primary competition to the Development.

## THE DEVELOPER

The lands within the Development are owned by Taylor Morrison of Florida, Inc. (the “Developer”). The parent company of the Developer is Taylor Morrison Home II Corporation, a direct wholly owned subsidiary of the holding company Taylor Morrison Home Corporation (“Taylor Morrison”). Taylor Morrison trades on the New York Stock Exchange under the symbol TMHC.

Taylor Morrison’s principal business is residential homebuilding with operations focused in Arizona, California, Colorado, Florida and Texas. Taylor Morrison is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the “SEC”). The file number for Taylor Morrison is No. 001-35873. Such reports, proxy statements, and other information is available at the SEC's website at <https://www.sec.gov> and at the SEC's Public Reference Room at the SEC's Headquarters, located at 100 F Street, NE, Washington, D.C. 20549. All documents subsequently filed by Taylor Morrison pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

## TAX MATTERS

### General

The Code establishes certain requirements which must be met subsequent to the issuance of the 2019 Bonds in order that interest on the 2019 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2019 Bonds to be included in federal gross income retroactive to the date of issuance of the 2019 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the 2019 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The District has covenanted in the Indenture with respect to the 2019 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the 2019 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the 2019 Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for purposes of federal income taxation. Interest on the 2019 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of 2019 Bonds. Prospective purchasers of 2019 Bonds should be aware that the ownership of 2019 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry 2019 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on 2019 Bonds; (iii) the inclusion of interest on 2019 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on 2019 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on 2019 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the District, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the 2019 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2019 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDOWNERS, INCLUDING, BUT NOT LIMITED TO, THE

CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDOWNERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the 2019 Bonds is subject to information reporting to the Internal Revenue Service. Interest paid on tax-exempt bonds such as the 2019 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the 2019 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2019 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the 2019 Bonds and proceeds from the sale of 2019 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2019 Bonds. This withholding generally applies if the owner of 2019 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2019 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **Other Tax Matters Relating to the 2019 Bonds**

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the 2019 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the 2019 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the 2019 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their own tax advisors as to the tax consequences of owning the 2019 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

On February 22, 2016, the Internal Revenue Service ("IRS") issued a notice of proposed rulemaking containing proposed regulations (the "Proposed Regulations") that provide guidance as to the definition of a political subdivision for purposes of the rules for tax-exempt bonds. If adopted, the Proposed Regulations would have affected certain State and local governments that issue tax-exempt bonds, including community development districts such as the District. However, on July 24, 2017, in response to Executive Order 13789 issued by President Trump (the "Executive Order"), the Secretary of the Treasury (the "Secretary") identified the Proposed Regulations among a list of eight regulations that (i) impose an undue financial burden on U.S. taxpayers; (ii) add undue complexity to the federal tax laws; or (iii) exceed the statutory authority of the IRS. On October 2, 2017, in his Second Report to the President on Identifying and Reducing Tax Regulatory Burdens, the Secretary reported that Treasury and the IRS believe that the Proposed Regulations should be withdrawn in their entirety, and the Treasury Department and the IRS withdrew the Proposed Regulations on October 20, 2017. The Secretary further provided that Treasury and the IRS will continue to study the legal issues relating to political subdivisions and may propose more targeted guidance in the future.

Because the Proposed Regulations have been withdrawn, it is not possible to determine the extent to which all or a portion of the discussion herein regarding the Villages and the Villages TAM (each as defined below) may continue to be applicable in the absence of further guidance from the IRS. Bond Counsel will render its opinion regarding the exclusion from gross income of interest on the 2019 Bonds as described below.

On May 30, 2013, the IRS delivered to Village Center CDD, a Florida special district established under Chapter 190, Florida Statutes, a private ruling, called a technical advice memorandum (the "Villages TAM"), in connection with the examination by the IRS of bonds issued by the Village Center CDD (the "Audited Bonds"). The Villages TAM concluded that, despite having certain eminent domain powers, the Village Center CDD is not a political subdivision permitted to issue tax-exempt bonds based on a number of facts including that its governing board is elected by a small group of landowners, and that it "was organized and operated to perpetuate private control

and avoid indefinitely responsibility to a public electorate, either directly or through another elected state or local governmental body."

The Villages TAM, as a private, non-precedential, ruling, binds only the IRS and the Village Center CDD, and only in connection with the Audited Bonds. Moreover, the cited legal basis for the Villages TAM is extremely limited, and, therefore, the value of the Villages TAM as guidance is also limited. Nonetheless, the breadth and force of the language used in the Villages TAM may reflect the disfavor of the IRS toward governmental entities with governing boards elected by landowners, and this position may lead the enforcement branch of the IRS to select bonds of other issuers with landowner-controlled boards for examination.

In July 2016, the IRS closed the examination of the Audited Bonds with no change to their tax-exempt status. Although the audit was closed with no adverse impact on the Audited Bonds, the IRS's motivations and rationale for closing the examination are unknown. The Village Center CDD refunded the Audited Bonds with taxable bonds in 2014.

Like the board of the Village Center CDD, the Board of Supervisors of the District is necessarily elected by the landowners in the District since there is not yet enough electors residing within the District. The Act by which the District is governed, delegates to the District certain traditional sovereign powers including, but not limited to, eminent domain, ad valorem taxation and regulatory authority over rates, fees and charges for district facilities. On the basis of the Act and certain representations by the District forming a part of the District's tax certificate as to its reasonable expectations of transition to a resident-elected Board of Supervisors, it does not appear from the facts and circumstances that the District was organized to avoid indefinitely responsibility to a public electorate. On the basis of the foregoing and other factors, Bond Counsel has concluded that under current law the District is a political subdivision for purposes of Section 103 of the Code, notwithstanding that its Board of Supervisors is temporarily elected by landowners. Bond counsel intends to deliver its unqualified approving opinion in the form attached hereto as "APPENDIX C: FORM OF OPINION OF BOND COUNSEL."

The release of the Villages TAM may cause an increased risk of examination of the 2019 Bonds. Owners of the 2019 Bonds are advised that if the IRS does audit the 2019 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the 2019 Bonds may have limited rights to participate in such procedure. The Indenture does not provide for any adjustment to the interest rates borne by the 2019 Bonds in the event of a change in the tax-exempt status of the 2019 Bonds. The commencement of an audit or an adverse determination by the IRS with respect to the tax-exempt status of interest on the 2019 Bonds could adversely impact both liquidity and pricing of the 2019 Bonds in the secondary market.

### **Tax Treatment of the Original Issue Discount**

Under the Code, the difference between the maturity amount of the 2019 Bonds maturing on May 1, 2030, and May 1, 2050 (each a "Discount Bond"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bond was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bond at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bond in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bond, and will increase his or her adjusted basis in the Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bond which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondowners of the Discount Bond should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bond and with respect to the state and local tax consequences of owning and disposing of the Discount Bond.

### **Tax Treatment of Original Issue Premium**

The 2019 Bond maturing on May 1, 2040 (the "Premium Bond"), was offered and sold to the public at a price in excess of its stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the

amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Limited Offering Memorandum who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond. Purchasers of Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

#### **AGREEMENT BY THE STATE**

Under the Act, the State pledges to the holders of any obligations issued thereunder, including the 2019 Bonds, that it will not limit or alter the rights of the District to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the terms of any agreement made with the holders of such 2019 Bonds and that it will not in any way impair the rights or remedies of such holders.

#### **LEGALITY FOR INVESTMENT**

The Act provides that the 2019 Bonds are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State, and constitute securities which may be deposited by banks or trust companies as security for deposits of state, county, municipal or other public funds, or by insurance companies as required for voluntary statutory deposits.

#### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Rule 69W-400.003, Rules of Government Securities under Section 517.051(1), Florida Statutes, promulgated by the Florida Department of Financial Services, Office of Financial Regulation, Division of Securities and Finance ("Rule 69W-400.003"), requires the District to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the District after December 31, 1975. Rule 69W-400.003 further provides, however, that if the District, in good faith, believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The District is not and has not since December 31, 1975 been in default as to principal and interest on its bonds or other debt obligations.

#### **CONTINUING DISCLOSURE**

In order to comply with the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC Rule"), the District, the Developer and PFM Group Consulting, LLC, as dissemination agent (the "Dissemination Agent") will enter into a Continuing Disclosure Agreement (the "District/Developer Disclosure Agreement"), the form of which is attached hereto as APPENDIX D. Pursuant to the District/Developer Disclosure Agreement, the District has covenanted for the benefit of Bondholders to provide to the Dissemination Agent certain financial information and operating data relating to the District and the 2019 Bonds in each year (the "District Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant by the District shall only apply so long as the 2019 Bonds remain outstanding under the Indenture.

Pursuant to the District/Developer Disclosure Agreement, the Developer has covenanted for the benefit of Bondholders to provide to the District and the Dissemination Agent certain financial information and operating data relating to the Developer and the Development and the properties subject to the Series 2019 Assessments (the "Developer Report"). Such covenant by the Developer will apply only until the earlier to occur of (x) the payment and redemption of the 2019 Bonds, or (y) the Developer is no longer an Obligated Person.

The District Annual Report and the Developer Report (together, the "Reports") will each be filed by the Dissemination Agent with the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access

("EMMA") repository described in the form of the District/Developer Disclosure Agreement attached hereto as APPENDIX D. The notices of material events will also be filed by the District with EMMA. The specific nature of the information to be contained in the Reports and the notices of material events are described in APPENDIX D. The District/Developer Disclosure Agreement will be executed by the applicable parties at the time of issuance of the 2019 Bonds. The foregoing covenants have been made in order to assist the Underwriter in complying with the SEC Rule.

With respect to the 2019 Bonds, no parties other than the District or the Developer are obligated to provide any continuing disclosure information with respect to the SEC Rule.

The District has previously entered into continuing disclosure undertakings as required by the SEC Rule with respect to other bond issuances. Over the past five years, the District failed to make timely filings of certain reports and/or notices as required by such continuing disclosure undertakings and some of such untimely filings were not separately reported as listed events.

The Developer previously entered into continuing disclosure obligations pursuant to the Rule in connection with other offerings of community development district bonds in the State. A review of filings made pursuant to such prior undertakings indicates that certain filings required to be made by the Developer were either not filed or not timely filed and that notices of such missed and late filings were not always provided.

### **FINANCIAL STATEMENTS**

The audited financial statements of the Issuer for the fiscal year ended September 30, 2018 are included as APPENDIX F hereto. Such audited financial statements, including the auditor's report thereon, have been included as APPENDIX F hereto as public documents and the consent of the auditors to include such document was not requested.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the Owners of the 2019 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the 2019 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2019 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

### **LITIGATION**

*The District.* There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2019 Bonds, or in any way contesting or affecting the validity of the 2019 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2019 Bonds, or the existence or powers of the District.

*The Developer.* There is no litigation pending, or to the knowledge of the Developer, threatened against the Developer that could in any way affect the development to be undertaken by the Developer as described herein.

*SMR.* There is no litigation pending, or to the knowledge of SMR, threatened against SMR that could in any way affect the development of Lakewood Ranch as described herein.

### **NO RATING OR CREDIT ENHANCEMENT**

The 2019 Bonds are neither rated nor credit enhanced. No application for a rating or credit enhancement with respect to the 2019 Bonds was made.

### **UNDERWRITING**

The Underwriter has agreed, pursuant to a contract entered into with the District, subject to certain conditions, to purchase the 2019 Bonds from the District at an aggregate purchase price of \$12,334,802.30 (representing the par amount of the 2019 Bonds of \$12,670,000, and less an Underwriter's discount of \$253,400.00 and less net original issue discount of \$81,797.70). See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. The



Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all the 2019 Bonds if any are purchased.

The Underwriter intends to offer the 2019 Bonds at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Underwriter may offer and sell the 2019 Bonds to certain dealers (including dealers depositing the 2019 Bonds into investment trusts) at prices lower than the initial offering prices and such initial offering prices may be changed from time to time by the Underwriter.

#### **DISCLOSURE OF MULTIPLE ROLES**

Bondholders should note that PFM Group Consulting, LLC is acting in the capacities of District Manager responsible for the administrative operations of the District and is serving as Dissemination Agent for purposes of the SEC Rule. PFM Financial Advisors LLC is serving as the methodology consultant responsible for the Assessment Methodology Reports attached hereto as "APPENDIX E – ASSESSMENT METHODOLOGY REPORTS" and as the District's Municipal Advisor.

#### **EXPERTS**

The references herein to Stantec Consulting Services Inc., as the District Engineer and Waldrop Engineering, P.A. as the District Project Engineer and the inclusion of "APPENDIX A – ENGINEER'S REPORT" prepared by Waldrop Engineering, P.A. attached hereto, have been approved by said firms. The Engineer's Report should be read in its entirety for complete information with respect to the subjects discussed therein. PFM Financial Advisors, LLC has prepared the Assessment Methodology Reports set forth in APPENDIX E hereto and such appendix should be read in its entirety for complete information with respect to the subjects discussed therein.

#### **CONTINGENT FEES**

Bond Counsel, the Underwriter and Counsel to the Underwriter will receive fees for services rendered in connection with the issuance of the Bonds, which fees are contingent upon such issuance.

#### **LEGAL MATTERS**

Certain legal matters related to the authorization, sale and delivery of the 2019 Bonds are subject to the approval of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel Akerman LLP, Orlando, Florida. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams, P.A., Tallahassee, Florida. Certain legal matters will be passed upon for the Trustee by Holland & Knight, LLP, Miami, Florida. Certain legal matters will be passed upon for the Developer by J. Wayne Crosby, P.A., Winter Park, Florida.

Bond Counsel's opinions included herein are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

#### **MUNICIPAL ADVISOR**

PFM Financial Advisors LLC is serving as the District's Independent Registered Municipal Advisor in connection with the issuance of the 2019 Bonds.

#### **VALIDATION**

On December 20, 2005, the Circuit Court in and for Manatee and Sarasota Counties, Florida validated the issuance by the District of not exceeding \$4 billion in principal amount of its special assessment revenue bonds. The appeal period from such final judgment has expired with no appeal having been filed. The Bonds are included within the validated amount.

## MISCELLANEOUS

Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the 2019 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Limited Offering Memorandum has been prepared in connection with the sale of the 2019 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Limited Offering Memorandum is not to be construed as a contract with the purchaser or the Owner or Beneficial Owners of any of the 2019 Bonds.

This Limited Offering Memorandum has been duly authorized, executed and delivered by the District.

LAKWOOD RANCH STEWARDSHIP DISTRICT

By: /s/ Rex Jensen  
Chair, Board of Supervisors

**APPENDIX A**  
**ENGINEER'S REPORT**

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# **LAKWOOD RANCH STEWARDSHIP DISTRICT**

## **Engineer's Report Azario Lakewood Ranch**

**Prepared for:**

Lakewood Ranch Stewardship District  
14400 Covenant Way  
Lakewood Ranch, FL 34240

**Prepared by:**



28100 Bonita Grande Dr. Suite 305  
Bonita Springs, FL 34135

**December 2019**

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- III. Land Uses
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  - B. District's Surface Water Management
  - C. Perimeter Berm & Landscaping
- VI. Professional and Permit Fees
- VII. Summary & Conclusion

## **EXHIBITS**

- Exhibit 1 Master Site Plan
- Exhibit 2 Planned Water Distribution System
- Exhibit 3 Planned Sewer Collection and Transmission System
- Exhibit 4 Master Surface Water Management
- Exhibit 5 Infrastructure Cost

## I. Introduction

The Lakewood Ranch Stewardship District (the District) is proposing to acquire infrastructure for a residential community within its boundaries in eastern Manatee County, Florida known as Azario Lakewood Ranch (the Development). Azario Lakewood Ranch will be a residential community consisting of single family detached and semi-detached units with 4 amenity campuses, a golf course, and golf course maintenance facility. The project is currently planned to be built in 7 Phases, with 362 single family detached units, 102 single family semi-detached units, the golf course, the golf course maintenance facility, and a portion of the main amenity campus being built in Phase 1 & 2, a preliminary phasing plan can be found on the Master Site Plan (Exhibit 2). The remaining single-family units and amenity centers will be built in Phases 3 through 7. The project will be serviced by utilities and roadway infrastructure along Uihlein Road and 44<sup>th</sup> Avenue, which are being constructed by the Lakewood Ranch Stewardship District.

The project lies within Sections 2, 3, 10, and 11, Township 35 South, Range 19 East. The project is located on the east side of Lorraine Road, approximately 0.25 miles south of State Road 64. The site is bounded to the north by development, to the east by Uihlein Road, to the west by Lorraine Road, and to the south by the future 44<sup>th</sup> Avenue Extension. Additionally, a list of the Manatee County parcel identification numbers, as of 08/16/19, has been provided for reference below.

Manatee County Parcel Identification Number: 576000209.

## II. General Development Information

### Access:

The project will be serviced by two major roadways. The project will have a main entrance off both 44<sup>th</sup> Avenue and Uihlein Road with a secondary access point located on Uihlein Road, approximately 0.25 miles north of the 44<sup>th</sup> Avenue and Uihlein Road intersection. Both roadways are currently being permitted and constructed by the Lakewood Ranch Stewardship District.

### Jurisdiction:

The project will be under the jurisdiction and review of Manatee County, South West Florida Water Management District (SWFWMD), United States Army Corps. Of Engineers (USACE), and the Florida Department of Environmental Protection (FDEP).

### Soils:

According to the "Soil Survey of Manatee County, Florida", published by the United States Department of Agriculture (USDA) – Soil Conservation Service (SCS), the soils within the project area consist of six types: Cassia (Soil Group No. 11), Delray (Soil Group No. 16), Felda-Wabasso (Soil Group No. 24), Floridana-Immokalee-Okeelanta (Soil Group No. 26), Myakka-Myakka (Soil Group No. 30), and Ona (Soil Group No. 35). A geotechnical study was conducted to further investigate the soils and to determine the seasonal high water table. The seasonal high groundwater table was estimated at the test boring locations, based upon our review of the Soil Survey and our field explorations.

### Topography:

The topography and boundary survey was completed by GeoPoint Surveying, Inc. The elevations provided are in NAVD 1988 datum. The pre-development site ranges in elevations from approximately 38.0 feet along Mill Creek and 60 feet along the northeast boundary line.

The pre-development site drains towards Mill Creek, which runs through the center of the parcel, through a series of interconnected wetlands and ditches.

Watershed:

The project is located within the Mill Creek Watershed. Schroeder-Manatee Ranch (SMR) commissioned Stantec Consulting Services Inc. to create an existing conditions model for the Northeast Sector of Lakewood Ranch, which was utilized for the development and modeling of the stormwater management system. The water management systems have been designed and permitted to meet all SWFWMD design criteria.

Floodplains:

According to FEMA Flood Insurance Rate Map (FIRM) Community Panel Numbers 12081C0332E, 12081C0334E, and 12081C0355E, effective 3/17/2014. The majority of the project is located within Zone X, with a portion of the project adjacent to Mill Creek lying within Zone A. Zone A are areas of 100-year flood; base flood elevations and flood hazard factors not determined. Flood elevations for the proposed project will be determined utilizing the Northeast Sector Model.

### **III. Land Uses**

Zoning:

The site is currently zoned PDR (Planned Development Residential).

Land uses within the Project are planned to include the following approximate areas:

- a. Native Habitat Preservation – 57.0 Acres
- b. Open space areas – 97.1 Acres
- c. Wet detention pond area – 146.8 Acres
- d. Recreation (Clubhouse, Amenities, etc.) – 200.5 Acres
- e. Lorraine Road Right of Way Reservation - 6.1 Acres
- f. Residential (Single Family Detached/Semi-Detached) – 484.3 Acres

Note: Acreages are approximate and will be determined at final platting.

### **IV. Permits**

The following is a detail of permit requirements for on-site and off-site improvements and the current status of the permit:

Manatee County:

- a. General Development Plan (GDP) – Approved – Ordinance PDR-17-34(Z)(G)
- b. Final Site Plan, Phase 1 – Approved – PDR-17-34(P)/18-S-36(P)/FSP-18-58
- c. Construction Drawings, Phase 1 – Approved – PDR-17-34(P)/18-S-36(P)/FSP-18-58
- d. Final Site Plan, Phase 2 – Approved – PDR-17-18(P)/18-S-61(P)/FSP-18-92
- e. Construction Drawings, Phase 2 – Approved – PDR-17-18(P)/18-S-61(P)/FSP-18-92
- f. Final Site Plan Modification, Phase 1 – Submitted – PLN1906-0102
- g. Final Site Plan Modification, Phase 2 – Submitted – PLN1908-0061

South West Florida Water Management District (SWFWMD):



a. Environmental Resource Permit – Approved – App No. 764531/ Permit No. 43043286.002  
U.S. Army Corps of Engineers (USACE):

a. Department of the Army Permit – Approved – SAJ-2017-03435

Florida Department of Environmental Protection (FDEP):

a. Construction of Water Main Extensions for PWS – Approved – 0133068-1334-DSGP/02

b. Construction of Domestic Wastewater Collection/Transmission System – Approved – CS41-0182518-584-DWC/CM

## **V. District Financed Improvements**

The improvements necessary to service the Development which will be financed by the Lakewood Ranch Stewardship District include both utility and stormwater management improvements as detailed below:

### **A. Utility Facilities**

Water and wastewater facilities will be financed by the District and dedicated to Manatee County. The water and wastewater service, operation, and maintenance will be provided by the County. The County has sufficient capacity to serve the Development's water and wastewater needs at build out. Facilities will be designed and constructed in accordance with County and Florida Department of Environmental Protection Standards.

The water facilities include potable distribution mains along with necessary valving, fire hydrants and water services to individual units and common areas. Approximately 14.8 miles of 6, 8, 10 and 12-inch water mains will be constructed. The planned water distribution system is shown in Exhibit 2.

Wastewater facilities include gravity collection lines with individual services, lift stations, and force mains to connect to the facilities being constructed along 44th Avenue and Uihlein Road. An estimated 13.3 miles of 8-inch collection line and 3.6 miles of on-site 6, 8, and 10-inch force main, and 5 sewage lift stations are to be constructed. The planned sewer collection and transmission system are shown in Exhibit 3.

### **B. District's Surface Water Management**

The surface water management improvements in the Development consist of two separate categories: Earthwork and Drainage Facilities. The Drainage Facilities include the roadway drainage pipes and structures, piping interconnections, control and outfall structures. The Earthwork category of the Surface Water Management is the effort necessary to construct the stormwater detention facilities (ponds and lakes) and provide flood protection. There are approximately 146.8 acres of stormwater ponds. The District will, through easements dedication by the Developer, acquire ownership of the ponds and lakes for stormwater purposes and will finance the acquisition of the same. The surface water management system is designed and constructed in accordance with County and South West Florida Water Management District (SWFWMD) Standards for flood protection, stormwater quality treatment and attenuation. There

are approximately 39 acres of wetlands and conservation/preservation areas within the project boundary. The Master Surface Water Management is shown in Exhibit 4.

**C. Perimeter Berm & Landscaping**

Perimeter Berm and Landscaping will be financed by the District and dedicated to the District. These costs will include the grading of the perimeter berm and landscaping around the perimeter of the project.

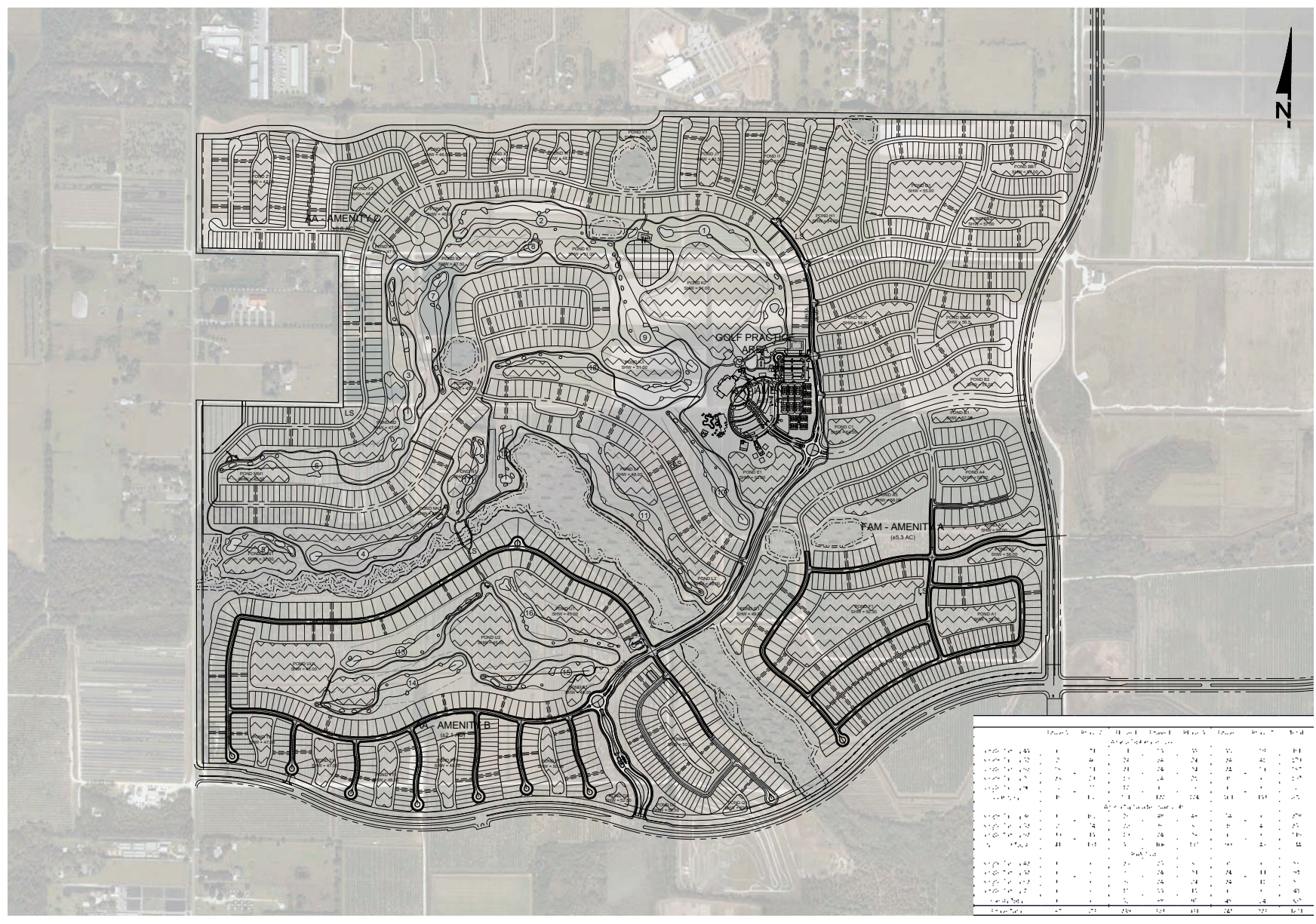
**VI. Professional and Permit Fees**

Professional and permit fees will be funded by the District as part of the Capital Improvement Program and consist of typical soft costs associated with development projects of this size. These generally consist of consultant fees for design, permitting, and management of the Capital Improvement Project, Permit Fees, Legal Fees, etc.

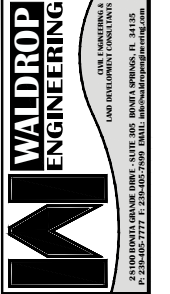
**VII. Summary & Conclusion**

Azario at Lakewood Ranch is designed in accordance with current governmental regulations and requirements. The project will serve its intended function so long as the construction is in substantial compliance with the design. The cost estimates provided are reasonable to complete the required improvements and it is our professional opinion that the infrastructure improvements will benefit and add value to the District. The cost estimates are based on prices currently being experienced in Southwest Florida. Actual costs may vary depending on final engineering and approvals from regulatory agencies.

Waldrop Engineering, Inc. 3515 Highway 185, Suite 200, Dallas, Texas 75248  
11/15/2018 10:25:00 AM



	Station 1	Station 2	Station 3	Station 4	Station 5	Station 6	Station 7
AMENITY A	110.0	110.0	110.0	110.0	110.0	110.0	110.0
AMENITY B	110.0	110.0	110.0	110.0	110.0	110.0	110.0
AMENITY C	110.0	110.0	110.0	110.0	110.0	110.0	110.0
GOLF PRACTICE	110.0	110.0	110.0	110.0	110.0	110.0	110.0
RESIDENTIAL	110.0	110.0	110.0	110.0	110.0	110.0	110.0
TOTAL	550.0	550.0	550.0	550.0	550.0	550.0	550.0



MASTER ENGINEER'S REPORT CDD EXHIBITS  
**AZARIO**  
CLIENT: TAYLOR MORRISON OF FLORIDA, INC  
EXHIBIT 1 - MASTER SITE PLAN

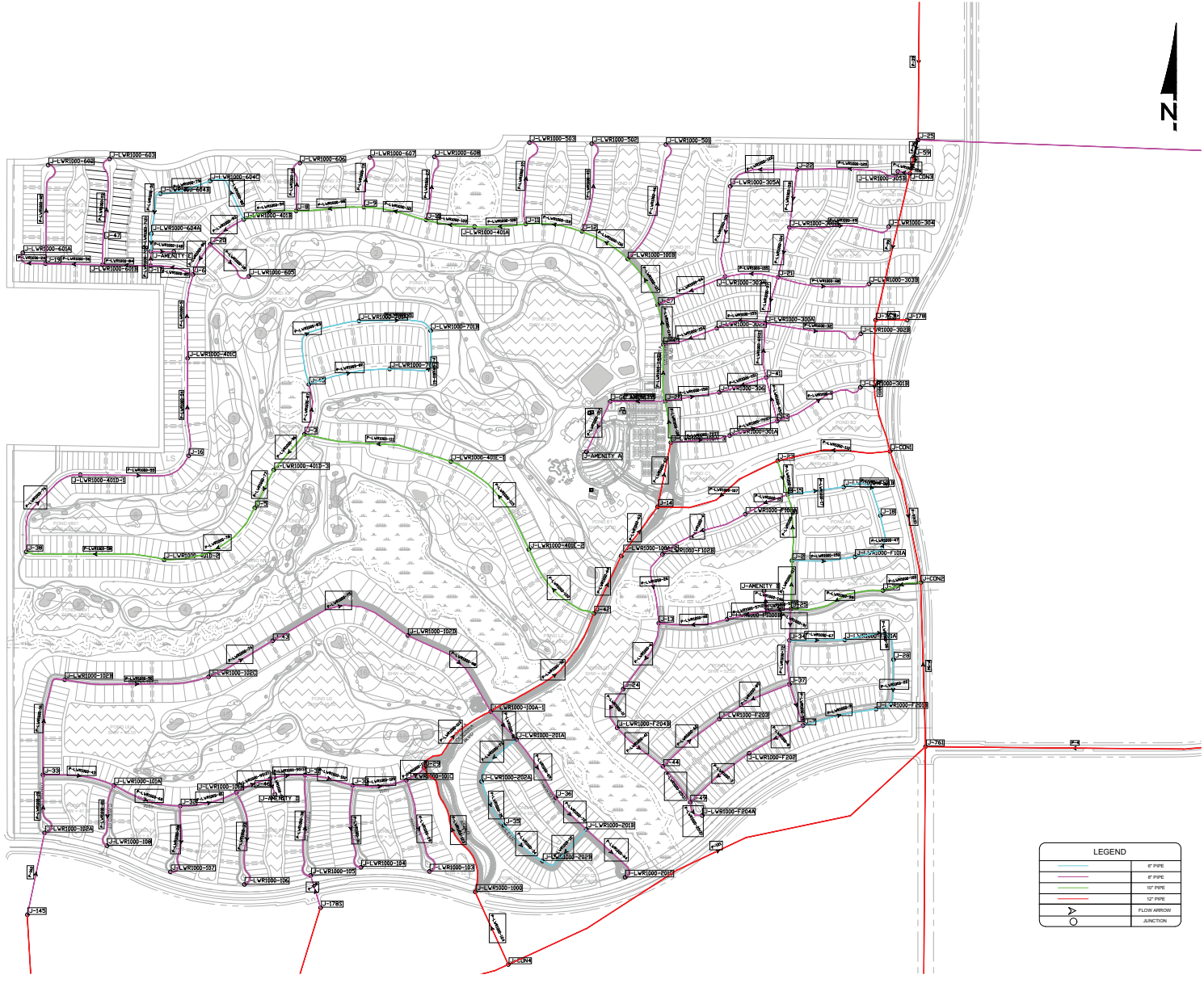
PLAN REVISIONS

NO.	DATE	DESCRIPTION

SCALE: 1" = 40' 0"

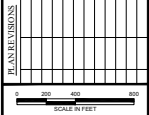
SET NUMBER: 997-016-01  
SHEET: 1

OUR ENGINEERING AND DEVELOPMENT CONSULTANTS  
25100 MONTE CRISTO DR. SUITE 300 DALLAS, TEXAS 75248  
P: 214-407-7777 F: 214-407-7595 EMAIL: info@waldropeng.com



LEGEND

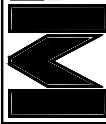
	6" PIPE
	8" PIPE
	10" PIPE
	12" PIPE
	FLOW ARROW
	JUNCTION



PLAN DIVISIONS


MASTER ENGINEER'S REPORT CDD EXHIBITS  
**AZARIO**  
CLIENT: TAYLOR MORRISON OF FLORIDA, INC  
EXHIBIT 2 - PLANNED WATER DISTRIBUTION SYSTEM

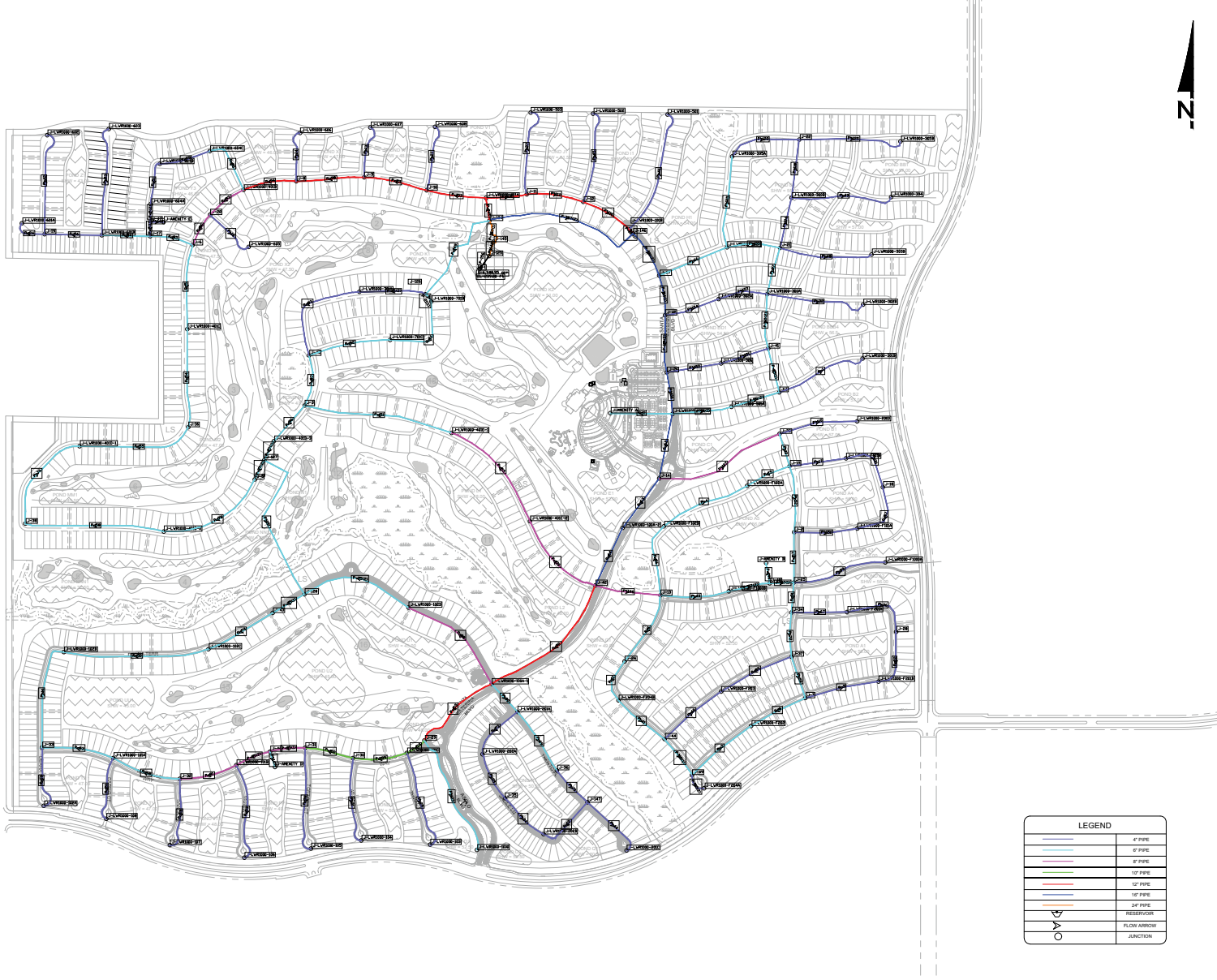
SET NUMBER: 597-016-01  
SHEET: 2



**WALDRUP  
ENGINEERING**

OUR SPECIALTIES:  
LAND DEVELOPMENT CONSULTANTS

24100 HWY 17 N, SUITE 505 DUNN SPRINGS, FL 32115  
P: 239-402-7777 F: 239-402-7499 EMAIL: info@waldrupengineering.com



LEGEND	
	4" PIPE
	6" PIPE
	8" PIPE
	10" PIPE
	12" PIPE
	16" PIPE
	24" PIPE
	FLOW ARROW
	JUNCTION

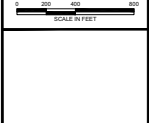
-Z-



OUR EXPERTISE:  
 LAND DEVELOPMENT CONSULTANTS  
 25100 HWY 19 N. SUITE 205 DANIA SPRINGS, FL 33155  
 P: 305-402-7777 F: 305-402-7599 EMAIL: info@waldropengineering.com

MASTER ENGINEER'S REPORT CDD EXHIBITS  
**AZARIO**  
 CLIENT: TAYLOR MORRISON OF FLORIDA, INC  
 EXHIBIT 3 - PLANNED SEWER COLLECTION AND TRANSMISSION SYSTEM

PLAN REVISIONS



SET NUMBER: 997-016-01  
 SHEET: 3



## AZARIO (FKA LWR 1000)

### EXHIBIT 5 - INFRASTRUCTURE COST

Date: 11/12/2019

<b>BUILDOUT UTILITY SUMMARY</b>	
<b>Category</b>	<b>Total CDD Debt</b>
Stormwater	\$ 17,006,463.30
Engineering & Survey	\$ 1,112,455.00
Perimeter Berm & Landscaping	\$ 507,064.00
Wastewater	\$ 8,360,454.37
Potable Water	\$ 6,201,880.38
<b>Sub-Total</b>	<b>\$ 33,188,317.05</b>
<b>Contingency</b>	<b>\$ 2,575,003.94</b>
<b>Site Total</b>	<b>\$ 35,763,320.99</b>

Notes:

- 1) This Opinion of Probable Cost (OPC) shall be used for budgeting purposes only.
- 2) This OPC is based on the engineer's understanding of the current rules, regulations, ordinances, and construction costs in effect on the date of this document. Interpretations of these construction costs may affect this OPC, and may require adjustments to delete, decrease, or increase portions of this OPC.
- 3) All costs provided in this OPC are based on recent contract prices, or the engineer's latest known unit costs. Unit prices are subject to change due to unpredictable and uncontrollable increases in the cost of concrete, petroleum, or the availability of materials and labor.

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**APPENDIX B**  
**INDENTURE**

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MASTER TRUST INDENTURE

LAKWOOD RANCH  
 STEWARDSHIP DISTRICT

TO

WACHOVIA BANK, NATIONAL ASSOCIATION,  
 AS TRUSTEE

Dated as of September 1, 2005

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Exhibit A Form of Requisition

MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of September 1, 2005, by and between LAKEWOOD RANCH STEWARDSHIP DISTRICT, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and WACHOVIA BANK, NATIONAL ASSOCIATION, as trustee (the "Trustee"), a national banking association existing under the laws of the United States and having the authority to exercise corporate trust powers, with its principal corporate trust office located at 200 S. Biscayne Boulevard, 14th Floor, Miami, Florida 33131.

WHEREAS, the District is an independent special district duly organized and existing under the provisions of the Lakewood Ranch Stewardship District Act Chapter 2005-338, Laws of Florida (the "Act"), for the purpose, among other things, of financing and managing the acquisition, construction, maintenance, and operation of the major infrastructure within the boundaries of the District; and

WHEREAS, the District has the power and authority under the Act to issue general obligation bonds, assessment bonds, refunding bonds, revenue bonds, and other similar obligations as provided for in the Act and to use the proceeds thereof to finance the cost of acquiring and constructing assessable improvements (as defined in the Act) and, by virtue of Section 6 of the Act, to levy and collect special assessments therefor as provided in Chapter 170, Florida Statutes, as amended; and

WHEREAS, the District has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects (hereafter defined) is and will be necessary and desirable in serving the District's goal of properly managing the acquisition, construction, and operation of portions of the infrastructure within the boundaries of the District;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the District, in consideration of the promises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds (hereafter defined) by the Owners (hereafter defined), and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the Debt Service (hereafter defined) on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee to secure the performance of the obligations of the District herein set forth: (i) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred,

ARTICLE I  
DEFINITIONS

Section 101. Meaning of Words and Terms. The following words and terms used in this Master Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Accountant" shall mean the independent certified public accountant or independent certified public accounting firm retained by the District to perform the duties of the Accountant under this Master Indenture.

"Accountant's Certificate" shall mean an opinion signed by an independent certified public accountant or firm of certified public accountants (which may be the Accountant) from time to time selected by the District.

"Accounts" shall mean all accounts created pursuant to Section 502 hereof except amounts on deposit in the Series Rebate Account within the Rebate Fund.

"Acquisition and Construction Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"Act" shall mean the Lakewood Ranch Stewardship District Act, Chapter 2005-338, Laws of Florida, as the same may be amended from time to time hereafter, or the corresponding provisions of subsequent laws.

"Additional Series Project" shall mean the acquisition and/or construction of any additions, extensions, improvements and betterments to and reconstructions of a Series Project to be financed, in whole or in part, from the proceeds of Subordinated Debt.

"Amortization Installments" shall mean the moneys required to be deposited in the Redemption Account within the Debt Service Fund for the purpose of redeeming and paying when due any Term Bonds, the specific amounts and dates of such deposits to be set forth in a Supplemental Indenture.

"Assessments" shall mean all assessments levied and collected by or on behalf of the District pursuant to Section 6 of the Act and pursuant to the assessment roll referred to therein, together with the interest on such assessments specified by resolution of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments.

"Authorized Denomination" shall, except as provided in any Supplemental Indenture relating to a Series of Bonds, mean the denomination of \$5,000 or any integral multiple thereof; provided, however, that, unless otherwise specified in a Supplemental Indenture, a Series of Bonds shall be delivered to the initial purchaser thereof only in principal amounts of \$100,000 or integral multiples of \$5,000 in excess of \$100,000.

conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the portion of the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series and for no other Series;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds of a Series, without preference of any Bond of such Series over any other Bond of such Series, (b) for enforcement of the payment of the Bonds of a Series, in accordance with their terms and the terms of this Master Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds, and all other sums payable hereunder and under the Supplemental Indenture authorizing such Series of Bonds, and (c) for the enforcement of and compliance with the obligations, covenants and conditions of this Master Indenture except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (hereafter defined) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Master Indenture, all as herein set forth.

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that this Master Indenture creates a continuing lien equally and ratably to secure the payment in full of the Debt Service on all Bonds of a Series which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to the lien of this pledge and assignment without any physical delivery thereof or further act, (c) that the lien of this pledge and assignment shall be a first lien and shall be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice thereof, and (d) that the Bonds of a Series are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Master Indenture and the District covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds of each respective Series, as follows:

"Authorized Officer" shall mean any person authorized by the District in writing directed to the Trustee to perform the act or sign the document in question.

"Benefit Special Assessments" shall mean assessments levied and collected by or on behalf of the District pursuant to Section 6 of the Act together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Benefit Special Assessments which are not paid in full when due.

"Bond Counsel" shall mean an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the District.

"Bond Registrar" or "Registrar" shall mean the bank or trust company designated as such by Supplemental Indenture or resolution of the District with respect to a Series of Bonds for the purpose of maintaining the registry of the District reflecting the names, addresses, and other identifying information of Owners of Bonds of such Series.

"Bond Year" shall mean, unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, the period commencing on the second day of May in each year and ending on the first day of May of the following year.

"Bonds" shall mean the Outstanding Bonds of all Series.

"Business Day" shall mean any day excluding Saturday, Sunday or any other day on which banks in the cities in which the designated corporate trust office of the Trustee or the Paying Agent are located are authorized or required by law or other governmental action to close and on which the Trustee or Paying Agent, or both, is closed.

"Capitalized Interest" shall mean, with respect to the interest due or to be due on a Series of Bonds prior to, during and for a period not exceeding three years after the completion of a Series Project to be funded in whole or in part by such Series, all or part of such interest which will be paid, or is expected to be paid, from the proceeds of such Series, all as provided in a Supplemental Indenture relating to such Series.

"Capitalized Interest Account" shall mean any Capitalized Interest Account to be established within a Series Debt Service Account by Supplemental Indenture with respect to any Series of Bonds issued under this Master Indenture, as authorized pursuant to this Master Indenture.

"Chairman" shall mean the Chairman of the Governing Body of the District or his or her designee or the person succeeding to his or her principal functions.

"Code" shall mean the Internal Revenue Code of 1986, as the same may hereafter be amended from time to time, or the corresponding provisions of any subsequent law.

"Collection Agreement" shall mean the agreement referred to in Section 811 hereof.

4

"District Engineer" or "District Engineers" shall mean the engineering firm or corporation employed from time to time by the District as the engineer for the District.

"Engineers' Certificate" shall mean a certificate of the District Engineer.

"Federal Securities" shall mean, to the extent permitted by law for investment as contemplated in this Master Indenture and any Supplemental Indenture, (i) Government Obligations, (ii) any Tax Exempt Obligations which are fully secured as to principal and interest by an irrevocable pledge of Government Obligations, which Government Obligations are segregated in trust and pledged for the benefit of the holders of the Tax Exempt Obligations, (iii) certificates of ownership of the principal or interest of Government Obligations, which Government Obligations are held in trust and (iv) investment agreements at least 100% collateralized by obligations described in clauses (i), (ii) or (iii) above.

"Fiscal Year" shall mean the fiscal year of the District in effect from time to time, which shall initially mean the period commencing on the first day of October of any year and ending on the last day of September of the following year. The District shall notify the Trustee in writing of any change in the Fiscal Year.

"Funds" shall mean all funds, except the Rebate Fund, created pursuant to Section 502 hereof.

"Governing Body" shall mean the Board of Supervisors of the District or the board or body succeeding to its principal functions.

"Government Obligations" shall mean direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America.

"Indenture" shall mean this Master Indenture, as amended and supplemented from time to time by one or more Supplemental Indentures and shall mean when used with respect to a Series of Bonds issued hereunder, this Master Indenture, as amended and supplemented by the Supplemental Indenture relating to such Series of Bonds.

"Insurer" shall mean the issuer of any municipal bond insurance policy insuring the timely payment of the principal of and interest on any Series of Bonds.

"Interest Payment Date" shall mean the dates specified in a Supplemental Indenture with respect to a Series of Bonds upon which the principal of and/or interest on Bonds of such Series shall be due and payable in each Bond Year.

"Investment Obligations" shall mean any of the following securities, if and to the extent that such securities are legal investments for funds of the District:

- (i) Federal Securities;
- (ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks,

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"Completion Bonds" shall mean Bonds issued pursuant to a Supplemental Indenture ranking on a parity with the Series of Bonds issued under such Supplemental Indenture, the proceeds of which are to be used to complete the Series Project.

"Cost" as applied to a Project, shall include the cost of acquisition and construction and all obligations and expenses relating thereto including, but not limited to, those items of cost which are set forth in Section 403 hereof.

"Costs of Issuance Account" shall mean the account so designated in, and created pursuant to, Section 502 below.

"Credit or Liquidity Facility" shall mean a letter of credit, a municipal bond insurance policy, a surety bond or other similar agreement issued by a banking institution or other entity satisfactory to the District and providing for the payment of Debt Service on a Series of Bonds or any alternate or substitute Credit or Liquidity Facility if then in effect.

"Date of Completion" with respect to a Series Project or Additional Series Project shall mean: (i) the date upon which the Series Project and all components thereof have been acquired or constructed and are capable of performing the functions for which they were intended, as evidenced by a certificate of the District Engineer filed with the Trustee and the District; or (ii) the date on which the District determines, upon the recommendation of or consultation with the District Engineer, that it cannot complete the Series Project in a sound and economical manner within a reasonable period of time as evidenced by a certificate of the District Engineer filed with the Trustee and the District; provided that in each case such certificate of the District Engineer shall set forth the amount of all Costs of such Series Project or Additional Series Project which has theretofore been incurred, but which on the Date of Completion is or will be unpaid or unreimbursed.

"Debt Service" shall mean collectively the principal (including Amortization Installments), interest, and redemption premium, if any, payable with respect to the Bonds.

"Debt Service Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"Delinquent Assessments" shall mean, collectively, any and all installments of any Assessments which are not paid within thirty (30) days after the date on which such installments are due and payable.

"Depository" shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the District as a depository of moneys subject to the provisions of this Master Indenture.

"District" shall mean Lakewood Ranch Stewardship District, an independent special district created pursuant to the Act or any successor thereto which succeeds to the obligations of the District hereunder.

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Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

(iii) Bonds, debentures, notes or other evidences of indebtedness issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association;

(iv) Negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements issued by any bank, trust company or national banking association, including the Trustee or an affiliate thereof, which certificates of deposit, except in the case of certificates of deposit issued by a bank, trust company or national banking association having a capital stock and surplus of more than \$50,000,000, will be continuously secured or collateralized by obligations described in subparagraphs (i), (ii), or (iii) of this definition, which will have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and will be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;

(v) Repurchase agreements with any bank, trust company or national banking association, including the Trustee or an affiliate thereof, or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition, which securities will at all times (a) have a market value (inclusive of accrued interest) not less than the principal amount of the repurchase agreement, (b) be held free and clear of claims by third parties, (c) be subject to a perfected first security interest in the collateral in favor of the Trustee and (d) be delivered to the Trustee or its agent, as custodian;

(vi) Commercial paper, other than that issued by bank holding companies, (1) rated at the date of investment in one of the two highest rating categories issued by Moody's or S&P, or (2) issued by corporations which at the date of investment have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in one of the three highest rating categories by Moody's or S&P;

(vii) Municipal bonds rated in one of the three highest rating categories by Moody's or S&P;

(viii) money market funds, including but not limited to Fidelity U.S. Treasury Income Portfolio; and

(ix) Other obligations permitted under the laws of the State which are legal investments for the funds of the District, but such term shall not include annuity or other guaranteed investment contracts, except as may be expressly set forth above.

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"Last Capitalized Interest Date" shall have the meaning given to that term in Section 510 below.

"Letter of Credit Agreement" shall mean any financing agreement relating to a Credit Facility for so long as such agreement will be in effect.

"Liquidity Agreement" shall mean any financing agreement relating to a Liquidity Facility for so long as such agreement will be in effect.

"Master Indenture" shall mean this Master Trust Indenture, as amended and supplemented from time to time in accordance with the provisions hereof.

"Maximum Annual Debt Service Requirement" shall mean, at any given time of determination, the greatest amount of principal of Serial Bonds, interest, and Amortization Installments with respect to Term Bonds coming due in any current or future Bond Year with regard to the Series of Bonds for which such calculation is made; provided, the amount of interest coming due in any Bond Year shall be reduced to the extent moneys derived from the proceeds of Bonds are used or are expected to be used to pay interest in such Bond Year.

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

"Outstanding," when used with reference to Bonds, shall mean, as of a particular date, all Bonds theretofore authenticated and delivered under this Master Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Master Indenture or Supplemental Indenture and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or irrevocable instructions shall have been given by the District to the Trustee for the giving of such notice as provided in Article III hereof or in the Supplemental Indenture relating to the Bonds of any Series;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Master Indenture and the Supplemental Indenture with respect to Bonds of a Series; and

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"Record Date" shall mean the fifteenth (15th) day of the calendar month next preceding any Debt Service payment date or, in the case of any proposed redemption of Bonds, the tenth (10th) day preceding the date of mailing of notice of such redemption, or if either of the foregoing days is not a Business Day, then the Business Day immediately succeeding such day.

"Redemption Account" shall mean the account so designated in, and created pursuant to, Section 502 hereof.

"Redemption Price" shall mean the principal of, premium, if any, and interest accrued to the date fixed for redemption of any Bond called for redemption.

"Refunding Bonds" shall mean Bonds issued pursuant to the provisions of this Master Indenture, the proceeds of which are used to refund one or more Series of Outstanding Bonds in whole or in part.

"Reserve Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"Revenue Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"S&P" shall mean Standard & Poor's Ratings Group, a division of McGraw Hill, Inc., its successors and their assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

"Secretary" shall mean the Secretary to the Governing Body, or his or her designee or the person succeeding to his or her principal functions.

"Serial Bonds" shall mean Bonds (other than Term Bonds) that mature in annual or semi-annual installments.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance of a stipulated aggregate principal amount in a simultaneous transaction under and pursuant to the same Supplemental Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Master Indenture and such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the District upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Indenture. In addition, if an issue of Bonds is followed by a second issue of Bonds closed within 45 days of the closing of the first issue and the proceeds of the second issue are to be used to pay the costs of issuance of the first issue, or to pay for certain costs of a Series Project being financed from the proceeds of

(iv) Bonds paid or deemed to have been paid as provided in this Master Indenture or in a Supplemental Indenture, including Bonds with respect to which payment or provision for payment has been made in accordance with Article XII hereof.

In addition, Bonds registered in the name of the District will not be deemed to be Outstanding for purposes of Article IX and Article XI of this Master Indenture.

"Owner" or "Owners" shall mean the registered owners from time to time of Bonds.

"Paying Agent" shall mean the bank or trust company designated by Supplemental Indenture with respect to a Series of Bonds as the place where Debt Service shall be payable with respect to such Series of Bonds and which accepts the duties of Paying Agent under this Master Indenture and under such Supplemental Indenture.

"Pledged Funds" shall mean all of the Series Pledged Funds.

"Pledged Revenues" shall mean all of the Series Pledged Revenues.

"Prepayments" shall mean any Assessments, or portions thereof, which shall be paid to the District prior to the time such amounts become due. Prepayments shall not include any interest paid on such Assessments.

"Principal and Interest Requirement" shall mean with respect to a Series of Bonds, the respective amounts which are required in each Bond Year to provide:

(i) for paying the interest on all Bonds of such Series then Outstanding which is payable in such Bond Year;

(ii) for paying the principal or Maturity Amount of all Serial Bonds of such Series then Outstanding which is payable in such Bond Year; and

(iii) the Amortization Installments on the Term Bonds of such Series of Bonds, if any, payable in such Bond Year.

"Property Appraiser" shall mean collectively the Property Appraisers of Manatee and Sarasota Counties, Florida, or the persons succeeding to his or her principal functions.

"Rebate Amount" shall mean the amount, if any, required to be rebated to the United States pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and the regulations and rulings thereunder.

"Rebate Analyst" shall mean the person or firm selected by the District to calculate the Rebate Amount, which shall be a person or firm with expertise in the calculation of the Rebate Amount.

"Rebate Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

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the first issue which costs cannot be financed with Tax Exempt Bonds, then the two issues of Bonds will be deemed a single Series for purposes of this Master Indenture, if so designated by the District.

"Series Acquisition and Construction Account" shall mean the account within the Acquisition and Construction Fund with respect to each Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

"Series Interest Account" shall mean the account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

"Series Pledged Funds" shall mean all amounts on deposit from time to time in the Funds and Accounts and designated in the Supplemental Indenture relating to such Series of Bonds as pledged to the payment of such Series of Bonds; provided, however, such term shall not include any amounts on deposit in a Series Rebate Account in the Rebate Fund.

"Series Pledged Revenues" shall mean the revenues designated as such by Supplemental Indenture and which shall constitute the security for and source of payment of Debt Service on a Series of Bonds and may consist of Assessments, Benefit Special Assessments, or other user fees or other revenues or combinations thereof derived or to be derived by the District in accordance with the Act.

"Series Principal Account" shall mean the account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

"Series Project" or "Series Projects" shall mean the acquisition, construction, equipping and/or improvement of capital projects to be located within or without the District for the benefit of the District to be financed with all or a part of the proceeds of a Series of Bonds as shall be described in the Supplemental Indenture authorizing such Series of Bonds.

"Series Rebate Account" shall mean the account in the Rebate Fund with respect to a Series of Bonds so designated in, and created pursuant to, a Supplemental Indenture.

"Series Reserve Account" shall mean the Reserve Account for a Series of Bonds established in the Reserve Fund by Supplemental Indenture in an amount equal to the Series Reserve Account Requirement for such Series of Bonds.

"Series Reserve Account Requirement" shall mean the amount of money or other security which may be in the form of a reserve fund insurance policy or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a Series Reserve Account for each Series of Bonds; provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the "Series Reserve Account Requirement" shall be an amount equal to the lesser of: (A) Maximum Annual Debt Service

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Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual Debt Service for all Outstanding Bonds of such Series calculated on a Bond Year basis, or (C) 10% of the principal amount of the Bonds of such Series that remain Outstanding from time to time. In computing the Series Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of: (1) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Series of Bonds shall have been Outstanding, or (2) the actual rate of interest borne by the such Variable Rate Bonds on such date of calculation; provided, in no event shall the Series Reserve Account Requirement as adjusted on such date of calculation exceed the lesser of the amounts specified in the immediately preceding sentence.

"Series Revenue Account" shall mean the Revenue Account for a Series of Bonds established in the Revenue Fund by Supplemental Indenture for such Series of Bonds.

"Subordinated Debt" shall mean indebtedness secured hereby or by any Supplemental Indenture which is by its terms expressly subordinate and inferior hereto both in lien and right of payment.

"Supplemental Indenture" shall mean an indenture supplemental hereto authorizing the issuance of a Series of Bonds hereunder and establishing the terms thereof and the security therefor and shall also mean any indenture supplemental hereto entered into for the purpose of amending the terms and provisions hereof with respect to all Bonds in accordance with Article XI hereof.

"Taxable Bonds" shall mean Bonds of a Series which are not Tax Exempt Bonds.

"Tax Collector" shall mean the Tax Collector of Manatee and Sarasota County, Florida, or the person succeeding to his or her principal functions.

"Tax Exempt Bonds" shall mean Bonds of a Series the interest on which, in the opinion of Bond Counsel on the date of original issuance thereof, is excludable from gross income for federal income tax purposes.

"Tax Exempt Obligations" shall mean any bond, note, or other debt obligation issued by any person, the interest on which is excludable from gross income for federal income tax purposes.

"Tax Regulatory Covenants" shall mean the Tax Regulatory Covenants of the District contained in the Supplemental Indenture authorizing the issuance of a Series of Tax Exempt Bonds, setting forth the covenants of the District necessary for the preservation of the exclusion of interest thereon from gross income for federal income tax purposes, as such covenants shall be amended from time to time upon written instructions from Bond Counsel.

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time to time under and pursuant to the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**Section 202. Details of Bonds.** Bonds of a Series shall be in such denominations, numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate permitted by law, shall be stated to mature in such year or years in accordance with the Act, and shall be subject to redemption prior to their respective maturities, subject to the limitations hereinafter provided, as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series may be secured by a Credit and/or Liquidity Facility, all as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series (or a part of a Series) may be in book-entry form at the option of the District.

Debt Service shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid to the registered Owner of Bonds at the close of business on the Record Date for such interest; provided, however, that on or after the occurrence and during the continuance of an Event of Default under clause (a) of Section 902 hereof, the payment of interest and principal or Redemption Price or Amortization Installments pursuant hereto shall be made by the Paying Agent to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Bond. Any payment of principal of a Bond, whether at maturity or upon redemption prior to maturity, shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent, unless such Bond is held in book-entry form by The Depository Trust Company or its nominee. Payment of interest shall be made by check or draft mailed on the Interest Payment Date to the registered Owner at his or her address as it appears on the registration books maintained by the Bond Registrar as of the applicable Record Date except that interest may be paid by wire transfer if the Registered Owner requests such method of payment in writing prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of a Series of Bonds (or all Bonds of such Series if less than \$1,000,000 shall be Outstanding) at the time such request is made. Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

**Section 203. Execution and Form of Bonds.** The Bonds shall be signed by, or bear the facsimile signature of, the Chairman, shall be attested and countersigned by, or bear the facsimile signature of, the Secretary or an Assistant Secretary and the certificate of authentication appearing on the face of the Bonds shall be signed by, or bear the facsimile signature of, the Trustee; provided, however, that each Bond shall be manually signed by one of the foregoing. The official seal of the District or a facsimile thereof shall be imprinted or impressed on the Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid for all purposes the same as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be proper officers to execute such Bond although at the date of such Bond such

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"Term Bonds" shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments.

"Time Deposits" shall mean time deposits, certificates of deposit or similar arrangements with any bank or trust company, including the Trustee or an affiliate thereof, which is a member of the Federal Deposit Insurance Corporation and any Federal or State of Florida savings and loan association which is a member of the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation and which are secured or insured in the manner required by Florida law.

"Trust Estate" shall have the meaning given to such term in the granting clauses hereof.

"Trustee" shall mean Wachovia Bank, National Association and any successor trustee appointed or serving pursuant to Article VI hereof.

"Variable Rate Bonds" shall mean Bonds which may be either Serial Bonds or Term Bonds, issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue.

**Section 102. Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Owner," "person," "Paying Agent," "Bond Registrar" and any other word or phrase used herein and in any Supplemental Indenture shall include the plural as well as the singular number and the word "person" shall include any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. References to sections or chapters of "Florida Statutes" shall constitute references to Florida Statutes (2004), as now or hereafter amended, or the corresponding provisions of subsequent laws.

## ARTICLE II FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS

**Section 201. Issuance of Bonds.** For the purpose of providing funds for paying all or part of the Cost of a Series Project, Bonds of a Series, in an aggregate original principal amount not to exceed \$4,000,000,000 (Four Billion Dollars) (exclusive of Refunding Bonds to the extent that the principal amount of such Refunding Bonds is not in excess of the principal amount of the Bonds being refunded) may be issued under this Master Indenture subject to the conditions hereinafter provided in Section 207 of this Article. Debt Service on each Series of Bonds shall be payable solely from the Pledged Revenues and Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds and, as may be provided in such Supplemental Indenture, all of the provisions of this Master Indenture shall be for the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series. The District may also issue Completion Bonds and Refunding Bonds of a Series from

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persons may not have been such officers. The Bonds, and the provisions for registration and reconversion to be endorsed on such Bonds, shall be substantially in the form set forth in a Supplemental Indenture.

**Section 204. Negotiability, Registration and Transfer of Bonds.** The District shall cause books for the registration and for the transfer of the Bonds as provided in this Master Indenture to be kept by the Bond Registrar. All Bonds shall be registered as to both principal and interest. Any Bond may be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, such transfer to be made on such books. No charge shall be made to any Owner for registration and transfer as hereinabove provided, but any Owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. The Bond Registrar shall not be required to transfer any Bond during the period between the Record Date and the Interest Payment Date next succeeding the Record Date of such Bond, during the period between the Record Date for the mailing of a notice of redemption and the date of such mailing, nor after such Bond has been selected for redemption. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Owner, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

**Section 205. Ownership of Bonds.** The person in whose name any Bond shall be registered shall be deemed the absolute owner thereof for all purposes, and payment of Debt Service shall be made only to or upon the order of the registered owner thereof or his attorney or legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Trustee, the District, the Bond Registrar and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Trustee, the District, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

**Section 206. Special Obligations.** Each Series of Bonds shall be a special, limited, obligation of the District. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of Florida and the Bonds, and the interest and premium, if any, payable thereon shall not constitute a debt or obligation of any kind of the State of Florida, Manatee County, Sarasota County, or any agency or political subdivision of either of them. The Bonds and the interest and premium, if any, payable thereon shall not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely

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by, the Pledged Revenues and the Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

**Section 207. Authorization of Bonds.** Bonds may be issued from time to time in Series, under and secured by this Master Indenture, subject to the limitation as to principal amount contained in Section 201 above, for the purposes of: (i) paying all or part of the Cost of a Project or Projects or refunding an Outstanding Series of Bonds or any portion thereof; (ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; (iii) paying all or a portion of the costs and expenses of issuing such Series of Bonds; or (iv) for any other purpose specified in a Supplemental Indenture and permitted under the laws of Florida.

Each Series of Bonds, upon initial issuance thereof, shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of the following:

- (a) an executed and attested original or certified copy of this Master Indenture;
- (b) an executed and attested original or certified copy of the Supplemental Indenture relating to such Series of Bonds;
- (c) an opinion of counsel for the District addressed to the District, the Trustee, and Bond Counsel stating that the District is a duly organized and existing independent special district under the laws of Florida, that all resolutions of the District relating to issuance of such Series of Bonds and to the levy and collection of the Pledged Revenues for such Series of Bonds have been duly and legally adopted by the Board, that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized, approved, and adopted, that the issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute legal, valid, and binding obligations of the District, enforceable against the District in accordance with their terms except as enforcement thereof may be affected by bankruptcy and other similar laws relating to creditor's rights generally;
- (d) an opinion of Bond Counsel addressed to the District and the Trustee, stating that the signer is of the opinion that the Bonds of such Series are legal, valid, binding and enforceable obligations of the District and, if such Series of Bonds are not Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States in effect on the date such Series of Bonds are delivered to their initial purchasers; and
- (e) such other opinions, certificates, agreements, and other documents as may be required by the Bond purchase contract between the District and the initial purchaser or purchasers of a Series of Bonds.

When the documents mentioned in subsections (a) through (e) above shall have been received, and when the Bonds of such Series shall have been executed and authenticated as required by this Master Indenture, such Series of Bonds shall be delivered to, or upon the order of, the

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**Section 209. Mutilated, Destroyed or Lost Bonds.** If any Bonds become mutilated or destroyed or lost, the District may cause to be executed, and the District may cause to be delivered, a new Bond in substitution therefor and upon the cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon payment by the Owner of the reasonable expenses and charges of the District and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, upon the Owner filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost, and of his or her ownership thereof, and furnishing the District and the Trustee with indemnity satisfactory to them.

**Section 210. Pari Passu Obligations Under Credit Agreements.** As may be provided for or required in any Supplemental Indenture, the District may incur financial obligations under a Letter of Credit Agreement or a Liquidity Agreement payable pari passu with respect to the lien on the Trust Estate pledged to a Series of Bonds issued under this Master Indenture and a Supplemental Indenture, without meeting any financial test or requirement set forth in this Master Indenture or the corresponding Supplemental Indenture, but only if the Letter of Credit Agreement or Liquidity Agreement supports a related Series of Bonds then being issued which does meet such tests or requirements.

**Section 211. Bond Anticipation Notes.** Whenever the District shall authorize the issuance of a Series of Bonds, or shall covenant by resolution to issue a Series of Bonds, the District may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Series Project or Projects for which the proceeds of the Bond Anticipation Notes will be applied shall not exceed such Cost. The interest on such Bond Anticipation Notes may be payable out of the related Series Interest Account to the extent provided in the resolution of the District authorizing such Bond Anticipation Notes or as provided in the applicable Supplemental Indenture. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the District available therefor or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions authorizing such Bond Anticipation Notes may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit, in the related Series Interest Account, in the event that the District adopts a resolution authorizing the issuance of Bond Anticipation Notes, the District will promptly furnish to the Trustee a copy of such resolution, certified by an Authorized Officer, together with such information with respect to such Bond Anticipation Notes as the Trustee may reasonably request, including, without limitation, information as to the paying agent or agents for such Bond Anticipation Notes. The Trustee shall have no duties or obligations to the holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the District authorizing the issuance of such Bond Anticipation Notes and acceptance by the Trustee.

**Section 212. Tax Status of Bonds.** Any Series of Bonds issued under this Master Indenture may be either Taxable Bonds or Tax Exempt Bonds.

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District, but only upon payment to the Trustee of the purchase price of such Series of Bonds, together with accrued interest, if any, thereon.

The proceeds (including accrued interest and any premium) of each Series of Bonds shall be applied as soon as practicable upon delivery thereof to the Trustee as follows:

- (i) the amount received as accrued interest on the Bonds shall be deposited to the credit of the Series Interest Account and Capitalized Interest, if any, shall be deposited to the credit of the Series Capitalized Interest Account;
- (ii) an amount equal to the Series Reserve Account Requirement or the initial cost of satisfying the Series Reserve Account Requirement if not satisfied by the deposit of cash, shall be deposited to the credit of the Series Reserve Account; and
- (iii) the balance shall be deposited and applied as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**Section 208. Temporary Bonds.** Pending delivery of definitive Bonds, there may be executed, authenticated, and delivered to the Owners thereof, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in Authorized Denominations, substantially of the tenor set forth in the Bond form to be set forth in the Supplemental Indenture authorizing such Series of Bonds. The District shall cause definitive Bonds to be prepared and to be executed, endorsed, registered, and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same or cause the same to be canceled and cause to be authenticated and delivered, in exchange therefor, at the place designated by the Owner, without expense to the Owner, definitive Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest or yield to maturity at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits of this Master Indenture and any Supplemental Indenture as the definitive Bonds to be issued hereunder.

### ARTICLE III REDEMPTION OF BONDS

**Section 301. Redemption Generally.** The Bonds of any Series shall be subject to redemption, in whole or in part on any date, and at such times, in the manner and at such prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Series of Bonds. The District shall provide written notice to the Trustee of any optional redemption on or before the forty-fifth (45th) day next preceding the date to be fixed for such optional redemption.

Unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, if less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds of a Series to be redeemed shall be selected by lot in such reasonable manner as the Bond Registrar in its discretion may determine. The portion of any Series of Bonds to be redeemed shall be in an Authorized Denomination and, in selecting the Bonds of such Series to be redeemed, the Bond Registrar shall treat each such Bond as representing that number of Bonds of such Series which is obtained by dividing the principal amount of such Bond by an Authorized Denomination (such amount being hereafter referred to as the "unit of principal amount").

If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Bond, upon surrender of such Bond to the Paying Agent for payment to such registered Owner of the Redemption Price of the unit or units of principal amount called for redemption, shall be entitled to receive without charge a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. If the Owner of any Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

Subject to the provisions of Section 506(b) hereof, the District may purchase a Bond or Bonds of a Series in the open market at a price no higher than the highest redemption price (including premium) for the Bond to be so purchased with any funds legally available therefor and the principal amount of any such Bonds so purchased shall be credited to the amounts otherwise required to be deposited for the payment of Bonds of such Series as provided in Section 506(b) hereof or as otherwise provided in the Supplemental Indenture relating to such Series.

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**Section 302. Notice of Redemption; Procedure for Selection.** The District shall establish each redemption date, other than in the case of an extraordinary mandatory redemption as provided in Section 505(c) below, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty fifth (45th) day immediately preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner shown as of the applicable Record Date on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent at any time no earlier than 60 days and no later than 90 days after the redemption date by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond (provided that failure to send such second notice shall not affect the validity of the call for redemption), in each case stating: (i) if less than all Bonds of a Series, or of a maturity within a Series, are to be redeemed, the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed), or if all Bonds of one or more maturities are to be redeemed, stating that all of the Bonds of such maturities have been called for redemption; (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed, (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the series designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; (viii) the notice date, redemption date, and Redemption Price; and (ix) the name, address, telephone number and contact person at the office of the Paying Agent with respect to such redemption. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the Redemption Price and shall state that further interest on such Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all payments of the Redemption Price.

Any required notice of redemption also shall be sent by registered mail, overnight delivery service, telecopy or other secure means, postage prepaid, to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed, to certain municipal registered Securities Depositories (described below) which are known to the Bond Registrar to be holding Bonds thirty-two (32) days prior to the redemption date and to at least two of the national Information Services (described below) that disseminate securities redemption notices, when possible, at least thirty (30) days prior to the redemption date; provided that neither failure to send or receive any such notice nor any defect in any notice so sent shall affect the sufficiency of the proceedings for the redemption of such Bonds.

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**Section 402. Payments From Acquisition and Construction Fund.** Payment of the Cost of constructing and acquiring the Project shall be made from the Acquisition and Construction Fund as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Article and in Article V hereof, and the District covenants that it will not request any sums to be paid from the Acquisition and Construction Fund except in accordance with such provisions and restrictions. Moneys in the Acquisition and Construction Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Trustee legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in Section 503(b) hereof.

**Section 403. Cost of Project.** The Cost of a Project shall include, without intending thereby to limit or to restrict any proper definition of such cost under the Act, other applicable provisions of Florida law, generally accepted governmental accounting principles, or this Master Indenture, the following:

(a) **Expenses of Bond Issuance.** All expenses and fees relating to the issuance of the Bonds, including, but not limited to, initial Credit and Liquidity Facility fees and costs, attorneys' fees, underwriting fees and discounts, the Trustee's acceptance fees, expenses and Trustee's counsel fees and expenses, rating agency fees, fees of financial advisors, engineer's fees, administrative expenses of the District, the costs of preparing audits and engineering reports, the costs of preparing reports, surveys, and studies, and the costs of printing the Bonds and preliminary and final disclosure documents;

(b) **Accrued and Capitalized Interest.** Any interest accruing on the Bonds from their dated date through the date of delivery and payment therefor received from the proceeds of the Bonds (to be deposited into the related Series Interest Account) and Capitalized Interest (to be deposited into the related Series Capitalized Interest Account) as may be authorized or provided for by a Supplemental Indenture related to a Series of Bonds. Notwithstanding the deposit of Capitalized Interest into the related Series Capitalized Interest Account, Capitalized Interest shall also include any amount directed by the District to the Trustee in writing to be withdrawn from the related Series Acquisition and Construction Account and deposited into such Capitalized Interest Account, provided that such direction includes a certification that such amount represents earnings on amounts on deposit in the related Series Acquisition and Construction Account and that, after such deposit, the amount on deposit in such Acquisition and Construction Account, together with earnings thereon, will be sufficient to complete that portion of the related Series Project which is to be funded from such Acquisition and Construction Account;

(c) **Acquisition Expenses.** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-way, franchises, easements, and other interests in property, whether real or personal, tangible or intangible, which themselves constitute the Project or which are necessary or convenient to acquire, construct, and install the Project;

(d) **Construction Expenses.** The cost of all labor, materials, machinery, and equipment (including, without limitation, (i) amounts payable to contractors, builders and

Securities Depositories include: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax:-(516) 227-4164 or 4190, Attention: Call Notification; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax:-(312) 663-2959 or 2960; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax:-(215) 496-5058; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories or any such other depositories as the District may designate in writing to the Bond Registrar.

Information Services include: Financial Information, Inc., 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Called Bond Service Editor; Kenny Information Systems, Inc., 65 Broadway, 16th Floor, New York, New York 10006, Attention: Called Bond Department; Moody's Investors Service, 99 Church Street, New York, New York 10007, Attention: Called Bond Department; and Standard and Poor's Corporation 25 Broadway, New York, New York 10004, Attention: Called Bond Department; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds, or any other such services as the District may designate in writing to the Bond Registrar.

Failure to give notice by mailing to the Owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond. Failure of any Owner to receive a notice mailed as herein provided shall not defeat the validity of the call for redemption of the Bonds of such Owner.

**Section 303. Effect of Calling for Redemption.** On the date designated for redemption of any Bonds, notice having been filed and mailed in the manner provided above, the Bonds called for redemption shall be due and payable at the Redemption Price provided for the redemption of such Bonds on such date and, moneys for payment of the Redemption Price being held in a separate account by the Paying Agent in trust for the Owners of the Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit under this Master Indenture, and the Owners of such Bonds shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof and such Bonds shall no longer be deemed to be Outstanding.

**Section 304. Cancellation.** Bonds called for redemption shall be canceled upon the surrender thereof.

#### ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

**Section 401. Acquisition and Construction Fund.** There is created and established by Section 502 hereof a fund designated as the "Acquisition and Construction Fund" which shall be held by the Trustee and to the credit of the Series Acquisition and Construction Accounts there shall be deposited the amounts specified in the Supplemental Indenture relating to such Series of Bonds.

materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the District and its employees, materials and supplies purchased by the District, and permits and licenses obtained by the District), to the extent that the foregoing are related, directly or indirectly, to the acquisition, construction, or installation of one or more Series Projects; and

(c) **Other Professional Fees and Miscellaneous Expenses.** All legal, architectural, engineering, and consulting fees, all premiums and other related amounts paid to obtain payment, performance, permitting, defect, security, and other types of bonds, as well as all financing charges, taxes, insurance premiums, operation and maintenance expenses properly capitalized as a cost of a Series Project under generally accepted governmental accounting principles, and miscellaneous expenses, not specifically referred to in this Master Indenture that are incurred in connection with the acquisition, construction, and installation of a Project.

**Section 404. Disposition of Balances in Acquisition and Construction Fund.** On the Date of Completion of a Series Project, the balance in the related Series Acquisition and Construction Account not directed by the District to be reserved for the payment of any remaining part of the Cost of the Series Project shall be transferred by the Trustee to the credit of the Series Redemption Account and used for the purposes set forth for such Account in the Supplemental Indenture relating to such Series of Bonds.

#### ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

**Section 501. Lien.** The Trust Estate is hereby irrevocably pledged for the payment of the Bonds of each Series issued hereunder, subject only to the provisions of this Master Indenture and any Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Master Indenture and any such Supplemental Indenture with respect to each Series of Bonds, provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture the Trust Estate securing a Series of Bonds shall secure only such Series of Bonds and Bonds issued on a parity therewith and shall not secure any other Bonds or Series of Bonds.

The foregoing pledge shall be valid and binding from and after the date of initial delivery of the Bonds and the proceeds of sale of the Bonds and all the moneys, securities and funds set forth in this Section 501 shall immediately be subject to the Lien of the foregoing pledge, which lien is hereby created, without any physical delivery thereof or further act. Such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District or the Trustee, irrespective of whether such parties have notice thereof. Such lien shall be prior and superior to all other liens now existing or hereafter created.

**Section 502. Establishment of Funds and Accounts.** The following funds and accounts are hereby established and shall be held by the Trustee:

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(a) Acquisition and Construction Fund and within such Fund there may be established by Supplemental Indenture a separate Series Acquisition and Construction Account and a Series Costs of Issuance Account for each Series of Bonds issued hereunder;

(b) Revenue Fund and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Revenue Account for each Series of Bonds issued hereunder;

(c) Debt Service Fund and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a Series Debt Service Account and within such Series Debt Service Account,

- (i) a Series Interest Account,
- (ii) a Series Principal Account,
- (iii) a Series Redemption Account, and
- (iv) a Capitalized Interest Account

for each such Series of Bonds issued hereunder;

(d) Reserve Fund and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Reserve Account for each such Series of Bonds and any Bonds issued on a parity with any such Series of Bonds; and

(e) Rebate Fund and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Rebate Account for each such Series of Tax Exempt Bonds issued hereunder.

Notwithstanding the foregoing, the Supplemental Indenture authorizing any Series of Bonds may establish such other Series Accounts or dispense with the Series Accounts set forth above.

**Section 503. Acquisition and Construction Fund Deposits.** The District shall pay to the Trustee, for deposit into the related Acquisition and Construction Account in the Acquisition and Construction Fund, as promptly as practicable, the following amounts received by it:

(i) the amount set forth in the Supplemental Indenture relating to such Series of Bonds;

(ii) subject to Section 806 hereof, payments made to the District from the sale, lease or other disposition of the Series Project or any portion thereof;

(iii) insurance or condemnation proceeds with respect to the loss, destruction, or condemnation of a Series Project or any portion thereof; and

(iv) such other amounts as may be provided in a Supplemental Indenture.

Amounts in such Account shall be applied to pay the Cost of the Series Project; provided, however, that if any amounts remain in the Series Acquisition and Construction Account after the Date of Completion, and if such amounts are not reserved for payment of any remaining part of the Cost of the Series Project, such amounts shall be applied in the manner set forth in Section 404 above.

(b) **Disbursements From Series Acquisition and Construction Account.** Unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds, payments from a Series Acquisition and Construction Account shall be made in accordance with the provisions of this subsection (b). Before any such payment shall be made, the District shall file with the Trustee a requisition in the form of Exhibit A hereto, signed by an Authorized Officer and by the District Engineer.

Upon receipt of each such requisition and accompanying certificate the Trustee shall promptly withdraw from the Series Acquisition and Construction Account and pay to the person, firm or corporation named in such requisition the amount designated in such requisition.

(c) **Inspection.** All requisitions and certificates received by the Trustee pursuant to this Article shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the District, the District Engineer, the Owner of any Bonds of the related Series, and the agents and representatives thereof.

(d) **Completion of Series Project.** On the Date of Completion, the balance in the Acquisition and Construction Account not reserved by the District for the payment of any remaining part of the Cost of acquiring or constructing the Series Project shall be applied in accordance with the provisions of Section 404 hereof.

(e) **Disbursements From Costs of Issuance Account.** If a Series Costs of Issuance Account is established by a Supplemental Indenture relating to a Series of Bonds, expenses relating to the issuance of such Series of Bonds shall be paid from such Account upon delivery to the Trustee of (i) the invoice, bill, or statement for services, or a copy thereof, of the person to whom such expense is to be paid, and (ii) written instructions signed by an Authorized Officer directing the Trustee to pay such invoice, bill, or statement from amounts on deposit in the Costs of Issuance Account. Any amounts deposited in a Series Costs of Issuance Account which are not needed to pay such costs shall be transferred to the Series Capitalized Interest Account and used for the purposes permitted therefor, and the Series Costs of Issuance Account shall be closed.

**Section 504. Revenue Fund and Series Revenue Accounts.** The District hereby covenants and agrees that it will assess, impose, establish and collect or cause to be collected the Pledged Revenues with respect to each Series of Bonds in amounts and at times sufficient to pay Debt Service when due. If the Assessments or the Benefit Special Assessments are paid to the District (as opposed to being paid directly to the Trustee), the District hereby covenants and agrees to deposit as promptly as possible after receipt all of such Assessments or Benefit Special Assessments with the Trustee. The Trustee shall deposit all Pledged Revenues (except Prepayments and Delinquent Assessments) to the credit of the related Series Revenue Account. The Trustee shall deposit all Prepayments to the credit of the related Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds. Unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds, the Trustee shall deposit all Delinquent Assessments first to the related Series Reserve Account to the extent that withdrawals have been made from the Series Reserve Account for the purpose of paying Debt Service on the related Series of Bonds, which withdrawals have not previously been restored in full, and the balance, if any, of Delinquent Assessments remaining shall be deposited in the related Series Revenue Account. Prepayments and Delinquent Assessments shall be designated as such by the District upon deposit with the Trustee. The District will notify the Trustee of the amount of any Prepayments or Delinquent Assessments received by the Trustee.

**Section 505. Debt Service Fund and Series Debt Service Accounts.** Principal, Interest and Amortization Installments. Except as may be provided in a Supplemental Indenture with respect to a Series of Bonds, on the fifth Business Day preceding each Interest Payment Date the Trustee shall withdraw from the Series Revenue Account the amount necessary to make the following deposits in the following order of priority:

(i) to the credit of the related Series Interest Account, an amount which, together with other amounts, if any, then on deposit therein will equal the amount of interest payable on the Bonds of such Series on the next Interest Payment Date;

(ii) to the credit of the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein will equal the amount, if any, of principal coming due on Serial Bonds of such Series in such Bond Year;

(iii) in each Bond Year in which Term Bonds of such Series are subject to mandatory redemption from Amortization Installments, to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Amortization Installment payable on the Term Bonds of such Series in such Bond Year;

(iv) to the credit of the Series Reserve Account, an amount, if any, which, together with the amount then on deposit therein will equal the Series Reserve Account Requirement; and

(v) to the credit of the Series Rebate Account the Rebate Amount, if any, required to be deposited therein pursuant to the Supplemental Indenture related to a Series of Tax Exempt Bonds.

Notwithstanding paragraph (i) above, so long as there are moneys on deposit in the related Series Capitalized Interest Account on the date required for any transfer into the Series Interest Account as set forth above, the Trustee shall, prior to making any transfer into the related Series Interest Account from the related Series Revenue Account, transfer to the related Series Interest Account from the related Series Capitalized Interest Account, the lesser of the interest on such Series of Bonds coming due on the next succeeding Interest Payment Date or the amount remaining on deposit in the related Series Capitalized Interest Account.

If the Series Reserve Account Requirement for a Series of Bonds is determined to be an amount equal to 10% (or any other percentage, if so provided in a Supplemental Indenture relating to a Series of Bonds) of the principal amount of Outstanding Bonds of such Series, then in determining the Series Reserve Account Requirement for purposes of Subsection (iv) above, the Trustee shall assume that Bonds, if any, the principal amount of which is to be paid on the Interest Payment Date immediately following the Business Day on which a withdrawal is made from the Series Revenue Account pursuant to this Subsection (a) are not Outstanding on the date of such withdrawal.

(b) **Deposits to Series Redemption Account.** Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, on each September 15 and March 15 (or, if any such day is not a Business Day, and the immediately date that is a Business Day) the Trustee shall transfer from the Series Revenue Account to the Series Redemption

Account the amount, if any, necessary in order to cause the balance on deposit in the Series Redemption Account to be an integral multiple of \$5,000 but only if on either such date there are amounts on deposit in the Series Redemption Account. However, such transfer shall be made only to the extent of any excess amounts that would remain in the Series Revenue Account after taking into account the amount then on deposit in the Series Revenue Account and the deposits to be made pursuant to Subsection (a) above on the fifth Business Day preceding the next Interest Payment Date. During the period between the date of any such transfer and the next Interest Payment Date the Trustee shall determine the highest integral multiple of \$5,000 on deposit in the Series Redemption Account and shall effect an extraordinary mandatory redemption of such multiple of the related Series of Bonds (or portions thereof) pursuant to paragraph (f) below.

(c) **Disposition of Remaining Amounts on Deposit in Series Revenue Account.** Subject to the third sentence of Section 604 hereof, at such time as the amount on deposit in the Series Interest Account and the Series Principal Account in each Bond Year equals the interest remaining payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds remaining payable in such Bond Year, and the remaining Amortization Installment required to be paid into the Series Principal Account in such Bond Year, then there shall be withdrawn from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent for such Bond Year. Unless and until such instructions are received, such amounts shall be retained in the Series Revenue Account and applied as provided in Subsection (a) above.

(d) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be used for the purpose of paying Debt Service on the Bonds of the related Series whenever amounts on deposit in the Series Debt Service Account shall be insufficient for such purpose and may be withdrawn and applied for other purposes if so provided in a Supplemental Indenture relating to a Series of Bonds.

(e) **Series Debt Service Account.** Moneys held for the credit of a Series Principal Account and Series Interest Account in a Series Debt Service Account shall be withdrawn therefrom by the Trustee and transferred by the Trustee to the Paying Agent in amounts and at times sufficient to pay, when due, the interest on the Bonds of such Series, the principal of Serial Bonds of such Series, and to redeem Term Bonds of such Series that are subject to mandatory redemption from Amortization Installments.

(f) **Series Redemption Account.** Moneys representing (i) Prepayments on deposit in a Series Redemption Account, or (ii) moneys transferred from a Series Acquisition and Construction Account in the Acquisition and Construction Fund pursuant to Section 404 above, to the full extent of a multiple of an Authorized Denomination shall, unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to call Bonds of such Series for extraordinary mandatory redemption, at a redemption price equal to the principal amount of such Bonds together with interest accrued to the redemption date, without premium, on the earliest date on which such Bonds are permitted to be called by the terms hereof and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III. The District

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such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year.

The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer to the Trustee by the District accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (ii) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series.

The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (ii) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the District in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series.

If any Bonds are purchased pursuant to this Subsection (b), the principal amount of the Bonds so purchased shall be credited as follows:

(i) if the Bonds are to be purchased from amounts on deposit in the Series Redemption Account, against the principal coming due or

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shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys other than from Prepayments and transfers pursuant to Section 404 above shall be held and applied in a Series Redemption Account as provided in Section 506(a) hereof.

(g) **Payment to District.** When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture required to be paid have been paid as certified to the Trustee in writing by an Authorized Officer, the Trustee shall pay any balance in the Series Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture or any Supplemental Indenture.

#### Section 506. Optional Redemption and Purchase of Bonds.

(a) **Excess Amounts in Series Redemption Account.** The Trustee shall, but only at the written direction of an Authorized Officer on or prior to the forty-fifth (45th) day preceding the date of redemption, call for redemption on each date on which Bonds are subject to optional redemption, from moneys on deposit in a Series Redemption Account, such amount of Bonds of such Series then subject to optional redemption as, with the redemption premium, if any, will exhaust such amount as nearly as may be practicable. Such optional redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such optional redemption.

(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds or Term Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such respective amounts. If there are insufficient moneys on deposit in the related Series Principal Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the District, transfer moneys into

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Amortization Installments set forth in the certificate of the Authorized Officer accompanying the direction of the District to effect such purchase; or

(ii) if the Bonds are Term Bonds of a Series, against the Amortization Installment for Bonds of such Series first coming due in the current Bond Year, or, if such Term Bonds so purchased are to be credited against Amortization Installments coming due in any succeeding Bond Year, against the Amortization Installments on Term Bonds of such Series maturing on the same date and designated in the certificate of the Authorized Officer accompanying the direction of the District to effect such purchase; or

(iii) against the principal or Maturity Amount of Serial Bonds coming due on the maturity date of such Serial Bond.

#### Section 507. Rebate Fund and Series Rebate Accounts.

(a) **Creation.** There is hereby created and established a Rebate Fund, and within the Rebate Fund a Series Rebate Account for each Series of Tax Exempt Bonds. Moneys deposited and held in the Rebate Fund shall not be subject to the pledge of this Master Indenture or any Supplemental Indenture.

(b) **Payment to United States.** The Trustee shall pay to the District, upon written request of the District, the Rebate Amount required to be paid to the United States at the times, in the manner and as calculated in accordance with the Supplemental Indenture related to a Series of Tax Exempt Bonds. The Trustee shall have no responsibility for computation of the Rebate Amount and instead the District shall cause the Rebate Amount to be calculated by the Rebate Analyst and shall cause the Rebate Analyst to deliver such computation to the Trustee as provided in the Supplemental Indenture related to a Series of Tax Exempt Bonds but before the date of any required payment of the Rebate Amount to the Treasury Department of the United States. The fees of, and expenses incurred by, the Rebate Analyst in computing the Rebate Amount shall be paid by the District, which amount shall be treated as an administrative and operating expense of the District payable or reimbursable from the Series Revenue Account in accordance with Section 505(b) hereof.

(c) **Deficiencies.** If the Trustee does not have on deposit in the Series Rebate Account sufficient amounts to make the payments required by this Section, the District shall deposit, from any legally available source, the amount of any such deficiency in the Series Rebate Account immediately upon the written request of the Trustee.

**Section 508. Investment of Funds and Accounts.** Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, moneys held for the credit of the Series Accounts shall be invested as hereinafter in this Section 508 provided.

(a) **Series Acquisition and Construction Account, Revenue Account and Debt Service Account.** Moneys held for the credit of a Series Acquisition and Construction Account, the Series Revenue Account, and the Series Debt Service Account shall, as nearly

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as may be practicable, be continuously invested and reinvested by the Trustee in Investment Obligations as directed in writing by an Authorized Officer, which Investment Obligations shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates, as estimated by an Authorized Officer, when moneys held for the credit of each such Series Account will be required for the purposes intended.

(b) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be continuously invested and reinvested by the Trustee in Investment Obligations as directed in writing by an Authorized Officer.

(c) **Investment Obligations as a Part of Funds and Accounts.** Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as provided in Section 510 hereof. Any loss resulting from such investment shall be charged to such Fund or Account. The foregoing notwithstanding, for purposes of investment and to the extent permitted by law, amounts on deposit in any Fund or Account may be commingled for purposes of investment, provided adequate care is taken to account for such amounts in accordance with the prior sentence. The Trustee may, upon the direction of an Authorized Officer, transfer investments within such Funds or Accounts without being required to sell such investments. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or for failure to make an investment (except failure to make an investment in accordance with the written direction of an Authorized Officer) or for failure to achieve the maximum possible earnings on investments.

(d) **Valuation.** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. Such investments shall be valued at the current market value thereof or at the redemption price thereof, if then redeemable at the option of the holder.

**Section 509. Deficiencies and Surpluses in Funds.** For purposes of this Section: (i) a "deficiency" shall mean, in the case of a Series Reserve Account, that the amount on deposit therein is less than the Series Reserve Account Requirement (but only after the Bond Year in which the amount on deposit therein first equals the Series Reserve Account Requirement), and (ii) a "surplus" shall mean, in the case of a Series Reserve Account, that the amount on deposit therein is in excess of the Series Reserve Account Requirement.

At the time of any withdrawal from a Series Reserve Account that results in a deficiency therein, the Trustee shall promptly notify the District of the amount of any such deficiency and the Trustee shall withdraw the amount of such deficiency from the related Series Revenue Account. If amounts on deposit therein are insufficient therefor, the District shall pay the amount of such deficiency to the Trustee, for deposit in such Series Reserve Account, from the first legally available sources of the District.

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in duplicate describing the Bonds so destroyed. One executed certificate shall be filed with the Trustee (if other than the Paying Agent) and the other executed certificate shall be retained by the Paying Agent.

## ARTICLE VI CONCERNING THE TRUSTEE

**Section 601. Acceptance of Trust.** The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Owners, by their acceptance of the Bonds, agree.

Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

In case the Trustee has actual notice that an Event of Default has occurred and is continuing and subject to Section 607 hereof, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in the exercise of such rights and powers, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of the Bonds pursuant to the provisions of Section 904 hereof relating to the remedy or remedies to be exercised upon the happening of an Event of Default or the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust of power conferred upon the Trustee, under this Indenture, unless the Trustee shall be negligent in failing to follow such direction.

**Section 602. No Responsibility for Recitals.** The recitals, statements and representations in this Master Indenture, in any Supplemental Indenture or in the Bonds, save only the Trustee's authentication certificate, if any, upon the Bonds, have been made by the District and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof.

**Section 603. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence.** The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of counsel concerning all questions hereunder; and the Trustee shall not be answerable for the default or misconduct of any attorney, agent or employee selected by it with reasonable care. In performance of its duties hereunder, the Trustee may rely on the advice of counsel and shall not be held liable for actions taken in reliance on the advice of counsel. The Trustee shall not be answerable for the

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The Trustee, as of the close of business on the last Business Day in each Bond Year, after taking into account all payments and transfers made as of such date, shall compute, in the manner set forth in Section 508(d), the value of the Series Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such Series Reserve Account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in the Series Reserve Account, from any legally available sources of the District. Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, the Trustee, as soon as practicable after such computation, shall deposit any surplus to the credit of the Series Revenue Account.

**Section 510. Investment Income.** Unless provided otherwise in a Supplemental Indenture, earnings on investments in each Series Account, except a Series Reserve Account and a Series Capitalized Interest Account, shall be deposited, as realized, to the credit of the related Series Revenue Account and used for the purpose of such Account.

Unless otherwise provided in a Supplemental Indenture, earnings on investments in a Series Capitalized Interest Account shall be deposited, as realized, to the credit of such Series Capitalized Interest Account to and including the last date to which interest on the related Series of Bonds has been capitalized (which date shall be furnished to the Trustee in writing by an Authorized Officer and is referred to hereafter as the "Last Capitalized Interest Date." The balance, if any, remaining on deposit in such Series Capitalized Interest Account after the interest due on the related Series of Bonds on the Last Capitalized Interest Date has been paid shall be deposited to the credit of the related Series Revenue Account.

Unless otherwise provided in a Supplemental Indenture, earnings on investments in a Series Reserve Account shall be disposed of as follows:

(a) if there was no deficiency (as defined in Section 509 above) in the Series Reserve Account as of the most recent date on which amounts on deposit in the Series Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series Reserve Account since such date for the payment of Debt Service, then earnings on investments in the Series Reserve Account shall be deposited, as realized, (i) on or before the Last Capitalized Interest Date, to the credit of the Series Capitalized Interest Account, and (ii) after the Last Capitalized Interest Date, to the credit of the Series Revenue Account;

(b) if as of the last date on which amounts on deposit in the Series Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 above) in the Series Reserve Account, or if after such date withdrawals have been made from the Series Reserve Account and have created such a deficiency, then earnings on investments in the Series Reserve Account shall be deposited to the credit of the Series Reserve Account until the amount on deposit therein equals the Series Reserve Account Requirement and thereafter shall be deposited as provided in paragraph (a) above.

**Section 511. Cancellation of Bonds.** All Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled by the Trustee upon the payment, redemption or purchase of such Bonds. All canceled Bonds shall be destroyed by the Paying Agent, which shall execute a certificate

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exercise of any discretion or power under this Master Indenture or any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct.

**Section 604. Compensation and Indemnity.** The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, and shall indemnify the Trustee and hold the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder except with respect to its own negligence or willful misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. Notwithstanding any other provision hereof, upon an Event of Default, but only upon an Event of Default, the Trustee shall have, in addition to any other rights hereunder, a claim, prior to the claim of the Owners of Bonds, for the payment of its compensation and the reimbursement of its expenses and advances made by it, as provided herein, upon the moneys and obligations in the Funds and Accounts relating to the Bonds as to which an Event of Default has occurred except for moneys deposited with or paid to the Trustee for the payment of such Bonds or any portion thereof which is deemed to have been paid in accordance with Section 303 or Section 1201(b) hereof and except for funds held in the Rebate Fund. This provision shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its resignation or removal as Trustee hereunder.

**Section 605. No Duty to Renew Insurance.** The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the District to require or effect or renew insurance or to report or file claims of loss thereunder.

**Section 606. Notice of Default; Right to Investigate.** The Trustee shall give written notice, as soon as practicable, by first-class mail to registered Owners of Bonds of all defaults of which the Trustee has actual knowledge, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 607 being defined to include only the events specified as "Events of Default" in Section 902 hereof, but not including any notice or periods of grace provided for therein). The Trustee will be deemed to have actual knowledge of any payment default under this Master Indenture or under any Supplemental Indenture and, after receipt of written notice thereof by a Credit Facility issuer or a Liquidity Facility issuer of a default under its respective Reimbursement Agreement, but shall not be deemed to have actual knowledge of any other default unless notified in writing of such default by the District or by the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, at any time require of the District full information as to the performance of any covenant hereunder; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the District, an investigation into the affairs of the District.

**Section 607. Obligation to Act on Defaults.** Before taking any action under this Master Indenture or any Supplemental Indenture in respect of an Event of Default, the Trustee may require that indemnity satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability resulting from its own gross negligence or willful misconduct in connection with any such action.

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**Section 608. Reliance by Trustee.** The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document or telephone message which it in good faith believes to be genuine and to have been passed, signed or given by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Master Indenture or any Supplemental Indenture, and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

**Section 609. Trustee May Deal in Bonds.** The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owners may be entitled to take with like effect as if the Trustee were not a party to this Master Indenture or any Supplemental Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the District; provided that if the Trustee determines that any such relation is in conflict with its duties under this Master Indenture or any Supplemental Indenture, it shall eliminate the conflict or resign as Trustee.

**Section 610. Construction of Ambiguous Provisions.** The Trustee may construe any ambiguous or inconsistent provisions of this Master Indenture or any Supplemental Indenture and any construction by the Trustee shall be binding upon the Owners and the District. The Trustee shall give prompt notice to the District of its construction of any such ambiguous or inconsistent provisions.

**Section 611. Resignation of Trustee.** The Trustee may resign and be discharged of the trusts created by this Master Indenture by written resignation filed with the Secretary of the District not less than sixty (60) days before the date when such resignation is to take effect; provided that notice of such resignation shall be sent by first-class mail to each Owner as its name and address appears on the Bond Register and to any Paying Agent, Bond Registrar, any Credit Facility issuer, and any Liquidity Facility issuer, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within sixty (60) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed.

**Section 612. Removal of Trustee.** Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, executed by the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and filed with the Trustee and the District.

If no Event of Default then exists, the Trustee may also be removed at any time, with or without cause, by resolution of the Governing Body delivered to the Trustee, such removal to be effective upon the appointment of a successor Trustee as provided in Section 613 below and upon payment of all fees and reasonable expenses then owing to the Trustee. If an Event of Default exists, the Trustee may be removed only for a breach of trust or for acting or proceeding in violation of, or

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(60) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation shall take effect, and by giving written notice of such resignation mailed not less than sixty (60) days prior to such resignation date to each Owner as its name and address appear on the registration books of the District maintained by the Bond Registrar. Such resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

**Section 618. Removal of Paying Agent or Bond Registrar.** The Paying Agent or Bond Registrar may be removed at any time prior to any Event of Default by the District by filing with the Paying Agent or Bond Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by an Authorized Officer appointing a successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder.

**Section 619. Appointment of Successor Paying Agent or Bond Registrar.** In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and *ipso facto* exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a successor shall be appointed by the District, and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the District. Upon any such appointment, the District shall give written notice of such appointment to the predecessor Paying Agent or Bond Registrar, the successor Paying Agent or Bond Registrar, the Trustee and all Owners. Any new Paying Agent or Bond Registrar so appointed shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

**Section 620. Qualifications of Successor Paying Agent or Bond Registrar.** Every successor Paying Agent or Bond Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by this Master Indenture and (iii) capable of meeting its obligations hereunder, and (b) shall have a combined net capital and surplus of at least \$50,000,000. If no commercial bank or trust company meeting the foregoing requirements is willing to serve as Paying Agent or Bond Registrar then the District may appoint any bank or trust company as the Paying Agent or Bond Registrar.

**Section 621. Acceptance of Duties by Successor Paying Agent or Bond Registrar.** Any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, duties and obligations of its

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for failing to act or proceed in accordance with, any provision of this Master Indenture or any Supplemental Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the District or the Owners of not less than 20% in aggregate principal amount of the Bonds then Outstanding.

**Section 613. Appointment of Successor Trustee.** If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the District shall appoint a successor and shall mail notice of such appointment by first-class mail to each Owner as its name and address appear on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer; provided, however, that no successor Trustee shall be appointed unless the District shall have received the prior written consent, which consent shall not be unreasonably withheld, of any Credit Facility issuer, and any Liquidity Facility issuer, to the appointment of such successor Trustee.

**Section 614. Qualification of Successor Trustee.** A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000, if a national bank or trust company having such combined capital, surplus, and undivided profits is willing and able to serve as successor Trustee, and otherwise a successor Trustee may be any bank with trust powers selected by the District but in no event shall the successor Trustee ever be the Credit Facility issuer or Liquidity Facility issuer.

**Section 615. Instruments of Succession.** Any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder; and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder shall after first deducting any amounts owed to the Trustee, pay over to the successor Trustee all moneys held by it hereunder; and, the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act except for the Trustee's rights under Section 604 hereof.

**Section 616. Merger of Trustee.** Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Master Indenture, without the execution or filing of any paper or any further act on the part of the parties thereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 614 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article VI.

**Section 617. Resignation of Paying Agent or Bond Registrar.** The Paying Agent or Bond Registrar may resign and be discharged of the duties created by this Master Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the District and the Trustee not less than sixty

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predecessor hereunder, with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the District shall execute and deliver an instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or registrar shall pay over and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

**Section 622. Successor by Merger or Consolidation.** Any corporation into which any Paying Agent or Bond Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Master Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Master Indenture to the contrary notwithstanding.

## ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

**Section 701. Trust Funds.** All amounts on deposit in Funds and Accounts shall:

(a) be used only for the purposes and in the manner provided herein and in the Supplemental Resolution relating to a Series of Bonds and, pending such use, be held by the Trustee in trust for the exclusive benefit of the Owners of such Series of Bonds;

(b) be irrevocably pledged to the payment of such Series of Bonds, except for amounts on deposit in the Series Rebate Accounts in the Rebate Fund;

(c) be held and accounted for separate and apart from all other Funds and Accounts, including Series Accounts of other Series of Bonds;

(d) until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and to issuers of Credit or Liquidity Facilities, if any, with respect to such Series of Bonds, which lien is hereby created, prior and superior to all other liens now existing or hereafter created; and to a lien in favor of the Trustee, as security for the reasonable compensation for the services of the Trustee hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, which shall be subordinate and inferior to the security interest granted to the Bondholders except as otherwise provided in Section 604 hereof in the case of an Event of Default; and

(e) shall not be subject to lien or attachment by any creditor of the Trustee or any creditor of the District or any other Series of Bonds other than the Owners of such Series of Bonds and the issuers of Credit or Liquidity Facilities with respect to such Series of Bonds.

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**ARTICLE VIII  
COVENANTS AND AGREEMENTS OF THE DISTRICT**

**Section 801. Payment of Bonds.** The District shall duly and punctually pay or cause to be paid, but only from the Trust Estate with respect to each Series of Bonds, Debt Service on the dates, at the places, and in the amounts stated herein, in any Supplemental Indenture, and in the Bonds of such Series.

**Section 802. Extension of Payment of Bonds.** Except as provided in Section 901 hereof, the District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time for payment of interest thereon. The time for payment of Bonds of any Series shall be the time prescribed in the Supplemental Indenture relating to such Series of Bonds.

**Section 803. Further Assurance.** At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the District may become bound to pledge or assign after the date of execution of this Master Indenture.

**Section 804. Power to Issue Bonds and Create a Lien.** The District hereby represents to the Trustee and to the Owners that it is and will be duly authorized under all applicable laws to issue the Bonds of each Series, to execute this Master Indenture and any Supplemental Indentures, and to pledge the Pledged Revenues and Pledged Funds in the manner and to the extent provided herein and in any Supplemental Indenture. The District hereby represents that such Pledged Revenues and Pledged Funds are and will be free and clear of any pledge, lien, charge or encumbrance thereon except the pledge, lien, charge, and encumbrance thereon created by this Master Indenture and any Supplemental Indenture and except to the extent that the Tax Collector and the Property Appraiser have the right to pay their fees and charges, if any, from Assessments or Benefit Special Assessments prior to disbursement thereof to or on behalf of the District. All action on the part of the District to that end has been and will be duly and validly taken. The Bonds of each Series, this Master Indenture and any Supplemental Indenture are and will be the valid and legally enforceable obligations of the District, enforceable in accordance with their terms except to the extent that enforcement thereof may be subject to bankruptcy and other similar laws affecting creditors' rights generally. The District shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and lien created by this Master Indenture and all the rights of the Owners hereunder against all claims and demands of all other persons whomsoever.

**Section 805. Power to Undertake Series Projects and to Collect Pledged Revenues.** The District has or will have upon the date of issuance of each Series of Bonds, and will have so long as any Bonds are Outstanding, good right and lawful power: (i) to undertake the Series Projects, or it will take such action on its part required which it deems reasonable in order to obtain licenses, orders, permits or other authorizations, if any, from any agency or regulatory body having lawful jurisdiction which must be obtained in order to undertake such Series Project; and (ii) to fix, levy and collect or cause to be collected the Assessments, Benefit Special Assessments, and any and all Pledged Revenues.

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income and expenses for such Fiscal Year; and (ii) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year.

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, within ninety (90) days after the close of each Fiscal Year, a certificate of an Authorized Officer stating whether or not, to the knowledge of the signer, the District is in default with respect to any of the covenants, agreements or conditions on its part contained in this Master Indenture and in any Supplemental Indenture and, if so, the nature of such default and actions taken or to be taken to remedy such default.

(c) **Inspection.** The reports, statements and other documents required to be furnished by the District to the Trustee and by the Trustee to the District pursuant to any provisions hereof shall be available for inspection by any Owner at reasonable times at the principal corporate trust office of the Trustee upon the giving of at least five (5) Business Days advance written notice to the Trustee.

(d) **Reports Pursuant to Uniform Special District Accountability Act of 1989.** The District covenants and agrees that it will comply with the provisions of Chapter 189 of the Act to the extent applicable to the District.

**Section 809. Arbitrage and Other Tax Covenants.** The District hereby covenants that it will not take any action, and will not fail to take any action, which action or failure would cause the Tax Exempt Bonds to become "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986. The District further covenants that it will take all such actions after delivery of any Tax Exempt Bonds as may be required in order for interest on such Tax Exempt Bonds to remain excludable from gross income (as defined in Section 61 of the Internal Revenue Code of 1986) of the Owners. Without limiting the generality of the foregoing, the District hereby covenants that it will, to the extent not remitted by the Trustee, remit to the United States the Rebate Amount at the time and place required by this Master Indenture and any Supplemental Indenture, including any Tax Regulatory Covenants contained therein.

**Section 810. Enforcement of Payment of Assessments and Benefit Special Assessments.** The District will assess, levy, collect or cause to be collected and enforce the payment of Assessments or Benefit Special Assessments which constitute Pledged Revenues in the manner prescribed by this Master Indenture, any Supplemental Indenture and all resolutions, ordinances or laws thereunto appertaining at times and in amounts as shall be necessary in order to pay Debt Service when due; and to pay or cause to be paid the proceeds of such Assessments or Benefit Special Assessments as received to the Trustee in accordance with the provisions hereof.

**Section 811. Method of Collection of Assessments or Benefit Special Assessments.** Pursuant to the procedures set forth in Florida Statutes, Section 197.363 the District will use its best

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**Section 806. Sale of All or a Portion of Series Projects.** The District may from time to time sell any machinery, parts, fixtures, apparatus, tools, instruments, or other movable property acquired by the District in connection with a Series Project, or any materials used in connection therewith, if the District shall determine that such articles are no longer useful in connection with the acquisition, construction, operation or maintenance of a Series Project, and the proceeds thereof may be applied to the replacement of the properties so sold or disposed of or to the acquisition of other properties related to a Series Project and, if not so applied, shall be deposited to the credit of the related Series Acquisition and Construction Account or, after the Date of Completion of the Series Project, shall be deposited to the credit of the related Series Principal Account or the related Series Redemption Account in accordance with written instructions of an Authorized Officer.

The District may from time to time sell or lease a Series Project or property forming a part thereof which it may determine serves no useful purpose in connection with the maintenance and operation of such Series Project, if the District Engineers deliver a certificate to the District and the Trustee to the general effect that (i) the purchase price or rentals to be received by the District represent the fair market value or fair rental value of such Series Project or portion thereof being sold or leased, and (ii) such sale or lease will not, in their opinion, materially adversely affect the special benefits provided by such Series Project or portion thereof to the land against which the Assessments or the Benefit Special Assessments have been levied. The proceeds of any such sale shall be disposed of as provided in the preceding paragraph. The proceeds of any lease as described above shall be deposited to the credit of the related Series Principal Account or Redemption Account.

The District may also: (i) dispose of all or any part of a Series Project by gift or dedication thereof to Manatee County, Sarasota County, Florida or to the State or any agency or instrumentality of either of the foregoing; and/or (ii) impose, declare or grant title to or interests in the Series Project or a portion or portions thereof in order to create ingress and egress rights and public and private utility easements as the District may deem necessary or desirable for the development, use and occupancy of the property within the District; and/or (iii) impose or declare covenants, conditions and restrictions pertaining to the use, occupancy and operation of the Series Projects.

**Section 807. Completion and Maintenance of Series Projects.** The District shall complete the acquisition and construction of a Series Project with all practical dispatch and in a sound and economical manner. So long as any Series Project is owned by the District, the District shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted.

**Section 808. Accounts and Reports.**

(a) **Annual Report.** The District shall, within one hundred eighty (180) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the Trustee, solely as a repository of such information, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an Accountant's Certificate, including: (i) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and

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efforts to enter into a written agreement (the "Collection Agreement") with the Property Appraiser, pursuant to which the Property Appraiser will agree to list on the assessment roll for each of the subsequent tax years any Assessments which are pledged to the payment of any Series of Bonds, to include in the notice of proposed property taxes the dollar amount of such Assessments and to include on the tax notice issued pursuant to Section 197.322, Florida Statutes, the dollar amount of such Assessments. The District will agree to provide by not later than September 15 of each year (or such earlier date as shall be required by the Tax Collector or the Property Appraiser) the amount of any such Assessment to be levied against each parcel in the District. The term of the Collection Agreement will be twenty (20) years from the date of the issuance of the Series of Bonds to which such Assessments are pledged unless the Property Appraiser is unwilling to enter into an agreement for that length of time, in which case the term of the Collection Agreement will be for the maximum length of time acceptable to the Property Appraiser. If the District is unable to enter into the Collection Agreement despite use of its best efforts to do so, then the District covenants that the Assessments will be levied and collected by it in the manner prescribed by law.

The District shall also comply with the provisions of Section 6 of the Act with respect to Benefit Special Assessments in order to cause the Property Appraiser to include the notice of Benefit Special Assessments which are pledged to the payment of any Series of Bonds to be included in the notice of proposed property taxes and on the tax notice issued pursuant to Section 197.322, Florida Statutes. The District shall also use its best efforts to assure that any Assessments or Benefit Special Assessments pledged to any Series of Bonds collected by the Tax Collector will be remitted by the Tax Collector directly to the Trustee for deposit into the related Series Revenue Account. If the Tax Collector is unwilling to remit Assessments or Benefit Special Assessments collected by him directly to the Trustee, then the District shall, not later than one (1) Business Day following its receipt of each installment of Assessments or Benefit Special Assessments paid to it by the Tax Collector, remit the entire amount so collected to the Trustee for deposit into the related Series Revenue Account. If payments of Assessments or Benefit Special Assessments are remitted by the Tax Collector to the District, the District agrees to give such consents and to take such other steps as may be necessary to permit the Trustee, in its discretion, to obtain information from the Tax Collector concerning the amount and date of each such payment of Assessments or Benefit Special Assessments to the District.

**Section 812. Delinquent Assessments or Benefit Special Assessments.** If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment or Benefit Special Assessment pledged to a Series of Bonds, then such Assessment or Benefit Special Assessment shall be enforced in accordance with Section 6 of the Act or collected pursuant to the provisions of Chapters 170 and 197, Florida Statutes including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment or Benefit Special Assessment. If the provisions of Chapter 197, Florida Statutes, are inapplicable, then upon the delinquency of any Assessment or Benefit Special Assessment the District either on its own behalf, or through the actions of the Trustee, may, but is not obligated to, declare the entire unpaid balance of such Assessment or Benefit Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, Section 6 of the Act and Section 170.10, Florida Statutes, or otherwise as provided by law. The District further covenants to furnish, at its expense, to any Owner of Bonds of the related Series so requesting, sixty (60) days after the due date

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of each annual installment, a list of all Delinquent Assessments and all delinquent Benefit Special Assessments, together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments and all delinquent Benefit Special Assessments.

**Section 813. Deposit of Proceeds from Sale of Tax Certificates.** If any tax certificates relating to Delinquent Assessments or Benefit Special Assessments which are pledged to a Series of Bonds are sold by the Tax Collector pursuant to the provisions of Section 197.432, Florida Statutes or if any such tax certificates are not sold but are later redeemed, the proceeds of such sale or redemption (to the extent that such proceeds relate to the Assessments or Benefit Special Assessments) less any commission or other charges retained by the Tax Collector, shall, if paid by the Tax Collector to the District, be paid by the District to the Trustee not later than one (1) Business Day following receipt of such proceeds by the District and shall be deposited by the Trustee to the credit of the related Series Revenue Fund or, if such proceeds are paid directly to the Trustee by the Tax Collector, shall be deposited upon receipt by the Trustee in the credit of the related Series Revenue Account.

**Section 814. Sale of Tax Deed or Foreclosure of Assessment or Benefit Special Assessment Liens.** Not less than ten (10) days prior to the filing of any foreclosure action as herein provided, the District shall cause written notice thereof to be mailed to any designated agents of the Owners of the related Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to such designated agents. The District, either through its own actions or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the related Series of Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Owners of at least fifteen percent (15%) in aggregate principal amount of the Outstanding Bonds of such Series.

**Section 815. Other Obligations Payable from Assessments or Benefit Special Assessments.** The District will not issue or incur any obligations payable from the proceeds of Assessments or Benefit Special Assessments securing a Series of Bonds (other than such related Series of Bonds) nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments or Benefit Special Assessments except for the lien of the related Series of Bonds and except for fees, commissions, costs, and other charges properly payable to the Property Appraiser and to the Tax Collector.

**Section 816. Re-Assessments.** If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such Assessment is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessment when it might have done so, the District shall either: (i) take all necessary steps to cause a new Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment from legally available moneys, which moneys shall be deposited into the related Series Revenue Account. In case any such subsequent Assessment shall also be annulled, the District shall obtain and make other Assessments until a valid Assessment shall be made.

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(d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;

(e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or

(g) The District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds on the part of the District to be performed (other than a default in the payment of Debt Service on the related Series of Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten per centum (10%) in aggregate principal amount of the Bonds of such Series then Outstanding.

**Section 903. Acceleration of Maturities of Bonds of a Series.** Upon the happening and continuance of any Event of Default specified in clauses (a) through (f) of Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds of such Series then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Bonds of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series to the contrary notwithstanding; provided, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of

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**Section 817. Sale of Tax Deed or Foreclosure of Assessment Liens.** If any property shall be offered for sale for the nonpayment of any Assessment, and no person or persons shall purchase such property for an amount equal to the full amount due on the Assessment (principal, interest, penalties and costs, plus attorneys' fees, if any), the District may, but shall not be required to, purchase the property for an amount equal to the balance due on the Assessment (principal, interest, penalties and costs, plus attorneys' fees, if any) from any legally available funds of the District and the District shall receive in its corporate name title to the property for the benefit of the Owners of the related Series of Bonds. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Account.

**Section 818. General.** The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under law and this Master Indenture, in accordance with the terms of such provisions.

Upon the date of issuance of each Series of Bonds, all conditions, acts and things required by law and this Master Indenture and any Supplemental Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds shall exist, have happened and have been performed and upon issuance the issue of such Series of Bonds shall be within every debt and other limit prescribed by the laws of the State of Florida applicable to the District.

## ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

**Section 901. Extension of Interest Payment.** If the time for payment of interest of a Bond of any Series shall be extended, whether or not such extension be by or with the consent of the District, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Master Indenture unless the aggregate principal amount of all Bonds of such Series then Outstanding and of all accrued interest the time for payment of which shall not have been extended shall have previously been paid in full.

**Section 902. Events of Default.** Each of the following events is hereby declared an Event of Default with respect to a Series of Bonds:

- (a) Any payment of Debt Service on such Series of Bonds is not made when due;
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations hereunder or under the Supplemental Indenture relating to such Series of Bonds;
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of a related Series Project;

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the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section) shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Owners of not less than 51% of the aggregate principal amount of the Bonds of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

**Section 904. Enforcement of Remedies.** Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee or, if the Trustee is unwilling or unable to act, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of such Series then Outstanding may protect and enforce the rights of the Owners of the Bonds of such Series under Florida law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee or the Owners of such Series of Bonds, as the case may be, shall deem most effectual to protect and enforce such rights.

**Section 905. Pro Rata Application of Funds Among Owners of a Series of Bonds.** Anything in this Master Indenture to the contrary notwithstanding, if at any time the moneys in the Series Funds and Accounts shall not be sufficient to pay Debt Service on the related Series of Bonds when due, such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

- (a) Unless the aggregate principal amount of all the Bonds of such Series shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied:

**First:** to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses (including in connection with any appeal), to the extent not otherwise paid.

**Second:** to payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds of such Series, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the rates of interest specified in the Bonds of such Series; and

**Third:** to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds of such Series which shall have become due (other than Bonds of such Series called for redemption for the payment of which sufficient moneys are held pursuant to this Master Indenture), in the order of their due dates, with interest

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upon the Bonds of such Series at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Bonds of such Series due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Bonds of such Series entitled thereto without any discrimination or preference except as to any difference in the foregoing rates of interest.

(b) If the aggregate principal amount of all the Bonds of a Series shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied first to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses (including in connection with any appeal) to the extent not otherwise paid, and then shall be applied to the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other installment of interest, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

(c) If the principal of all the Bonds of a Series shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of Section 903 of this Article, then, if the aggregate principal amount of all the Bonds of such Series shall later become due or be declared due and payable pursuant to the provisions of Section 903 of this Article, the moneys remaining in and thereafter accruing to the related Series Revenue Fund shall be applied in accordance with subsection (b) above.

The provisions of this Section are in all respects subject to the provisions of Section 901 of this Article.

Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied by the Trustee at such times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application. The deposit of such moneys with the Paying Agent shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to any Owner or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies such moneys in accordance with such provisions of this Master Indenture as may be applicable at the time of application. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to any Owner until such Bond shall be surrendered to the Trustee for appropriate endorsement.

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#### ARTICLE X EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

**Section 1001. Execution of Instruments by Owners and Proof of Ownership of Bonds.** Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture or any Supplemental Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by Owners or their attorneys or legal representatives. Proof of the execution of any such instrument shall be sufficient for any purpose of this Master Indenture and shall be conclusive in favor of the District with regard to any action taken by it under such instrument if verified by any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the Trustee or the District in pursuance of such request or consent.

**Section 1002. Deposit of Bonds.** Notwithstanding the foregoing, neither the District nor the Trustee shall be required to recognize any person as an Owner of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee.

#### ARTICLE XI SUPPLEMENTAL INDENTURES

**Section 1101. Supplemental Indentures Without Owners' Consent.** The Governing Body from time to time may authorize such indentures supplemental hereto or amendatory hereof as shall not be inconsistent with the terms and provisions hereof (which supplemental indenture shall thereafter form a part hereof), without the consent of the Owners, for the following purposes:

- (a) to provide for the initial issuance of a Series of Bonds or Refunding Bonds of a Series; or
- (b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance thereof (or upon the original issuance of Refunding Bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or
- (c) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Master Indenture; or

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**Section 906. Effect of Discontinuance of Proceedings.** If any proceeding taken by the Trustee or any Owner on account of any default shall have been discontinued or abandoned for any reason, then the District and the Owner shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Owners shall continue as though no such proceeding had been taken.

**Section 907. Restriction on Individual Owner Actions.** Except as provided in Section 910 below, no Owner of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of this Master Indenture or any Supplemental Indenture, or to enforce any right hereunder or thereunder except in the manner herein or therein provided, and all proceedings at law or in equity shall be instituted and maintained for the benefit of all Owners of the Bonds of such Series.

**Section 908. No Remedy Exclusive.** No remedy conferred upon the Trustee or the Owners is intended to be exclusive of any other remedy herein or in any Supplemental Indenture provided, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder.

**Section 909. Delay Not a Waiver.** No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee and the Owners may be exercised from time to time and as often as may be deemed expedient.

**Section 910. Right to Enforce Payment of Bonds.** Nothing in this Article shall affect or impair the right of any Owner to enforce the payment of Debt Service on the Bond of which such person is the registered Owner, or the obligation of the District to pay Debt Service to the Owner at the time and place specified in such Bond.

**Section 911. No Cross Default Among Series.** The occurrence of an Event of Default hereunder or under any Supplemental Indenture with respect to any Series of Bonds shall not constitute an Event of Default with respect to any other Series of Bonds, unless the event giving rise to the Event of Default also constitutes an Event of Default hereunder or under the Supplemental Indenture with respect to such other Series of Bonds.

**Section 912. Indemnification.** Other than to make proper draws under a Credit Facility, the Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Master Indenture or any Supplemental Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to advance its own money, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability.

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- (d) to grant to the Owners or to the Trustee on behalf of the Owners any additional rights or security that may lawfully be granted;
- (e) to add to the covenants and agreements of the District in this Master Indenture other covenants and agreements thereafter to be observed by the District to the benefit of the Owners of the Outstanding Bonds;
- (f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190 and 298, Florida Statutes, so long as, in the opinion of counsel to the District, such changes either: (i) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate; or (ii) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or
- (g) to modify the provisions of this Master Indenture or any Supplemental Indenture provided that such modification does not, in the written opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Bonds Outstanding.

**Section 1102. Supplemental Indentures With Owner Consent.** Subject to the provisions contained in this Section, and not otherwise, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture or of any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding and effected by such amendment,

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond;
- (b) a reduction in the principal, premium, or interest on any Bond;
- (c) a preference or priority of any Bond over any other Bond; or
- (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

In addition to the foregoing, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of any Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereto, as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any supplemental indenture; provided, however, that nothing herein contained shall

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permit, or be construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding,

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond of such Series;
- (b) a reduction in the principal, premium, or interest on any Bond of such Series;
- (c) a preference or priority of any Bond of such Series over any other Bond of such Series; or
- (d) a reduction in the aggregate principal amount of the Bonds of such Series required for consent to such indenture supplemental to the Supplemental Indenture.

If at any time the District shall determine that it is desirable to approve any Supplemental Indenture pursuant to this Section 1102, the District shall cause the Trustee to mail notice of the proposed approval to the Owners whose approval is required. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file with the Secretary for inspection by all affected Owners. The District shall not, however, be subject to any liability to any Owner by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one (1) year after the date of the first mailing of such notice, there shall be delivered to the District an instrument or instruments in writing purporting to be executed by the Owners of the requisite principal amount of the Bonds of such Series Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body and the Trustee may approve such Supplemental Indenture and cause it to be executed, in substantially such form, without liability or responsibility to any Owner.

**Section 1103. Opinion of Bond Counsel With Respect to Supplemental Indenture.** In addition to the other requirements herein set forth with respect to Supplemental Indentures, no Supplemental Indenture shall be effective unless and until there shall have been delivered to the Trustee the opinion of Bond Counsel to the effect that such Supplemental Indenture is permitted pursuant to this Master Indenture and that such Supplemental Indenture is the valid, legal and binding obligation of the District enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or general equitable principles. In addition, if such Supplemental Indenture relates to a Series of Tax Exempt Bonds, such opinion shall also state that such Supplemental Indenture will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

**Section 1104. Supplemental Indenture Part of Indenture.** Any Supplemental Indenture executed in accordance with this Article and approved as to legality by counsel to the District shall thereafter form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of

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Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds or of a particular maturity, of a particular Series or of any part of a particular maturity or Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Master Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture, and all covenants, agreements and obligations of the District to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 1201 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Federal Securities have been deposited in accordance with the provisions of this Section 1201 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the District hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Federal Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All or any portion of the Bonds of any particular Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201 if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due shall provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be; and (c) the District shall have given the Trustee or the Bond Registrar in form satisfactory to it irrevocable instructions to mail, postage prepaid, to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice to the registered Owners of such Bonds and to the Registrar that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither Federal Securities nor moneys deposited with the Trustee pursuant to this Section 1201 nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such

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the terms and conditions contained in any such Supplemental Indenture amendatory of this Master Indenture shall be part of the terms and conditions hereof.

**Section 1105. Insurer or Issuer of a Credit or Liquidity Facility as Owner of Bonds.** As long as a Credit or Liquidity Facility securing all or a portion of the Bonds of a Series Outstanding is in effect, the issuer of the Credit or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit or Liquidity Facility: (i) at all times for the purpose of the execution and delivery of a Supplemental Indenture or of any amendment, change or modification of the Indenture or the applicable Supplemental Indenture or of the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the Bonds of the Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes. Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit or Liquidity Facility with respect to a Series of Bonds will be deemed to be an Owner of the Bonds of such Series with respect to any such Supplemental Indenture or of any amendment, change or modification of the Master Indenture which would have the effect of permitting: (i) a change in the terms of redemption or maturity of any Bonds of a Series Outstanding or of any installment of interest thereon; or (ii) a reduction in the principal amount or the Redemption Price thereof or in rate of interest thereon; or (iii) reducing the percentage or otherwise affecting the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment; or (iv) creating any preference or priority of any Bond of a Series over any other Bond of such Series.

## ARTICLE XII DEFEASANCE

**Section 1201. Defeasance and Discharge of the Lien of this Master Indenture and Supplemental Indentures.**

(a) If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Letter of Credit Agreement and any Liquidity Agreement, at the times and in the manner stipulated therein and in this Master Indenture and any Letter of Credit Agreement and any Liquidity Agreement and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture, then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the District to be prepared and filed with the District and, upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master

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Bonds; provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee: (i) to the extent such cash shall not be required at any time for such purpose as evidenced by an Accountant's Certificate or, and to the extent all obligations under any Letter of Credit Agreement or any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility and any Liquidity Facility securing the Bonds with respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (ii) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on such Bonds, or obligations under any Letter of Credit Agreement or any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) As to any Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a) or (b) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds and obligations under any Letter of Credit Agreement and any Liquidity Agreement pursuant to the provisions of this Section, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture or under any Letter of Credit Agreement or any Liquidity Agreement.

(d) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be

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mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

(c) If the principal and Redemption Price, if applicable, and interest due on the Bonds shall be paid by the Insurer pursuant to a municipal bond insurance policy, the assignment and pledge and all covenants, agreements and other obligations of the District to the Owners of such Bonds shall continue to exist and the Insurer shall be subrogated to the rights of such Owners.

(f) Anything in this Master Indenture to the contrary notwithstanding, the provisions of the foregoing subsections (b) through (f) shall apply to the discharge of Bonds of a Series and to the discharge of the lien of any Supplemental Indenture securing such Series of Bonds as though each reference to the "Master Indenture" were a reference to such "Supplemental Indenture" and as though each reference to "Bonds Outstanding" were a reference to the "Bonds of such Series Outstanding."

**Section 1202. Moneys Held in Trust.** All moneys and obligations held by an escrow or paying agent or trustee pursuant to this Section shall be held in trust and the principal and interest of said obligations when received, and said moneys, shall be applied to the payment, when due, of the principal, interest and premium, if any, of the Bonds to be paid or to be called for redemption.

#### ARTICLE XIII MISCELLANEOUS PROVISIONS

**Section 1301. Effect of Covenants.** All covenants, stipulations, obligations and agreements of the District contained in this Master Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the District and of the Governing Body of the District to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Governing Body in his or her individual capacity, and neither the members of the Governing Body nor any

official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 1302. Manner of Giving Notice to the District and the Trustee.** Any notice, demand, direction, request or other instrument authorized or required by this Master Indenture to be given to or filed with the District or the Governing Body shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture if and when sent by registered mail, return receipt requested:

To the District, addressed to:

District Manager  
Lakewood Ranch Stewardship District  
210 North University Drive, Suite 802  
Coral Springs, Florida 33071

To the Trustee, addressed to:

Wachovia Bank, National Association  
200 S. Biscayne Boulevard, 14<sup>th</sup> Floor  
Miami, Florida 33131

or to such other address as shall be provided to the other party hereto in writing.

All documents received by the District and the Trustee under this Master Indenture shall be retained in their possession, subject at all reasonable times to the inspection of any Owner and the agents and representatives thereof.

**Section 1303. Manner of Giving Notice to the Owners.** Any notice, demand, direction, request, or other instrument authorized or required by this Master Indenture to be mailed to the Owners shall be deemed to have been sufficiently mailed if mailed by first class mail, postage prepaid, to the Owners at their addresses as they appear at the time of mailing on the registration books maintained by the Bond Registrar.

**Section 1304. Successorship of District Officers.** If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or if there is a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or if any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

**Section 1305. Inconsistent Provisions.** All provisions of any resolutions, and parts thereof, which are inconsistent with any of the provisions of this Master Indenture are hereby declared to be inapplicable to this Master Indenture.

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**Section 1306. Further Acts.** The officers and agents of the District are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Master Indenture, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Master Indenture.

**Section 1307. Headings Not Part of Indenture.** Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Master Indenture, nor shall they affect its meaning, construction or effect.

**Section 1308. Effect of Partial Invalidity.** In case any one or more of the provisions of this Master Indenture or of any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Master Indenture or of the Bonds, but this Master Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Master Indenture is adopted with the intent that the laws of the State of Florida shall govern their construction.

**Section 1309. Attorney's Fees.** Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall include but not be limited to fees of legal assistants and paralegals and fees incurred in any and all legal proceedings, including any trial or appellate level proceedings, and any sales tax thereon.

**Section 1310. Payments Due or Actions Required on Non-Business Day.** If the date of maturity of principal or interest on any Bonds, or the date fixed for redemption of any Bonds or the date provided for giving any notice or the taking of any other action hereunder or under any Supplemental Indenture shall be, in the city of payment or place of such action, not a Business Day, then payment of principal or interest or date of redemption or date for the giving of notice or the taking of any other action hereunder need not be made or taken on such date in such city but may be made or taken on the next succeeding day that is a Business Day with the same force and effect as if made or taken on the date of maturity or the date fixed for redemption or the date provided for the giving of such notice or the taking of any other such action. In the case of an interest payment due on a day that is not a Business Day, the interest payment made on the next succeeding Business Day shall not include any interest that accrues during the period beginning with such non-Business Day and ending on the payment date.

[Remainder of page intentionally left blank.]

**Section 1311. Effective Date.** This Master Indenture shall be effective as of the date first above-written.

Attest:

Secretary

SEAL



LAKEWOOD RANCH STEWARDSHIP  
DISTRICT

By:   
Chairman, Board of Supervisors

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WACHOVIA BANK, NATIONAL  
ASSOCIATION  
as Trustee

SEAL

By: Merced  
Authorized Signatory

(i) Acknowledgment of Chairman of District

STATE OF FLORIDA  
COUNTY OF MANATEE

I the undersigned Notary Public, in and for said County and in said State, hereby certify that Rex E. Jensen, whose name as Chairman of the Board of Supervisors of Lakewood Ranch Stewardship District, is known to me or has produced his Florida driver's license as identification, acknowledged before me on this day that, being informed of the contents of the Master Trust Indenture, dated as of September 1, 2005, between the District and Wachovia Bank, National Association, as trustee, he as such officer and with full authority, executed the same as such officer and with full authority, executed the same voluntarily for and as the act of said Board.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 30th day of September, 2005.

Elizabeth J. Meyers  
Print Name: Elizabeth J. Meyers  
Commission Number: My Commission 00295794  
My Commission Expires: Expires March 20, 2008

(ii) Acknowledgment of Secretary of District

STATE OF FLORIDA  
COUNTY OF MANATEE

I the undersigned Notary Public, in and for said County and in said State, hereby certify that John Daugirda, whose name as Secretary of the Board of Supervisors of Lakewood Ranch Stewardship District, is known to me or has produced his Florida driver's license as identification, acknowledged before me on this day that, being informed of the contents of the Master Trust Indenture, dated as of September 1, 2005, between the District and Wachovia Bank, National Association, as trustee, he as such officer and with full authority, executed the same as such officer and with full authority, executed the same voluntarily for and as the act of said Board, and that the seal affixed thereto is the seal of said District.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 30th day of September, 2005.

Elizabeth J. Meyers  
Print Name: Elizabeth J. Meyers  
Commission Number: My Commission 00295794  
My Commission Expires: Expires March 20, 2008

(iii) Acknowledgment of Trustee

STATE OF FLORIDA  
COUNTY OF MANATEE

I the undersigned Notary Public, in and for said County and in said State, hereby certify that Vivian C. Cerecedo whose name as Authorized Signatory of Wachovia Bank, National Association, duly organized and existing under and by virtue of the laws of the United States, is known to me, acknowledged before me on this day that, being informed of the contents of the Master Trust Indenture, dated as of September 1, 2005, between the District and Wachovia Bank, National Association, as trustee, she as such Authorized Signatory and with full authority, executed the same as such Authorized Signatory and with full authority, executed the same voluntarily for and as the act of said Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 30th day of September, 2005.

Elizabeth J. Meyers  
Print Name: Elizabeth J. Meyers  
Commission Number: My Commission 00295794  
My Commission Expires: Expires March 20, 2008

**EXHIBIT A**  
**FORM OF REQUISITION**

The undersigned, an Authorized Officer of Lakewood Ranch Stewardship District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to Wachovia Bank, National Association, as trustee (the "Trustee"), dated as of September 1, 2005 (the "Master Indenture"), as amended and supplemented by the First Supplemental Indenture from the District to the Trustee, dated as of September 1, 2005, (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (A) Requisition Number:
  
- (B) Name of Payee:
  
- (C) Amount Payable:
  
- (D) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments):
  
- (E) Fund or Account and subaccount, if any, from which disbursement to be made:

The undersigned hereby certifies that obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the 2005 Acquisition and Construction Account and the subaccount, if any, referenced above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the 2005 Project and each represents a Cost of the 2005 Project, and has not previously been paid.

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain.

If this requisition is for a disbursement from other than the Costs of Issuance subaccount, it shall be signed by the District Engineers certifying approval of this requisition which certifies that this disbursement is for a Cost of the 2005 Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the 2005 Project with respect to which such disbursement is being made; and, (iii) the report of the District Engineer attached as an Exhibit A to the First Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

If this requisition is for a disbursement from other than the Costs of Issuance subaccount, it is hereby represented by the undersigned that the Governing Body of the District has approved this requisition or has approved the specific contract with respect to which disbursements pursuant to this requisition are due and payable.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**LAKEWOOD RANCH STEWARDSHIP DISTRICT**

By: \_\_\_\_\_  
Authorized Officer

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
District Engineer

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TWENTY-SIXTH SUPPLEMENTAL TRUST INDENTURE

BETWEEN

LAKEWOOD RANCH STEWARDSHIP DISTRICT

AND

U.S. BANK NATIONAL ASSOCIATION,

AS TRUSTEE

Dated as of December 1, 2019

securing

\$12,670,000

Lakewood Ranch Stewardship District  
Special Assessment Revenue Bonds, Series 2019  
(Azario Project)

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Exhibit "A" Engineer's Report Azario Lakewood Ranch, dated December 2019  
Exhibit "B" Form of 2019 Bonds

TWENTY-SIXTH SUPPLEMENTAL TRUST INDENTURE

THIS TWENTY-SIXTH SUPPLEMENTAL TRUST INDENTURE (the "Twenty-Sixth Supplemental Indenture") dated as of December 1, 2019, between LAKEWOOD RANCH STEWARDSHIP DISTRICT, (the "District") and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee"), a national banking association authorized to accept and execute trusts of the character herein set out within the State of Florida.

WHEREAS, the District has entered into a Master Trust Indenture dated as of September 1, 2005 (the "Master Indenture") (herein together with this Twenty-Sixth Supplemental Trust Indenture, collectively referred to as the "Indenture") with the Trustee to secure the issuance of its Lakewood Ranch Stewardship District Special Assessment Revenue Bonds (the "Bonds"), issuable in one or more Series from time to time; and

WHEREAS, pursuant to Resolution No. 2005-16 adopted by the Governing Body of the District on August 23, 2005 (the "Bond Resolution"), the District has authorized the issuance of not exceeding \$4,000,000,000 of its Bonds and authorized the execution and delivery of the Master Indenture to secure the issuance of the Bonds; and

WHEREAS, the Bonds were validated by the Circuit Court of the Twelfth Judicial Circuit of the State of Florida in and for Manatee and Sarasota Counties in a Final Judgment Validating Bonds rendered on December 20, 2005, and the appeal period from such final judgment has expired with no appeal being taken; and

WHEREAS, the Governing Body of the District has duly adopted resolutions providing for the acquisition, construction and installation of certain public infrastructure improvements for the portion of the District known as Azario (such public infrastructure being referred to herein as the "Azario CIP"), providing estimated costs of the Azario CIP, defining assessable property to be benefited by the Azario CIP, defining the portion of the Costs of the Azario CIP with respect to which Assessments will be imposed and the manner in which such Assessments shall be levied against such benefited property within the District, stating the intent of the District to issue Bonds secured by such Assessments to finance the Costs of the Azario CIP and, following a public hearing, the District adopted a resolution to fix and establish the Assessments and benefited property, as supplemented with respect to the 2019 Bonds (as defined below); and

WHEREAS, pursuant to the Bond Resolution, as supplemented by Resolution No. 2020-07 adopted by the Governing Body of the District on November 1, 2019, the District has authorized the issuance, sale and delivery of its \$12,670,000 Lakewood Ranch Stewardship District Special Assessment Revenue Bonds, Series 2019 (Azario Project) (the "2019 Bonds") as a Series of Bonds under the Master Indenture and authorized the execution and delivery of this Twenty-Sixth Supplemental Indenture to secure the issuance of the 2019 Bonds for the principal purpose of acquiring and constructing a portion of the Azario CIP (the "2019 Project"); and

WHEREAS, the District will apply the proceeds of the 2019 Bonds to: (i) finance the Costs of the acquisition, construction, installation and equipping of the 2019 Project; (ii) pay certain costs associated with the issuance of the 2019 Bonds; (iii) pay the interest to become due on the 2019 Bonds on May 1, 2020 and November 1, 2020; and (iv) fund the 2019 Reserve Account; and

WHEREAS, the execution and delivery of the 2019 Bonds and of this Twenty-Sixth Supplemental Trust Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the 2019 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Twenty-Sixth Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the 2019 Trust Estate (as hereinafter defined) have been done.

**NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TWENTY-SIXTH SUPPLEMENTAL TRUST INDENTURE WITNESSETH:**

That the District, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the 2019 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to further secure the payment of the principal and Redemption Price (as defined in the Master Indenture) of, and interest on, all 2019 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder, and to further secure the observance and performance by the District of all the covenants, expressed or implied in the Master Indenture, in this Twenty-Sixth Supplemental Indenture and in the 2019 Bonds: (a) has executed and delivered this Twenty-Sixth Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in interest the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture, the revenues derived by the District from the Series 2019 Assessments levied and imposed pursuant to the Assessment Proceedings as the same may be amended from time to time (the "2019 Pledged Revenues") and the Funds and Accounts (except for the 2019 Rebate Account and the 2019 Costs of Issuance Account) established hereby (the "2019 Pledged Funds") which shall comprise a part of the Trust Estate securing only the 2019 Bonds, (the "2019 Trust Estate");

**TO HAVE AND TO HOLD** all the same by the Master Indenture and hereby granted, bargained, sold, conveyed, transferred, assigned and pledged, or agreed or intended so to be, to the Trustee and its successors in trust and to it and its assigns forever;

"2019 Investment Obligations" shall mean and include any of the following securities, in addition to Investment Obligations as defined in the Master Indenture, if and to the extent the same are at the time legal investments for funds of the District, if and to the extent the same are at the time legal investments for funds of the District:

- (A) Government Obligations;
- (B) obligations of any of the following agencies: Government National Mortgage Association (including participation certificates issued by such Association); Fannie Mae (including participation certificates issued by Fannie Mae); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Rural Economic Community Development Administration (formerly the Farmers Home Administration); Student Loan Marketing Association; Federal Home Loan Mortgage Corporation;
- (C) commercial paper rated in the two highest rating categories by both Moody's and S&P;
- (D) obligations of any state of the United States or political subdivision thereof or constituted authority thereof the interest on which is exempt from federal income taxation under Section 103 of the Code and rated in one of the two highest rating categories by both Moody's and S&P;
- (E) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category for such funds by Moody's or S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and repurchase agreements secured by such obligations, which funds are rated in the two highest rating categories for such funds by Moody's or S&P;
- (F) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly by the Holder of the Collateral (as defined below) with collateral with a domestic or foreign bank or corporation (other than life or property casualty insurance company) the long-term debt of which, or, in the case of a financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's provided that the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall immediately notify the District and the Trustee and the provider shall at its option, within ten (10) Business Days of receipt of publication of such downgrade, either (A) maintain Collateral at levels, sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (B) repurchase all collateral and terminate the repurchase agreement. Further, if the provider's rating by either S&P or Moody's falls below "A-" or "A3," respectively, the provider must immediately notify the District and the Trustee and, at the direction of the District through the Trustee, within ten (10) Business Days,

**IN TRUST NEVERTHELESS**, except as in each such case may otherwise be provided in the Master Indenture or hereby, for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the 2019 Bonds issued or to be issued under and secured by this Twenty-Sixth Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any 2019 Bond over any other 2019 Bond by reason of priority in their issue, sale or execution;

**PROVIDED HOWEVER**, that if the District, its successors or assigns, shall well and duly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the 2019 Bonds or any 2019 Bond secured and Outstanding under this Twenty-Sixth Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the 2019 Bonds and this Twenty-Sixth Supplemental Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this Twenty-Sixth Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Master Indenture and this Twenty-Sixth Supplemental Indenture, then upon such final payments, this Twenty-Sixth Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all 2019 Bonds or any 2019 Bond of a particular maturity, otherwise this Twenty-Sixth Supplemental Indenture shall remain in full force and effect;

**THIS TWENTY-SIXTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH**, and it is expressly declared, that all 2019 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property pledged to the payment thereof are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as in the Master Indenture (except as amended directly or by implication by this Twenty-Sixth Supplemental Indenture), including this Twenty-Sixth Supplemental Indenture, expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of the 2019 Bonds, as follows:

**ARTICLE I  
DEFINITIONS**

**Section 101. Definitions.** All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (i) expressly given a different meaning herein or (ii) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

either (1) maintain collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (2) repurchase all collateral and terminate the repurchase agreement without penalty. In the event the provider has not satisfied the above conditions within ten (10) Business Days of the date such conditions apply, then the repurchase agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall withdraw the entire amount invested plus accrued interest within ten (10) Business Days. Any repurchase agreement entered into pursuant to this Twenty-Sixth Supplemental Indenture shall contain the following additional provisions:

Failure to maintain the requisite collateral percentage will require the District or the Trustee to liquidate the collateral as provided above;

The Holder of the Collateral, as hereinafter defined, shall have possession of the collateral or the collateral shall have been transferred to the Holder of the Collateral, in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

The repurchase agreement shall state and an opinion of counsel in form and in substance satisfactory to the District shall be rendered and addressed to the District and the Trustee that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

The repurchase agreement shall be a "repurchase agreement" as defined in the United States Bankruptcy Code and, if the provider is a domestic bank, a "qualified financial contract" as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and such bank is subject to FIRREA;

The repurchase transaction shall be in the form of a written agreement, and such agreement shall require the provider to give written notice to the Issuer and the Trustee of any change in its long-term debt rating;

The District or its designee shall represent that it has no knowledge of any fraud involved in the repurchase transaction;

The District and the Trustee shall receive the opinion of counsel (which opinion shall be addressed to the District and the Trustee and shall be in form and substance satisfactory to the District) that such repurchase agreement complies with the terms of this section and is legal, valid, binding and enforceable upon the provider in accordance with its terms;

The term of the repurchase agreement shall be no longer than ten years;

The interest with respect to the repurchase transaction shall be payable no less frequently than quarterly;

The repurchase agreement shall provide that the Trustee may withdraw funds without penalty at any time, or from time to time, for any purpose permitted or required under this Twenty-Sixth Supplemental Indenture;

Any repurchase agreement shall provide that a perfected security interest in such investments is created for the benefit of the Beneficial Owners under the Uniform Commercial Code of Florida, or book-entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are created for the benefit of the Beneficial Owners; and

The collateral delivered or transferred to the Trustee, or a third-party acceptable to, and acting solely as agent for, the Trustee (the "Holder of the Collateral") shall be delivered and transferred in compliance with applicable state and federal laws (other than by means of entries on provider's books) free and clear of any third-party liens or claims pursuant to a custodial agreement subject to the prior written approval of the Majority Owners. The custodial agreement shall provide that the Trustee must have disposition or control over the collateral of the repurchase agreement, irrespective of an event of default by the provider of such repurchase agreement.

If such investments are held by a third-party, they shall be held as agent for the benefit of the Trustee as fiduciary for the Beneficial Owners and not as agent for the bank serving as Trustee in its commercial capacity or any other party and shall be segregated from securities owned generally by such third party or bank;

(G) any other investment approved in writing by the Majority Owners;

(H) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are rated in one of the three highest rating categories by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's; and

(I) investment agreements with a bank, insurance company or other financial institution, or the subsidiary of a bank, insurance company or other financial institution if the parent guarantees the investment agreement, which bank, insurance company, financial institution or parent has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated in the highest short-term rating category by Moody's or S&P (if the term of such agreement does not exceed 365 days), or has an unsecured, uninsured and unguaranteed obligation (or claims paying ability) rated by Aa2 or better by Moody's and AA or better by S&P or Fitch Ratings, respectively (if the term of such agreement is more than 365 days) or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

(1) interest is paid on any date interest is due on the 2019 Bonds (not more frequently than quarterly) at a fixed rate (subject to adjustments for yield restrictions required by the Code) during the entire term of the agreement;

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"**2019 Project**" shall mean that portion of the Azario CIP acquired and/or constructed with proceeds of the 2019 Bonds.

"**2019 Reserve Account Requirement**" shall mean, as calculated from time to time, as of any date of calculation, fifty percent (50%) of the Maximum Annual Debt Service Requirement, which as of the date of issuance of the 2019 Bonds is \$361,475.00.

"**Acquisition Agreement**" shall mean the Agreement between the District and the Landowner Regarding the Acquisition of Certain Work Product and Infrastructure (Azario Project), dated December 9, 2019.

"**Assessment Interest**" shall mean the interest on Series 2019 Assessments received by the District which is pledged to the 2019 Bonds, other than Delinquent Assessment Interest.

"**Assessment Methodology**" shall mean the Master Assessment Methodology Report Lakewood Ranch Stewardship District Northeast Sector Azario Project Area dated October 4, 2019, as updated from time to time, and as supplemented by the Supplemental Assessment Methodology Report Lakewood Ranch Stewardship District Northeast Sector Azario Project Area dated November [ ] 2019.

"**Assessment Principal**" shall mean the principal amount of Series 2019 Assessments received by the District which are pledged to the 2019 Bonds, other than Delinquent Assessment Principal and Prepayment Principal.

"**Assessment Proceedings**" shall mean the Assessment Resolution and the Assessment Methodology.

"**Assessment Resolution**" shall mean, collectively, Resolution Nos. 2020-03, 2020-04, 2020-[ ] and 2020-[ ] of the District with respect to the establishment, levy and collection of the Series 2019 Assessments.

"**Beneficial Owner**" shall mean the owners from time to time of the 2019 Bonds for federal income tax purposes.

"**Bond Depository**" shall mean the securities depository from time to time under Section 201 hereof, which may be the District.

"**Bond Participant**" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds 2019 Bonds as securities depository.

"**Collateral Assignment Agreement**" shall mean the Collateral Assignment and Assumption of Development and Contract Rights Relating to the Azario Project between the District and the Landowner dated December 9, 2019.

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(2) moneys invested thereunder may be withdrawn without penalty, premium, or charge upon not more than two (2) Business Days' notice unless otherwise specified in this Twenty-Sixth Supplemental Indenture;

(3) the same guaranteed interest rate will be paid on any future deposits made to restore the account to its required amount;

(4) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company, bank, financial institution or parent;

(5) in the event of a suspension, withdrawal, or downgrade below Aa3, AA- or AA- by Moody's, S&P or Fitch Ratings, respectively, the provider shall notify the District and the Trustee within five (5) Business Days of such downgrade event and the provider shall at its option, within ten (10) Business Days after notice is given to the Trustee take any one of the following actions:

(i) collateralize the agreement at levels, sufficient to maintain an "AA" rated investment from S&P and an "Aa2" from Moody's with a market to market approach; or

(ii) assign the agreement to another provider, as long as the minimum rating criteria of "AA" rated investment from S&P and an "Aa2" from Moody's with a market to market approach; or

(iii) have the agreement guaranteed by a provider which results in a minimum rating criteria of an "AA" rated investment from S&P or Fitch and an "Aa2" from Moody's with a market to market approach; or

(iv) repay all amounts due and owing under the agreement.

(6) In the event the provider has not satisfied any one of the above conditions within three (3) Business Days of the date such conditions apply, then the agreement shall provide that the Trustee shall be entitled to withdraw the entire amount invested plus accrued interest without penalty or premium.

(J) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 or the corresponding provisions of subsequent laws provided that such fund is rated at least "AA" by S&P (without regard to gradation) or at least "Aa" by Moody's (without regard to gradation); and

(K) other investments permitted by Florida law.

Under all circumstances, the Trustee shall be entitled to conclusively rely that any investment directed by an Authorized Officer of the District is permitted under the Indenture and is a legal investment of funds of the District.

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"**Completion Agreement**" shall mean the agreement or agreements between the Landowner and the District pursuant to which, among other matters, the Landowner has agreed to provide funds to pay all Costs of the Azario CIP not paid for by the District from proceeds of the 2019 Bonds or prior or future Bonds issued by the District.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement executed and delivered in connection with the issuance of the 2019 Bonds and as amended from time to time in accordance with the terms thereof.

"**Date of Completion**" with respect to the 2019 Project shall mean: either (a) the date upon which the 2019 Project and all components thereof have been acquired or constructed and are capable of performing the functions for which they were intended, as evidenced by a certificate of the District Engineer filed with the Trustee and the District; or (b) the date on which the District determines, upon the recommendation of or consultation with the District Engineer, that it cannot complete the 2019 Project in a sound and economical manner within a reasonable period of time as evidenced by a certificate of the District Engineer filed with the Trustee and the District; provided that in each case such certificate of the District Engineer shall set forth the amount of all Costs of such 2019 Project which has theretofore been incurred, but which on the Date of Completion is or will be unpaid or unreimbursed. In the absence of its receipt of such certifications, the Trustee may assume the Date of Completion has not occurred.

"**Declaration of Consent to Jurisdiction**" shall mean the Declaration of Consent to Jurisdiction of Lakewood Ranch Stewardship District and to Imposition of Special Assessments (Azario Project) dated as of December 9, 2019.

"**Delinquent Assessment Interest**" shall mean the interest on Series 2019 Assessments received by the District which is pledged to the 2019 Bonds and deposited with the Trustee after the date on which such Assessment Interest has become due and payable.

"**Delinquent Assessment Principal**" shall mean the principal amount of Series 2019 Assessments received by the District which are pledged to the 2019 Bonds and deposited with the Trustee after the date on which such Assessment Principal has become due and payable.

"**District Manager**" shall mean PFM Group Consulting, LLC, and its successors and assigns.

"**DTC**" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"**Interest Payment Date**" shall mean each May 1 and November 1, commencing May 1, 2020.

"**Landowner**" shall mean Taylor Morrison of Florida, Inc., a Florida corporation, or any successor or assign thereof.

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“**Landowner True Up Agreement**” shall mean that document or documents pursuant to which the Landowner agrees to pay any “debt reduction payments” required pursuant to the Assessment Proceedings as it pertains to the lands owned by the Landowner.

“**Majority Owners**” shall mean the Beneficial Owners of more than fifty percent (50%) in Outstanding principal amount of the Outstanding 2019 Bonds.

“**Maximum Assessment Levels**” shall mean the following per unit annual gross debt service assessment levels as shall be evidenced by a Maximum Assessment Level Certification:

Product	Maximum Annual Assessment Levels <sup>(1)</sup>
Townhomes	\$1,480
Villas	\$1,830
40' - 49'	\$1,830
50' - 59'	\$2,080
60' - 69'	\$2,330
70' - 79'	\$2,680
80' - 89'	\$2,930
90' - 99'	\$2,930

<sup>(1)</sup> Inclusive of the Series 2019 Assessments.

“**Maximum Assessment Level Certification**” shall mean a certificate of the District’s District Manager that the Assessments for capital projects pledged to any Series of Bonds do not exceed the Maximum Assessment Levels and on which the Trustee may conclusively rely as to the matters set forth therein.

“**Nominee**” shall mean the nominee of the Bond Depository, which may be the Bond Depository, as determined from time to time pursuant to this Twenty-Sixth Supplemental Indenture.

“**Participating Underwriter**” shall have the meaning ascribed to it in the Continuing Disclosure Agreement.

“**Prepayment Principal**” shall mean the excess amount (identified by the District as such in writing to the Trustee) of Assessment Principal received by the District over the Assessment Principal then due, but shall not include Delinquent Assessment Principal. Prepayment Principal shall not include the proceeds of any refunding bonds.

“**Quarterly Redemption Date**” shall mean each February 1, May 1, August 1 and November 1.

the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2019 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such 2019 Bond for the purpose of payment of principal, premium and interest with respect to such 2019 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2019 Bond, for the purpose of registering transfers with respect to such 2019 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the 2019 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payment shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to payment of principal of, premium, if any, and interest on the 2019 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Bond Registrar, shall receive a certificated 2019 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions therein with respect to Record Dates, the words “Cede & Co.” in this Twenty-Sixth Supplemental Indenture shall refer to such new Nominee of DTC; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee, Bond Registrar and the Paying Agent.

Upon receipt by the Trustee or the District of written notice from DTC: (i) confirming that DTC has received written notice from the District to the effect that a continuation of the requirement that all of the Outstanding 2019 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the Beneficial Owners of the 2019 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute Bond Depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the 2019 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Beneficial Owners shall designate, in accordance with the provisions hereof.

**Section 202. Terms of 2019 Bonds.** The 2019 Bonds shall be issued as four (4) Term Bonds, which Term Bonds shall bear interest at the fixed interest rate per annum and shall mature in the amounts and on the dates set forth below:

Principal Amount	Interest Rate	Maturity
\$1,260,000	3.125%	May 1, 2025
\$1,490,000	3.400%	May 1, 2030
\$3,980,000	4.000%	May 1, 2040
\$5,940,000	4.000%	May 1, 2050

**Section 203. Dating; Interest Accrual.** Each 2019 Bond shall be dated the date of delivery thereof. Each 2019 Bond shall also bear its date of authentication. Each 2019 Bond

“**Series 2019 Assessments**” shall mean the non-ad valorem special assessments including the interest thereon designated as pledged to secure the 2019 Bonds in the Assessment Proceedings.

“**Substantially Absorbed**” shall mean the date on which the principal amount of the Series 2019 Assessments equaling at least ninety percent (90%) of the then Outstanding principal amount of the 2019 Bonds are levied on tax parcels within the District with respect to which a certificate of occupancy has been issued for a structure thereon. Satisfaction of the foregoing definition shall be evidenced by the delivery by the District to the Trustee of a written certificate of the District Manager to such effect and upon which the Trustee may conclusively rely.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

**ARTICLE II  
AUTHORIZATION, ISSUANCE AND PROVISIONS OF THE 2019 BONDS**

**Section 201. Authorization of 2019 Bonds.** The 2019 Bonds are hereby authorized to be issued in the aggregate principal amount of \$12,670,000 for the purposes enumerated in the recitals hereto. The 2019 Bonds shall be substantially in the form set forth as **Exhibit “B”** to this Twenty-Sixth Supplemental Indenture. Each 2019 Bond shall bear the designation “2019-R” and numbered consecutively from 1 upwards.

The 2019 Bonds shall be initially issued in the form of a separate single certificated fully registered 2019 Bond for each maturity of 2019 Bonds. Upon initial issuance, the ownership of such 2019 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of The Depository Trust Company, New York, New York (“DTC”), the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding 2019 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to 2019 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the 2019 Bonds, (ii) the delivery to any Bond Participant or any other person other than an Owner, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the 2019 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than an Owner, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the 2019 Bonds. The District, the Trustee,

shall bear interest from the Interest Payment Date to which interest has been paid net preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such 2019 Bond has been paid, in which event such 2019 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2019 Bonds, in which event such 2019 Bond shall bear interest from its date. Interest on the 2019 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2020, and shall be computed on the basis of a 360-day year of twelve 30-day months.

**Section 204. Denomination.** The 2019 Bonds may be issued in Authorized Denominations provided that delivery to the initial Beneficial Owners shall be in initial minimum denominations of \$100,000 or integral multiples of \$5,000 in excess thereof.

**Section 205. Paying Agent.** The District appoints the Trustee as Paying Agent for the 2019 Bonds.

**Section 206. Bond Registrar.** The District appoints the Trustee as Bond Registrar for the 2019 Bonds.

**Section 207. Conditions Precedent to Issuance of the 2019 Bonds.** In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the 2019 Bonds, all the 2019 Bonds shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered by the Trustee to the Participating Underwriter upon its order, but only upon the further receipt by the Trustee of:

- (a) Certified copies of the Assessment Proceedings;
- (b) Executed copies of the Master Indenture and this Twenty-Sixth Supplemental Indenture;
- (c) A Bond Counsel opinion substantially to the effect that: (i) the Indenture has been duly authorized, executed and delivered by the District and constitutes a valid and binding obligation of the District; (ii) the 2019 Bonds have been duly authorized, executed and delivered by the District and are valid and binding special obligations of the District, payable solely from the sources provided therefor in the Indenture; and (iii) that the interest on the 2019 Bonds is excludable from gross income for federal income tax purposes;

(d) An opinion of Counsel to the District substantially to the effect that (i) the District has been duly established and validly exists as a special district under the Act, (ii) based on certificates of the District Engineer and the Landowner and an opinion of Landowner’s Counsel, the District has good right and lawful authority under the Act to undertake the 2019 Project being financed with the proceeds of the 2019 Bonds, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body having lawful jurisdiction in order to undertake the 2019 Project,



(iii) all proceedings undertaken by the District with respect to the Series 2019 Assessments have been in accordance with Florida law, (iv) the District has taken all action necessary to levy and impose the Series 2019 Assessments, and (v) the Series 2019 Assessments are legal, valid and binding liens upon the property against which such Series 2019 Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid;

(e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the 2019 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this Twenty-Sixth Supplemental Indenture;

(f) An Engineers' Certificate or Engineers' Certificates certifying as to the accuracy of the information set forth in the Engineer's Report attached hereto as Exhibit A regarding the Azario CIP;

(g) A certified copy of the final judgment of validation together with a certificate of no appeal, both in respect of the Bonds; and

(h) Executed copies of the Acquisition Agreement, Completion Agreement, Collateral Assignment Agreement, Declaration of Consent to Jurisdiction, and Landowner True-Up Agreement.

The opinions referenced in Sections 207(c) and 207(d) shall either be addressed to the Trustee or have reliance letters to the Trustee that the Trustee is entitled to rely upon such opinions.

Payment of the net proceeds of the 2019 Bonds as set forth in Section 402 hereof shall constitute conclusive evidence that the foregoing conditions have been met to the satisfaction of the District and the Underwriter of the 2019 Bonds.

**Section 208. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provisions of the Indenture, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of the Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding 2019 Bonds and receipt of indemnity satisfactory to the Trustee, or any such Owner, may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section.

### ARTICLE III REDEMPTION OF 2019 BONDS

**Section 301. 2019 Bonds Subject to Redemption and Purchase.** The 2019 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit "B"

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(b) \$435,446.86 of 2019 Bond proceeds, representing the amount of interest to become due on the 2019 Bonds on May 1, 2020 and November 1, 2020, shall be deposited to the credit of the 2019 Capitalized Interest Account; and

(c) \$164,150.00 of 2019 Bond proceeds, representing costs of issuance relating to the 2019 Bonds, shall be deposited to the credit of the 2019 Costs of Issuance Account; and

(d) \$11,373,730.44 of 2019 Bond proceeds remaining after the deposits above shall be deposited to the credit of the 2019 Acquisition and Construction Account, \$10,934,170.80 of which shall be deposited to the credit of the General Subaccount therein and \$439,559.64 shall be deposited to the credit of the Retainage Subaccount therein.

#### **Section 403. 2019 Acquisition and Construction Account.**

(a) Amounts on deposit in the General Subaccount of the 2019 Acquisition and Construction Account shall be applied to pay the Costs of the 2019 Project upon compliance with the requirements of the requisition provisions set forth in the Master Indenture and/or as otherwise provided herein. The Trustee is not responsible to determine if money requested to be paid by the Issuer is for an appropriate use of such moneys.

(b) Amounts on deposit in the Retainage Subaccount of the 2019 Acquisition and Construction Account shall be retained therein and shall not be available to pay Costs of the 2019 Project, unless and until the District shall have delivered to the Trustee a certificate, on which the Trustee may conclusively rely, stating that the Landowner has received the required modifications to the zoning ordinance and the required modifications to the Assessment Proceedings have been completed, all as described and contemplated in the Limited Offering Memorandum for the Series 2019 Bonds. Such certificate shall also set forth the amount to be transferred from the Retainage Subaccount of the 2019 Acquisition and Construction Account into the General Subaccount of the 2019 Acquisition and Construction Account. Any amount remaining in the Retainage Subaccount in the 2019 Acquisition and Construction Account on March 15, 2021, shall be transferred to and deposited in the 2019 Prepayment Subaccount in the 2019 Redemption Account and applied to the extraordinary mandatory redemption of the 2019 Bonds on May 1, 2021, in the manner prescribed in the form of 2019 Bond set forth as Exhibit "B" hereto.

(c) Any balance remaining in either Subaccount of the 2019 Acquisition and Construction Account after the Date of Completion of the 2019 Project and after retaining the amount, if any, of all remaining unpaid Costs of the 2019 Project set forth in the Engineer's Certificate establishing such Date of Completion, shall be transferred to and deposited in the 2019 Prepayment Subaccount of the 2019 Redemption Account and applied to the extraordinary mandatory redemption of the 2019 Bonds in the manner prescribed in the form of 2019 Bond set forth as Exhibit "B" hereto. At such time as there are no amounts on deposit in the 2019 Acquisition and Construction Account, including all subaccounts therein, such account and subaccounts shall be closed.

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to this Twenty-Sixth Supplemental Indenture. The 2019 Bonds may be purchased as provided in the Master Indenture.

Notwithstanding any other provision hereof or of the Master Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

### ARTICLE IV DEPOSIT OF 2019 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF

#### **Section 401. Establishment of Accounts.**

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee the following accounts:

(i) a 2019 Acquisition and Construction Account and therein a General Subaccount and a Retainage Subaccount; and

(ii) a 2019 Costs of Issuance Account.

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a 2019 Sinking Fund Account; (ii) a 2019 Interest Account; (iii) a 2019 Capitalized Interest Account; and (iv) a 2019 Redemption Account and therein a 2019 Prepayment Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a 2019 Reserve Account, which account shall be held for the benefit of all of the 2019 Bonds without distinction as to 2019 Bonds and without privilege or priority of one 2019 Bond over another;

(d) There is hereby established within the Revenue Fund held by the Trustee a 2019 Revenue Account; and

(e) There is hereby established within the Rebate Fund held by the Trustee a 2019 Rebate Account.

**Section 402. Use of 2019 Bond Proceeds.** The net proceeds of sale of the 2019 Bonds, \$12,334,802.30 (which is the face amount of 2019 Bonds, less Underwriter's Discount of \$253,400.00 and less net original issue discount of \$81,797.70) shall be delivered to the Trustee by the District and be applied as follows:

(a) \$361,475.00 of 2019 Bond proceeds, representing the initial 2019 Reserve Account Requirement, shall be deposited to the 2019 Reserve Account; and

**Section 404. 2019 Costs of Issuance Account.** There shall be deposited in the 2019 Costs of Issuance Account \$164,150.00 which shall, at the written direction of an Authorized Officer of the District, be used to pay the costs of issuance relating to the 2019 Bonds. After May 1, 2020, any amounts deposited in the 2019 Costs of Issuance Account for which there is not pending with the Trustee a requisition shall be transferred to the 2019 Reserve Account if there is any deficiency therein and the remainder to the 2019 Acquisition and Construction Account if the Date of Completion has not yet occurred and if the Date of Completion has already occurred to the 2019 Revenue Account. At such time as there are no amounts on deposit in the 2019 Costs of Issuance Account, such account shall be closed.

**Section 405. 2019 Reserve Account.** Amounts on deposit in the 2019 Reserve Account, except as provided elsewhere in the Indenture, shall be used only for the purposes set forth in Section 609 hereof and for making payments into the 2019 Interest Account and the 2019 Sinking Fund Account to pay the 2019 Bonds, without distinction as to 2019 Bonds and without privilege or priority of one 2019 Bond over another, when due when the moneys on deposit in such Accounts and available therefor are insufficient.

The Trustee, on or before the forty-fifth (45<sup>th</sup>) day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each Quarterly Redemption Date, after taking into account all payments and transfers made as of such date, shall compute the value of the 2019 Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in such account, from the first legally available sources of the District. Any excess monies in the 2019 Reserve Account (except excess from investment earnings), shall be deposited in the 2019 Acquisition and Construction Account until the Date of Completion of the 2019 Project and on and after the Date of Completion of the 2019 Project shall be deposited in the 2019 Prepayment Subaccount. Unless and until the Trustee receives the Engineer's Certificate establishing the Date of Completion has occurred, the Trustee may rely that such condition has not occurred.

All earnings on investments in the 2019 Reserve Account, provided no deficiency exists in the 2019 Reserve Account, shall until the Date of Completion be deposited to the 2019 Acquisition and Construction Account and then on and after the Date of Completion, shall be deposited to the 2019 Revenue Account. To the extent a deficiency exists in the 2019 Reserve Account, investment earnings in such account shall remain in that account. Such account shall consist only of cash and 2019 Investment Obligations.

Notwithstanding the foregoing, on the earliest date on which there is on deposit in the 2019 Reserve Account, sufficient monies, taking into account other monies available therefore, to pay and redeem all of the Outstanding 2019 Bonds, together with accrued interest, if any, on such 2019 Bonds to the earliest date of redemption, then the Trustee shall use the amount on deposit in the 2019 Reserve Account to pay and redeem all of the Outstanding 2019 Bonds on the earliest possible date.

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The District may provide that the difference between the amounts on deposit in the 2019 Reserve Account and the 2019 Reserve Account Requirement shall be an amount covered by obtaining bond insurance or a surety bond issued by a municipal bond insurer, rated in one of the two highest categories (at least AA by Fitch, and/or S&P and/or at least Aa by Moody's without reference to gradations) by two nationally recognized rating agencies, (the "Reserve Account Credit Instrument"). At any time after the issuance of the 2019 Bonds, the District may withdraw any or all of the amount of money on deposit in the 2019 Reserve Account and substitute in its place a Reserve Account Credit Instrument as described above in the face amount of such withdrawal and such withdrawn moneys shall, after payment of the premium for such Reserve Account Credit Instrument, be (a) until the Date of Completion, transferred to the Series 2019 Acquisition and Construction Account to be used to pay Costs of the 2019 Project, (b) after the Date of Completion, transferred to the 2019 Prepayment Subaccount and used to redeem 2019 Bonds, or (c) upon receipt of an opinion of Bond Counsel, transferred to the District to be used for any lawful purpose of the District.

**Section 406. Application of Prepayment Principal.** All Prepayment Principal shall upon receipt by the Trustee be deposited to the 2019 Prepayment Subaccount of the 2019 Redemption Account. At the time the District deposits Prepayment Principal with the Trustee it shall notify the Trustee in writing as to the amount of Prepayment Principal. The Trustee may rely upon the notification from the District which amounts paid hereunder are Prepayments and in the absence of notification as to any amounts being a Prepayment, the Trustee shall deposit such funds in the 2019 Revenue Account. Amounts on deposit in the 2019 Prepayment Subaccount shall be applied to the redemption of the 2019 Bonds in the manner provided in the Master Indenture and as provided for the extraordinary mandatory redemption in **Exhibit "B"** hereto.

**Section 407. Tax Covenants and Rebate Accounts.** The District shall comply with the Tax Regulatory Covenants (including deposits to and payments from the 2019 Rebate Account) included as part of the closing transcript for the 2019 Bonds, as amended and supplemented from time to time in accordance with their terms.

**Section 408. Establishment of 2019 Revenue Account in Revenue Fund; Application of Revenues and Investment Earnings.**

(a) The Trustee shall, except as provided below or otherwise provided herein, deposit the 2019 Pledged Revenues to the 2019 Revenue Account and any other amounts or payments specifically designated by the District pursuant to a written direction for said purpose. The 2019 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Amounts on deposit in the 2019 Revenue Account, 2019 Interest Account and 2019 Capitalized Interest Account, 2019 Sinking Fund Account, 2019 Redemption Account, 2019 Reserve Account, each Account and Subaccount therein, shall be used as provided in the Master Indenture except as otherwise provided herein.

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(d) Unless otherwise provided below, no later than each May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such date), the Trustee shall transfer from amounts on deposit in the 2019 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority and apply such amounts as provided in the Master Indenture and the provisions hereof:

FIRST, to the 2019 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2019 Bonds then Outstanding on such May 1 or November 1, less any other amount already on deposit in the 2019 Interest Account not previously credited. On May 1, 2020 and November 1, 2020, the Trustee shall transfer from the 2019 Capitalized Interest Account to the 2019 Interest Account an amount equal to the lesser of the amount of interest due on the 2019 Bonds on such date or the amount on deposit in the 2019 Capitalized Interest Account. After making the foregoing transfer on May 1, 2020 and November 1, 2020, any amounts remaining in the Capitalized Interest Account shall be transferred to the 2019 Reserve Account if there is any deficiency therein and the remainder to the 2019 Acquisition and Construction Account if the Date of Completion has not yet occurred and if the Date of Completion has already occurred to the 2019 Revenue Account;

SECOND, on each May 1, commencing May 1, 2021, to the 2019 Sinking Fund Account, an amount equal to the Amortization Installments or principal of 2019 Bonds due on such May 1, less any amounts already on deposit in such Account not previously credited;

THIRD, to the 2019 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the then applicable 2019 Reserve Account Requirement; and

FOURTH, the balance shall be retained in the 2019 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall transfer from the 2019 Revenue Account to the 2019 Rebate Account established for the 2019 Bonds in the Rebate Fund in accordance with the Master Indenture and the Tax Regulatory Covenants, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants. To the extent insufficient moneys are on deposit in the 2019 Revenue Account to make the transfer provided for in the immediately preceding sentence the District shall deposit with the Trustee from available moneys of the District the amount of any such insufficiency.

(f) On or after each November 2, beginning November 2, 2020, the balance on deposit in the 2019 Revenue Account on such November 2 shall (i) before the Date of Completion, be transferred into the 2019 Acquisition and Construction Account, and (ii) on and after the Date of Completion, shall be paid over to the District at the written direction of an Authorized Officer and used for any lawful purpose of the District; provided, however, that on the date of such proposed transfer the amount on deposit in the 2019 Reserve Account shall be equal to the 2019 Reserve Account Requirement, and, provided further, that the Trustee shall

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(b) Immediately upon receipt the District shall deposit the 2019 Pledged Revenues with the Trustee together with a written accounting setting forth the amounts of such 2019 Pledged Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

(i) Assessment Interest, which shall be deposited into the 2019 Interest Account;

(ii) Assessment Principal, which shall be deposited into the 2019 Sinking Fund Account;

(iii) Prepayment Principal, which shall be deposited into the 2019 Prepayment Subaccount of the 2019 Redemption Account.

(iv) Delinquent Assessment Principal shall first be applied to restore the amount of any withdrawal from the 2019 Reserve Account to pay the principal of 2019 Bonds to the extent that less than the 2019 Reserve Account Requirement is on deposit in the 2019 Reserve Account, and, the balance, if any, shall be deposited into the 2019 Sinking Fund Account;

(v) Delinquent Assessment Interest, shall first be applied to restore the amount of any withdrawal from the 2019 Reserve Account to pay the interest on 2019 Bonds to the extent that less than the 2019 Reserve Account Requirement is on deposit in the 2019 Reserve Account, and, the balance, if any, shall be deposited into the 2019 Interest Account; and

(vi) the balance shall remain in the 2019 Revenue Account.

(c) On the forty-fifth (45<sup>th</sup>) day preceding each Quarterly Redemption Date (or if such forty-fifth (45<sup>th</sup>) day is not a Business Day, on the Business Day next preceding such forty-fifth (45<sup>th</sup>) day), the Trustee shall determine the amount on deposit in the 2019 Prepayment Subaccount of the 2019 Redemption Account, and, if the balance therein is greater than zero, shall transfer, but only after determining that following such transfer sufficient amounts will remain on deposit in the 2019 Revenue Account to make the transfers required by (d) below, from the 2019 Revenue Account for deposit into such 2019 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of 2019 Bonds on the next succeeding Quarterly Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in such 2019 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of 2019 Bonds as set forth in **Exhibit "B"** hereto, and Article III of the Master Indenture and Section 301 hereof. Interest due in regard to such extraordinary mandatory redemption shall be paid from the 2019 Interest Account.

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not have actual knowledge of an Event of Default under the Master Indenture or hereunder relating to the 2019 Bonds, including the payment of Trustee's fees and expenses then due.

(g) Anything herein or in the Master Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the 2019 Bonds shall be invested only in 2019 Investment Obligations, and further, earnings on investments in the 2019 Acquisition and Construction Account, 2019 Costs of Issuance Account, 2019 Capitalized Interest Account and 2019 Revenue Account shall be retained as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the 2019 Sinking Fund Account, 2019 Interest Account, and the 2019 Redemption Account, including any subaccounts therein, shall be deposited, as realized, to the credit of the 2019 Revenue Account and used for the purpose of such Account.

Earnings on investments in the 2019 Reserve Account shall be disposed of as provided in Section 405 hereof.

## ARTICLE V COVENANTS AND DESIGNATIONS OF THE DISTRICT

**Section 501. Provision Relating to Bankruptcy or Insolvency of Landowner.** The provisions of this Section 501 shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the then Outstanding Series 2019 Assessments (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding"). For as long as any 2019 Bonds remain Outstanding, in any Proceeding involving the District, any Insolvent Taxpayer, the Trustee, the 2019 Bonds or the Series 2019 Assessments, the District shall be obligated to act in accordance with direction from the Trustee with regard to all matters directly or indirectly affecting the 2019 Bonds or for as long as any 2019 Bonds remain Outstanding, in any proceeding involving the District, any Insolvent Taxpayer, the 2019 Bonds or the Series 2019 Assessments or the Trustee. The District agrees that it shall not be a defense to a breach of the foregoing covenant that it has acted upon advice of counsel in not complying with this covenant.

The District acknowledges and agrees that, although the 2019 Bonds were issued by the District, the Owners of the 2019 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer: (a) the District hereby agrees that it shall follow the direction of the Trustee in making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2019 Assessments, the 2019 Bonds or any rights of the Trustee under the Indenture; (b) the District hereby agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice

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or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2019 Assessments, the 2019 Bonds or any rights of the Trustee under the Indenture that are inconsistent with any direction from the Trustee; (c) the Trustee shall have the right, but is not obligated to, (i) file and vote in any such Proceeding and all claims of the District, and seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2019 Assessments, would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the Series 2019 Assessments, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code and (d) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Series 2019 Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the Series 2019 Assessments, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

Notwithstanding the provisions of the immediately preceding paragraphs, nothing in this Section 501 shall preclude the District from becoming a party to a Proceeding in order to enforce a claim for operation and maintenance assessments, and the District shall be free to pursue such a claim in such manner as it shall deem appropriate in its sole and absolute discretion. Any actions taken by the District in pursuance of its claim for operation and maintenance assessments in any Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or directions with respect to the Series 2019 Assessments whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (c) of the paragraph above.

**Section 502. Collection of Series 2019 Assessments.** Anything herein or in the Master Indenture to the contrary notwithstanding, the District shall not be required to collect Series 2019 Assessments using the Uniform Collection Method provided for in Section 197.3631, 197.3632 and 197.3635, Florida Statutes, until such time as the property subject to such Series

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#### ARTICLE VI MISCELLANEOUS PROVISIONS

**Section 601. Additional Events of Default and Remedies.** Section 902 of the Master Indenture is hereby amended with respect to the 2019 Bonds by inserting at the conclusion thereof the following paragraphs:

(a) More than twenty percent (20%) of the operation and maintenance assessments levied by the District are not paid by the date such are due and payable.

(b) The Trustee is authorized to withdraw funds from the 2019 Reserve Account in an amount greater than twenty-five percent (25%) of the 2019 Reserve Account Requirement to pay debt service on the 2019 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the 2019 Reserve Account to pay debt service on the 2019 Bonds) and any such amount withdrawn is not replenished within ninety (90) days of the date of such withdrawal.

(c) Material breach by the District of any material covenant made by it in the Indenture, whether or not notice of such breach has been given.

The District covenants and agrees that it will enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, and the provisions for the foreclosure of liens of Delinquent Assessments. The District acknowledges and agrees that (i) upon failure of any property owner to pay Series 2019 Assessments collected directly by the District when due, that the entire Series 2019 Assessments on the delinquent property, with interest and penalties thereon, shall immediately become due and payable and the District shall promptly cause to be commenced the necessary legal proceedings for the foreclosure of liens of delinquent Series 2019 Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings.

**Section 602. Foreclosure of Assessment Lien.** Notwithstanding any provisions of the Indenture to the contrary, the following provisions shall apply with respect to the Series 2019 Assessments and 2019 Bonds.

If any property shall be offered for sale for the nonpayment of any Series 2019 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2019 Assessments for such property (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount greater than or equal to the balance due on the Series 2019 Assessments for such property (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special-purpose entity title to the property for the benefit of the Owners of the 2019 Bonds; provided that the Trustee shall have the right, acting at the direction of the Majority Owners, but shall not be obligated, to direct the District with respect to any action taken pursuant to this

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2019 Assessments is platted and a distinct ad valorem property tax identification number has been assigned by the Property Appraiser thereto. In addition, the District is not required to use the Uniform Collection Method when the property is owned by a government or includes structures owned by a government.

All Series 2019 Assessments that are collected directly by the District and not via the Uniform Method shall be due and payable by the landowner no later than thirty (30) days prior to each Interest Payment Date.

In addition, and not in limitation of the covenants contained elsewhere in this Twenty-Sixth Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2019 Assessments and to levy the Series 2019 Assessments and any required true-up payments set forth in the Assessment Methodology, in such manner as will generate funds sufficient to pay the principal of and interest on the 2019 Bonds, when due.

Notwithstanding anything in the Indenture to the contrary, upon the occurrence of an Event of Default, the collection of Series 2019 Assessments shall be in the manner directed by the Majority Owners.

**Section 503. No Parity Bonds; Limitation on Additional Bonds.** Other than Refunding Bonds issued to refund the Outstanding 2019 Bonds, the District shall not, while any 2019 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the 2019 Trust Estate. The District further covenants and agrees that so long as the 2019 Bonds are Outstanding, it will not impose debt service Assessments for capital projects on any lands then subject to the Series 2019 Assessments without the written consent of the Majority Owners; provided, however, such consent shall not be required if (i) such Assessments do not exceed the Maximum Assessment Levels or (ii) the Series 2019 Assessments have been Substantially Absorbed evidence of which shall be provided by the District to the Trustee in a written certificate upon which the Trustee may conclusively rely. Notwithstanding the foregoing, the District is not precluded from imposing capital Assessments (or the issuance of Bonds secured by such Assessments) on property then subject to the Series 2019 Assessments which are necessary for health, safety or welfare reasons, or to remediate a natural disaster, or to effect repairs to or replacement of property, facilities or equipment of the District.

**Section 504. Covenant With Regard to Enforcement and Collection of Delinquent Assessments.** Anything herein or in the Master Indenture to the contrary notwithstanding, the District covenants and agrees that it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, and the provision for the foreclosure of liens of Delinquent Assessments and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of and on behalf of, the Majority Owners. However, the 2019 Bonds may not be accelerated except to the extent the Series 2019 Assessments have been accelerated.

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Section. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the 2019 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the 2019 Bonds within sixty (60) days after the receipt of the request therefore signed by the Trustee or the Majority Owners. The Trustee may, upon direction from the Majority Owners, pay costs associated with any actions taken by District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture.

**Section 603. Interpretation of Twenty-Sixth Supplemental Indenture.** This Twenty-Sixth Supplemental Indenture amends and supplements the Master Indenture with respect to the 2019 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Twenty-Sixth Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and this Twenty-Sixth Supplemental Indenture shall be read and construed as one document.

**Section 604. Amendments.** Any amendments to this Twenty-Sixth Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

**Section 605. Counterparts.** This Twenty-Sixth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

**Section 606. Appendices and Exhibits.** Any and all schedules, appendices or exhibits referred to in and attached to this Twenty-Sixth Supplemental Indenture are hereby incorporated herein and made a part of this Twenty-Sixth Supplemental Indenture for all purposes.

**Section 607. Payment Dates.** In any case in which an Interest Payment Date or the maturity date of the 2019 Bonds or the date fixed for the redemption of any 2019 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

**Section 608. No Rights Conferred on Others.** Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Owners of the 2019 Bonds.

**Section 609. Use of 2019 Acquisition and Construction Account Moneys and Other Trust Funds.** Upon the occurrence of an Event of Default, moneys in the Series 2019 Acquisition and Construction Account and the 2019 Trust Estate may be used to pay the fees

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and the expenses and costs of litigation and other remedies of the Trustee incurred to pursue remedies under the Indenture.

**Section 610. Bond Year.** The Bond Year for the 2019 Bonds shall mean May 1-April 30, except that the first Bond Year is from the date of issuance of the 2019 Bonds through April 30, 2020.

**ARTICLE VII  
THE TRUSTEE; THE PAYING AGENT AND BOND REGISTRAR**

**Section 701. Acceptance of Trust.** The Trustee accepts and agrees to execute the trusts hereby created and agrees to perform such trusts upon the terms and conditions set forth in the Indenture. The Trustee agrees to act as Paying Agent and Bond Registrar for the 2019 Bonds.

**Section 702. Trustee's Duties.** The Trustee shall not be responsible in any manner for the due execution of this Twenty-Sixth Supplemental Indenture by the District or for the recitals contained herein (except for the certificate of authentication on the 2019 Bonds), all of which are made solely by the District. Nothing contained herein shall limit the rights, benefits, privileges, protection and entitlement inuring to the Trustee under the Master Indenture.

**Section 703. Brokerage Confirmations.** The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive individual confirmations of security transactions at no additional cost, as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

**Section 704. Assignment of District's Rights under Collateral Assignment Agreement.** The District hereby assigns its rights under the Collateral Assignment Agreement to the Trustee for the benefit of the Owners, from time to time, of the 2019 Bonds. The Trustee shall not be deemed to have accepted or assumed any obligation under the Collateral Assignment Agreement by virtue of such assignment.

**Section 705. Patriot Act Requirements of Trustee.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

**EXHIBIT "A"**

Engineer's Report Azario Lakewood Ranch, dated December 2019

IN WITNESS WHEREOF, Lakewood Ranch Stewardship District has caused these presents to be signed in its name and on its behalf by its Chairman, and its official seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer.

**LAKEWOOD RANCH STEWARDSHIP  
DISTRICT**

[SEAL]

By: \_\_\_\_\_  
Chairman, Board of Supervisors

ATTEST:

By: \_\_\_\_\_  
Secretary, Board of Supervisors

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Vice President

**EXHIBIT "B"**

**Form of the 2019 Bonds**

No. 2019-R- \_\_\_\_\_ [\_\_\_\_\_]

United States of America  
State of Florida  
LAKEWOOD RANCH STEWARDSHIP DISTRICT  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2019  
(AZARIO PROJECT)

Interest Rate	Maturity Date	Dated Date	CUSIP
[_____]%	May 1, 20__	December 9, 2019	51265K ____

Registered Owner: Cede & Co.

Principal Amount: [\_\_\_\_\_] DOLLARS

LAKEWOOD RANCH STEWARDSHIP DISTRICT, a special district duly created and existing pursuant to Chapter 2005-338, Laws of Florida, as amended (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this 2019 Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or if no interest has been paid, from the Dated Date shown above, on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on May 1, 2020, payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the Registered Owner hereof at the close of business on the regular record date for such interest, which shall be the fifteenth (15<sup>th</sup>) day of the calendar month next preceding such Interest Payment Date, or if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (i) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price shall be made by the Paying Agent

(hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the Registered Owner of this 2019 Bond. Except as otherwise applicable to bonds held pursuant to a book entry system, any payment of principal, or Redemption Price shall be made only upon presentation hereof at the designated office of U.S. Bank National Association, located in Fort Lauderdale, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"). Except as otherwise applicable to bonds held in a book-entry system, payment of interest shall be made by check or draft or by wire transfer to the Registered Owner set forth above if such owner requests payment by wire transfer in writing on or prior to the regular record date for the respective interest payment to such account as shall be specified in such request, but only if the Registered Owner set forth above owns not less than \$100,000 in aggregate principal amount of the 2019 Bonds or all of the then Outstanding 2019 Bonds, as defined below. Interest on this 2019 Bond will be computed on the basis of a 360-day year of twelve 30-day months.

This 2019 Bond is one of a duly authorized issue of bonds of the District designated "Special Assessment Revenue Bonds, Series 2019 (Azario Project)" (the "2019 Bonds") issuable under and governed by the terms of a Master Trust Indenture, dated as of September 1, 2005 (the "Master Indenture"), between the District and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by a Twenty-Sixth Supplemental Trust Indenture, dated as of December 1, 2019 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as supplemented by the Supplemental Indenture is hereafter referred to as the "Indenture"). The 2019 Bonds are secured by the 2019 Pledged Revenues and 2019 Pledged Funds as provided for in the Indenture. The 2019 Bonds are issued in an aggregate principal amount of \$12,670,000, for the purpose of (i) financing the Cost of the acquisition, construction, installation and equipping of the 2019 Project; (ii) paying certain costs associated with the issuance of the 2019 Bonds; (iii) paying the interest to become due on the 2019 Bonds on May 1, 2020 and November 1, 2020; and (iv) funding the 2019 Reserve Account.

NEITHER THIS 2019 BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS 2019 BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE AUTHORIZING THE ISSUANCE OF THE 2019 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2019 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2019 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY

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Registrar in Fort Lauderdale, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, 2019 Bonds may be exchanged for an equal aggregate principal amount of 2019 Bonds of the same maturity, in Authorized Denominations and bearing interest at the same rate or rates.

The District has established a book-entry system of registration for the 2019 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this 2019 Bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this 2019 Bond shall be deemed to have agreed to such arrangement.

Optional Redemption

The 2019 Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part at any time on or after May 1, 2030 (less than all 2019 Bonds to be selected by lot), at the Redemption Price of the principal amount of the 2019 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The 2019 Bonds are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the 2019 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on May 1 of the years and in the principal amounts set forth below:

\$1,260,000 Term Bond maturing May 1, 2025

May 1 of the Year	Amortization Installment
2021	\$235,000
2022	245,000
2023	250,000
2024	260,000
2025*	270,000

\*Maturity

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BY, THE 2019 PLEDGED REVENUES AND THE 2019 PLEDGED FUNDS PLEDGED TO THE 2019 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the resolutions of the District to happen, exist and be performed precedent to and in the issuance of this 2019 Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This 2019 Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

This 2019 Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 2005-338, Laws of Florida, as amended, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the designated office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of 2019 Bonds, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, and Redemption Price of, and the interest on, the 2019 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Series 2019 Assessments (as defined in the Indenture), the terms and conditions under which the 2019 Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Registered Owners and Beneficial Owners of the 2019 Bonds, and, by the acceptance of this 2019 Bond, the Registered Owner and Beneficial Owners hereof assent to all of the provisions of the Indenture. Terms not otherwise defined herein shall have the meaning ascribed to them in the Indenture. The 2019 Bonds are equally and ratably secured by the 2019 Trust Estate, without preference or priority of one 2019 Bond over another. Subject to certain exceptions, the District has covenanted in the Indenture not to issue or incur any obligations payable from the 2019 Trust Estate other than Refunding Bonds issued in accordance with the provisions of the Master Indenture. The District or other governmental entities may, however, impose and levy assessments or ad valorem taxes payable on a parity with the Series 2019 Assessments securing the 2019 Bonds.

The 2019 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"); provided however, the 2019 Bonds will initially be delivered in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof. This 2019 Bond is transferable by the Registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Fort Lauderdale, Florida as Bond Registrar (the "Bond Registrar"), upon surrender of this 2019 Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new 2019 Bond or 2019 Bonds, in the same aggregate principal amount as the 2019 Bond or 2019 Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond

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\$1,490,000 Term Bond maturing May 1, 2030

May 1 of the Year	Amortization Installment
2026	\$280,000
2027	285,000
2028	295,000
2029	310,000
2030*	320,000

\*Maturity

\$3,980,000 Term Bond maturing May 1, 2040

May 1 of the Year	Amortization Installment
2031	\$330,000
2032	345,000
2033	360,000
2034	370,000
2035	385,000
2036	405,000
2037	420,000
2038	435,000
2039	455,000
2040*	475,000

\*Maturity

\$5,940,000 Term Bond maturing May 1, 2050

May 1 of the Year	Amortization Installment
2041	\$495,000
2042	515,000
2043	535,000
2044	555,000
2045	580,000
2046	600,000
2047	625,000
2048	650,000
2049	680,000
2050*	705,000

\*Maturity

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Upon redemption or purchase of the 2019 Bonds (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so that Debt Service on such 2019 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of such 2019 Bonds (the annual principal amounts so determined are hereinafter referred to as the "Aggregate Amortization Installments"). The Amortization Installments as so recalculated shall not result in an increase in Aggregate Amortization Installments in any year.

Extraordinary Mandatory Redemption

The 2019 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Quarterly Redemption Date, and if in part on a pro rata basis as calculated by the District determined by the ratio of the Outstanding principal amount of each maturity of the 2019 Bonds treating for such purposes each Amortization Installment as a maturity divided by the aggregate principal amount of Outstanding 2019 Bonds and as otherwise provided in the Indenture, at the Redemption Price of 100% of the principal amount thereof, without premium plus accrued interest to the redemption date, if and to the extent that any one or more of the following shall have occurred:

(i) On May 1, 2021, from amounts transferred to the 2019 Prepayment Subaccount of the 2019 Redemption Account from the Retainage Subaccount in the 2019 Acquisition and Construction Account as provided in 403(b) of the Supplemental Indenture;

(ii) On or after the Date of Completion of the 2019 Project, by application of moneys transferred from either subaccount in the 2019 Acquisition and Construction Account to the 2019 Prepayment Subaccount of the 2019 Redemption Account in accordance with the terms of the Indenture; or

(iii) Amounts are deposited into the 2019 Prepayment Subaccount of the 2019 Redemption Account from the prepayment of Series 2019 Assessments and from amounts deposited into the 2019 Prepayment Subaccount from the 2019 Reserve Account; or

(iv) When the amount on deposit in the 2019 Reserve Account, together with other moneys available therefor are sufficient to pay and redeem all 2019 Bonds then Outstanding as provided in the Supplemental Indenture.

Except as otherwise provided in the Indenture, if less than all of the 2019 Bonds subject to redemption shall be called for redemption, the particular maturities of such 2019 Bonds or portions of particular maturities of such 2019 Bonds to be redeemed shall be selected by the Bond Registrar on a pro rata basis as determined by the ratio of the Outstanding principal amount of each maturity of the 2019 Bonds divided by the aggregate principal amount of Outstanding 2019 Bonds and as otherwise provided in the Indenture and then by lot within each maturity, as determined by Cede & Co.

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This 2019 Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

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Notice of each redemption of 2019 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each Registered Owner of 2019 Bonds to be redeemed at the address of such Registered Owner recorded on the bond register maintained by the Bond Registrar. Notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the 2019 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such 2019 Bonds or such portions thereof on such date, interest on such 2019 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2019 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such 2019 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Owner of this 2019 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the 2019 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturity thereof, with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

If the District deposits or causes to be deposited with the Trustee funds or Federal Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any 2019 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of such 2019 Bonds as to the 2019 Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This 2019 Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

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IN WITNESS WHEREOF, Lakewood Ranch Stewardship District has caused this 2019 Bond to bear the signature of the Chairman of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

**LAKWOOD RANCH STEWARDSHIP DISTRICT**

[SEAL]

By: \_\_\_\_\_  
Chairman, Board of Supervisors

ATTEST:

By: \_\_\_\_\_  
Secretary, Board of Supervisors

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**CERTIFICATE OF AUTHENTICATION**

This 2019 Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Bond Registrar

By: \_\_\_\_\_  
Vice President

Date of Authentication: December 9, 2019

**CERTIFICATE OF VALIDATION**

This 2019 Bond is one of a Series of Bonds which were validated by a final judgment rendered by the Circuit Court of the Twelfth Judicial Circuit of the State of Florida in and for Manatee and Sarasota Counties on December 20, 2005.

LAKWOOD RANCH STEWARDSHIP DISTRICT

By: \_\_\_\_\_  
Chairman, Board of Supervisors

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**[FORM OF ASSIGNMENT FOR 2019 BONDS]**

The following abbreviations, when used in the inscription on the face of the within 2019 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenant by the entireties

JT TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANS MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_ under Uniform Transfers to Minors Act \_\_\_\_\_ (State)

Additional abbreviations may also be used though not in the above list.

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For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within 2019 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to transfer the said 2019 Bond on the books of the District, with full power of substitution in the premises.

Dated this \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Social Security Number of Employer: \_\_\_\_\_

Identification Number of Transferee: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within 2019 Bond in every particular without alteration or any change whatever.

By: \_\_\_\_\_  
Authorized Signatory

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**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

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**FORM OF OPINION OF BOND COUNSEL  
WITH RESPECT TO THE 2019 BONDS**

Upon delivery of the 2019 Bonds in definitive form, Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to the 2019 Bonds in substantially the following form:

[Dated Date]

Board of Supervisors  
Lakewood Ranch Stewardship District  
Manatee | Sarasota Counties, Florida

U.S. Bank National Association, as Trustee  
Fort Lauderdale, Florida

Re: Lakewood Ranch Stewardship District  
\$12,670,000 Special Assessment Revenue Bonds, Series 2019  
(Azario Project)

Ladies and Gentlemen:

We have served as Bond Counsel to the Lakewood Ranch Stewardship District (the “Issuer”) in connection with the issuance by the Issuer of its \$12,670,000 Special Assessment Revenue Bonds, Series 2019 (Azario Project) (the “2019 Bonds”) pursuant to and under the authority of the Constitution and the laws of the State of Florida, particularly Chapter 2005-338, Laws of Florida, as amended, and other applicable provisions of law (collectively, the “Act”) and Resolution No. 2005-16 adopted by the Board of Supervisors of the Issuer (the “Board”) on August 23, 2005, as supplemented by Resolution No. 2020-07 adopted by the Board on November 1, 2019 (together, the “Resolution”). The 2019 Bonds are being further issued under and are secured by a Master Trust Indenture dated as of September 1, 2005 (the “Master Indenture”), as amended and supplemented by that certain Twenty-Sixth Supplemental Trust Indenture dated as of December 1, 2019 (the “Twenty-Sixth Supplement” and, together with the Master Indenture, the “Indenture”), each by and between the Issuer and U.S. Bank National Association, as successor trustee. In such capacity, we have examined such laws and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. The 2019 Bonds are a portion of the bonds validated by a final judgment rendered by the Circuit Court of the Twelfth Judicial Circuit of the State of Florida in and for Desoto, Manatee and Sarasota Counties on December 20, 2005 (the “Final Judgment”). Any capitalized undefined terms used herein shall have the meanings set forth in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution and the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have also relied upon all findings in the Final Judgment. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

The 2019 Bonds are payable from the 2019 Trust Estate which consists of (a) all revenues received by the Issuer from the Series 2019 Assessments levied and collected on that portion of the District Lands benefited by the 2019 Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2019 Assessments or from the issuance and sale of tax certificates with respect to such Series 2019 Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture (except for the 2019 Rebate Account and 2019 Costs of Issuance Account), in the manner and to the extent provided in the Indenture.

The 2019 Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional, statutory or other limitation of indebtedness and the holders thereof shall never have the right to compel the exercise of any ad valorem taxing power of the Issuer or taxation in any form on any real or personal property for the payment of the principal of or interest on the 2019 Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that, under existing law:

1. The Indenture constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.
2. The 2019 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms, payable solely from the 2019 Trust Estate in the manner and to the extent provided in the Indenture.
3. The Indenture creates a valid lien upon the 2019 Trust Estate for the security of the 2019 Bonds.

4. Interest on the 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2019 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Indenture to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2019 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2019 Bonds.

It is to be understood that the rights of the owners of the 2019 Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Limited Offering Memorandum or any other offering material relating to the 2019 Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2019 Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2019 Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Issuer or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the 2019 Bonds or regarding the perfection or priority of the lien on the 2019 Trust Estate created by the Indenture. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the 2019 Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof. Delivery of this opinion to parties other than the Issuer does not create an attorney client relationship with such parties.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the “Disclosure Agreement”) dated December 9, 2019 is executed and delivered by the **LAKEWOOD RANCH STEWARDSHIP DISTRICT** (the “District” or the “Issuer”), **TAYLOR MORRISON OF FLORIDA, INC.**, a Florida corporation (the “Landowner”) and joined in by the Disclosure Representative and the Trustee (as such terms are herein defined), in connection with the issuance of \$12,670,000 Lakewood Ranch Stewardship District Special Assessment Revenue Bonds, Series 2019 (Azario Project) (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Indenture dated as of September 1, 2005, as supplemented by a Twenty-Sixth Supplemental Trust Indenture dated as of December 1, 2019 (collectively, the “Indenture”), each between the District and U.S. Bank National Association, as trustee (the “Trustee”). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual promises and other considerations contained herein, the District and the Landowner covenant and agree as follows:

1. **Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the District and the Landowner for the benefit of the Owners of the Bonds and to assist the Participating Underwriter of the Bonds in complying with the applicable provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as amended from time to time (the “Rule”). The District and the Landowner understand and acknowledge that the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction or a governmental regulatory agency that the Rule requires the District or the Landowner to provide additional information, the District and the Landowner, as applicable, agree to promptly provide such additional information.

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indenture with respect to reports, filings and notifications provided for therein, and do not in any way relieve the District, the Trustee or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the District, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. **Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Filing Date” means the date set forth in Section 4(a) hereof by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Series 2019 Assessments” shall mean the non ad valorem special assessments pledged to the payment of the Bonds pursuant to the Indenture.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Azario Lakewood Ranch” shall mean Azario Lakewood Ranch as described in the Limited Offering Memorandum.

“Beneficial Owners” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bond for federal income tax purposes.

“Business Day” means a day other than (a) a Saturday, Sunday or day on which banks located in the city in which the designated corporate trust office of the Trustee and Paying Agent is located are required or authorized by law or executive order to close for business and (b) a day on which the New York Stock Exchange is closed.

“Disclosure Representative” shall mean (i) as to the District, the District Manager or its designee, or such other person as the District shall appoint from time to time, with notice to the Dissemination Agent, as the person responsible for providing information to the Dissemination Agent; and (ii) as to any entity other than the District while it is an Obligated Person, the individual executing this Disclosure Agreement on behalf of such entity or such person(s) as such entity shall designate in writing to the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent

“Dissemination Agent” shall mean PFM Group Consulting, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent appointed by the District.

“District Manager” shall mean the person or entity serving as District Manager from time to time.

“EMMA” means the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule and accessible through its web portal located at <http://emma.msrb.org>.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum dated November 22, 2019 prepared in connection with the issuance of the Bonds.

“Listed Event” shall mean any of the events listed in Section 7(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“MSRB Website” shall mean [www.emma.msrb.org](http://www.emma.msrb.org).

“Obligated Person(s)” shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds, other than providers of municipal bond insurance, letters of credit, or other liquidity facilities which person(s) shall include the District and the Landowner or any other landowner in the District, while the Landowner or such other landowner is the owner of lands within the District responsible for payment of at least twenty percent (20%) of the Series 2019 Assessments.

“Owners” shall have the meaning ascribed thereto in the Indenture with respect to the Bonds and shall include beneficial owners of the Bonds, including those that have the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or are treated as the owner of any Bonds for federal income tax purposes.

“Participating Underwriter” shall mean MBS Capital Markets, LLC, in its capacity as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Quarterly Report” shall mean any Quarterly Report provided by the Landowner, its successors or assigns or any other Obligated Person other than the District and as described in, Sections 5 and 6 of this Disclosure Agreement.

“Repository” shall mean each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC’s website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its (“EMMA”) web portal at “<http://emma.msrb.org>.”

“State” shall mean the State of Florida.

“2019 Project” shall mean the public improvements and other capital assets acquired and constructed with proceeds of the Bonds.

### 3. **Content of Annual Reports.**

(a) The District’s Annual Report shall contain or incorporate by reference Annual Financial Information with respect to the District which includes:

(i) The amount of Series 2019 Assessments levied for the most recent Fiscal Year.

(ii) The amount of Series 2019 Assessments collected from property owners during the most recent Fiscal Year.

(iii) If available, the amount of Series 2019 Assessment delinquencies greater than 150 days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Series 2019 Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold for lands within the District, subject to the Series 2019 Assessments, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) The balances in all funds, accounts and subaccounts for the Bonds. If requested by the Owners, the District shall provide any Owners and the Dissemination Agent with this information more frequently than annually and within thirty (30) days of the written request of the Owners.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest due on the Bonds in the current Fiscal Year.

(viii) The most recent Audited Financial Statements of the District.

(ix) Any amendment or waiver of the provisions hereof as described in Section 11 hereof.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the Audited Financial Statements referred to in subsection (viii) above, they do not have to be separately set forth. Any or all of the items listed above may be incorporated by reference from other documents, including offering documents of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a final offering document, it must be available from the MSRB or EMMA. The District shall clearly identify each such other document so incorporated by reference.

(b) Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

#### 4. **Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than May 1 after the close of the Issuer's Fiscal Year, commencing with the Fiscal Year ended September 30, 2019 in an electronic format as prescribed by a Repository. The Annual Report may be submitted as a single document or as separate

documents comprising a package, and may cross-reference other information as provided in Section 3(a) of this Disclosure Agreement; provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report, and may be submitted up to, but no later than, two hundred and seventy (270) days after the close of the District's Fiscal Year or consistent with Florida law as amended from time to time. If applicable law changes the Issuer's Fiscal Year from the period commencing on October 1 and ending on September 30 of the next succeeding year, the Issuer shall cause the Dissemination Agent to give notice of such change in the same manner as for a Listed Event under Section 7(a). Dissemination Agent shall file the Annual Report and the Audited Financial Statements with each Repository within thirty (30) days of their receipt.

(b) If on the fifteenth (15<sup>th</sup>) day prior to each Annual Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative of the District by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 4(a) above. Upon such reminder, the Disclosure Representative of the District, shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report in accordance with Section 4(a) above, or (ii) instruct the Dissemination Agent in writing that the Issuer, will not be able to file the Annual Report within the time required under the Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 7(a)(xv) has occurred and to immediately send a notice to any Repository in electronic format as required by such Repository in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository; and

(ii) promptly upon fulfilling its obligations under subsection (b) above, file a notice with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, state the date(s) it was provided and listing any Repository to which it was provided.

## 5. **Content of Quarterly Reports.**

(a) The Landowner, until its obligations hereunder have been terminated pursuant to Section 9 hereof, shall prepare a Quarterly Report no later than thirty (30) days after the end of each calendar quarter commencing, March 31, 2020; provided, however, that so long as Landowner is a reporting company, such thirty (30) days shall be extended to the date of filing of its respective 10K or 10Q if later, as the case may be (each, a "Quarterly Receipt Date").

(b) Each Quarterly Report shall also address the following information if such information is not otherwise provided pursuant to subsection (c) of this Section 5:

(i) Status of the development of the infrastructure and improvement described in the Limited Offering Memorandum under the heading "THE DEVELOPMENT - General".

(ii) The number of single-family homes planned subject to the Series 2019 Assessments.

(iii) The number of single-family units sold to end users subject to the Series 2019 Assessments.

(iv) The number of multi-family homes planned subject to the Series 2019 Assessments.

(v) The number of multi-family units sold to end users subject to the Series 2019 Assessments.

(vi) The estimated date of complete build-out of residential units subject to the Series 2019 Assessments.

(vii) Any bulk sale of the land subject to the Series 2019 Assessments other than as contemplated by the Limited Offering Memorandum.

(viii) The status of development approvals for the infrastructure described in the Limited Offering Memorandum under the heading "THE DEVELOPMENT – Zoning and Permitting".

(ix) Materially adverse changes or determinations to permits/approvals for the Azario Lakewood Ranch which necessitate changes to the land-use or other plans for the Azario Lakewood Ranch.

(x) Updated plan of finance (i.e., status of any credit enhancement, issuance of additional bonds to complete project, mortgage debt, etc.).

(xi) Any event that would have a material adverse impact on the implementation of the Azario Lakewood Ranch as described in the Limited Offering Memorandum or on the ability to undertake the development of the Azario Lakewood Ranch as described in the Limited Offering Memorandum.

(xii) Any amendment or waiver of the provisions hereof pursuant to Section 11 hereof.

(c) Any of the items listed in subsection (b) above may be incorporated by reference from other documents which have been submitted to each of the Repositories or the SEC. The Landowner shall clearly identify each other document so incorporated by reference.

(d) If the Landowner sells, assigns or otherwise transfers ownership of real property in the Azario Lakewood Ranch subject to the Series 2019 Assessments to a third party, which will in turn be an Obligated Person for purposes of the Disclosure Agreement as a result thereof (a "Transfer"), the Landowner hereby agrees to require such third party to comply with the disclosure obligations of the Landowner hereunder for so long as such third party is an Obligated Person hereunder, to the same extent as if such third party were a party to this Disclosure

Agreement. The Landowner involved in such Transfer shall promptly notify the District and the Dissemination Agent in writing of the Transfer. For purposes of Sections 5, 6 and 9 hereof, the term “Landowner” shall be deemed to include any third party that becomes an Obligated Person hereunder as a result of a Transfer. In the event that the Landowner remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Landowner from their obligations hereunder.

6. **Provision of Quarterly Reports.**

(a) The Landowner shall provide a Quarterly Report which contains the information in Sections 5(b) and (c) of this Disclosure Agreement to the Dissemination Agent no later than the Quarterly Receipt Date for such Quarterly Report. Within thirty (30) days of the Quarterly Receipt Date, the Dissemination Agent shall file the Quarterly Report provided to it by the Landowner with each Repository (the “Quarterly Filing Date”).

(b) If on the seventh (7<sup>th</sup>) day prior to each Quarterly Receipt Date the Dissemination Agent has not received a copy of the Quarterly Report due on such Quarterly Receipt Date, the Dissemination Agent shall contact the Landowner by telephone and in writing (which may be by e-mail) to remind the Landowner of its undertaking to provide the Quarterly Report pursuant to Sections 5 and 6. Upon such reminder, the Landowner shall either (i) provide the Dissemination Agent with an electronic copy of the Quarterly Report in accordance with Section 6(a) above, or (ii) instruct the Dissemination Agent in writing that the Landowner will not be able to file the Quarterly Report within the time required under this Disclosure Agreement and state the date by which such Landowner Report will be provided.

(c) If the Dissemination Agent has not received a Quarterly Report that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first business day following each Quarterly Receipt Date, a Listed Event described in Section 7(a)(xv) shall have occurred and the District and the Landowner hereby direct the Dissemination Agent to send a notice to each Repository in substantially the form attached as Exhibit A hereto, with a copy to the District. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Receipt Date.

(d) The Dissemination Agent shall:

(i) determine prior to each Quarterly Filing Date the name and address of each Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Landowner and the District stating that the Quarterly Report has been provided pursuant to this Disclosure Agreement and stating the date(s) it was provided.

7. **Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 7, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to

file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, with the exception of the event described in number (xv) or (xvi) below, which notice shall be given in a timely manner:

- (i) Principal and interest payment delinquencies on the Bonds;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties\*;
- (v) Substitution of credit or liquidity providers, or their failure to perform\*;
- (vi) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bond holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, Substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Any Rating Changes.\*\*
- (xii) Bankruptcy, insolvency, receivership or similar event of any Obligated Person. For the purposes of event (xii), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

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\* Note: There are currently no credit or liquidity providers for the Bonds.

\*\* Note: The Bonds are not rated.



(xiii) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

(xiv) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xv) Failure to provide any Annual Report or Quarterly Report as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 4(a) or Section 5(b) of this Disclosure Agreement, respectively;

(xvi) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;

(xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties;

(xviii) Any amendment to the accounting principles to be followed by the District in preparing its financial statements.

(b) Each Obligated Person shall notify the Issuer of the occurrence of a Listed Event described in Sections 7(a)(x), (xii), (xiv), (xv), (xvi) or (xvii) above as to such Obligated Person within five (5) Business Days after the occurrence of the Listed Event so as to enable the Issuer to comply with its obligations under this Section 7.

8. **Identifying Information.** In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Agreement to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and

- (f) contact information for the submitter.

9. **Termination of Disclosure Agreement.** The Issuer's obligation under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. The Landowner's obligations hereunder shall terminate at the earlier of the legal defeasance, prior redemption or payment in full of the Bonds or such time as it is no longer an Obligated Person. If such termination occurs prior to the final maturity of the Bonds, the Landowner shall give notice of such termination in the same manner as for a Listed Event under Section 7.

10. **Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be PFM Group Consulting, LLC. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

11. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Landowner and the Dissemination Agent may amend this Disclosure Agreement or any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, 5, 6 or 7(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer and/or the Landowner, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would in the opinion of counsel to the District expert in federal securities laws, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer, the Landowner and the Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer and the Landowner, as applicable, shall describe such amendment in its next Annual Report or Quarterly Report, as applicable, and shall include, as

applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer or the Landowner, as applicable. In addition, if the amendment relates to the accounting principles to be followed by the District in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding the above provisions of this Section 11, the District may amend this Disclosure Agreement in accordance with this Section 11 without the consent of the Landowner, provided that no amendment to the provisions of Sections 5 and 6 hereof may be made without the consent of the Landowner as long as the Landowner is an Obligated Person.

12. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer or the Landowner from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a potential material event, in addition to that which is required by this Disclosure Agreement. If the Issuer or the Landowner chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Disclosure Agreement, the Issuer or the Landowner shall have no obligation under the Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

13. **Default.** In the event of a failure of the Issuer, the Landowner, the Disclosure Representative of the District, the Disclosure Representative of the Landowner or a Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of more than 50% aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Landowner, the Disclosure Representative, of the District, the Disclosure Representative of the Landowner or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. No default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Landowner, the Disclosure Representative of the District, the Disclosure Representative of the Landowner or a Dissemination Agent, to comply with the Disclosure Agreement shall be an action to compel performance.

14. **Duties of Issuer, Landowner and Dissemination Agent.** The District and the Landowner each represent and warrant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for

the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District and the Landowner each acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, the Landowner, and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District, the Landowner, or others as thereafter disseminated by the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. Notwithstanding anything to the contrary herein, the District shall have no responsibility for any information provided by the Landowner or others in connection with the Quarterly Reports or to cause the Quarterly Reports to be provided by the Landowner.

15. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Landowner, the Dissemination Agent, the Participating Underwriter, the Trustee and Beneficial Owners, of the Bonds, and shall create no rights in any other person or entity.

16. **Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. **Governing Law.** This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law and venue shall be in any State or Federal Court having jurisdiction in Manatee County, Florida.

18. **Dissemination Agent's Right to Information.** The Issuer and the Landowner, respectively agree that the Dissemination Agent is a bona fide agent of the Issuer and the Landowner and may receive, on a timely basis, any information or reports it requests that the Issuer and the Landowner are required to provide hereunder.

19. **Binding Effect.** This Disclosure Agreement shall be binding upon each party and upon each successor and assignee of each party and shall inure to the benefit of and be enforceable by, each party and each successor and assignee of each party.

**SIGNATURE PAGE FOR  
CONTINUING DISCLOSURE AGREEMENT  
(Lakewood Ranch Stewardship District)**

**IN WITNESS WHEREOF**, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**LAKWOOD RANCH STEWARDSHIP  
DISTRICT**

ATTEST:

\_\_\_\_\_  
Secretary

CONSENTED TO AND AGREED TO BY:  
**PFM GROUP CONSULTING, LLC**, as  
Disclosure Representative

By: \_\_\_\_\_  
Title: Authorized Officer

By: \_\_\_\_\_  
Chair, Board of Supervisors

**TAYLOR MORRISON OF FLORIDA,  
INC.**, a Florida corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Acknowledged and agreed to for purposes of  
Section 13 only:

**U.S. BANK NATIONAL ASSOCIATION**,  
as Trustee

By: \_\_\_\_\_  
Title: Assistant Vice President

**PFM GROUP CONSULTING, LLC**, as  
Dissemination Agent

By: \_\_\_\_\_  
Title: Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES  
OF FAILURE TO FILE [ANNUAL][QUARTERLY] REPORT**

Name of Issuer: Lakewood Ranch Stewardship District  
Obligated Person(s): Lakewood Ranch Stewardship District  
Taylor Morrison of Florida, Inc. ("Landowner")  
Name of Bond Issue: \$12,670,000 Lakewood Ranch Stewardship District Special  
Assessment Revenue Bonds, Series 2019 (Azario Project)  
Date of Issuance: December 9, 2019

NOTICE IS HEREBY GIVEN that the [District][Landowner] has not provided an [Annual][Quarterly] Report with respect to the above-named Bonds as required by [Section 4][Section 6] of the Continuing Disclosure Agreement dated December 9, 2019, among the District, the Landowner, the Dissemination Agent and the Trustee named therein. The [District][Landowner] has advised the undersigned that it anticipates that the [Annual Report][Quarterly] will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_

\_\_\_\_\_, as Dissemination Agent, on  
behalf of the Issuer

cc: Issuer  
Obligated Person(s)

**APPENDIX E**

**ASSESSMENT METHODOLOGY REPORTS**

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**MASTER  
ASSESSMENT  
METHODOLOGY REPORT  
LAKEWOOD RANCH  
STEWARDSHIP DISTRICT  
NORTHEAST SECTOR  
Azario Project Area**

**October 4, 2019**

**Prepared for**

**Board of Supervisors  
Lakewood Ranch Stewardship District**

**Prepared by**

**PFM Financial Advisors, LLC  
12051 Corporate Boulevard  
Orlando, Florida 32817  
407-382-3256**

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**Master Assessment Methodology Report  
Lakewood Ranch Stewardship District  
Northeast Sector Azario Project Area**

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## **1.0 Background**

The Lakewood Ranch Stewardship District (“District”) was created on June 17, 2005. The District encompasses approximately 25,605 acres in Manatee and Sarasota Counties. The Azario Project Area (“Azario”) comprises +/- 991.5 acres located in the Northeast Sector (“Sector”) that contains +/- 3,853 gross acres. The District Engineer’s report of September, 2019 (“District Engineer’s Report”)<sup>1</sup> provides a description of the area and a location map.

This master assessment report provides a methodology to allocate the debt over the approximately 991.5 acres in Azario that will receive a special benefit from the proposed capital improvement plan (“CIP”) to be installed in Azario (“Properties”). It is the District’s debt-funded capital infrastructure improvements that will allow the development of the Properties in Azario. By making development of the Properties within Azario possible, the District creates benefits to these Properties.

The methodology described herein allocates the District’s debt to the Properties based upon the benefits each receives from the infrastructure program. In this case the Properties receiving benefit are some 991.5 acres of land within the Azario portion of the District. This report is designed to conform to the requirements of Chapter 170, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject.<sup>2</sup> In addition, this report is consistent with the assessment methodologies that the District has used for all of its other financings in all sectors of the District.

## **1.2 Projected Land Use Plan for Azario**

Azario is located in Manatee County, Florida lying within Sections 2,3,10, and 11, Township 35 South, Ranges 19 East. The main entries are off 44<sup>th</sup> Street and Uihlein Road. Table 1 summarizes the land use development plan. The acreages are approximate and will be determined at platting.

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<sup>1</sup> Waldrop Engineering (September 2019), “Engineer’s Report Azario Lakewood Ranch”

<sup>2</sup> See for City of Winter Springs v. State, 776 So.2d 255 (Fla 2003) and City of Boca Raton, v. State, 595 So.2d 25 (Fla 1992)

**Table 1: Projected Land Use Plan for Total Acres in The Azario Project Area**

Land Use	Acres
Residential	484.3
Golf Course, Amenities, etc.	200.5
Wet Detention Ponds	146.8
Open Space	91.7
Habitat Preserve	57.0
Right of Way	6.1
Other nondevelopable	5.1
	=====
Total	991.5

Source: District Engineer's Report and Manatee County Property Appraiser

Azario is being developed by Taylor Morrison of Florida, Inc. ("Landowner" and/or "Developer"). Azario is planned for 1,750 single-family homes and twin-villas of varying sizes on lots with widths ranging from 42' to 90' based on current plans. The homes will be built in seven phases based on market demand. Azario will have four amenity campuses, an 18-hole golf course, and clubhouse. Azario is planned for two communities, Azario Esplanade and Park East at Azario. Esplanade features the golf course and clubhouse. Park East is designed to appeal to families. Table 2 displays the current development program for Azario. The development plan may change over time in response to market conditions.

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**Table 2. Development Plan for Azario**

Land Development Plan	Phase 1	Future Phases	Total
<b>Azario Esplanade</b>			
45'	70	256	326
52'	117	304	421
62'	84	210	294
76'	49	56	105
90'	24	11	35
TV	102	160	262
Clubhouse & Golf Course	1	0	1
3 Amenity Campuses	2	1	3
	=====	=====	=====
Subtotal Residential Units	446	997	1,443
<b>Park East at Azario</b>			
	Phase 1	Future Phases	Total
42'	0	86	86
52'	0	91	91
62'	0	89	89
76'	0	41	41
1 Amenity Campus	0	1	1
	=====	=====	=====
Subtotal Residential Units	0	308	307
<b>Total Residential Units</b>	<b>446</b>	<b>1,305</b>	<b>1,750</b>

Source: the Landowner

At the outset, the CIP for Azario CIP is based on the projected land uses the Developer plans for the lands comprising Azario (as shown in Tables 1 and 2). However, until either: (a) parcels of land along with their development entitlements are sold by the Landowner to the new landowner and entitlements conveyed or (b) plats are filed, the precise land uses are unknown.

Therefore, the District initially will impose assessments (“Assessments”) on a per gross acre basis on the unsold and unplatted Properties within Azario based on the land use plan outlined in Tables 1 and 2 (or in any updates issued from time to time), and on any sold or platted Property in accordance with its actual land use or contractual entitlement as transferred to the new landowner from the Landowner.

The numerical analysis provided below is illustrative of the assessment methodology. Since actual costs may vary from the estimates, the actual figures may change as information becomes available. However, the information provided here is the best available at this time.

There is one important proviso. The debt per acre on the Property that remains unplatted in Azario is not allowed to increase above its Ceiling Amount. The Ceiling Amount is set whenever the District issues debt. It is calculated by dividing the unplatted acres of the Properties in Azario into the debt allocated to the unplatted Properties. In addition, this requirement will be tested at four intervals based upon the percentage of total acres that are developed. The intervals are at 25%, 50%, 75% and 90% of the gross acres.

### 1.3 Requirements of a Valid Assessment Methodology

Valid special assessments under Florida law require two things. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments that exceeds the burden of the debt placed upon them. 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 wide latitude to legislative bodies, such as the District's Board of Supervisors in approving special assessments. Indeed, Florida courts have found that mathematical perfection is probably impossible, but if reasonable people disagree the assessment will be upheld. Only if the Board was to act in an arbitrary, capricious or grossly unfair fashion would its assessment methods be overturned.

### 1.4 Special Benefits and General Benefits

New capital Infrastructure improvements included in the CIP create both: (1) special benefits to Azario and (2) general benefits to properties outside Azario. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to Azario.

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

There is no doubt that the general public, and property owners outside Azario, will benefit from the provision of the CIP. However, these benefits are incidental to the CIP, which is designed solely to meet the needs of Azario. Lands outside Azario do not depend upon the CIP to obtain, or to maintain, their development entitlements. This fact alone clearly distinguishes the special benefits which the Properties in Azario receive compared to those lying outside of the boundaries of Azario.

As described in Table 5, the estimated cost of the CIP as funded totals \$45,740,000. Since the District comprises 991.5 gross acres, the cost per gross acre in the District is \$46,132 on a debt financed basis. As discussed in more detail below, at the time all of the Properties are developed according to the land plan in Table 2, the developed Properties will have absorbed all of the debt that was initially allocated on a gross acre basis.

Therefore, the proper analysis of the special benefit to the Properties in the District planned for development is to compare the current value of the property to be developed to the expected future value of the property after the total CIP is installed. As demonstrated below, the installation of the infrastructure will generate benefits well in excess of its \$46,132 per acre cost by boosting the market value of the now undeveloped property well above the current land value (as described below) plus the cost of the infrastructure.

Table 3 demonstrates the expected special benefit to the Properties from the installation of the District's portion of the CIP. The development plan shown in Table 2 projects 1,750 residential units developed along with a golf course, clubhouse, and four amenity campuses. Since the District comprises 991.5 gross acres, the plan is for a gross density of 1.76 units per acre.

Based on current market pricing, the estimated average market price of residential units to be developed in Azario will be \$400,000. On average, a finished building lot is valued at 22% of the total home and lot package. This produces an estimated finished lot value of \$88,000. The CIP has a total cost as financed of \$45,740,000 for 1,750 lots, thus the CIP cost per finished lot is \$26,137. The market value of the land, as improved by the CIP, is then estimated as the difference between the value of the finished lot of \$88,000 and the cost of the improvements per lot of \$26,137 resulting in a residual value for the land, as improved, of \$61,863. The foregoing market value is subject to change based on the final pricing details of the District's bond issues and the market value of the homes to be built on the Properties.

According to the Manatee County Property Appraiser, the 991.5 acres of land that comprise the Azario was purchased for \$39,299,300. The development program produces a density of 1.76 units per acre, so the land value per unit for the lots is \$22,457.

Therefore, the District's CIP will provide a special benefit to the Properties. The cost of the raw land at an expected density of 1.76 units per acre is \$22,457 per lot. The net increase in the market value of the lots once improved by the District's CIP is estimated at \$61,863. Therefore, the net benefit in market value of the lots after deducting the cost of the land before the improvements is \$39,406 (ie. \$61,863 - \$22,457 = \$39,406). This demonstrates the special benefits generated by the CIP to the Properties.

**Table 3. Demonstration of Special Benefit for Properties in Azario**

Category	Amount
Acreage	991.51
Bonds to Fund District CIP	\$45,740,000
	=====
Debt/Acre	\$46,132
Units	1,750
District Acreage	991.51
	=====
Units/Acre	1.76
Average Price Finished lot	\$400,000
	\$88,000
CIP Cost per lot	\$26,137
	=====
Remainder	\$61,863
Land Cost	\$39,299,300
Acres	991.51
Cost/Acre	\$39,636
Cost/DU/Lot	\$22,457
	=====
Net Benefit Per Unit	\$39,406

## 2.0 Assessment Methodology

### 2.1 Overview

The assessment methodology is a process by which the District will allocate the costs associated with its improvement program to properties in Azario area of the District benefiting from the improvements. The allocation is based upon the benefits that the Properties receive. At the outset, the District has based its CIP on the projected land uses the Landowner plans for Azario portion of the District as outlined in Table 2.

### 2.2 The District's Capital Improvement Plan for the Assessment Areas and the District Engineer's Estimate of Cost

Based upon the projected land use plan for Azario created by the Landowner summarized in Table 2, the District Engineer has developed the CIP for Azario. These cost estimates are summarized in Table 4 below. The Engineer estimates a total project cost of \$35,763,321. The CIP estimate excludes financing costs and interest expenses.

**Table 4: District Engineer's Estimated Costs for The District's Capital Improvement Program for Azario**

Category	Amount
Stormwater	\$16,711,125
Wastewater	\$8,210,184
Potable Water	\$6,177,231
Contingency	\$4,664,781
	=====
Total	\$35,763,321

Source: District Engineer's Report

Based on the District Engineer's estimated cost for Azario, the District's Financial Advisor has designed a financing program to provide the construction funds needed for the CIP. Table 5 provides a summary of the financing program needed to fund this project in Azario. Bonds totaling approximately \$45,740,000 are needed to fund the District's share of the CIP.



**Table 5: Estimated Size of the Bonds for Azario**

Category	Amount
Construction Fund	\$35,763,321
Debt Service Reserve Fund	\$3,322,961
Capitalized Interest	\$5,488,800
Cost of Issuance	\$250,000
Underwriter's Discount	\$914,800
Original Issue Discount	\$0
Rounding	\$118
	=====
Total Par	\$45,740,000

Source: Financial Advisor

The debt service reserve account is set initially at 100% of maximum annual debt service. The bond sizing includes two-years of capitalized interest. We estimated the underwriter's discount at 2.0%. This allowance pays the underwriter for taking the risks involved in purchasing the District's bonds. The cost of issuance pays for the trustee, financial advisor, district counsel and other costs associated with issuing the District's bonds.

### 2.3 Allocation to Benefiting Properties – The Master Methodology

The discussion offered below illustrates the process by which this report will allocate Assessments levied to pay indebtedness incurred to support the CIP. As described above, until such time as either: (a) Properties are sold along with their entitlements or (b) plats are recorded; the specific land uses in the District are not known with certainty. Therefore, at the outset, the debt is allocated on an acreage basis across all benefited acres in the District totaling approximately 991.5 acres. As the sale and platting process unfolds, the District will more finely articulate the allocation of debt to benefiting Properties based on their land uses.

As noted above, as long as two basic principles are adhered to, Florida law allows the Board of the District great latitude in determining the appropriate methodology to allocate the costs of the CIP to benefiting properties within Azario. The two principals 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 assessment costs to benefiting property Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units, dwelling units, acreage, and value.

As shown in Table 1, the development plan for Azario anticipates construction of 1,750 residential units, a golf course, clubhouse, and four amenity campuses. Since the development program includes both residential units and non-residential development, the most equitable method to allocate the cost of the CIP among the Properties is the equivalent residential unit method (“ERU”). The Florida Supreme Court concluded that the ERU method was a valid methodology in its decision in *Winter Springs v. State*.<sup>3</sup> In addition, the District has used this methodology in other similar circumstances.

The ERU method typically identifies a single-family home in the community as its unit of measurement, 1-ERU. In this application the homes on 45’ wide lots are assigned 1-ERU. The other residential categories are scaled based on the 45’ wide lot category. The twin villas are allocated 0.5 ERU per unit given their relative size. The non-residential amenities and the clubhouse have not yet been designed. The typical relationship between a clubhouse and a standard single-family home is about 10-to-1 based on their relative sizes and use of the CIP infrastructure. The typical amenity center is allocated 5 ERU again based on the typical size of these centers in relationship to a standard single-family home which in this application is the 45’ wide category of single-family homes.

Table 6 provides the allocations to the Properties using the ERU methodology. Table 6 shows both the total amount of debt allocated to each category of land use as well as the amount per unit.

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<sup>3</sup> City of Winter Springs v. State, 776 So.2d 255 (Fla 2003)

**Table 6. Allocation of the Cost of the CIP as Financed to the Properties**

Land Use	Units	ERU/Unit	ERUs	%ERU	Total Par Debt	Par Debt/Unit
<b>Azario Esplanade</b>						
45'	326	1.00	326.00	16%	\$7,360,183	\$22,577
52'	421	1.20	505.20	25%	\$11,406,026	\$27,093
62'	294	1.38	405.07	20%	\$9,145,291	\$31,106
76'	105	1.69	177.33	9%	\$4,003,699	\$38,130
90'	35	2.00	70.00	3%	\$1,580,407	\$45,154
TV	262	0.50	131.00	6%	\$2,957,620	\$11,289
Clubhouse & Golf Course	1	10.00	10.00	0%	\$225,772	\$225,772
3 Amenity Campuses	3	5.00	15.00	1%	\$338,659	\$112,886
			=====		=====	
Subtotal			1,639.60		\$37,017,657	
<b>Park East at Azario</b>						
42'	86	0.93	80.27	4%	\$1,812,200	\$21,072
52'	91	1.20	109.20	5%	\$2,465,436	\$27,093
62'	89	1.38	122.62	6%	\$2,768,472	\$31,106
76'	41	1.69	69.24	3%	\$1,563,349	\$38,130
1 Amenity Campus	1	5.00	5.00	0%	\$112,886	\$112,886
			=====		=====	
Subtotal			386.33		\$8,722,344	
			=====		=====	
<b>Total</b>			<b>2,025.93</b>		<b>\$45,740,000</b>	

**Table 7. Estimated Annual Debt Service Payments for the Properties**

Land Use	Debt/Unit	Net Debt Service	Administrative Expenses	Total Debt Service
<b>Azario Esplanade</b>				
45'	\$22,577	\$1,640	\$123	\$1,764
52'	\$27,093	\$1,968	\$148	\$2,116
62'	\$31,106	\$2,260	\$170	\$2,430
76'	\$38,130	\$2,770	\$209	\$2,979
90'	\$45,154	\$3,280	\$247	\$3,527
TV	\$11,289	\$820	\$62	\$882
Clubhouse & Golf Course	\$225,772	\$16,402	\$1,235	\$17,637
3 Amenity Campuses	\$112,886	\$8,201	\$617	\$8,818
<b>Park East at Azario</b>				
42'	\$21,072	\$1,531	\$115	\$1,646
52'	\$27,093	\$1,968	\$148	\$2,116
62'	\$31,106	\$2,260	\$170	\$2,430
76'	\$38,130	\$2,770	\$209	\$2,979
1 Amenity Campus	\$112,886	\$8,201	\$617	\$8,818

The Landowner may contemplate contributing a portion of the CIP by constructing and subsequently donating elements of the CIP to the District to offset the assessments on the amenity campuses.

## 2.4 True Up Mechanism

The true up mechanism provides a critical safeguard in the assessment process preventing a buildup of debt on undeveloped Properties. The mechanism has two parts: (1) establishment of the Ceiling Amount and (2) application of the test to assure the Ceiling is not exceeded. The Ceiling Amount is established by dividing: (a) the debt that is not allocated to platted Properties in Azario by (b) the number of unplatted acres of Properties in Azario.

By way of illustration, if the District issues \$45,740,000 in Series 2019 Bonds as planned, then the Ceiling Amount would be set at \$46,132 per gross acre (45,740,000/991.5).

The second part of the process is the application of the test to assure that a plat does not cause the debt on the remaining unplatted acres to exceed the Ceiling Amount. The test is conducted at the platting thresholds of 25%, 50%, 75% and 90% based on gross acreage. Table 6 displays the timing for these tests.

At each threshold the District would calculate the remaining unallocated debt per unplatted acre. If the remaining debt per unplatted acre is below the Ceiling Amount, then no further action is needed. However, if the remaining debt were to be above the Ceiling Amount, then the Landowner would be obligated to make a True Up payment to bring the debt per unplatted acre down below the Ceiling Amount.

**TABLE 8. STAGE OF DEVELOPMENT FOR TRUE UP TEST**

Category	25%	50%	75%	90%
Cumulative Acres	247.88	495.76	743.63	892.36
Unallocated Acres	743.63	495.76	247.88	99.15

## 3.0 Tax Roll

Table 9 presents the tax roll for Azario. The benefitted parcels are identified by parcel numbers at this juncture. When the PA assigns tax identification numbers, the District will update the tax roll. The annual assessment amount is calculated based on an estimated interest rate of 6% and a term of 30-years. The administrative charges include charges of 1.5% for the

Manatee County Property Tax Assessor, 1.5% for the Manatee County Property Appraiser, and a 4% collection allowance for early payment of property taxes.

**Table 7. Tax Roll**

Tax Identification Number	Acres	Par Debt	Annual Assessment	Administrative Fees	Total Annual Assessment
576000209	991.51	\$45,740,000	\$3,322,961	\$250,115	\$3,573,077
	=====	=====	=====	=====	=====
Total	991.51	\$45,740,000	\$3,322,961	\$250,115	\$3,573,077



**SUPPLEMENTAL  
ASSESSMENT  
METHODOLOGY REPORT  
LAKEWOOD RANCH  
STEWARDSHIP DISTRICT  
NORTHEAST SECTOR  
Azario Project**

**November 22, 2019**

**Prepared for**

**Board of Supervisors  
Lakewood Ranch Stewardship District**

**Prepared by**

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**Supplemental Assessment Methodology Report  
Lakewood Ranch Stewardship District  
Northeast Sector – Azario Project**

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**1.0 Background**

The Lakewood Ranch Stewardship District (“District”) was created on June 17, 2005. The District encompasses approximately 25,605 acres in Manatee and Sarasota Counties. Lakewood Ranch Azario (“Azario” and/or the “Development”) currently comprises +/- 992 acres located in the Northeast Sector (“Sector”) that contains +/- 3,853 gross acres. The District Engineer’s report of December 2019 (“District Engineer’s Report”)<sup>1</sup> provides a description of the area and a location map.

The District will adopt its Master Assessment Methodology (“Master Methodology”) for Azario at its December 6, 2019 meeting. Azario’s landowner and developer of Azario, Taylor Morrison of Florida, Inc. (“Landowner”), has entered into negotiations with SMR Northeast, LLC to purchase an additional 19.1 acres of land located within the District’s boundaries just outside of the northeast corner of the Development (the “Expansion Parcel”). Upon successful expansion of the Development’s boundaries, Azario will include 1,011 acres. The Landowner has updated the development plan for Azario to include a total of 1,821 residential units.

Table 1 displays the updated, projected land use plan for Azario. Azario is planned for: 1,821 single family detached and semi-detached units, four (4) amenity campuses, a golf course, and golf course maintenance facility.

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<sup>1</sup> Waldrop Engineering (December 2019), “Engineer’s Report Azario Lakewood Ranch”



**Table 1: Projected Land Use Plan – Azario**

Category	Units
<b>Azario - Active Adult</b>	
<b>Golf Lot (Front Feet)</b>	
42'	334
52'	179
62'	187
76'	107
90'	36
	=====
Subtotal	843
<b>Non-Golf Lot (Front Feet)</b>	
38'	266
52'	245
62'	112
	=====
Subtotal	623
<b>Park East Lot (Front Feet)</b>	
42'	86
52'	91
62'	89
76'	41
	=====
Subtotal	307
<b>Expansion Parcel Lot (Front Feet)</b>	
Golf 42'	27
Non-Golf - 38'	12
Non-Golf - 52'	5
Non-Golf - 62'	4
	=====
Subtotal	48
	=====
<b>Grand Total</b>	<b>1,821</b>

Source: The Landowner

**2.0 Assessment Methodology**

2.1 Overview

As per the Master Methodology, the assessment methodology is a process by which the District will allocate the costs associated with its improvement program to properties in the Azario area of the District benefiting from the improvements. The allocation is based upon the benefits that such properties receive. At the outset, the District has based its CIP (detailed in Table 2) on the projected land uses the Landowner plans for the Azario portion of the District (inclusive of the Expansion Parcel) as outlined in Table 1.

2.2 The District’s Capital Improvement Plan for the Assessment Areas and the District Engineer’s Estimate of Cost

Based upon the projected land use plan for Azario created by the Landowner summarized in Table 1, the District Engineer has developed the CIP for Azario. These cost estimates are summarized in Table 2 below. The Engineer estimates a total project cost of \$35,763,321. The CIP estimate excludes financing costs and interest expenses. Note that a portion of the CIP will be funded by the District with the balance funded by the Landowner.

**Table 2: District Engineer’s Estimated Costs for The District’s Capital Improvement Program for Azario**

Category	District	Developer	Total
Stormwater	\$5,408,528	\$11,597,935	\$17,006,463
Wastewater	\$2,658,857	\$5,701,598	\$8,360,454
Potable Water	\$1,972,370	\$4,229,510	\$6,201,880
Engineering & Survey	\$353,792	\$758,663	\$1,112,455
Perimeter Berm & Landscaping	\$161,260	\$345,804	\$507,064
Contingency	\$818,923	\$1,756,081	\$2,575,004
	=====	=====	=====
<b>Total</b>	<b>\$11,373,730</b>	<b>\$24,389,591</b>	<b>\$35,763,321</b>

Note: Upon consummation of the sale of the Expansion Parcel, the Master Methodology will be amended to reflect the cost categories and total costs identified in Table 2 above.

Source: Waldrop Engineering (December 2019), “Engineer’s Report Azario Lakewood Ranch” for the total and PFM for the District Component

Based on the District Engineer’s estimated cost for Azario, the District’s Underwriter has sold the Series 2019 Bonds for the Azario Project to provide the construction funds needed for the CIP. Table 3 provides a summary of the Series 2019 Bonds sold to fund the District’s component of this project in Azario. Bonds totaling \$12,670,000 will fund the District’s share of the CIP.

**Table 3: Estimated Size of the Bonds for the District Portion of The Azario CIP**

Bond Sizing	Amount
Construction Account	\$11,373,730
Debt Service Reserve Fund	\$361,475
Capitalized Interest	\$435,446
Costs of Issuance	\$164,150
Underwriter's Discount	\$253,400
Original Issue Discount	\$81,799
Rounding	\$0
	=====
<b>Total</b>	<b>\$12,670,000</b>

Source: MBS Capital Markets, LLC

The debt service reserve account is set initially at 50% of maximum annual debt service. The bond sizing includes elevenmonths of capitalized interest.

We estimated the underwriter’s discount at 2.0%. This allowance pays the underwriter for taking the risks involved in purchasing the District’s bonds. The cost of issuance pays for the trustee, financial advisor, district counsel and other costs associated with issuing the District's bonds.

2.3 Allocation to Benefiting Properties – The Master Methodology

As described above, until such time as either: (a) properties are sold along with their entitlements or (b) plats are recorded; the specific land uses in the District are not known with certainty. Therefore, at the outset, the debt is allocated on an acreage basis across all benefited acres in the Azario project area totaling approximately 1,011 acres after the completion of the contemplated purchase and addition of the 19.1 acres constituting the Expansion Parcel. As the sale and platting process unfolds, the District will more finely articulate the allocation of debt to benefiting properties based on their land uses.

The Master Methodology allocated the costs of the CIP, as financed, using the equivalent residential unit method. Table 4 displays the allocations from the Master Methodology based on the total cost of the CIP. As shown above

in Table 2, the Landowner will contribute approximately 68% of the total cost of the CIP. The Landowner's contribution to the CIP generates credits that will be used to reduce the total cost of the CIP to the final homeowners. The Landowner has provided the District with a schedule for the distribution of the credits. The end result is shown in Table 4. In all cases the credits reduce the total cost of the CIP substantially for all land use categories, thereby reducing the amount of debt allocated to them.

**Table 4. Allocation of Capital Improvement Costs as Financed Per Unit**

Category	Master	District 2019 Bonds	Landowner
<b>Azario - Active Adult</b>			
<b>Golf Lot (Front Feet)</b>			
42'	\$21,072	\$5,997	\$15,075
52'	\$27,093	\$7,008	\$20,085
62'	\$31,106	\$8,002	\$23,104
76'	\$38,130	\$9,013	\$29,118
90'	\$45,154	\$10,659	\$34,496
<b>Non-Golf Lot (Front Feet)</b>			
38'	\$11,289	\$5,362	\$5,927
52'	\$27,093	\$7,008	\$20,085
62'	\$31,106	\$8,002	\$23,104
<b>Park East Lot (Front Feet)</b>			
42'	\$21,072	\$5,997	\$15,075
52'	\$27,093	\$7,008	\$20,085
62'	\$31,106	\$8,002	\$23,104
76'	\$38,130	\$9,013	\$29,118
<b>Expansion Parcel Lot (Front Feet)</b>			
Golf 42'	\$21,072	\$5,997	\$15,075
Non Golf - 38'	\$27,093	\$5,362	\$21,731
Non Golf - 52'	\$31,106	\$7,008	\$24,098
Non Golf - 62'	\$38,130	\$8,002	\$30,128

Table 5 shows that the allocation of the District’s portion of the CIP, as financed after consideration of the Landowner’s contributions, accounts for the full amount of the Series 2019 Bonds totaling \$12,670,000.

**Table 5. Allocation of Total Series 2019 Debt**

Category	Units	Par/Unit	Total Par
Azario - Active Adult			
Golf Lot (Front Feet)			
42	334	\$5,997	\$2,003,163
52	179	\$7,008	\$1,254,422
62	187	\$8,002	\$1,496,391
76	107	\$9,013	\$964,342
90	36	\$10,659	\$383,709
Non-Golf Lot (Front Feet)			
38	266	\$5,362	\$1,426,263
52	245	\$7,008	\$1,716,946
62	112	\$8,002	\$896,234
Park East Lot (Front Feet)			
42	86	\$5,997	\$515,785
52	91	\$7,008	\$637,723
62	89	\$8,002	\$712,186
76	41	\$9,013	\$369,514
Expansion Parcel Lot (Front Feet)			
Golf 42'	27	\$5,997	\$161,932
Non-Golf - 38'	12	\$5,362	\$64,343
Non-Golf - 52'	5	\$7,008	\$35,040
Non-Golf - 62'	4	\$8,002	\$32,008
	=====		=====
Total	1,821		\$12,670,000

Table 6 presents the annual debt service allocations to the benefitting properties based on their allocation of total par debt shown in Tables 5 and 6, using the average coupon interest rate of 3.95% on the Series 2019 Bonds. The administrative charges include an allowance for the early payment of property taxes of 4% (since the assessments will be collected along with all other property taxes using the Uniform Method of collection) and a 3% charge by the Property Tax Collector and the Property Tax Assessor for their collection services.

**Table 6. Allocation of Annual Debt Service for the Series 2019 Bonds**

Category	Debt Service/Unit	Administrative Charges	Total Annual Debt Service
<b>Azario - Active Adult</b>			
<b>Golf Lot (Front Feet)</b>			
42'	\$342	\$26	\$368
52'	\$400	\$30	\$430
62'	\$457	\$34	\$491
76'	\$514	\$39	\$553
90'	\$608	\$46	\$654
<b>Non-Golf Lot (Front Feet)</b>			
38'	\$306	\$23	\$329
52'	\$400	\$30	\$430
62'	\$457	\$34	\$491
<b>Park East Lot (Front Feet)</b>			
42'	\$342	\$26	\$368
52'	\$400	\$30	\$430
62'	\$457	\$34	\$491
76'	\$514	\$39	\$553
<b>Expansion Parcel Lot (Front Feet)</b>			
Golf 42'	\$342	\$26	\$368
Non-Golf - 38'	\$306	\$23	\$329
Non-Golf - 52'	\$400	\$30	\$430
Non-Golf - 62'	\$457	\$34	\$491

Table 7 demonstrates that the allocation of Series 2019 Bonds, as described above, will provide the debt service payments required for the Series 2019 Bonds.

**Table 7. Total Debt Service Allocations for the Series 2019 Bonds**

Category	Units	Total Debt Service	Administrative Charges	Total Annual Debt Service
<b>Azario - Active Adult</b>				
<b>Golf Lot (Front Feet)</b>				
42'	334	\$114,308	\$8,604	\$122,912
52'	179	\$71,582	\$5,388	\$76,970
62'	187	\$85,390	\$6,427	\$91,817
76'	107	\$55,029	\$4,142	\$59,171
90'	36	\$21,896	\$1,648	\$23,544
<b>Non-Golf Lot (Front Feet)</b>				
38'	266	\$81,388	\$6,126	\$87,514
52'	245	\$97,976	\$7,375	\$105,350
62'	112	\$51,143	\$3,849	\$54,992
<b>Park East Lot (Front Feet)</b>				
42'	86	\$29,433	\$2,215	\$31,648
52'	91	\$36,391	\$2,739	\$39,130
62'	89	\$40,640	\$3,059	\$43,699
76'	41	\$21,086	\$1,587	\$22,673
<b>Expansion Parcel Lot (Front Feet)</b>				
Golf 42'	27	\$9,240	\$696	\$9,936
Non-Golf - 38'	12	\$3,672	\$276	\$3,948
Non-Golf - 52'	5	\$2,000	\$151	\$2,150
Non-Golf - 62'	4	\$1,827	\$137	\$1,964
	=====	=====	=====	=====
<b>Total</b>	<b>1,821</b>	<b>\$722,999</b>	<b>\$54,419</b>	<b>\$777,418</b>

Upon the successful expansion of the Development’s boundaries, the Master Methodology will be amended to reflect the 1,821 units planned within the Development. Thus, as previously noted above, based on the sizing of the 2019 Bonds, the Series 2019 Assessments will be allocated to all 1,821 residential units located in the Development. inclusive of the density planned within the Expansion Parcel. However, the Development previously received rezoning and preliminary site plan approval from the Manatee County for the development of up to 1,750 single-family residential units. Thus, upon closing on the 2019 Bonds, \$439,560 of net proceeds will be deposited and held in the Retainage Subaccount in the 2019 Acquisition and Construction Account established for the seventy-one (71) lots pending zoning approval and completion of the modification of the assessment process for the forty-eight (48) units within the Expansion Parcel. To the extent modifications to the zoning ordinance and the required modifications

to the Assessment Proceedings have not been completed by March 15, 2021, the monies held in the Retainage Subaccount (together with proceeds from the 2019 Debt Service Reserve Account) will be transferred to the 2019 Prepayment Subaccount and applied to the extraordinary mandatory redemption of the 2019 Bonds applicable to such seventy-one (71) lots.

## 2.4 True Up Mechanism

The true up mechanism provides a critical safeguard in the assessment process preventing a buildup of debt on undeveloped properties. The mechanism has two parts: (1) establishment of the Ceiling Amount and (2) application of the test to assure the Ceiling is not exceeded. The Ceiling Amount is established by dividing: (a) the debt that is not allocated to platted properties in Azario by (b) the number of unplatted acres of properties in Azario.

The District has sold \$12,670,000 in Series 2019 Bonds. Based on the total expected acreage in the Azario project area of 1,011 after the completion of the contemplated purchase and addition of the 19.1 acres, Ceiling Amount would be set at \$12,537 per gross acre calculated as \$12,670,000 / 1,011 acres.

The second part of the process is the application of the test to assure that a plat does not cause the debt on the remaining unplatted acres to exceed the Ceiling Amount. The test is conducted at the platting thresholds of 25%, 50%, 75% and 90% based on gross acreage. Table 8 displays the timing for these tests.

At each threshold the District would calculate the remaining unallocated debt per unplatted acre. If the remaining debt per unplatted acre is below the Ceiling Amount, then no further action is needed. However, if the remaining debt were to be above the Ceiling Amount, then the Landowner would be obligated to make a True Up payment to bring the debt per unplatted acre down below the Ceiling Amount.

**TABLE 8. STAGE OF DEVELOPMENT FOR TRUE UP TEST**

Category	25%	50%	75%	90%
Cumulative Acres	253	505	758	910
Unallocated Acres	758	505	253	101



### 3.0 Tax Roll

Table 9 presents the tax roll for Azario. The benefitted parcels are identified by parcel numbers at this juncture. When the PA assigns tax identification numbers, the District will update the tax roll. The annual assessment amount is calculated based on an interest rate of 3.95% and a term of 30-years. The administrative charges include charges of 1.5% for the Manatee County Property Tax Assessor, 1.5% for the Manatee County Property Appraiser, and a 4% collection allowance for early payment of property taxes.

**Table 9. Tax Roll**

Tax Identification Number	Acres	Par Debt	Annual Assessment	Administrative Fees	Total Annual Assessment
576000209	991.51	\$12,430,544	\$709,334	\$53,391	\$762,725
Expansion Parcel	19.1	\$239,456	\$13,664	\$1,028	\$14,693
	=====	=====	=====	=====	=====
Total	1,010.61	\$12,670,000	\$722,999	\$54,419	\$777,418

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**APPENDIX F**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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# Lakewood Ranch Stewardship District

AUDITED FINANCIAL STATEMENTS

**September 30, 2018**

**Lakewood Ranch Stewardship District**  
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**September 30, 2018**

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**REPORT**





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## **INDEPENDENT AUDITORS' REPORT**

Board of Supervisors  
Lakewood Ranch Stewardship District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakewood Ranch Stewardship District ("District"), as of and for the year then ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lakewood Ranch Stewardship District, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the Lakewood Ranch Stewardship District ("District") for the fiscal year ended September 30, 2018.

### Financial Highlights and Analysis of Financial Statements

- As of September 30, 2018 and 2017, the total assets of the District were \$285,182,769, and \$300,020,030, respectively, a decrease of \$14,837,261. The primary factors for the change were the approximate \$14.9 million in net proceeds from one new bond issues less approximately \$11.1 million in depreciation charges.
- As of September 30, 2018 and 2017, the total liabilities of the District were \$279,134,946 and \$293,154,197, respectively, a decrease of \$14,019,251. The primary factor for the change was the approximate \$14.9 million of debt from the one new bond issue less approximately \$24.8 million in bond principal payments.
- In the government-wide financial statements (accrual basis), the District's assets exceeded liabilities by \$6,047,823 and \$6,865,833 as of September 30, 2018 and 2017, respectively.
- In the governmental funds (modified accrual basis), the District's fund balance totaled \$75,951,657 and \$128,333,503 as of September 30, 2018 and 2017, respectively. The primary factor for both of these variances was the change in assets and liabilities as discussed above.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements** – The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District's governmental activities include general government, physical environment, and interest on long-term debt.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds are governmental funds.

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and the capital projects fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 to 12 of this report.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 23 of this report.

## Government-Wide Financial Analysis

Statement of Net Position	2018	2017
Current and other assets	\$ 78,292,975	\$ 133,237,442
Capital assets	206,889,794	166,782,588
Total assets	\$ 285,182,769	\$ 300,020,030
Current liabilities	\$ 7,520,318	\$ 12,013,027
Long-term liabilities	271,614,628	281,141,170
Total liabilities	\$ 279,134,946	\$ 293,154,197
Net investment in capital assets	\$ (69,903,834)	\$ (121,467,670)
Restricted	78,073,720	132,702,654
Unrestricted	(2,122,063)	(4,369,151)
Total net position	\$ 6,047,823	\$ 6,865,833

Current and other assets decreased by \$54.9 million primarily due to investments held as a result of bond proceeds less capital outlay for the Villages of Lakewood Ranch South, Lakewood Centre Northwest, Del Webb, Northeast Sector, Lakewood Centre South, and Lakewood National & Polo Run infrastructure projects.

The primary changes in the capital assets increase of approximately \$40.1 million were the completion of Lakewood National & Polo Run infrastructure improvements, and the infrastructure improvements on the Villages of Lakewood Ranch South, Lakewood Centre Northwest, Del Webb, Northeast Sector, and Lakewood Centre South projects of approximately \$51.2 million less approximately \$11.1 million of depreciation expense.

Total liabilities decreased by approximately \$14.0 million, due primarily to new bonds issued Northeast Sector (\$14.9 million) less scheduled debt service payments made (\$24.8 million).

The net investment in capital assets of (\$69,899,161) does not take into account the \$78,073,720 of existing funds restricted for both capital improvements and debt service.

Statement of Activities	2018	2017
Program revenues		
Charges for services	\$ 13,368,046	\$ 19,380,798
Operating grants and contributions	13,571,184	11,489,033
General revenues		
Investment income	671,589	479,062
Non advalorem assessments	2,551,151	1,838,200
<b>Total revenues</b>	<b>30,161,970</b>	<b>33,187,093</b>
Expenses		
General government	573,807	418,794
Physical environment	14,638,031	9,883,444
Interest on long-term debt	15,768,142	15,122,962
<b>Total expenses</b>	<b>30,979,980</b>	<b>25,425,200</b>
Changes in net position	(818,010)	7,761,893
Net position - beginning	6,865,833	(896,060)
<b>Net position - ending</b>	<b>\$ 6,047,823</b>	<b>\$ 6,865,833</b>

Charges for services consist of lot sale proceeds and operating grants and contributions consists of Developer cash funding contributions. As the statement of activities is on an accrual basis, the expenses include \$2,325,846 of accounts payable with payments made in October 2018 from additional Program revenues received. Charges for services decreased by \$6,012,752, primarily due to a large land sale that occurred in 2017. Physical environment increased by \$4,754,587 due to costs associated with new projects.

### Capital Assets

During the year ended September 30, 2018, the District had a gross infrastructure increase of approximately \$51.2 million. Primary capital projects continuing were the Lakewood Centre North, Villages of Lakewood Ranch South, Del Webb, Northeast Sector, and Lakewood Centre South, and Lakewood National & Polo Run projects. Additional information on the District's capital assets can be found in Note 4 of this report.

### Debt Administration

During the year ended September 30, 2018, the District issued one new bond, Northeast Sector (\$14.9 million). Approximately \$24.8 million was made in repayments of amounts due on the various issues of the District.

Additional information on the District's long-term debt can be found in Notes 5 and 6 of this report.



### **Budgetary Highlights**

The District set its annual budget for the District expecting to be operational for the entire year. Assessments and landowner funding came in higher than anticipated by approximately \$199,000 and \$81,000 respectively. The variance of the budgeted expenditures compared with actual results was \$280,000 lower than anticipated, within the various areas within District operations. There were no budget amendments during the year.

### **Economic Factors and Year 2018 Budget**

The District is anticipating increased interest in the various developments and projects currently underway. Next year's budget main components will be maintenance of the project areas, administration of the District, and continued infrastructure acquisition and improvements on capital projects begun in 2015, 2016, 2017 and 2018.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lakewood Ranch Stewardship District, Attn: Supervisor, 14400 Covenant Way, Bradenton, Florida 34202.

**FINANCIAL STATEMENTS**





**Lakewood Ranch Stewardship District  
Statement of Net Position**

<i>September 30, 2018</i>	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 50,395
Cash and cash equivalents - restricted	78,072,578
<b>Total current assets</b>	<b>78,122,973</b>
Other Assets:	
Deposits	3,000
Accrued interest receivable	1,142
Prepaid expenses	700
Due from Land Owner	165,160
<b>Total other assets</b>	<b>170,002</b>
Capital Assets:	
Depreciable assets:	
District infrastructure	252,912,517
Less accumulated depreciation	(62,441,030)
<b>Net depreciable assets</b>	<b>190,471,487</b>
Non-depreciable assets:	
Construction in progress	16,418,307
<b>Total capital assets</b>	<b>206,889,794</b>
<b>Total assets</b>	<b>285,182,769</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	2,325,846
Accrued expenses	12,472
Bonds payable, current portion	5,182,000
<b>Total current liabilities</b>	<b>7,520,318</b>
Non-current Liabilities:	
Bonds payable, long-term portion	271,614,628
<b>Total non-current liabilities</b>	<b>271,614,628</b>
<b>Total liabilities</b>	<b>279,134,946</b>
<b>Net Position</b>	
Net investment in capital assets	(69,903,834)
Restricted for debt service	24,419,306
Restricted for capital projects	53,654,414
Unrestricted	(2,122,063)
<b>Total net position</b>	<b>\$ 6,047,823</b>

*The notes to the financial statements are an integral part of this statement*

## Lakewood Ranch Stewardship District Statement of Activities

<i>For the year ended September 30, 2018</i>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 573,807	\$ 13,368,046	\$ 13,571,184	\$ -	\$ 26,365,423
Physical environment	14,638,031	-	-	-	(14,638,031)
Interest on long-term debt	15,768,142	-	-	-	(15,768,142)
<b>Total governmental activities</b>	<b>\$ 30,979,980</b>	<b>\$ 13,368,046</b>	<b>\$ 13,571,184</b>	<b>\$ -</b>	<b>(4,040,750)</b>
General revenues:					
Non ad valorem assessments					2,551,151
Investment income					671,589
<b>Total general revenues</b>					<b>3,222,740</b>
Change in net position					(818,010)
Net position - beginning					6,865,833
<b>Net position - ending</b>					<b>\$ 6,047,823</b>

*The notes to the financial statements are an integral part of this statement*

**Lakewood Ranch Stewardship District**  
**Balance Sheet – Governmental Funds and Reconciliation of the Balance Sheet to**  
**the Statement of Net Position**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<i>September 30, 2018</i>				
<b>Assets</b>				
Cash and cash equivalents	\$ 50,395	\$ -	\$ -	\$ 50,395
Cash and cash equivalents - restricted	-	24,418,164	53,654,414	78,072,578
Accrued interest receivable	-	1,142	-	1,142
Other receivables	-	-	-	-
Prepaid expenses	700	-	-	700
Due from Land Owner	165,160	-	-	165,160
<b>Total assets</b>	<b>\$ 216,255</b>	<b>\$ 24,419,306</b>	<b>\$ 53,654,414</b>	<b>\$ 78,289,975</b>
<b>Liabilities</b>				
Accounts payable	\$ 186,076	-	\$ 2,139,770	\$ 2,325,846
Accrued expenses	12,472	-	-	12,472
<b>Total liabilities</b>	<b>198,548</b>	<b>-</b>	<b>2,139,770</b>	<b>2,338,318</b>
<b>Fund Balances</b>				
Restricted reported in Debt service fund	-	24,419,306	-	24,419,306
Restricted reported Capital projects fund	-	-	51,514,644	51,514,644
Unassigned reported in General fund	17,707	-	-	17,707
<b>Total fund balances</b>	<b>17,707</b>	<b>24,419,306</b>	<b>51,514,644</b>	<b>75,951,657</b>
<b>Total liabilities and fund balances</b>	<b>\$ 216,255</b>	<b>\$ 24,419,306</b>	<b>\$ 53,654,414</b>	<b>\$ 78,289,975</b>
Amounts reported for governmental activities in the statement of net position are different because:				
Fund balance - governmental funds				\$ 75,951,657
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds				206,889,794
Other long-term assets used in governmental activities are not financial resources and therefore, are not reported in the funds				3,000
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.				
Bonds payable, net				(276,796,628)
				<b>\$ 6,047,823</b>

*The notes to the financial statements are an integral part of this statement*

**Lakewood Ranch Stewardship District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**

<i>For the fiscal year ended September 30, 2018</i>	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
<b>Revenues</b>				
Land owner funding contributions	\$ 1,543,820	\$ 1,694,501	\$ 10,332,863	\$ 13,571,184
Assessments	2,551,151	-	-	2,551,151
Investment income	-	205,244	466,345	671,589
Allocated proceeds from Landowner lot sales	-	4,555,562	-	4,555,562
Land owner funding - debt service	-	8,812,484	-	8,812,484
Total revenues	4,094,971	15,267,791	10,799,208	30,161,970
<b>Expenditures</b>				
Current:				
General government	573,807	-	-	573,807
Physical environment:				
Operations	3,521,164	-	-	3,521,164
Debt service:				
Bond principal	-	24,812,000	-	24,812,000
Bond interest	-	15,275,354	-	15,275,354
Cost of issuance	-	-	138,686	138,686
Line of credit payments	-	1,615,088	-	1,615,088
Capital outlay	-	-	51,224,073	51,224,073
Total expenditures	4,094,971	41,702,442	51,362,759	97,160,172
<b>Other Financial Sources (Uses)</b>				
Transfers in	-	27,162,484	305,092	27,467,576
Transfers out	-	(15,386,733)	(12,080,843)	(27,467,576)
Debt and loan proceeds (net)	-	-	14,616,356	14,616,356
Total other financing sources (uses)	-	11,775,751	2,840,605	14,616,356
Net change in fund balances	-	(14,658,900)	(37,722,946)	(52,381,846)
Fund balances - beginning	17,707	39,078,206	89,237,590	128,333,503
Fund balances - ending	\$ 17,707	\$ 24,419,306	\$ 51,514,644	\$ 75,951,657

*The notes to the financial statements are an integral part of this statement*

**Lakewood Ranch Stewardship District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes In**  
**Fund Balances – Governmental Funds**  
**to the Statement of Activities**

*For the fiscal year ended September 30, 2018*

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (52,381,846)
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets (\$51,224,073). The total reflects depreciation expense for the current period (\$11,116,867).	40,107,206
The issuance of debt is reported as an other financing source, however, in the statement of net position these are treated as liabilities	(14,616,356)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	26,427,088
Amortization on discount of bonds	(354,102)
Change in net position of governmental activities	\$ (818,010)

*The notes to the financial statements are an integral part of this statement*

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting principles and policies used in the preparation of these basic financial statements.

***REPORTING ENTITY***

Lakewood Ranch Stewardship District is a local unit special purpose government created on June 17, 2005 under the "Lakewood Ranch Stewardship District Act," otherwise known as Chapter 2005-338, Florida Statutes. The District was established for the purpose of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 2005-338, amended by Chapter 2009-263, Florida Statutes. The District encompasses 23,255 acres of land located in Manatee County and Sarasota County, Florida.

The Board has the final responsibility for contracting for the services of consultants; borrowing money; adopting and enforcing rules and orders pursuant to the provisions of Chapter 120; holding, controlling and acquiring by donation, purchase or condemnation or dispose of any public easements; lease as lessor or assess to or from any person, firm, corporation, association or body; borrow money and issue bonds, certificates, warrants, notes, or other evidence of indebtedness; raise, by user charges or fees authorized by resolution of the board, amounts of money necessary for the conduct of District activities; assess and impose ad valorem taxes; determine, order, levy, impose, collect, and enforce maintenance taxes.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement 34, and Statement 39, an amendment of GASB Statement 34. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

## Lakewood Ranch Stewardship District Notes to Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Government-Wide and Fund Financial Statements***

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

#### ***General Fund***

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Debt Service Fund***

The Debt Service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term general obligation debt.

***Capital Projects Fund***

The Capital Projects fund is used to account for the cost of construction of the infrastructure of the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

***Restricted Assets***

These assets represent cash and cash equivalents set aside pursuant to bond covenants or other contractual restrictions.

***Cash and Cash Equivalents***

All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security for Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

***Capital Assets***

Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Pursuant to GASB 34, the District elected to report infrastructure prospectively. Construction in progress is not depreciated. Major outlays for capital assets and improvements are capitalized as projects are constructed. District infrastructure is being depreciated over twenty years.

***Long-Term Obligations***

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of premiums or discounts.



**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Long-Term Obligations (Continued)***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Fund Balances***

Governmental funds report fund balances are classified either as nonspendable, or as spendable. Spendable fund balances are further classified based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

*Nonspendable Fund Balance* – Amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by laws through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Amounts that are constrained for specific purposes imposed by formal action of the highest level of decision making authority.

*Assigned Fund Balance* – Includes spendable fund balances intended to be used for specific purposes, but which are neither restricted nor committed.

*Unassigned Fund Balance* – Represents the residual fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Budgetary Information***

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopts a project-length budget.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) Unused appropriations for annually budgeted funds lapse at the end of the year.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The District's cash balances are entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

The District has not formally adopted a written investment policy. According to Florida Statutes 218.415(17) the District is authorized to invest in the following:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in §163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in §280.02.
- (d) Direct obligations of the U.S. Treasury.

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

The securities listed in (c) and (d) above must be invested such as to provide sufficient liquidity to pay obligations as they come due.

As of September 30, 2018, the District has the following balances in cash equivalents:

<u>Money market accounts</u>	<u>\$ 78,072,578</u>
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**NOTE 3: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance from independent third parties. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the District's insurance coverage for each of the past three fiscal years.

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets, not being depreciated:</b>				
<b>Construction in Progress</b>				
Public Roads	\$ 14,629,465	\$ 12,483,937	\$ 26,213,827	\$ 899,575
Signals / Intersections	16,435.00	567,764	584,199.00	-
Bridges/Tunnels	826,388	213,691	1,040,079	-
Lighting	1,379,392	2,078,690	3,004,190	453,892
Drainage	5,256,292	7,816,211	11,388,563	1,683,940
Irrigation	274,808	3,046,191	2,457,785	863,214
Other Utilities	2,221,176	1,191,041	2,656,868	755,349
Landscaping	2,307,349	1,907,429	3,831,262	383,516
Hardscape	202,253	149,777	337,683	14,347
Sanitary Sewer	451,294	4,937,033	4,602,158	786,169
Potable Water	2,327,465	3,843,853	5,356,788	814,530
Earthwork, Clearing & Fill	7,503,562	5,854,443	11,914,323	1,443,682
Engineering & Surveying	9,299,086	5,100,667	8,423,573	5,976,180
Mitigation/Littoral Plantings	33,458	42,655	20,946	55,167
Permit Fees & Bonding	261,376	459,959	526,448	194,887
Lake Dredging	1,328,460	-	1,328,460	-
Other Infrastructure	4,392,370	1,530,732	3,829,244	2,093,858
<b>Total District Infrastructure - CIP</b>	<b>52,710,629</b>	<b>51,224,073</b>	<b>87,516,396</b>	<b>16,418,307</b>
<b>Capital Assets, being depreciated:</b>				
District Infrastructure	165,396,121	87,516,396	-	252,912,517
<b>Total depreciable assets</b>	<b>165,396,121</b>	<b>87,516,396</b>	<b>-</b>	<b>252,912,517</b>
<b>Less accumulated depreciation for:</b>				
District Infrastructure	51,324,163	11,116,867	-	62,441,030
<b>Total Capital Assets, being depreciated net</b>	<b>114,071,958</b>	<b>76,399,529</b>	<b>-</b>	<b>190,471,487</b>
<b>Total Capital Assets, net</b>	<b>\$ 166,782,587</b>	<b>\$ 163,915,925</b>	<b>\$ -</b>	<b>\$ 206,889,794</b>

Depreciation expense was \$11,116,867 for the fiscal year ended September 30, 2018, reported under the Physical environment function in the statement of activities.

**NOTE 5: LINE OF CREDIT**

On September 8, 2017, the District entered into a Non-Bank Qualified Tax Exempt Revolving Line of Credit not to exceed \$45,000,000, with an interest rate of 4.0%. The line of credit was entered to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Northeast Sector, as well the set-up of a debt service reserve fund and to pay cost of issuance. On August 30, 2018, the line was amended to a maximum \$33,000,000 credit available and an interest rate of 4.25%. As of September 30, 2018, the balance on the line was \$0.

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 6: LONG TERM DEBT**

Unamortized discounts on governmental activities revenue bonds amounted to \$5,109,372 and \$5,154,830 as of September 30, 2018 and 2017, respectively.

	10/1/17	Additions	Decreases	9/30/18	Due within 1 year
2005 Lake Club Series B Bonds	\$ 285,000	\$ -	\$ 285,000	\$ -	\$ -
2006 Lake Club Series A Bonds	15,165,000	-	15,165,000	-	-
2006 Country Club East Bonds	21,200,000	-	625,000	20,575,000	635,000
2006 Lake Club Series B Bonds	850,000	-	850,000	-	-
2010 Central Park Series A Bonds	2,935,000	-	60,000	2,875,000	45,000
2011 Lakewood Ctr NW Sector Bonds	33,090,000	-	665,000	32,425,000	585,000
2011 Belle Isle Series A Bonds	1,615,000	-	35,000	1,580,000	30,000
2013 Country Club East Series A Bonds	8,100,000	-	230,000	7,870,000	125,000
2013 Central Park Series A Bonds	6,850,000	-	145,000	6,705,000	120,000
2014 Country Club East Series A Bonds	11,620,000	-	230,000	11,390,000	205,000
2015 Lakewood Ctr North Bonds	35,905,000	-	1,315,000	34,590,000	660,000
2016 The Villages of LWR South Bonds	75,345,000	-	3,065,000	72,280,000	1,235,000
2017 Del Webb Bonds	14,805,000	-	300,000	14,505,000	245,000
2017 Lakewood National & Polo Run Bonds	49,480,000	-	755,000	48,725,000	785,000
2017 Lake Club Bonds	14,548,000	-	1,087,000	13,461,000	512,000
2018 Northeast Sector Bonds	-	14,925,000	-	14,925,000	-
<b>Bonds payable</b>	<b>\$ 291,793,000</b>	<b>\$ 14,925,000</b>	<b>\$ 24,812,000</b>	<b>\$ 281,906,000</b>	<b>\$ 5,182,000</b>
<b>Less unamortized discounts</b>	<b>(5,154,830)</b>	<b>308,644</b>	<b>(354,102)</b>	<b>(5,109,372)</b>	<b>-</b>
<b>Bonds payable, less unamortized discounts</b>	<b>\$ 286,638,170</b>	<b>\$ 14,616,356</b>	<b>\$ 24,457,898</b>	<b>\$ 276,796,628</b>	<b>\$ 5,182,000</b>

On September 30, 2005, the District issued \$5,535,000 of Special Assessment Revenue Bonds, Series 2006, originally due on August 1, 2010, and extended to August 1, 2017, with a fixed interest rate of 4.875%. The Bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance. On June 1, 2012, \$3,655,000 was extended to a due date of November 1, 2020, at an interest rate of 7.21%.

On February 13, 2006, the District issued \$19,320,000 of Special Assessment Revenue Bonds, Series 2006 (Lake Club Project), due on November 1, 2036, with a fixed interest rate of 5.50%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On June 5, 2006, the District issued \$30,145,000 of Bond Anticipation Notes, Series 2006, due on June 1, 2007, with a fixed interest rate of 6.0%. This note was renewed on June 1, 2007 for a period of 2 years at 6.5% interest. This note was again renewed on January 7, 2009, with a maturity date of June 1, 2011, at an interest rate of 7.5%. The bonds were re-financed by the District on May 1, 2011 for \$36,255,000, with \$14,495,000 having a final maturity date of May 1, 2030, at an interest rate of 7.40%, and \$21,760,000 having a final maturity date of May 1, 2040, at an interest rate of 8.00%. The original bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lakewood Centre and NW Sector Projects.

**Lakewood Ranch Stewardship District  
Notes to Financial Statements**

**NOTE 6: LONG TERM DEBT (Continued)**

On June 19, 2006, the District issued \$27,215,000 of Special Assessment Revenue Bonds, Series 2006, due on November 1, 2037, with a fixed interest rate of 5.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 1, 2006, the District issued \$14,435,000 of Special Assessment Revenue Bonds, Series 2006B, due on May 1, 2013, with a fixed interest rate of 5.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Lake Club Project, as well as set up a debt service reserve fund and to pay costs of issuance. On June 1, 2012, \$11,375,000 was extended to a due date of November 1, 2020, at an interest rate of 6.77%.

On July 1, 2010, the District issued \$5,720,000 of Special Assessment Revenue Bonds, Series 2010A, due on May 1, 2040, with a fixed interest rate of 7.40%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On May 1, 2011, the District issued \$1,765,000 of Special Assessment Revenue Bonds, Series 2011, due on May 1, 2040, with a fixed interest rate of 8.00%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Belle Isle Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$8,500,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with two fixed interest rates of 6.7% and 7%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Country Club East Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On August 5, 2013, the District issued \$7,535,000 of Special Assessment Revenue Bonds, Series 2013, due on May 1, 2043, with a fixed interest rate of 6.4%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District, known as the Central Park Project, as well as set up a debt service reserve fund and to pay costs of issuance.

On October 14, 2014, the District issued \$12,145,000 of Special Assessment Revenue Bonds, Series 2014, due of May 1, 2044, with a fixed interest rate of 5.52%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Country Club East Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

**Lakewood Ranch Stewardship District**  
**Notes to Financial Statements**

**NOTE 6: LONG TERM DEBT (Continued)**

On February 9, 2015, the District issued \$37,360,000 of Special Assessment Revenue Bonds, Series 2015, due of May 1, 2045, with interest rates ranging from 4.25% to 4.875%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood Centre North Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 8, 2016, the District issued \$79,505,000 of Special Assessment Revenue Bonds, Series 2016, due of May 1, 2046, with interest rates ranging from 4.00% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Villages of Lakewood Ranch South Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On February 21, 2017, the District issued \$49,480,000 of Special Assessment Revenue Bonds, Series 2017, due of May 1, 2047, with interest rates ranging from 4.00% to 5.375%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Lakewood National and Polo Run Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On May 8, 2017, the District issued \$14,805,000 of Special Assessment Revenue Bonds, Series 2017, due as of May 1, 2047, with interest rates ranging from 3.65% to 5.125%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the Del Webb Project, as well as set-up of a debt service reserve fund and to pay cost of issuance.

On September 29, 2017, the District issued \$14,548,000 of Special Assessment Revenue Refunding Bonds, Series 2017, due as of May 1, 2036 with a fixed interest rate of 4.0%. The bonds were issued to refund and redeem all of the outstanding principal amount of the District's Special Assessment Revenue Bonds, 2006 Series A (Lake Club Project), pay certain costs associated with the issuance of the 2017 Bond, make a deposit into the 2017 Reserve Account, and pay interest first coming due on the 2017 Bond.

On August 30, 2018, the District issued \$14,925,000 of Special Assessment Revenue Bonds, Series 2018, due as of May 1, 2048 with interest rates ranging from 3.90% to 5.1%. The bonds were issued to finance the acquisition and construction of certain infrastructure improvements for the benefit of the District known as the NE Sector Project Phase 1A, as well as set-up of a debt service reserve fund and to pay cost of issuance.







**REQUIRED SUPPLEMENTARY INFORMATION**

**Lakewood Ranch Stewardship District  
Budgetary Comparison Schedule – General Fund**

<i>For the year ended September 30, 2018</i>	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Landowner funding	\$ 1,462,887	\$ 1,543,820	\$ 80,933
Assessments	2,352,254	2,551,151	198,897
Total revenues	3,815,141	4,094,971	279,830
<b>Expenditures</b>			
Current:			
General government	604,000	573,807	30,193
Physical environment:			
Operations	3,211,141	3,521,164	(310,023)
Total expenditures	3,815,141	4,094,971	(279,830)
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES - BEGINNING OF YEAR	17,707	17,707	-
FUND BALANCES - END OF YEAR	\$ 17,707	\$ 17,707	\$ -



**OTHER NON-FINANCIAL INFORMATION**



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors  
Lakewood Ranch Stewardship District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lakewood Ranch Stewardship District, ("the District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA  
STATUTES 218.415 – INVESTMENT OF PUBLIC FUNDS**

Board of Supervisors  
Lakewood Ranch Stewardship District

We have examined the Lakewood Ranch Stewardship District ("District") compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2018.

This report is intended solely for the information and use of Lakewood Ranch Stewardship District and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019



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## **MANAGEMENT LETTER**

Board of Supervisors  
Lakewood Ranch Stewardship District

### **Report on the Financial Statements**

We have audited the financial statements of Lakewood Ranch Stewardship District ("District"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 14, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 14, 2019 should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, require that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Supervisors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs, & Ingram, LLC

Bradenton, Florida  
June 14, 2019





