

*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 Series 2020 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 Series 2020 Bonds.*

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
(Alachua County, Florida)**

**\$10,655,000 Capital Improvement Refunding and Revenue Bonds, Series 2020**

**Dated:** Date of original issuance

**Due:** May 1, as shown below

The \$10,655,000 Parker Road Community Development District Capital Improvement Refunding and Revenue Bonds, Series 2020 (the "Series 2020 Bonds"), are being issued by the Parker Road Community Development District (the "District") pursuant to a Master Trust Indenture dated as of June 1, 2007 (the "Master Indenture"), from the District to U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented by a Second Supplemental Trust Indenture dated as of February 1, 2020, from the District to the Trustee (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Indenture"). The Series 2020 Bonds are being issued only in fully registered form, in denominations of \$5,000 and integral multiples thereof; provided, however, that delivery of the Series 2020 Bonds to the initial purchasers thereof shall be in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, any successor statute thereto, the Florida Constitution, and other applicable provisions of law (collectively, the "Act") and established by Ordinance No. 06-10, enacted by the Board of County Commissioners of Alachua County, Florida on May 23, 2006 and effective June 1, 2006 (the "Ordinance").

The Series 2020 Bonds are payable from and secured by the Series 2020 Trust Estate, which includes the Series 2020 Pledged Revenues and the Series 2020 Pledged Funds. The Series 2020 Pledged Revenues consist of the revenues derived by the District from the Series 2020 Assessments (as further described herein). The Series 2020 Pledged Funds include all of the Funds and Accounts (except for the Series 2020 Rebate Account) established by the Indenture. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2020 BONDS" herein.

The Series 2020 Bonds, when issued, will be registered in the name of Cede & Co., as the Owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Series 2020 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the Series 2020 Bonds will be paid from the sources provided below by the Trustee directly to Cede & Co. as the nominee of DTC and the registered Owner thereof. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a Series 2020 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2020 Bond. See "DESCRIPTION OF THE SERIES 2020 BONDS – Book-Entry Only System" herein. The Series 2020 Bonds will bear interest at the fixed rates set forth herein, calculated on the basis of a 360-day year comprised of twelve thirty-day months. Interest on the Series 2020 Bonds is payable semi-annually on each May 1 and November 1, commencing May 1, 2020.

**The Series 2020 Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein. See "DESCRIPTION OF THE SERIES 2020 BONDS – Redemption Provisions" herein.**

The Series 2020 Bonds are being issued in order to provide funds to (a) redeem a portion of the Series 2007A Bonds (hereinafter defined), (b) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2020 Project (as defined herein); (c) pay certain costs associated with the issuance of the Series 2020 Bonds; (d) make a deposit into the Series 2020 Reserve Account for the benefit of all of the Series 2020 Bonds; and (e) pay a portion of the interest to become due on the Series 2020 Bonds.

NEITHER THE SERIES 2020 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. THE SERIES 2020 BONDS AND THE INTEREST AND PREMIUM, IF ANY, 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 SERIES 2020 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2020 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2020 PLEDGED REVENUES AND THE SERIES 2020 PLEDGED FUNDS PLEDGED TO THE SERIES 2020 BONDS, ALL AS PROVIDED IN THE INDENTURE.

THE SERIES 2020 BONDS INVOLVE A DEGREE OF RISK (SEE "BONDOWNERS' RISKS" HEREIN) AND ARE NOT SUITABLE FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT" HEREIN). THE UNDERWRITER IS LIMITING THE OFFERING OF THE SERIES 2020 BONDS TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. HOWEVER, THE LIMITATION OF THE INITIAL OFFERING OF THE SERIES 2020 BONDS TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2020 BONDS. THE SERIES 2020 BONDS ARE NOT CREDIT ENHANCED AND ARE NOT RATED AND NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE SERIES 2020 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING A RATING FOR THE SERIES 2020 BONDS HAD APPLICATION BEEN MADE.

This cover page contains information for quick reference only. It is not, and is not intended to be, a summary of the Series 2020 Bonds. Investors must read the entire Limited Offering Memorandum, including the appendices attached hereto, to obtain information essential to the making of an informed investment decision.

**PRINCIPAL AMOUNTS, INTEREST RATES, MATURITY DATES,  
YIELDS, PRICES AND INITIAL CUSIP NUMBERS\***

\$1,075,000	3.100%	Term Series 2020 Bond Due May 1, 2025	Yield 3.120%	Price 99.902	CUSIP No.* 701123AC5
\$1,260,000	3.375%	Term Series 2020 Bond Due May 1, 2030	Yield 3.420%	Price 99.612	CUSIP No.* 701123AD3
\$3,340,000	3.875%	Term Series 2020 Bond Due May 1, 2040	Yield 3.930%	Price 99.234	CUSIP No.* 701123AE1
\$4,980,000	4.100%	Term Series 2020 Bond Due May 1, 2050	Yield 4.120%	Price 99.651	CUSIP No.* 701123AF8

*The Series 2020 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer and the receipt of the opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, as to the validity of the Series 2020 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams, P.A., Tallahassee, Florida, for the Current Developer by its counsel, J. Andrew Hagan, Esq., Daytona Beach, Florida, for the Trustee by its counsel, Greenberg Traurig, P.A., Orlando, Florida, and for the Underwriter by its counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida. It is expected that the Series 2020 Bonds will be available for delivery through The Depository Trust Company in New York, New York on or about February 24, 2020.*

**MBS Capital Markets, LLC**

Dated: February 14, 2020

\* The District is not responsible for the use of 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.

**PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT**

**BOARD OF SUPERVISORS**

Kelly McCarrick\* Chairman  
Andrew Hagan\*, Vice Chairman  
David Haas\*, Assistant Secretary  
Mike Veazey\*, Assistant Secretary  
Joanne Schmieder\*, Assistant Secretary

**DISTRICT MANAGER**

PFM Group Consulting LLC  
Orlando, Florida

**DISTRICT COUNSEL**

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

**BOND COUNSEL**

Bryant Miller Olive P.A.  
Orlando, Florida

**ASSESSMENT CONSULTANT**

PFM Financial Advisors LLC  
Orlando, Florida

**DISTRICT ENGINEER**

CHW Professional Consultants  
Alachua, Florida

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\* Affiliated with the Current Developer (as defined herein) or one of its affiliates.

## **REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM**

No dealer, broker, salesman or other person has been authorized by the District, Alachua County, Florida, the State of Florida or the Underwriter 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. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 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 District, the District Manager, the District Engineer, the Assessment Consultant, the Current Developer and other sources that are believed by the Underwriter to be reliable.

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.

At closing, the District, the District Engineer, the District Manager, the Assessment Consultant and the Current Developer will each deliver certificates certifying that certain of the information supplied by each does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information and expressions of opinion herein 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 with respect to the matters described herein since the date hereof.

In connection with this offering, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Series 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2020 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 Series 2020 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, Alachua County, Florida, the State of Florida, nor any of its subdivisions or agencies have guaranteed or passed upon the merits of the Series 2020 Bonds, upon the probability of any earnings thereon or upon the accuracy or adequacy of this Limited Offering Memorandum.

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as

amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words. 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 does 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.

The order and placement of materials in this Limited Offering Memorandum, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Limited Offering Memorandum, including the appendices, must be considered in its entirety. The captions and headings in this Limited Offering Memorandum are for convenience of reference only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections in this Limited Offering Memorandum.

This Limited Offering Memorandum is being provided to prospective purchasers 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 as printed in its entirety directly from such websites.

This Limited Offering Memorandum is not, and shall not be deemed to constitute, an offer to sell, or the solicitation of an offer to buy, real estate, which may only be made pursuant to offering documents satisfying applicable federal and state laws relating to the offer and sale of real estate.

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## LIMITED OFFERING MEMORANDUM

relating to

### **PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT (Alachua County, Florida)**

**\$10,655,000 Capital Improvement Refunding and Revenue Bonds, Series 2020**

#### INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information concerning the Parker Road Community Development District (the "District") in connection with the offering and issuance by the District of its \$10,655,000 Capital Improvement Refunding and Revenue Bonds, Series 2020 (the "Series 2020 Bonds").

The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, any successor statute thereto, the Florida Constitution, and other applicable provisions of law (collectively, the "Act") and established by Ordinance No. 06-10, enacted by the Board of County Commissioners of Alachua County, Florida on May 23, 2006 and effective June 1, 2006 (the "Ordinance"). See "THE DISTRICT" herein.

The Series 2020 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of June 1, 2007 (the "Master Indenture"), from the District to U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented by a Second Supplemental Trust Indenture dated as of February 1, 2020, from the District to the Trustee (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Indenture") and resolutions adopted by the Board of Supervisors of the District on July 7, 2006 and January 17, 2020, authorizing the issuance of the Series 2020 Bonds. All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the Indenture which appears in composite APPENDIX C attached hereto.

The District was established for the purposes, among other things, of financing and managing the planning, acquisition, construction, maintenance and operation of the infrastructure necessary for community development within the District, including the Development (hereinafter defined). For a complete discussion of the Development, see "THE DEVELOPMENT" herein. The Act authorizes the District to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and wastewater management, bridges or culverts, district roads, recreational facilities and other basic infrastructure projects within or without the boundaries of the District, all as provided in the Act.

Under the Constitution and laws of the State of Florida (the "State"), including the Act, the District has the power and authority to levy non-ad valorem assessments upon lands within the District and to issue bonds for the purposes of providing community development services and facilities, including those financed with the proceeds of the Series 2020 Bonds as described herein.

Consistent with the requirements of the Indenture and the Ordinance, the Series 2020 Bonds are being issued in order to provide funds to (a) redeem a portion of the Series 2007A Bonds (hereinafter defined), (b) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2020 Project (hereinafter defined); (c) pay certain costs associated with the issuance of the Series 2020 Bonds; (d) make a deposit into the Series 2020 Reserve Account for the benefit of all of the Series 2020 Bonds; and (e) pay a portion of the interest to become due on the Series 2020 Bonds.

The District encompasses approximately 556 acres located entirely within Alachua County, Florida (the "County") and is currently planned to include up to 999 single-family residential units within the Oakmont planned unit development (the "Development"). The Development is being constructed in seven phases, of which Phases 1 and 2 are complete and platted to include 341 single-family residential units. Phase 3 is nearing completion and is expected to include 155 single-family residential units. The Series 2020 Project consists of certain infrastructure improvements for the special benefit of Phases 4, 5, 6 and 7 of the Development (as further described herein, the "Series 2020 Assessment Area"), which consists of approximately 179 gross acres currently planned to include 503 single-family residential units. For more complete information about the Development and the Series 2020 Project, see "THE DEVELOPMENT" and "THE SERIES 2020 PROJECT" herein.

The Series 2020 Bonds are payable from and secured by the revenues derived by the District from the Series 2020 Assessments and amounts in the Funds and Accounts (except for the Series 2020 Rebate Account) established by the Second Supplemental Indenture. Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2020 Project (the "Series 2020 Assessments") will be initially levied against all gross developable and unplatted acreage within the Series 2020 Assessment Area, but ultimately assigned to approximately 503 platted lots planned for the Series 2020 Assessment Area that are subject to assessment as a result of the Series 2020 Project as described in the Supplemental Methodology Report (hereinafter defined).

The Series 2020 Assessments represent an allocation of a portion of the costs of the Series 2020 Project, including bond financing costs, to the lands within the Series 2020 Assessment Area in accordance with the Supplemental Methodology Report. The Supplemental Methodology Report and assessment resolutions with respect to the Series 2020 Bonds (collectively, the "Assessment Proceedings") permit the prepayment of the Series 2020 Assessments in full at any time and in part one time without penalty if there is also paid, in addition to the prepaid principal balance, an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding Interest Payment Date for the Series 2020 Bonds or, if prepaid during the 45 day period preceding such Interest Payment Date, to the next succeeding Interest Payment Date. See

"ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS" and "THE DEVELOPMENT – Fees and Assessments" herein.

Subsequent to the issuance of the Series 2020 Bonds, the District may cause one or more Series of Bonds to be issued pursuant to the Master Indenture, subject to the terms and conditions thereof. Bonds may be issued for the purpose of financing the Cost of acquisition or construction of a Project, to refund all or a portion of a Series of Bonds or for the completion of a Project. The District covenants and agrees in the Second Supplemental Indenture that, other than Refunding Bonds issued to refund the Outstanding Series 2020 Bonds, the District shall not, while any Series 2020 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2020 Trust Estate. The District further covenants and agrees in the Indenture that so long as the Series 2020 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the Series 2020 Assessments, without the written consent of the Majority Owners; provided, however, that such consent shall not be required in the event that Substantial Absorption has been achieved, evidence of which shall be provided by the District to the Trustee in a written certificate upon which the Trustee may conclusively rely. In the absence of its receipt of such certificate, the Trustee may conclusively rely that Substantial Absorption has not been achieved. Notwithstanding the foregoing, nothing shall preclude the imposition of Assessments (or the issuance of Bonds secured by such Assessments) on property subject to the Series 2020 Assessments which the District certifies are necessary for health, safety and welfare reasons or to remediate a natural disaster without the consent of the Majority Owners. "Substantial Absorption" is defined in the Second Supplemental Indenture to mean the principal amount of the Series 2020 Assessments equaling at least 90% of the then Outstanding principal amount of the Series 2020 Bonds are levied on tax parcels within the District with respect to which a certificate of occupancy has been issued for a structure thereon. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2020 BONDS – No Parity Bonds; Limitation on Parity Assessments" herein.

There follows in this Limited Offering Memorandum a brief description of the District, together with summaries of the terms of the Series 2020 Bonds, the Indenture, the Development, and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and statutes and all references to the Series 2020 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture, the form of which appears as composite APPENDIX C attached hereto.

### **SUITABILITY FOR INVESTMENT**

Investment in the Series 2020 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 Series 2020 Bonds.

Prospective investors are encouraged to request such additional information, visit the District and ask such questions.

While the Series 2020 Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Underwriter has determined that the Series 2020 Bonds are not suitable for investment by persons other than, and as required by Chapter 189, Florida Statutes, will offer the Series 2020 Bonds only to, "accredited investors," as such term is utilized in Chapter 517, Florida Statutes, and the rules promulgated thereunder; however, the limitation of the initial offering to accredited investors does not denote restrictions on transfer in any secondary market for the Series 2020 Bonds. Prospective investors in the Series 2020 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 Series 2020 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

### **PRIOR AND OUTSTANDING INDEBTEDNESS AND DEFAULT HISTORY**

The District previously issued its \$9,300,000 Capital Improvement Revenue Bonds, Series 2007A (the "Series 2007A Bonds"), which are currently outstanding in the principal amount of \$8,300,000 and its \$8,580,000 Capital Improvement Revenue Bonds, Series 2007B (the "Series 2007B Bonds" and together with the Series 2007A Bonds, the "Series 2007 Bonds"), which are no longer outstanding. The Series 2007 Bonds were issued pursuant to the Master Indenture, as supplemented by a First Supplement Trust Indenture, dated as of June 1, 2007, between the District and the Trustee (the "First Supplemental Indenture" and together with the Master Indenture, the "Initial Indenture") for the principal purpose of financing a portion of the costs of the portion of the CIP (hereinafter defined) allocated to Phases 1 and 2 of the Development.

The Series 2007 Bonds were secured initially by Assessments levied on all of the net assessable acres within the District, estimated to be approximately 387 acres. At the time of issuance of the Series 2007 Bonds, the Assessments securing the Series 2007A Bonds (the "Series 2007A Assessments") were anticipated to be allocated to the first 522 residential units within the District, and the Assessments securing the Series 2007B Bonds (the "Series 2007B Assessments" and together with the Series 2007A Assessments, the "Series 2007 Assessments") were anticipated to be allocated to the first 304 residential units within the District, provided that the Series 2007B Assessments were anticipated to be prepaid by the respective builder at the time of closing of each residential unit to an end user.

The original landowner and developer of the lands within the District was Oakmont at Gainesville, LLP (the "Original Developer"), a Florida limited liability partnership and an affiliated entity of Intervest Construction, Inc. ("Intervest Construction"). In 2009, the Original Developer failed to pay the Series 2007 Assessments resulting in insufficient funds available to make the Debt Service payments on November 1, 2009. As a result, draws were made on the Series 2007A Reserve Account and the Series 2007B Reserve Account (collectively, the "Series 2007 Reserve Accounts") in amounts sufficient to make such Debt Service payments. In February 2010, rather than continuing to pursue collection of

delinquent Series 2007 Assessments from the Original Developer or initiating foreclosure proceedings, the holders of the Series 2007 Bonds authorized the use of interest earnings in the Series 2007 Acquisition and Construction Account to replenish the Series 2007 Reserve Accounts in full. Due to continued nonpayment of the Series 2007 Assessments by the Original Developer, the District again was required to utilize funds in the Series 2007 Reserve Accounts to cover a portion of the May 2010 Debt Service payments. In July 2010, the Original Developer paid a portion of the delinquent Series 2007 Assessments. Such payment, together with the application of interest earnings in the Series 2007 Acquisition and Construction Account, was used to bring the delinquent Debt Service payments current and replenish the Series 2007 Reserve Accounts in full. However, subsequent and continued nonpayment by the Original Developer resulted in the District eventually utilizing all of the available moneys in the Series 2007 Reserve Accounts to make Debt Service payments, ultimately triggering an event of default for both the Series 2007A Bonds and the Series 2007B Bonds.

At the time of default, Branch Banking and Trust Company ("BB&T") held an interest in the lands within the District by virtue of a real estate mortgage. In December 2012, CC North Central, LLC ("CC North Central"), a Florida limited liability company and affiliated entity of Intervest Construction, acquired any and all interest in BB&T's mortgage. Subsequently, CC North Central deeded the lands comprising the District to its subsidiary, CC Oakmont, LLC (the "Current Developer"). Concurrently, an affiliated entity of the Current Developer acquired 100% of the beneficial ownership of the then outstanding Series 2007 Bonds (such affiliated entity, the "Series 2007 Bondholder").

Despite the occurrence and continuance of a default under the Initial Indenture, the Series 2007 Bondholder elected not to initiate remedial proceedings. Rather, the District and the Trustee entered into a First Amendment to First Supplemental Indenture, dated as of November 1, 2014 (the "First Amendment" and together with the Initial Indenture, the "2007 Indenture"), which directed the Trustee to transfer all funds then on deposit in the Series 2007 Reserve Accounts and the Deferred Cost Subaccount of the Series 2007 Acquisition and Construction Account to the General Subaccount of the Series 2007 Acquisition and Construction Account to be used to pay costs of the Series 2007 Project. The First Amendment also reduced the applicable Reserve Account Requirements for the Series 2007 Reserve Accounts to zero dollars and directed the Trustee to close the Series 2007 Reserve Accounts following the transfer noted above. The First Amendment also allowed for extraordinary mandatory redemption of the Series 2007B Bonds from the Series 2007B Prepayment Subaccount of the Series 2007 Redemption Account on the last Business Day of each calendar month, rather than restricting such redemptions to a Quarterly Redemption Date. The Series 2007B Bonds were redeemed in full on July 31, 2019, including all delinquent interest through and including such redemption date.

The Series 2007A Bonds are currently outstanding in the par amount of \$8,300,000 and remain in default. Concurrent with the issuance of the Series 2020 Bonds, the District, the Trustee, the Series 2007 Bondholder and the Current Developer will enter into a settlement agreement (the "Settlement Agreement") which will resolve and settle all matters related to the remaining outstanding Series 2007A Bonds. Such actions include, among other things, (i) partial defeasance of the Series 2007 Bonds levied on undeveloped lands within the District in the amount of \$602,775 with proceeds of the Series 2020 Bonds; and (ii) the Current Developer bringing current all delinquent Series 2007 Assessments

pertaining to the Series 2007A Bonds to remain outstanding. Following such events, the Series 2007A Bonds will be outstanding in the par amount of \$6,430,000 and the Series 2007 Assessments will be levied solely on the 496 units constituting Phases 1, 2 and 3 of the Development. Accordingly, the Series 2007 Assessments and Series 2020 Assessments will be levied on separate and distinct areas.

## **REFUNDING PLAN**

On the date of issuance of the Series 2020 Bonds, a portion of the proceeds of the Series 2020 Bonds will be transferred to the Series 2007 Bondholder and used for the purpose of redeeming a portion of the Series 2007A Bonds (such portion hereinafter referred to as the "Refunded Bonds"), which corresponds to such portion of the Outstanding Series 2007A Bonds secured by the Series 2007A Assessments levied on vacant land within the Series 2020 Assessment Area. In accordance with the Settlement Agreement, the Refunded Bonds will be redeemed at a redemption price of 48.78% of the principal amount thereof. Upon such transfer, the Refunded Bonds will be deemed paid and the lien of the 2007 Indenture and all covenants, agreements and other obligations of the District to the Owners of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied.

## **DESCRIPTION OF THE SERIES 2020 BONDS**

### **General Description**

The Series 2020 Bonds are issuable as fully registered bonds, without coupons, in denominations of \$5,000 or any multiple thereof; provided, however, that delivery of the Series 2020 Bonds to the initial purchasers thereof shall be in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000.

The Series 2020 Bonds will be dated their date of issuance and delivery to the initial purchasers thereof and will bear interest payable on each May 1 and November 1, commencing May 1, 2020 (each, an "Interest Payment Date") and shall be computed on the basis of a 360-day year of twelve 30-day months. The Series 2020 Bonds will mature on May 1 of such years, in such amounts and at such rates as set forth on the cover page of this Limited Offering Memorandum.

Debt Service on the Series 2020 Bonds 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. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner at the close of business on the regular Record Date for such interest, which shall be the 15th 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 (a) of Section 902 of the Master Indenture, the payment of interest and principal or Redemption Price or Amortization Installments 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 15 and not less than 10 days prior to the date of such

proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of such Series 2020 Bond. Any payment of principal or Redemption Price shall be made only upon presentation at the designated corporate trust office of U.S. Bank National Association, located in Orlando, Florida, or any alternate or successor paying agent, unless the Series 2020 Bonds are held in the book-entry system in which case presentment shall not be required. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment 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 owns not less than \$1,000,000 in aggregate principal amount of the Series 2020 Bonds).

The Series 2020 Bonds will initially be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), which will act initially as securities depository for the Series 2020 Bonds and, so long as the Series 2020 Bonds are held in book-entry only form, Cede & Co. will be considered the registered Owner for all purposes hereof. See "- Book-Entry Only System" below for more information about DTC and its book-entry only system.

**Redemption Provisions**

*Optional Redemption.* The Series 2020 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, at the Redemption Price of the principal amount of the Series 2020 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

*Mandatory Sinking Fund Redemption.* The Series 2020 Bonds maturing on May 1, 2025, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Second Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year (May 1)</u>	<u>Amortization Installment</u>	<u>Year (May 1)</u>	<u>Amortization Installment</u>
2021	\$200,000	2024	\$220,000
2022	210,000	2025*	230,000
2023	215,000		

\*Maturity

The Series 2020 Bonds maturing on May 1, 2030, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Second Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year (May 1)</u>	<u>Amortization Installment</u>	<u>Year (May 1)</u>	<u>Amortization Installment</u>
2026	\$235,000	2029	\$260,000
2027	245,000	2030*	270,000
2028	250,000		

\*Maturity

The Series 2020 Bonds maturing on May 1, 2040, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Second Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year (May 1)</u>	<u>Amortization Installment</u>	<u>Year (May 1)</u>	<u>Amortization Installment</u>
2031	\$280,000	2036	\$340,000
2032	290,000	2037	350,000
2033	300,000	2038	365,000
2034	315,000	2039	380,000
2035	325,000	2040*	395,000

\*Maturity

The Series 2020 Bonds maturing on May 1, 2050, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Second Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year (May 1)</u>	<u>Amortization Installment</u>	<u>Year (May 1)</u>	<u>Amortization Installment</u>
2041	\$410,000	2046	\$505,000
2042	430,000	2047	525,000
2043	445,000	2048	550,000
2044	465,000	2049	570,000
2045	485,000	2050*	595,000

\*Maturity

Extraordinary Mandatory Redemption. The Series 2020 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:



(a) on or after the Date of Completion of the Series 2020 Project or the Deferred Costs Date of Completion, by application of moneys transferred from the General Subaccount to the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments of Series 2020 Assessments deposited into the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account; or

(c) from amounts transferred to the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account resulting from a reduction in the Series 2020 Reserve Account Requirement as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2020 Reserve Account, together with other moneys available therefor, after taking into account the payment of any Deferred Costs, are sufficient to pay and redeem all of the Series 2020 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2020 Bonds shall be called for redemption, the particular Series 2020 Bonds or portions of Series 2020 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

"Redemption Date" is defined in the Second Supplemental Indenture as each February 1, May 1, August 1 and November 1.

"Deferred Costs" is defined in the Second Supplemental Indenture as the Costs of the Capital Improvement Program which have not been paid from the General Subaccount and which are identified by the District to the Trustee in writing as having been advanced under the Acquisition Agreement or any other contract or agreement pursuant to which the District may become obligated to pay for Costs of the Capital Improvement Program from the Deferred Costs Subaccount.

"Deferred Costs Date of Completion" is defined in the Second Supplemental Indenture as the Date of Completion of the Capital Improvement Program, as evidenced by a certificate of the Consulting Engineer establishing the Date of Completion of a Series Project, as defined in the Master Indenture, accompanied by the certificate of an Authorized Officer directed to the Trustee, on which the Trustee may conclusively rely, stating that there remain no unpaid Deferred Costs.

### **Notice of Redemption**

Notice of each redemption of Series 2020 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than 30 nor more than 45 days prior to the date of redemption to each registered Owner of Series 2020 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. 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 Series 2020 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 Series 2020 Bonds or such portions thereof on such date, interest on such Series 2020 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2020 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 Series 2020 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.

Notwithstanding any other provision of the 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.

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

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

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully registered bonds 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 bond certificate will be issued for each maturity of each Series of the Series 2020 Bonds and will be deposited with DTC. DTC, the world's largest securities 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 issues of 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 (the "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 (the

"Indirect Participants"). DTC has a Standard and Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond ("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 Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 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 Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an 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 made among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2020 Bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 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 Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2020 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 Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, the Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 for the Series 2020 Bonds. 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 the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2020 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2020 Bond certificates will be printed and delivered to DTC.

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, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2020 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 SERIES 2020 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.

## **SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2020 BONDS**

### **General**

The Series 2020 Bonds are payable from and secured by the revenues derived by the District from the Series 2020 Assessments and amounts in the Funds and Accounts (except for the Series 2020 Rebate Account) established by the Indenture. Series 2020 Assessments will be levied and collected on the lands within the Series 2020 Assessment Area specifically benefited by the Series 2020 Project, and shall not include the Assessments imposed, levied and collected by the District with respect to property within the District not so specially benefited.

The Series 2020 Assessments represent an allocation of a portion of the costs of the Series 2020 Project, including bond financing costs, to the Series 2020 Assessment Area in accordance with the Supplemental Methodology Report, attached hereto as APPENDIX B.

"Assessments" is defined in the Master Indenture to mean all assessments levied and collected by or on behalf of the District pursuant to Section 190.022 of the Act as amended from time to time, together with the interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170, Florida Statutes, as amended, if any such interest is collected by or on behalf 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 and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Delinquent Assessments" includes Delinquent Assessment Principal and Delinquent Assessment Interest.

"Delinquent Assessment Interest" is defined in the Second Supplemental Indenture to mean Series 2020 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Series 2020 Assessment Interest has, or would have, become delinquent under State law applicable thereto.

"Delinquent Assessment Principal" is defined in the Second Supplemental Indenture to mean Series 2020 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2020 Assessment Principal has, or would have, become delinquent under State law applicable thereto.

NEITHER THE SERIES 2020 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. THE SERIES 2020 BONDS AND THE INTEREST AND PREMIUM, IF ANY, 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 SERIES 2020 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2020 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2020 PLEDGED REVENUES AND THE SERIES 2020 PLEDGED FUNDS PLEDGED TO THE SERIES 2020 BONDS, ALL AS PROVIDED IN THE INDENTURE.

#### **No Parity Bonds; Limitation on Parity Assessments**

The District covenants and agrees in the Second Supplemental Indenture that other than Refunding Bonds issued to refund the Outstanding Series 2020 Bonds, the District

shall not, while any Series 2020 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2020 Trust Estate. The District further covenants and agrees in the Second Supplemental Indenture that so long as the Series 2020 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the Series 2020 Assessments, without the written consent of the Majority Owners; provided, however, that such consent shall not be required in the event that Substantial Absorption has been achieved, evidence of which shall be provided by the District to the Trustee in a written certificate upon which the Trustee may conclusively rely. In the absence of its receipt of such certificate, the Trustee may conclusively rely that Substantial Absorption has not been achieved. Notwithstanding the foregoing, nothing shall preclude the imposition of Assessments (or the issuance of Bonds secured by such Assessments) on property subject to the Series 2020 Assessments which the District certifies are necessary for health, safety and welfare reasons or to remediate a natural disaster without the consent of the Majority Owners. "Substantial Absorption" is defined in the Second Supplemental Indenture to mean the principal amount of the Series 2020 Assessments equaling at least 90% of the then Outstanding principal amount of the Series 2020 Bonds are levied on tax parcels within the District with respect to which a certificate of occupancy has been issued for a structure thereon.

WHILE NO FUTURE ADDITIONAL BONDS WILL BE PAYABLE FROM OR SECURED BY THE SERIES 2020 ASSESSMENTS PLEDGED AS SECURITY FOR THE SERIES 2020 BONDS, THE DISTRICT, THE COUNTY, THE SCHOOL BOARD OF ALACHUA COUNTY, FLORIDA, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF MAY IN THE FUTURE IMPOSE, LEVY AND COLLECT ASSESSMENTS AND TAXES THE LIENS OF WHICH WILL BE CO-EQUAL WITH THE LIEN OF ASSESSMENTS WHICH INCLUDES THE SERIES 2020 ASSESSMENTS SECURING THE SERIES 2020 BONDS. See "- Enforcement and Collection of Series 2020 Assessments" below and "ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS" herein.

### **Funds and Accounts**

The Indenture requires that the Trustee establish the following funds and accounts: (a) within the Acquisition and Construction Fund, (i) a Series 2020 Acquisition and Construction Account and therein a General Subaccount and a Deferred Costs Subaccount, and (ii) a Series 2020 Costs of Issuance Account; (b) within the Debt Service Fund, (i) a Series 2020 Debt Service Account and therein a Series 2020 Sinking Fund Account, a Series 2020 Interest Account and a Series 2020 Capitalized Interest Account; and (ii) a Series 2020 Redemption Account and therein a Series 2020 Prepayment Subaccount and a Series 2020 Optional Redemption Subaccount; (c) within the Reserve Fund, a Series 2020 Reserve Account; (d) within the Revenue Fund, a Series 2020 Revenue Account; and (e) within the Rebate Fund, a Series 2020 Rebate Account.

### **Series 2020 Reserve Account**

The Series 2020 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2020 Reserve Account Requirement. "Series 2020 Reserve Account Requirement" is defined in the Second Supplemental Indenture to mean (a) initially, an amount equal to the Maximum Annual Debt Service Requirement for the

Series 2020 Bonds, as calculated from time to time and (b) upon satisfaction of the Reserve Account Release Conditions, an amount equal to 50% of the Maximum Annual Debt Service Requirement for the Series 2020 Bonds, as calculated from time to time. Initially, the Series 2020 Reserve Account Requirement shall be equal to \$610,000.00. "Reserve Account Release Conditions" is defined in the Second Supplemental Indenture to mean (i) all of the platted single-family residential lots subject to the Series 2020 Assessments have been sold to homebuilders, and (ii) no Event of Default has occurred and is continuing with respect to any Outstanding Series 2020 Bonds.

Amounts on deposit in the Series 2020 Reserve Account shall be used only for the purpose of making payments into the Series 2020 Interest Account and the Series 2020 Sinking Fund Account to pay Debt Service on the Series 2020 Bonds, when due, without distinction as to Series 2020 Bonds and without privilege or priority of one Series 2020 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose, except as specified in the Second Supplemental Indenture. Such Account shall consist only of cash and Series 2020 Investment Obligations.

The Trustee, on or before the 45th day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each Redemption Date, after taking into account all payments and transfers made as of such date, shall compute the value of the Series 2020 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 Series 2020 Reserve Account shall be deposited in the Deferred Costs Subaccount until the Deferred Costs Date of Completion. Unless and until the Trustee receives an Engineer's Certificate establishing that the Deferred Costs Date of Completion has occurred, the Trustee may conclusively presume that such condition has not occurred.

Notwithstanding the foregoing, amounts on deposit in the Series 2020 Reserve Account are held for the benefit of all of the Series 2020 Bonds without priority of Series 2020 Bonds.

The District may provide that the difference between the cash on deposit in the Series 2020 Reserve Account and the Series 2020 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 Series 2020 Bonds, the District may withdraw any or all of the amount of money on deposit in the Series 2020 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 General Subaccount to be used to pay Costs of the Series 2020 Project, (b) after the Date of Completion, but before the Deferred Costs Date of Completion, transferred to the Deferred Costs Subaccount to be used to pay Deferred Costs and thereafter transferred to the Series 2020 Prepayment Subaccount and

used to redeem Series 2020 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.

Upon satisfaction of the Reserve Account Release Conditions, any surplus in the Series 2020 Reserve Account shall be transferred to the Deferred Costs Subaccount. The District or the District Manager, on behalf of the District, shall provide written certification to the Trustee when the Reserve Account Release Conditions have been satisfied, upon which the Trustee may conclusively rely.

### **Flow of Funds**

(a) The Second Supplemental Indenture authorizes and directs the Trustee to deposit any and all amounts required to be deposited in the Series 2020 Revenue Account by the Indenture and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2020 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.

(b) The Trustee shall deposit into the Series 2020 Revenue Account the amounts other than Series 2020 Assessment Revenues required to be deposited therein in accordance with the provisions of the Second Supplemental Indenture. The District shall deposit Series 2020 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such Series 2020 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established under the Second Supplemental Indenture as follows:

(i) Series 2020 Assessment Principal, which shall be deposited into the Series 2020 Sinking Fund Account;

(ii) Series 2020 Prepayment Principal, which shall be deposited into the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account;

(iii) Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the Series 2020 Reserve Account to pay the principal of Series 2020 Bonds and the balance, if any, shall be deposited into the Series 2020 Sinking Fund Account;

(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the Series 2020 Reserve Account to pay interest on the Series 2020 Bonds and the balance, if any, shall be deposited into the Series 2020 Revenue Account; and

(v) all other Series 2020 Assessment Revenues, which shall be deposited into the Series 2020 Revenue Account.

(c) On the 45th day preceding each Redemption Date with respect to the Series 2020 Bonds (or if such 45th day is not a Business Day, on the Business Day next preceding such 45th day), the Trustee shall determine the amount on deposit in the Series 2020



Prepayment Subaccount of the Series 2020 Redemption Account and, if the balance therein is greater than zero, shall transfer, but only after transferring sufficient amounts as directed by the District to pay amounts due on the next Interest Payment Date, from the Series 2020 Revenue Account for deposit into the Series 2020 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining in the Series 2020 Revenue Account to pay Debt Service coming due on the Series 2020 Bonds on the next succeeding Redemption Date), and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2020 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2020 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of Series 2020 Bonds set forth in the Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2020 Capitalized Interest Account to the Series 2020 Interest Account the lesser of (x) the amount of interest coming due on the Series 2020 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the Series 2020 Capitalized Interest Account. Following the foregoing transfers, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the Series 2020 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, to the Series 2020 Interest Account, an amount equal to the amount of interest payable on all Series 2020 Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the Series 2020 Capitalized Interest Account in accordance with the Indenture and less any other amount already on deposit in the Series 2020 Interest Account not previously credited;

SECOND, on May 1, 2021, and each May 1 thereafter, to the Series 2020 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2020 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2020 Sinking Fund Account not previously credited;

THIRD, to the Series 2020 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2020 Reserve Account Requirement with respect to the Series 2020 Bonds; and

FOURTH, the balance shall be retained in the Series 2020 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2020 Revenue Account to the Rebate Account 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.

(f) On or after each November 2, the balance on deposit in the Series 2020 Revenue Account until the Deferred Costs Date of Completion shall be transferred to the Deferred Costs Subaccount, and after the Deferred Costs 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 Series 2020 Reserve Account shall be equal to the Series 2020 Reserve Account Requirement and provided further that the Trustee shall not have actual knowledge of an Event of Default under the Indenture relating to any of the Series 2020 Bonds, including the payment of Trustee's fees and expenses then due.

## **Investments**

Anything in the Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the Series 2020 Bonds shall be invested only in Series 2020 Investment Obligations, and further, earnings on the subaccounts within the Series 2020 Acquisition and Construction Account, the Series 2020 Interest Account and the Series 2020 Capitalized Interest Account shall be retained, as realized, in such Accounts and used for the purpose of such Accounts.

Earnings on investments in the Series 2020 Reserve Account shall be disposed of as follows:

(a) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2020 Reserve Account as of the most recent date on which amounts on deposit in the Series 2020 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2020 Reserve Account since such date which have created a deficiency, then earnings on the Series 2020 Reserve Account shall, prior to the Date of Completion, be deposited into the General Subaccount and thereafter until the Deferred Costs Date of Completion, be deposited into the Deferred Costs Subaccount and applied as provided for moneys on deposit therein and, after the Deferred Costs Date of Completion, be deposited into the Series 2020 Revenue Account and applied as provided for the moneys therein; and

(b) if as of the last date on which amounts on deposit in the Series 2020 Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 of the Master Indenture), or if after such date withdrawals have been made from the Series 2020 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2020 Reserve Account shall be deposited into the Series 2020 Reserve Account until the amount on deposit therein is equal to the Series 2020 Reserve Account Requirement.

## **Series 2020 Acquisition and Construction Account**

Amounts on deposit in the General Subaccount of the Series 2020 Acquisition and Construction Account, together with any moneys transferred thereto, shall be applied to pay the Costs of the Series 2020 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture.

After the later of the Date of Completion of the Series 2020 Project or the Deferred Costs Date of Completion, any balance remaining in the General Subaccount after retaining

the amount, if any, of all remaining unpaid Costs of the Series 2020 Project set forth in the Engineer's Certificate establishing such Date of Completion, and after retaining the amount, if any, of all remaining unpaid Deferred Costs set forth in the Engineer's Certificate establishing such Deferred Costs Date of Completion shall be transferred to and deposited in the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account and applied to the extraordinary mandatory redemption of the Series 2020 Bonds in the manner prescribed in the Second Supplemental Indenture. Notwithstanding the foregoing, the District shall not declare that the Deferred Costs Date of Completion has occurred until after the Reserve Account Release Conditions have been satisfied and all moneys transferred from the Series 2020 Reserve Account to the General Subaccount have been expended.

Anything in the Indenture to the contrary notwithstanding, until the Deferred Costs Date of Completion: (i) the Trustee shall not close the Deferred Costs Subaccount; and (ii) the Trustee shall deposit into the Deferred Costs Subaccount the amounts transferred pursuant to the Second Supplemental Indenture which amounts shall be held separate and apart from other amounts on deposit in the Series 2020 Acquisition and Construction Account, including amounts on deposit in the General Subaccount. Until the Date of Completion of the Series 2020 Project, amounts on deposit in the Deferred Costs Subaccount shall be transferred to the General Subaccount to pay accrued but unpaid Costs of the Series 2020 Project to the extent that moneys theretofore on deposit in the General Subaccount are insufficient therefor. On the Date of Completion of the Series 2020 Project the District shall cause the Trustee to transfer from the Deferred Costs Subaccount to the General Subaccount the amount which is necessary (taking into account the moneys currently on deposit therein) to pay any accrued but unpaid Costs of the Series 2020 Project which are required to be reserved in the General Subaccount in accordance with the certificate of the Consulting Engineer establishing such Date of Completion (the "Reserved Amount"). After the Date of Completion of the Series 2020 Project and until the Deferred Costs Date of Completion, amounts on deposit in the General Subaccount shall, at the written direction of the District, be used to pay Deferred Costs upon compliance with the requisition provisions set forth in the Master Indenture and pursuant to the Acquisition Agreement. After the Date of Completion of the Series 2020 Project and until the Deferred Costs Date of Completion and after the expenditure of all amounts on deposit in the General Subaccount, other than the Reserved Amount for such purpose, amounts on deposit in the Deferred Costs Subaccount shall be used to pay Deferred Costs upon compliance with the requisition provisions set forth in the Master Indenture and pursuant to the Acquisition Agreement at the written direction of the District. The District will provide the Trustee on each May 1 and November 1 in writing with the amount of all accrued and unpaid Deferred Costs.

From and after the Deferred Costs Date of Completion, any amounts on deposit in the Deferred Costs Subaccount shall be transferred into the Series 2020 Prepayment Account and the Deferred Costs Subaccount shall be closed.

### **Collateral Assignment Agreement**

Contemporaneously with the issuance of the Series 2020 Bonds, the Current Developer will enter into a Collateral Assignment and Assumption of Development Rights (the "Collateral Assignment") with the District. The following description of the Collateral

Assignment is qualified in its entirety by reference to the Collateral Assignment. Pursuant to the Collateral Assignment, the Current Developer collaterally assigns to the District all of the Current Developer's development rights and contract rights relating to the development of the lands within the Series 2020 Assessment Area (the "Development Rights") as security for the Current Developer's payment and performance of its obligation to pay the Series 2020 Assessments levied against the lands within the Series 2020 Assessment Area when due. The assignment will become effective and absolute upon failure of the Current Developer to pay the Series 2020 Assessments levied against the lands within the Series 2020 Assessment Area owned by the Current Developer. The Development Rights specifically excludes any such portion of the Development Rights which relate to any property which has been conveyed to a retail homebuyer in the ordinary course of business, the County, the District, any applicable homeowner's association or any other governmental entity or association as may be required by applicable permits, government approvals, plats, entitlements, or regulations associated with the development of the Series 2020 Assessment Area. Pursuant to the Indenture, the District assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of the Series 2020 Bonds.

### **Completion Agreement**

In connection with the issuance of the Series 2020 Bonds, the District and the Current Developer will enter into an agreement (the "Completion Agreement") pursuant to which the Current Developer will agree to provide funds to complete the CIP to the extent that proceeds of the Series 2020 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.

### **True-Up Agreement**

In connection with the issuance of the Series 2020 Bonds, the District and the Current Developer will enter into an agreement (the "True Up Agreement") pursuant to which the Current Developer agrees to timely pay all Series 2020 Assessments on lands owned by the Current Developer that are subject to the Series 2020 Assessments and to pay, when requested by the District, any amount of Series 2020 Assessments allocated to unplatted acres on lands owned by the Current Developer in excess of the allocation in place at the time of issuance of the Series 2020 Bonds pursuant to the Supplemental Methodology Report. Remedies for a default under the True Up Agreement include damages, injunctive relief and/or specific performance

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

The Indenture provides that each of the following shall be an "Event of Default" under the Indenture with respect to the Series 2020 Bonds:

- (a) any payment of Debt Service on the Series 2020 Bonds is not made when due;
- (b) the District shall for any reason be rendered incapable of fulfilling its obligations under the Indenture;

(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 Series 2020 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 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 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 material covenants, conditions, agreements and provisions contained in the Series 2020 Bonds or in the Indenture on the part of the District to be performed (other than a default in the payment of Debt Service on the Series 2020 Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for 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 10% in aggregate principal amount of the Series 2020 Bonds then Outstanding and affected by such default;

(h) more than 20% of the operation and maintenance assessments levied and directly billed by the District on parcels subject to the Series 2020 Assessments are not paid by the date such are due and payable and such default continues for 60 days after the date when due;

(i) the Trustee is authorized to withdraw funds from the Series 2020 Reserve Account in an amount greater than 25% of the Series 2020 Reserve Account Requirement to pay Debt Service on the Series 2020 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series 2020 Reserve Account to pay Debt Service on the Series 2020 Bonds) and any such amount withdrawn is not replenished within 90 days of the date of such withdrawal; or

(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.

Upon the happening and continuance of any Event of Default with respect to the Series 2020 Bonds, the Trustee may protect and enforce the rights of the Owners of the Series 2020 Bonds under Florida law, and under the Indenture and the Series 2020 Bonds,

by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained therein or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

The District covenants and agrees in the Indenture that it will enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments that are directly billed and collected by the District, and the provisions for the foreclosure of liens of Delinquent Assessments. The District acknowledges and agrees in the Indenture that (i) upon failure of any property owner to pay Series 2020 Assessments collected directly by the District when due, that the entire Series 2020 Assessments on the delinquent property, with interest and penalties thereon, shall immediately become due and payable and, with the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2020 Bonds Outstanding, the District shall promptly, but in any event within 120 days of receipt of such consent, cause to be commenced the necessary legal proceedings for the foreclosure of liens of delinquent Series 2020 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.

#### **Owner Direction and Consent with Respect to Series 2020 Acquisition and Construction Account upon Occurrence of Event of Default**

In accordance with the provisions of the Indenture, the Series 2020 Bonds are payable solely from the Series 2020 Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the District acknowledges that (i) the Series 2020 Pledged Funds includes, without limitation, all amounts on deposit in the subaccounts of the Series 2020 Acquisition and Construction Account then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2020 Bonds, the Series 2020 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2020 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the occurrence of the Event of Default the District had incurred a binding obligation with third parties for work on the Series 2020 Project and payment is for such work and (iii) upon the occurrence of an Event of Default with respect to the Series 2020 Bonds, the Series 2020 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District shall not enter into any binding agreement with respect to the Series 2020 Project that will cause the expenditure of additional funds from the Series 2020 Trust Estate after the occurrence of an Event of Default unless authorized in writing by the Majority Owners.

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

The provisions of this section 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 of the then Outstanding Series 2020 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").

The District acknowledges and agrees in the Second Supplemental Indenture that, although the Series 2020 Bonds were issued by the District, the Owners of the Series 2020 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 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 2020 Assessments, the Series 2020 Bonds or any rights of the Trustee under the Indenture (provided, however, that the Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2020 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within 30 days following receipt by the Trustee of the written request for consent); (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 2020 Assessments, the Series 2020 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, 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 2020 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 2020 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 the Trustee's enforcement of the District's claim and rights with respect to the Series 2020 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 to (i) file a proof of claim with respect to the Series 2020 Assessments, (ii) deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) defend any objection filed to said proof of claim.

Notwithstanding the provisions of the immediately preceding paragraphs, nothing in this section 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 2020 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.

### **Enforcement and Collection of Series 2020 Assessments**

The primary sources of payment for the Series 2020 Bonds are the Series 2020 Assessments imposed on each landowner within the District which are specially benefited by the Series 2020 Project. To the extent that landowners fail to pay such Series 2020 Assessments, delay payments, or are unable to pay such Series 2020 Assessments, the successful pursuit of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2020 Bonds. The Act provides for various methods of collection of delinquent taxes by reference to other provisions of the Florida Statutes. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein for a summary of special assessment payment and collection procedures appearing in the Florida Statutes.

Pursuant to the Indenture, the District shall not be required to collect Series 2020 Assessments using the uniform method for the levy, collection and enforcement of Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, (the "Uniform Method") until such time as the property subject to such Series 2020 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 Method when the property is owned by a government or includes structures owned by a government.

All Series 2020 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 30 days prior to each Interest Payment Date.

Notwithstanding anything in the Indenture to the contrary, upon the occurrence of an Event of Default, the collection of Series 2020 Assessments shall be in the manner directed by the Majority Owners.

If the owner of any lot or parcel of land shall be delinquent in the payment of any Series 2020 Assessment, then such Series 2020 Assessment shall be enforced in accordance with the provisions of Chapters 170 and/or 197, Florida Statutes, including but not limited to the sale of tax certificates and/or tax deeds as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Series 2020 Assessment, the District either on its own behalf, or through the actions of the Trustee, may, but is not obligated to, and shall at the written direction of the Beneficial Owners of at least 50% of the Outstanding Series 2020 Bonds, declare the entire unpaid balance of such Series 2020 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, and Sections 190.026 and/or 170.10, Florida



Statutes, or otherwise as provided by law. See "- Foreclosure of Assessment Lien" below. The District further covenants to furnish, at its expense, to any Owner of Series 2020 Bonds so requesting, 60 days after the due date of each annual installment, a list of all Delinquent 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.

THERE CAN BE NO ASSURANCE THAT ANY SALE, PARTICULARLY A BULK SALE, OF LAND SUBJECT TO DELINQUENT SERIES 2020 ASSESSMENTS WILL PRODUCE PROCEEDS SUFFICIENT TO PAY THE FULL AMOUNT OF SUCH DELINQUENT SERIES 2020 ASSESSMENTS PLUS OTHER DELINQUENT TAXES AND ASSESSMENTS APPLICABLE THERETO.

### **Foreclosure of Assessment Lien**

Notwithstanding any provisions of the Indenture to the contrary, the following provisions shall apply with respect to the Series 2020 Assessments and Series 2020 Bonds. If any property shall be offered for sale for the nonpayment of any Series 2020 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2020 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Series 2020 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 Series 2020 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 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 Series 2020 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 the payment of its fees, costs, and expenses for doing so, be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the Series 2020 Bonds within 60 days after the receipt of the request therefor signed by the Trustee or the Majority Owners.

### **Additional Covenants Regarding Assessments**

The District covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2020 Assessments and to levy the Series 2020 Assessments and any required true-up payments set forth in the Methodology Report, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2020 Bonds, when due.

### **Re-Assessment**

Pursuant to the Master Indenture, if any Series 2020 Assessments 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 2020 Assessment is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Series

2020 Assessment when it might have done so, the District shall either: (i) take all necessary steps to cause a Series 2020 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 Series 2020 Assessment from legally available moneys, which moneys shall be deposited into the Series 2020 Revenue Account. In case any such subsequent Series 2020 Assessment shall also be annulled, the District shall obtain and make other Series 2020 Assessments until a valid Series 2020 Assessment shall be made.

## **ENFORCEMENT OF ASSESSMENT COLLECTIONS**

### **General**

The primary source of payment for the Series 2020 Bonds is the revenues received by the District from the collection of Series 2020 Assessments imposed on certain lands in the District specially benefited by the Series 2020 Project pursuant to the Assessment Proceedings. See "ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS" herein and "APPENDIX B - Supplemental Methodology Report" attached hereto.

The imposition, levy, and collection of Series 2020 Assessments must be done in compliance with the provisions of Florida law. Failure by the District, the Alachua County Tax Collector (the "Tax Collector") or the Alachua County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2020 Assessments during any year. Such delays in the collection of Series 2020 Assessments, or complete inability to collect any Series 2020 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of Debt Service on the Series 2020 Bonds. See "BONDOWNERS' RISKS" herein. To the extent that landowners fail to pay the Series 2020 Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2020 Bonds.

For the Series 2020 Assessments to be valid, the Series 2020 Assessments must meet two requirements: (a) the benefit from the Series 2020 Project to the lands subject to the Series 2020 Assessments must exceed or equal the amount of the Series 2020 Assessments; and (b) the Series 2020 Assessments must be fairly and reasonably allocated across all such benefitted properties. The Assessment Consultant will certify that these requirements have been met with respect to the Series 2020 Assessments.

Pursuant to the Act and the Assessment Proceedings, the District may collect the Series 2020 Assessments through a variety of methods. See "BONDOWNERS' RISKS" herein. Initially, and for undeveloped and unplatted properties owned by the Current Developer and subsequent landowners, the District will directly issue annual bills to landowners requiring payment of the Series 2020 Assessments and will enforce such bill through foreclosure proceedings. See "ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS" herein and "APPENDIX B - Supplemental Methodology Report" attached hereto. As lands are platted, the Series 2020 Assessments will be added to the County tax roll and collected pursuant to the Uniform Method. The

following is a description of certain statutory provisions relating to each of these collection methods. Such description is not intended to be exhaustive and is qualified in its entirety by reference to such statutes.

### **Direct Billing & Foreclosure Procedures**

As noted above, and pursuant to Chapter 170, Florida Statutes, and the Act, the District may directly levy, collect and enforce the Series 2020 Assessments. In this context, Section 170.10, Florida Statutes, provides that upon the failure of any property owner to timely pay all or any part of the annual installment of principal and/or interest of a special assessment due, including the Series 2020 Assessments, the whole assessment, with the interest and penalties thereon, shall immediately become due and payable and subject to foreclosure. Generally stated, the governing body of the entity levying the special assessment, in this case the District, may foreclose by commencing a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or, alternatively, by commencing an action under Chapter 173, Florida Statutes, which relates to foreclosure of municipal tax and special assessment liens. Such proceedings are in rem, meaning that the action would be brought against the land, and not against the landowner. In light of the one year tolling period required before the District may commence a foreclosure action under Chapter 173, Florida Statutes, it is likely the District would commence an action to foreclose in the same manner as the foreclosure of a real estate mortgage rather than proceeding under Chapter 173, Florida Statutes.

Enforcement of the obligation to pay Series 2020 Assessments and the ability to foreclose the lien of such Series 2020 Assessments upon the failure to pay such Series 2020 Assessments may not be readily available or may be limited because enforcement is dependent upon judicial action which is often subject to discretion and delay. Additionally, there is no guarantee that there will be demand for any foreclosed lands sufficient to repay the Series 2020 Assessments. See "BONDOWNERS' RISKS" herein.

### **Uniform Method Procedure**

Subject to certain conditions, and for developed and platted lots, the District may alternatively elect to collect the Series 2020 Assessments using the Uniform Method. The Uniform Method is available only in the event the District complies with statutory and regulatory requirements and enters into agreements with the Tax Collector and Property Appraiser providing for the Series 2020 Assessments to be levied and then collected in this manner.

If the Uniform Method is used, the Series 2020 Assessments will be collected together with County, school, special district, and other ad valorem taxes and non-ad valorem assessments (together, "Taxes and Assessments"), all of which will appear on the tax bill (also referred to as a "tax notice") issued to each landowner in the District. The statutes relating to enforcement of Taxes and Assessments provide that such Taxes and Assessments become due and payable on November 1 of the year when assessed, or as soon thereafter as the certified tax roll is received by the Tax Collector, and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such Taxes and Assessments, including the Series 2020 Assessments, are to be billed together and landowners in the District are required to pay all Taxes and Assessments without

preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2020 Assessments.

All Taxes and Assessments are payable at one time, except for partial payment schedules as may be provided by Florida law such as Sections 197.374 and 197.222, Florida Statutes. Partial payments made pursuant to Sections 197.374 and 197.222, Florida Statutes, are distributed in equal proportion to all taxing districts and levying authorities applicable to that account. 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. Therefore, in the event the Series 2020 Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item would cause the Series 2020 Assessments to not be collected to that extent, which could have a significant adverse effect on the ability of the District to make full or punctual payment of Debt Service on the Series 2020 Bonds.

Under the Uniform Method, if the Series 2020 Assessments 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 and Assessments become delinquent on April 1 of the year following assessment.

The Tax Collector is required to collect the Taxes and Assessments on the tax bill prior to April 1 and, after that date, to institute statutory procedures upon delinquency to collect such Taxes and Assessments through the sale of tax certificates, as discussed below. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process. Neither the District nor the Underwriter can give any assurance to the holders of the Series 2020 Bonds (a) that the past experience of the Tax Collector with regard to tax and special assessment delinquencies is applicable in any way to the Series 2020 Assessments, (b) that future landowners and taxpayers in the District will pay such Series 2020 Assessments, (c) that a market may exist in the future for tax certificates in the event of sale of such certificates for taxable units within the District, and (d) that the eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Assessment Proceedings to discharge the lien of the Series 2020 Assessments and all other liens that are coequal therewith.

Collection of delinquent Series 2020 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 payment of the Series 2020 Assessments due. Prior to the sale of tax certificates, the landowner may bring current the delinquent Taxes and Assessments and cancel the tax certificate process by paying the total amount of delinquent Taxes and Assessments plus all applicable interest, costs and charges. If the landowner does not act, the Tax Collector is required to attempt to sell tax certificates by public bid to the person who pays the delinquent Taxes and Assessments owing, and any applicable interest, costs and charges, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%).

If there are no bidders, the tax certificate is issued to the County. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest, which is currently 18%. The Tax Collector does not collect

any money if tax certificates are issued, or "struck off," to the County. The County may sell such certificates to the public at any time after issuance, but before a tax deed application is made, at the face amount thereof plus interest at the rate of not more than 18% per annum, costs and charges. Proceeds from the sale of tax certificates are required to be used to pay Taxes and Assessments (including the Series 2020 Assessments), interest, costs and charges on the real property described in the certificate.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled, in whole or in part (under certain circumstances), at any time before a tax deed is issued (unless full payment for a tax deed is made to the clerk of court, including documentary stamps and recording fees), at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, and charges due. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of five percent, unless the rate borne by the certificates is zero percent. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the tax certificate such proceeds less service charges, and the certificate is canceled. Redemption of tax certificates held by the County is effected by purchase of such certificates from the County, as described above.

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 (as well as any costs of resale, if applicable). 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 of the certificate or as soon thereafter as is reasonable. 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 conducted by the Clerk of the Circuit Court, 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, including costs incurred for the service of notice required by statute, redemption of other tax certificates on the land, and all other costs to the applicant for the tax deed, plus interest thereon. In the case of homestead property, the minimum bid is also deemed to include, in addition to the amount of money required for the minimum bid on non-homestead property, 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 toward the purchase price. The holder is also responsible for payment of any amounts included in the bid not already paid, including but not limited to, documentary stamp tax, recording fees, and, if property is homestead property, the moneys to cover the one-half value of the homestead. 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, together with all subsequent unpaid taxes plus the costs and expenses of the application for deed, with interest on the total of such sums, 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), lienholder 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 interest may appear. If the property is purchased for an amount in excess of the statutory bid of the certificate holder, but such excess is not sufficient to pay all governmental liens of record, the excess shall be paid to each governmental unit pro rata.

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 clerk shall enter the land on a list entitled "lands available for taxes" and shall immediately notify the governing board of the County that the property is available. At any time within 90 days from the date the property is placed on the list, the County may purchase the land for the opening bid or may waive its rights to purchase the property. Thereafter, and without further notice or advertising, any person, the County or any other governmental unit may purchase the land by paying the amount of the opening bid. Ad valorem taxes and non-ad valorem assessments accruing after the date of public sale do not require repetition of the bidding process but are added to the minimum bid. Three years from the date the property was offered for sale, unsold lands escheat to the County in which they are located, free and clear, and all tax certificates and liens against the property are canceled and a deed is executed vesting title in the governing board of such County.

There can be no guarantee that the Uniform Method will result in the payment of Series 2020 Assessments. For example, the demand for tax certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying 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 market value of the property within the District may affect the demand for certificates and the successful collection of the Series 2020 Assessments, which are the primary source of payment of the Series 2020 Bonds. Additionally, legal proceedings under federal bankruptcy law brought by or against a landowner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of tax certificates. See "BONDOWNERS' RISKS" herein.

## THE DISTRICT

### General

The District is a local unit of special purpose government duly organized and existing under the provisions of the Act and established by the Ordinance. The boundaries of the District include approximately 556 acres located entirely within the County.

### Legal Powers and Authority

The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operation and maintenance of the major infrastructure for community development.

The Act provides that community development districts have the power to issue general obligation, revenue and special assessment revenue debt obligations in any combination to pay all or part of the cost of infrastructure improvements authorized under the Act. The Act further provides that community development districts have the power under certain conditions to levy and assess ad valorem taxes or non-ad valorem assessments, including the Series 2020 Assessments, on all taxable real property within their boundaries to pay the principal of and interest on debt obligations issued and to provide for any sinking or other funds established in connection with any such debt obligation issues. Pursuant to the Act, such assessments may be levied, collected and enforced in the same manner and time as county property taxes.

Among other provisions, the Act gives the District's Board of Supervisors the authority to (a) finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for: (i) water management and control for lands within the District and to connect any of such facilities with roads and bridges; (ii) water supply, sewer and wastewater management reclamation and re-use systems or any combination thereof, and to construct and operate connecting intercepting or outlet sewers and sewer mains and pipes and water mains, conduits, or pipelines in, along, and under any street, alley, highway, or other public place or ways, and to dispose of any effluent, residue, or other byproducts of such system or sewer system; (iii) district roads equal to or exceeding the applicable specifications of the county in which such district roads are located; roads and improvements to existing roads that are owned by or conveyed to the local general-purpose government, the State, or the federal government; street lights; alleys; landscaping; hardscaping; undergrounding of electric utility lines; buses, trolleys, transit shelters, ridesharing facilities and services, parking improvements, and related signage; (iv) conservation areas, mitigation areas, and wildlife habitat, including the maintenance of any plant or animal species, and any related interest in real or personal property; (v) any other project, facility or service required by a development approval, interlocal agreement, zoning condition, or permit issued by a governmental authority with jurisdiction in the District; and with the consent of the local general-purpose government within the jurisdiction of which the power is to be exercised, parks and facilities for indoor and outdoor recreational uses; and security, including, but not limited to, guardhouses,

fences and gates, and electronic intrusion-detection systems; (b) borrow money and issue bonds of the District; (c) levy, collect and enforce special assessments; (d) impose and foreclose special assessment liens as provided in the Act; and (e) exercise all other powers, necessary, convenient, incidental or proper in connection with any of the powers or duties 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 collectively performed by the County 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 such bonds, including the Series 2020 Bonds.

### **Board of Supervisors**

The Act provides for a five-member Board of Supervisors (the "Board") to serve as the governing body of the District. Members of the Board must be residents of the State and citizens of the United States. Pursuant to the Act, six years after establishment and after 250 qualified electors reside within the District, the seats of Board members whose terms expire are filled by votes of the qualified electors of the District, except as described below. A qualified elector is a registered voter who is a resident of the District and the State and a citizen of the United States. At the election where Board members are first elected by qualified electors, two Board members must be qualified electors and be elected by qualified electors, both to four-year terms. A third Board member is elected through an election of the landowners of the District. Thereafter, as terms expire, all Board members must be qualified electors and are elected to serve four-year terms with staggered expiration dates in the manner set forth in the Act. The current members of the Board and their respective term expiration dates are set forth below.

<u>Name</u>	<u>Title</u>	<u>Expiration of Term</u>
Kelly McCarrick*	Chairman	November, 2022
Andrew Hagan*	Vice Chairman	November, 2020
David Haas*	Assistant Secretary	November, 2020
Mike Veazey*	Assistant Secretary	November, 2022
Joanne Schmieder*	Assistant Secretary	November, 2020

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\*Affiliated with the Current Developer or one of its affiliates.

The Act empowers the Board to adopt administrative rules and regulations with respect to any projects of the District, and to enforce penalties for the violation of such rules and regulations. The Act permits the Board to levy taxes under certain conditions, and to levy special assessments, and to charge, collect and enforce fees and user charges for use of District facilities.



## **District Manager and Other Consultants**

The Act authorizes the Board to hire a District Manager as the chief administrative official of the District. The Act provides that the District Manager shall have charge and supervision of the works of the District and shall be responsible for (a) preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act, (b) maintaining and operating the equipment owned by the District, and (c) performing such other duties as may be prescribed by the Board.

PFM Group Consulting LLC has been retained as the firm to provide district management services for the District (in such capacity, the "District Manager"). The District Manager's office is located at 12051 Corporate Boulevard, Orlando, Florida 32817 and their phone number is (407) 723-5900.

The District Manager's typical responsibilities can briefly be summarized as directly overseeing and coordinating the District's planning, financing, purchasing, staffing, and reporting and acting as governmental liaison for the District. The District Manager's responsibilities also include requisitioning moneys to pay construction contracts and the related accounting and reporting that is required by the Indenture.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Bryant Miller Olive P.A., Orlando, Florida, as Bond Counsel; Hopping Green & Sams, P.A., Tallahassee, Florida, as District Counsel; CHW Professional Consultants, Alachua, Florida, as District Engineer; and PFM Financial Advisors LLC, Orlando, Florida, as Assessment Consultant. PFM Financial Advisors LLC has not been engaged to provide advice regarding the structuring or pricing of the Series 2020 Bonds.

## **THE SERIES 2020 PROJECT**

The District Engineer has prepared a Supplemental Engineer's Report dated February 2020 (the "Supplemental Engineer's Report") which is included herein as "APPENDIX A – ENGINEER'S REPORT". The information herein is qualified in its entirety by reference to such Engineer's Report, which should be read in its entirety.

The District's original capital improvement program (the "CIP") included stormwater management, roadways (on and off-site), water, reclaimed water and sanitary sewer facilities, recreation facilities, stormwater management system, landscaping and hardscaping, street lighting and associated professional fees and was estimated to cost approximately \$45.1 million. As more fully described in the Engineer's Report and under the heading "THE DEVELOPMENT – Development Status", to date, a number of CIP improvements have been completed either through developer funding or with proceeds of the Series 2007 Bonds in the estimated amount of \$37.5 million. The District Engineer has broken out costs into two components: (1) the cost to complete the remainder of the CIP consisting of parcel infrastructure improvements for Phases 4, 5, 6 and 7 of the Development estimated at \$20.9 million and (2) Developer advancements including a portion of Phase 3 infrastructure costs, certain on-site roadway improvements and recreational amenities estimated in the amount of \$10.3 million.

Proceeds of the Series 2020 Bonds will be used to reimburse a portion of the advancements made by the Current Developer for completed improvements and to acquire improvements it is currently in the process of completing in the estimated amount of \$8.96 million (the "Series 2020 Project"). Such advancements include \$5.7 million for the completed recreational amenity center and \$2.4 million for completed Phase 3 infrastructure improvements as well as \$2.1 million for the acquisition of the western entrance collector road scheduled for completion in March 2020.

A summary of the estimated costs are set forth in the table below.

<b>Improvement</b>	<b>Phase 4*</b>	<b>Phase 5*</b>	<b>Phase 6*</b>	<b>Phase 7*</b>	<b>Reimbursable Improvements</b>	<b>Total Cost</b>
General Conditions†	\$ 317,041	\$ 325,000	\$ 325,000	\$ 125,000	\$ 0	\$1,092,041
Stormwater Management§	499,710	650,000	750,000	300,000	1,822,501	4,022,211
Earthwork – Roads & Grading‡	2,150,000	1,850,000	2,000,000	600,000	0	6,600,000
Utilities**	1,469,700	1,125,000	1,215,000	382,500	0	4,192,200
Roadway††	1,311,200	1,125,000	1,250,000	325,000	2,141,099	6,152,299
Landscaping	250,000	275,000	300,000	125,000	607,519	1,557,519
Recreational Amenities	0	0	0	0	5,688,029	5,688,029
Contingency (10%)	599,765	535,000	584,000	185,750	0	1,904,515
<b>Total</b>	<b>\$6,597,416</b>	<b>\$5,885,000</b>	<b>\$6,424,000</b>	<b>\$2,043,250</b>	<b>\$10,259,148</b>	<b>\$31,208,814</b>

\* Phase 4 costs are based on an actual contract with RE Arnold Construction except landscaping. All other estimates are based on 2019 costs.

† Includes the contractor OH&P, mobilization, supervision, trailer, utilities to support construction, etc.

§ Includes stormwater pond excavation, placement of fill, floodplain mitigation, subdivision infrastructure and civil/site engineering, but does not include grading associated with building pads or lots.

‡ Grading associated with building pads or lots is excluded from all costs.

\*\* Includes water, reclaimed water and sewer but excludes electric, cable, telephone and other private utilities that are necessary for a complete Development.

†† Includes sub-grade, base, asphalt paving, curbing and civil/site engineering.

The remainder of the CIP not funded with proceeds of the Series 2020 Bonds are anticipated to be funded with equity contributions by the Current Developer. Upon issuance of the Series 2020 Bonds, the Current Developer will enter into a Completion Agreement whereby the Current Developer will agree to complete those portions of the CIP not funded with proceeds of the Series 2020 Bonds. The District cannot make any representation that the Current Developer will have sufficient funds to complete the CIP.

## ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS

The Preliminary Special Assessment Methodology Report, dated May 3, 2007 (the "Master Methodology Report"), prepared by Governmental Management Services, LLC, allocates the total benefit derived from the District's CIP to the benefitted lands within the District. The Supplemental Assessment Methodology, Series 2020 Bonds, dated February 14, 2020 (the "Supplemental Methodology Report" and together with the Master Methodology Report, the "Methodology Report"), prepared by PFM Financial Advisors LLC (the "Assessment Consultant") allocates the Series 2020 Assessments in a manner consistent with the Master Methodology Report. The Supplemental Methodology Report is included herein as APPENDIX B. Once levied and imposed, the Series 2020 Assessments are a first lien on the land against which assessed until paid or barred by operation of law,

co-equal with other taxes and assessments levied by the District and other units of government. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

The Series 2020 Bonds are payable from and secured by a pledge of and lien on the Series 2020 Trust Estate, which consists primarily of the revenues derived by the District from the Series 2020 Assessments. The District will impose the Series 2020 Assessments against the approximately 179 gross acres within the Series 2020 Assessment Area, which is planned for 503 residential units. As platting of the Series 2020 Assessment Area occurs, the Series 2020 Assessments will be assigned to platted residential units therein on an equivalent residential unit ("ERU") basis, in accordance with the Methodology Report. See "APPENDIX B – Supplemental Methodology Report" for more information.

The table below sets forth the annual and principal amounts of the Series 2020 Special Assessments per product type:

<b>Product Type</b>	<b># of Units</b>	<b>Series 2020 Principal per Unit</b>	<b>Annual Series 2020 Assessment per Unit*</b>
Single-Family 50'	150	\$16,915	\$1,030
Single-Family 65'	283	21,990	1,339
Single-Family 80'	70	27,065	1,648
<b>Total</b>	<b>503</b>		

\* Annual assessment levels shown assume collection via the Uniform Method and include a 6% gross-up to reflect collection fees and early payment discounts.

See also "THE DEVELOPMENT – Fees and Assessments" for more information regarding the Series 2020 Assessments as well as other fees and assessments.

## **THE DEVELOPMENT**

*The following information appearing under the caption "THE DEVELOPMENT" has been furnished by the Current Developer for inclusion in this Limited Offering Memorandum as a means for 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 Current 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 issuance of the Series 2020 Bonds, the Current Developer will represent in writing that the information herein under the captions "THE DEVELOPMENT," "THE CURRENT DEVELOPER," and "LITIGATION – Current 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 light of the circumstances under which they are made, not misleading.*

*The Current Developer's obligation to pay the Series 2020 Assessments is limited solely to its obligation as a landowner, just as any other landowner within the District. The Current Developer is not a guarantor of payment on any property within the District and the recourse for the Current 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 2020 Assessments.*

## **General**

Oakmont (the "Development") encompasses approximately 556 gross acres and is located in unincorporated Alachua County at the southeast corner of the intersection of SW 122nd Street (Parker Road) and SW 24th Avenue. At build-out, the Development is planned to include 999 residences situated across seven (7) development phases. The main access point to the Development is off of SW 24th Street with a secondary western access currently under construction on SW 122nd Street.

Located approximately ten (10) miles northwest of Interstate 75, the Development is in close proximity to medical facilities, recreational opportunities, retail shopping venues and restaurants. Medical care can be obtained at UF Health Shands Hospital within nine miles of the Development. Butler Plaza Town Center located approximately seven (7) miles from the Development, at the corner of Interstate 75 and SW Archer Road, is an open-air shopping mall providing for big box retailers including Target, Whole Foods, Trader Joe's, Best Buy and Sam's Club. Additional commercial support including the Oaks Mall is conveniently located off West Newberry Road less than seven (7) miles from the Development offering an array of shopping, dining and entertainment options. The West End Golf Club providing a full driving range, multiple putting and chipping areas and an executive golf course is open to the public and is located three miles north of the Development. Further, the University of Florida Gainesville (the 3rd largest university in the State's higher education system) is located within approximately seven (7) miles of the Development.

The current development plan for the lands within the Development include 999 single-family homes and a 6,000 square-foot clubhouse featuring a state-of-the-art fitness center and grand gathering room. Additional amenities include a resort-style pool, an amphitheater, tennis court, basketball courts, a sand volleyball court, and a multi-purpose activity field. The community also features a 46-acre parcel that will remain undeveloped and used as a habitat by gopher tortoises.

The Series 2007A Assessments securing the Series 2007A Bonds are levied on the lands constituting Phases 1, 2 and 3 of the Development containing 496 platted single-family residential units (the "Series 2007A Assessment Area"). As discussed in more detail further herein, horizontal infrastructure for Phases 1 and 2 is complete with Phase 3 platted and final landscaping installation nearing completion. As of December 31, 2019, 366 lots in the Series 2007A Assessment Area had been sold to builders who in turn had sold and closed 290 homes with retail buyers. In addition, as of January 31, 2020, there were approximately fifty-five (55) additional contract or spec homes under construction in the Series 2007A Assessment Area.

The Series 2020 Assessments levied in connection with the Series 2020 Bonds are levied on the lands constituting Phases 4, 5, 6 and 7 of the Development planned for 503 single-family residential units (the "Series 2020 Assessment Area"). Horizontal infrastructure improvements in Phase 4 have commenced and are expected to be complete by fourth quarter of 2020.

## Land Acquisition/Development Financing

The lands constituting the Development were originally acquired by Oakmont of Gainesville, LLP, an affiliated entity of Intervest Construction, Inc. ("Intervest Construction"), in December 2005 for approximately \$12.7 million. As previously noted under the heading "PRIOR AND OUTSTANDING INDEBTEDNESS AND DEFAULT HISTORY," the unsold portion of the lands within the Development are currently owned by CC Oakmont, LLC, a Florida limited liability company (the "Current Developer"), an affiliated entity of Intervest Construction. Currently, there are no mortgages on the lands owned by the Current Developer.

As discussed further herein, development activities in the Development initially commenced in 2007 but were halted due to adverse conditions in the real estate market. Development activities subsequently recommenced with Phase 1 completion having occurred in 2014 together with lot sales to builders and home sales to retail buyers. The Current Developer estimates that approximately \$37.5 million has been expended towards the District's CIP to date through Developer funding and proceeds of the Series 2007 Bonds. Such expenditures include horizontal infrastructure improvements within Phases 1, 2 and 3 of the Development, construction of the recreational amenities, and certain on-site and off-site roadway improvements. A portion of the aforementioned costs expended to date are currently expected to be reimbursed with proceeds of the Series 2020 Bonds. See "THE SERIES 2020 PROJECT" herein.

Proceeds of the Series 2020 Bonds will be used to acquire certain improvements from the Current Developer constituting the Series 2020 Project in the estimated amount of \$8.96 million. The Current Developer anticipates using equity to fund the remaining portions of the CIP not funded with proceeds of the Series 2020 Bonds.

## Zoning

The Development received zoning approval from the County as a planned development ("Oakmont PD") with an overall allowable density of up to 999 residential units. The Oakmont PD, as amended, sets forth certain conditions related to parks, rights-of-way, transportation and educational facilities. The information below is a summary of certain of the conditions of the PD.

- Ten feet of additional right-of-way shall be dedicated along the frontage of SW 24<sup>th</sup> Avenue and SW 122<sup>nd</sup> Street (*Dedicated*)
- Construction of an 8-foot wide off-street bike path on the south side of SW 24<sup>th</sup> Avenue and east of SW 122<sup>nd</sup> Street across the entire frontage of the property (*Completed*)
- Construction of an 8-foot wide off-street bike path on the south side of SW 24<sup>th</sup> Avenue from the northwest corner of the property to the existing end of the bike path at SW 100<sup>th</sup> Street (*Under construction*)
- An exclusive left turn lane on SW 122<sup>nd</sup> Street at the primary entrance (*Under construction*)

- An exclusive right turn taper for the northbound traffic turning east into the Development at the primary entrance on SW 122<sup>nd</sup> Street. A speed study shall be conducted to determine necessity to lower posted speed on this section of SW 122<sup>nd</sup> Street as development begins. *(Under construction; a speed study will be performed upon completion of Phase 5 when Phase 4 is occupied)*
- An exclusive left turn lane on SW 24<sup>th</sup> Avenue at the primary entrance *(Completed)*
- Both primary entrances must be designed to provide one ingress and two egress lanes *(Completed)*
- Minor access connection to SW 27<sup>th</sup> Avenue and at least two stub-out connections to the undeveloped properties south of the Development *(Connection to SW 27<sup>th</sup> Avenue complete)*
- The addition of a southbound left turn lane at the SW 122<sup>nd</sup> Street approach to SW 24<sup>th</sup> Avenue *(Under construction)*
- Construct a 5-acre athletic field facility accessible to the public *(Included in Phase 4 development)*
- Convey by warranty deed a 20-acre parcel to the School Board of Alachua County to be used for a public elementary school *(Conveyed)*
- Emergency ingress/egress and pedestrian bicycle ingress/egress and vehicular egress on SW 122<sup>nd</sup> Street shall be provided prior to development of more than 250 total units within the Development *(Completed)*
- The primary access on the SW 122<sup>nd</sup> Street shall be provided prior to the development approval of more than 500 total units within the Development *(Completed)*
- Emergency ingress/egress, pedestrian bicycles ingress/egress located on the SW 24<sup>th</sup> Avenue shall be provided when the adjacent residential area is developed *(Completed)*

All aspects of the Oakmont PD are in compliance as of such date. Failure to comply in the future could result in the cessation of the development activities or the inability to obtain building permits.

## **Permitting**

As described in further detail in Supplemental Engineer's Report attached hereto as APPENDIX A, the Current Developer has obtained an Environmental Resource Permit ("ERP") from the Suwannee River Water Management District ("SRWMD") for storm water management and wetland mitigation for Phase 4 of the Development. Further, the Current Developer has obtained all necessary permits and approvals for the infrastructure to serve Phase 4 of the Development planned for 164 single-family units including, without

limitation, preliminary development plan, construction plan, and final development plan approval from the County. Phases 5, 6 and 7 planned for the 339 remaining units within the District will be permitted as development and home sale activities warrant the same.

The Supplemental Engineer's Report attached hereto as APPENDIX A provides information regarding those permits that have been obtained and those that are required to be obtained to complete the CIP. Upon issuance of the Series 2020 Bonds, the District Engineer will certify that any permits and approvals necessary for the CIP that have not previously been obtained are expected to be obtained in the ordinary course of business.

### Utilities

Water and sewer services will be provided to the Development by Gainesville Regional Utilities. Clay Electric will provide electrical services.

### Product Type/Phasing

As previously discussed herein, the Development is planned to be developed in seven (7) phases. The Series 2007A Assessments are levied on the 496 platted lots in Phases 1, 2 and 3 and the Series 2020 Assessments are levied on the undeveloped acreage in Phases 4, 5, 6 and 7 planned to be developed into 503 lots. The information in the table below depicts the number of units by product type for the seven (7) planned development phases in the Development, which information is subject to change.

Product Type	Series 2007A Assessment Area			Series 2020 Assessment Area				Total
	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	
Single-Family 50'	70	44	40	102	0	0	48	304
Single-Family 65'	14	65	29	62	96	125	0	391
Single-Family 80'	60	14	41	0	46	24	0	185
Single-Family 100'	38	5	23	0	0	0	0	66
Single-Family 150'	21	10	22	0	0	0	0	53
<b>Total</b>	<b>203</b>	<b>138</b>	<b>155</b>	<b>164</b>	<b>142</b>	<b>149</b>	<b>48</b>	<b>999</b>

### Development Status

As previously discussed herein, the capital improvements described in the CIP have been and will continue to be constructed in multiple phases. Development activities in the Development initially commenced in 2007 but were halted due to adverse conditions in the real estate market. Development activities subsequently recommenced with Phase 1 completion having occurred in 2014 together with lot sales to builders and home sales to retail buyers. Horizontal infrastructure activities are expected to be complete within the next five (5) years.

The main entrance and portions of the spine road traversing the Development have been constructed. Development of the primary access road on SW 122nd Street that serves as the Development's western entrance is currently under construction and scheduled to be complete in March 2020. Off-site transportation improvements including widening for turn lanes on SW 122nd Street and SW 24th Avenue are substantially complete with completion anticipated in February 2020. Further, the Current Developer has completed construction

of an amenity complex with a 6,000 square-foot clubhouse featuring a state-of-the-art fitness center, large resort-style pool with lap lanes, basketball courts, tennis courts, a sand volleyball court, multi-purpose fields and an amphitheater.

Development activities for Phases 1 and 2 containing 341 platted lots are complete. Further, infrastructure serving Phase 3 consisting of 155 platted lots is substantially complete with landscaping nearing completion. The remaining undeveloped acreage is planned to include 503 single-family units located within Phases 4, 5, 6 and 7 of the Development. Development activities for Phase 4 have commenced and are expected to be complete by the fourth quarter of 2020. Development of each subsequent phase is anticipated to commence each year thereafter beginning in January 2021, subject to market conditions.

### Lot Sales and Home Sales/Construction Activity

As previously discussed herein, Phases 1, 2 and 3 have been developed and platted into 496 lots. Lots in Phases 1, 2 and 3 have been sold to builders on a varied basis including on (i) a quarterly bulk basis in the case of the 50' product to Tommy Williams Homes (see "Participating Builders" herein); (ii) on an as-needed basis in the case of the 65' and 80' product to the Developer's affiliated homebuilding company ICI Homes® (see "THE CURRENT DEVELOPER"); and (iii) on an as-needed basis in the case of the 100' and 150' product to four (4) custom homebuilders (see "Participating Builders" herein). The table below provides the status of lot sales to builders, current lot prices and home sales and construction activity in Phases 1, 2 and 3.

<b>Product Type</b>	<b># of Lots</b>	<b>Lots Sold to Builders</b>	<b>Lot Sale Prices to Builders</b>	<b>Current Developer Lot Inventory</b>	<b>Homes Closed with Retail Buyers</b>	<b>Builder Lot Inventory</b>	<b>Contract/Spec Homes*</b>
Single-Family 50'	154	152	\$ 76,250	2	113	21	18
Single-Family 65'	108	82	105,625	26	69	0	13
Single-Family 80'	115	72	130,000	43	64	0	8
Single-Family 100'	66	30	162,500	36	21	0	9
Single-Family 150'	53	30	275,000	23	23	0	7
<b>Total</b>	<b>496</b>	<b>366</b>		<b>130</b>	<b>290</b>	<b>21</b>	<b>55</b>

\* Includes six (6) model homes.

As evidenced in the table above, there is a very limited amount of Developer lot inventory (approximately 28 lots) and limited builder lot inventory of the 50' and 65' product exclusive of spec and model homes. Such lack of inventory and current demand being experienced for the 50' and 65' product was the catalyst for the design and commencement of development of Phase 4 which is planned entirely for such products consisting of 102 50' lots and 62 65' lots. Further, as illustrated in the table under the heading "Product Type/Phasing" herein, Phases 4, 5, 6 and 7 are currently planned with a heavy concentration on 50' and 65' product, limited 80' product and no additional 100' and 150' product. While demand for custom home construction on the 100' and 150' product continues to be experienced, the current inventory of such lots is anticipated to be sufficient to meet demand through build-out.



Initial home closings commenced in 2015 with 290 total homes closed as of December 31, 2019. For the past three (3) years, annual homes sales and closings have averaged approximately 70 and 60, respectively. Based upon home sale activity that has occurred to date in the Development, homes within the Development have ranged in size from 1,500 square feet to 10,000 square feet with homes prices ranging from the mid \$200's to more than \$2.0 million. Given the wide spectrum of product offerings, the demographic of buyers for the Development have included first-time and move-up homebuyers as well as affluent homebuyers seeking luxury custom homes situated on estate lots. The table below includes average home sales prices for the last two (2) years (including resales) as obtained from the Alachua County Property Appraiser.

<u>Product Type</u>	<u>Average Home Sale Prices</u>
Single-Family 50'	\$ 350,943
Single-Family 65'	440,083
Single-Family 80'	544,484
Single-Family 100'	855,080
Single-Family 150'	1,280,800

### **Participating Builders**

It is currently the intent of the Current Developer to continue to sell 50' lots on a quarterly bulk basis to Tommy Williams Homes, 65' and 80' lots and on an as-needed basis to its homebuilding affiliate ICI Homes® and the 100' and 150' lots to the custom builders that have been constructing homes in the Development including Arthur Rutenberg Homes, Barry Bullard Homes, Jeffrey M. Wilde and Tommy Waters Custom Homes. While all of the aforementioned builders have experienced success in selling homes in the Development, it is anticipated the homebuilding affiliate of the Current Developer, ICI Homes®, will purchase the remaining finished lots for home construction thereon to the extent finished lots are not taken down by the active third-party homebuilders on an as-needed basis or quarterly bulk basis.

A brief description of the participating builders is provided below. The information appearing below has been obtained from the builder websites and other publicly available sources and the Developer makes no representation as to the accuracy or completeness of such information.

Tommy Williams Homes builds homes that are designed to harmonize with the natural landscape. Known as "Gainesville Green Builder," Tommy Williams Homes is the leader in the market with regards to energy efficiency and quality, providing for energy-efficient home designs including solar panels and incomparable green features throughout each of their communities. Each of their homes are tested by an independent third party and certified green by Florida Green Building Council allowing their homes to be in the top one percent (1%) for all homes built in Florida for energy efficiency. Further, Tommy Williams Homes is the first builder in the southeast to build and achieve a "Net Zero Home" providing for a home that produces more energy than it uses. Tommy Williams Homes is currently actively building in Finely Woods and Oakmont, both Gainesville master planned communities.

Arthur Rutenberg Homes is one of the largest networks of independently owned and operated homebuilding companies in the nation, with franchised homebuilders throughout Florida, Alabama, Georgia, Indiana, North Carolina, Ohio, South Carolina, Tennessee and Virginia. Barry Rutenberg and Associates Inc., the franchise constructing homes in the Development, has built more than 1,000 homes and participated in the development of 10 communities in Alachua County.

Barry Bullard Homes has been a leader in home building in Gainesville for over 40 years. With offices located in Gainesville, Florida, Barry Bullard Homes provides custom homes to numerous projects within Alachua County including Gloria's Way, The Estates of Wilds Plantation, and Town of Tioga.

Jeffrey Wilde Builder, Inc. is a custom home builder in Gainesville and surrounding communities providing distinctive custom home designs for over 37 years.

Tommy Waters Homes is a family owned Gainesville business that was founded in 1954. Since its inception, Tommy Waters Homes has built over 900 custom homes in Gainesville and Alachua County. Current communities include Wilds Planation, Estates at Wilds Planation and Oakmont.

Additional information on ICI Homes® will be provided further herein under the heading "THE CURRENT DEVELOPER."

**Projected Absorption**

It is the intent of the Current Developer to sell finished lots within the Series 2020 Assessment Area to homebuilders for home construction thereon. It is anticipated that the Developer will continue to sell the 50' lots to Tommy Williams Homes and the 65' and 80' lots to its affiliated home building entity ICI Homes®. Over the past three (3) years, lot sales to builders have averaged approximately 70 lots per year which is anticipated to increase to a peak of approximately 85 lots annually based upon the same number of lots sales in 2019 and the demand currently being experienced for the product type planned for the Series 2020 Assessment Area. The following table sets forth the Current Developer's anticipated pace of finished lot sales in the Series 2020 Assessment Area.

**Series 2020 Assessment Area**

<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
42	85	85	85	85	85	36	503

Although the projected absorption rate shown above is based upon estimates and assumptions made by the Current Developer, and although considered reasonable by the Current Developer utilizing historical data, and taking into account current market conditions, it is nonetheless inherently uncertain and subject to significant business, economic, and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Current Developer. The Current Developer cannot predict with certainty the pace of new home sales and deliveries, whether there could be a significant slowing of new home sales in the future as a result of market conditions, and the extent to which such market conditions might impact the Development.

As a result, there can be no assurance that the absorption will occur or be realized in the manner set forth herein.

### **Recreational Amenities**

The Development includes a 6,000 square-foot clubhouse featuring a state-of-the-art fitness center, a large resort-style pool with lap lanes, a sand volleyball court, basketball courts, tennis courts, an amphitheater and multi-purpose fields. Construction of the recreational facilities is complete and was funded by the Current Developer through a construction funding agreement with the District in the estimated amount of \$5.7 million. It is anticipated that such advances will be reimbursed to the Current Developer through a portion of the proceeds generated from the Series 2020 Bonds. The recreational facility is owned and maintained by the District.

### **Marketing**

Centralized marketing for the Development has been and is expected to continue to be undertaken by the Current Developer. The marketing campaign includes, without limitation, branded content, social media, a website ([www.oakmontfl.com](http://www.oakmontfl.com)), workshops and events, frontage and signage, and public relations for which each of the builders contributes a 1% marketing fee payable at each home closing. Each of the participating builders also undertakes its effort towards marketing of their specific product offerings in the Development. In addition, certain builders have previously constructed model homes within the Development. ICI Homes® has constructed three (3) model homes and Arthur Rutenberg Homes and Tommy Williams Homes have each constructed one (1) model home.

### **Education**

Based upon current school zoning, school-age children residing in the Development would generally attend Lawton Chiles Elementary School, Kanapaha Middle School and Gainesville High School. Lawton Chiles Elementary School, located approximately two (2) miles from the Development, received an "A" rating for 2019 from the Florida Department of Education ("FDOE"). Kanapaha Middle School and Gainesville High School, located approximately five and 12 miles from the Development, respectively, both received a "B" rating for 2019 from FDOE. As stated herein, the University of Florida (the 3rd largest university in the State's higher education system) is located within approximately seven (7) miles of the Development.

Per the Oakmont PD, the Current Developer conveyed a 20-acre parcel to the School Board of Alachua County for the construction of a public elementary school to be built just southwest of the Development. The school is in design state and targeted to open the 2021/2022 year.

### **Competition**

Given the extensive product offerings and amenity package provided to residents within the Development, it is anticipated the Development will continue to have a competitive advantage to surrounding neighborhoods. Based upon the target demographic and location of the Development, it is anticipated that competition for Development will

primarily come from the active projects referenced below. The information appearing below was obtained from publicly available sources.

Lugano is a new townhome and single-family development by the Emmer Group currently under construction just off of SW Archer Road, approximately five miles south of the Development. The development is planned for 460 total homes and is situated on 145 acres. Homes sales are currently underway with prices ranging from the mid \$200s to upper \$500s. Surrounded by walking trails, the community is planned to feature a clubhouse with numerous amenities including a pool, fitness center, basketball courts, open space, dog parks and playgrounds.

Arbor Greens is a luxury community located off of Newberry Road just north of Oakmont. Arbor Greens features builders including Jeffrey M. Wilde, Tommy Waters Custom Homes, Arthur Rutenberg Homes and Barry Bullard Homes. The community is currently planned for 185 residential units and contains family oriented and energy efficient homes. New construction homes are available as well as buildable vacant lots. Home prices start at \$285,000 and go up to \$1.0 million.

Gloria's Way is an upscale community located at the intersection of SW 8th Avenue and Parker Road. The development consists of forty-two (42) custom lots and features builders including Jeffrey M. Wilde, Barry Bullard Homes, Fletcher Construction, LLC, Gonzalez Custom Homes, Warring Homes, Spain & Cooper Homes, LLC and Pridgen Homes.

Finley Woods encompasses approximately 117 acres and is located one (1) mile west of SW Williston Road (County Road 121). At build-out, the development is planned to include 471 residential units situated on the north and south side of SW 62<sup>nd</sup> Avenue. The development is planned to include a clubhouse, pool facility, tennis court, together with open space and a small playground area. There are two active homebuilders within the development including Tommy Williams Homes and Norfleet Homes. Homes currently range in size from 1,234 to 3,507 square-feet and in price from the low \$200s to the \$600's.

## **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, special assessments levied in connection with the Series 2007A Bonds or Series 2020 Bonds, 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 21.7808 mills. Accordingly, by way of example, the annual property taxes for a \$350,000 taxable value home would be \$7,623.

Homeowner's Association Fee. All homeowners will be subject to annual homeowners' association ("HOA") fees for architectural design as well as deed restriction enforcement. The HOA's fees will vary annually based on the adopted budget by the HOA for a particular year. The estimated HOA fee for Fiscal Year 2020 for the residential units planned within the Series 2020 Assessment Area is \$95 for all product types.

*District Special Assessments.* All homeowners residing in Phases 4, 5, 6 and 7 of the Development will be subject to the Series 2020 Assessments levied in connection with the Series 2020 Bonds. In addition to the Series 2020 Assessments, all homeowners will be subject to annual operation and maintenance assessments ("O&M 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 Series 2020 Assessments and estimated Fiscal Year 2020 O&M Assessments that will be levied by the District for each respective product-types within the Series 2020 Assessment Area.

<u>Unit Type</u>	<u>Annual Series 2020 Assessment Per Unit (Gross)</u>	<u>Est. Annual Fiscal Year 2020 O&amp;M Assessment Per Unit (Gross)</u>
Single-Family 50'	\$1,030	\$825
Single-Family 65'	1,339	825
Single-Family 80'	1,648	825

### THE CURRENT DEVELOPER

The unsold portion of the lands within the Development are owned by CC Oakmont, LLC, a Florida limited liability company and single-asset entity established in June 2012 (the "Current Developer"). CC North Central, LLC, a Florida limited liability company, owns 100% of the membership interests in the Current Developer and is owned by ICI Residential Holding, LLC, a Florida limited liability company that is managed by Mori Hosseini and that operates under the ICI Homes® trademark.

Formed by Mori Hosseini in 1979, ICI Homes® is headquartered in Daytona Beach and one of the leading residential land developers and homebuilders in Florida having been involved in over 132 projects. The company operates in 11 Florida counties including Volusia, Flagler, St. Johns, Duval, Orange, Osceola, Brevard, Nassau, Hillsborough, Pasco and Alachua, as well as markets in Georgia, North Carolina, and Tennessee with homes priced from \$140,000 - \$10+ million. *Builder*, a trade magazine for the National Association of Home Builders, continues to rank ICI Homes® as a top 100 builder year after year. To date, ICI Homes® has built approximately 10,000 homes and developed an estimated 15,000 lots.

ICI Homes® offers a wide variety of new home product offerings in communities across the State of Florida, continuously gaining recognition for its home designs. In 2019, ICI Homes® was the recipient of three awards at the Parade of Homes Jacksonville, eight awards at the Volusia County Parade of Homes, five awards at the Flagler County Parade of Homes and three awards at the Tampa Bay Parade of Homes. In 2018, ICI Homes® was the recipient of numerous honors at the Laurel Awards, an annual competition recognizing architectural and interior design, marketing and sales excellence. Ranked in the Top Builders in the nation for many years, ICI Homes® has been at the forefront of the new home building industry as the standard bearer of excellence. Always on the cutting edge of Florida new home designs and technology, ICI Homes® takes pride in offering a wide variety of architectural styles and floorplans.

Morteza (Mori) Hosseini-Kargar is the Chairman and CEO of Interwest Construction, Inc. and its affiliates that constitute ICI Homes®. He received most of his education in London, England and also received a Master of Business Administration from Embry Riddle Aeronautical Institute. In addition to land development and homebuilding, he has been involved in numerous other enterprises including a lumber company, a title insurance company, a cable company and a utility company. Mr. Hosseini was awarded the 1994 Entrepreneur of the Year Award in the category of Construction and Real Estate for the State of Florida, the 1997 Enterprise Award from the Daytona Beach Area Chamber of Commerce, the 1998 Builder of the Year from Volusia County Home Builder Association and the 2011 BUILDER Magazine "Hearthstone Humanitarian Award."

Prospective investors in the Series 2020 Bonds should note that various affiliates of ICI Homes® (for purposes of this paragraph, the "Affiliates") serve as developers and landowners of multiple projects in the State located within community development districts that have issued bonds secured by special assessments on lands owned by such Affiliates. Within certain of these community development districts, namely Sweetwater Creek Community Development District ("Sweetwater Creek"), Villages of Westport Community Development District ("Villages of Westport") and Six Mile Creek Community Development District ("Six Mile Creek"), the respective Affiliate failed to timely pay special assessments levied on lands owned by such Affiliate, triggering events of default under the respective indenture. In Sweetwater Creek, the respective Affiliate sold the land to a third-party entity, thereby releasing such Affiliate from the obligation to pay the special assessments on such land. In Villages of Westport, the delinquent special assessments levied on land owned by the respective Affiliate have been brought current and all conditions of the related forbearance agreement have been met. Six Mile Creek remains in default; however, the respective Affiliate was a minority member of the landowner, which entity sold the land to an unrelated third-party, thereby releasing such landowner from the obligation to pay the special assessments on such land.

## **BONDOWNERS' RISKS**

There are certain risks inherent in an investment in bonds secured by special assessments issued by a public authority or governmental body in the State. Certain of these risks are described in the section above entitled "ENFORCEMENT OF ASSESSMENT COLLECTIONS"; however, certain additional risks are associated with the Series 2020 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2020 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum including all appendices hereto in its entirety to identify investment considerations relating to the Series 2020 Bonds.

### **Limited Pledge**

The principal security for the payment of Debt Service on the Series 2020 Bonds is the timely collection of the Series 2020 Assessments. The Series 2020 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the Current Developer or any

subsequent landowner will be able to pay the Series 2020 Assessments or that they will pay such Series 2020 Assessments even though financially able to do so. Neither the Current Developer nor any subsequent landowner is a guarantor of payment of any Series 2020 Assessment and the recourse for the failure of the Current Developer or any subsequent landowner to pay the Series 2020 Assessments is limited to the collection proceedings against the land. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. The District has not granted, and may not grant under State law, a mortgage or security interest in the Series 2020 Project. Furthermore, the District has not pledged the revenues, if any, from the operation of the Series 2020 Project as security for, or a source of payment of, the Series 2020 Bonds. The Series 2020 Bonds are payable solely from, and secured solely by, the Series 2020 Assessments. The failure of the Current Developer or any subsequent landowner to pay the required Series 2020 Assessment on its property will not result in an increase in the amount of Series 2020 Assessments other landowners are or would be required to pay.

### **Concentration of Land Ownership and Bankruptcy Risks**

Until further development takes place in the Series 2020 Assessment Area and assessable properties are sold to end users, payment of the Series 2020 Assessments is substantially dependent upon their timely payment by the Current Developer. In the event of the institution of bankruptcy or similar proceedings with respect to the Current Developer or any other subsequent significant owner of property subject to the Series 2020 Assessments, delays and impairment could occur in the payment of Debt Service on the Series 2020 Bonds as such bankruptcy could negatively impact the ability of (a) the Current Developer or any other landowner being able to pay the Series 2020 Assessments, (b) the County to sell tax certificates in relation to such property with respect to the Series 2020 Assessments being collected pursuant to the Uniform Method, and (c) the District's ability to enforce collection with respect to the Series 2020 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2020 Bonds, the Trustee and the District 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 during a bankruptcy of the Current Developer or any other landowner, the remedies specified by federal, state and local law and in the Indenture and the Series 2020 Bonds, including, without limitation, enforcement of the obligation to pay Series 2020 Assessments and the ability of the District to foreclose the lien of the Series 2020 Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 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 respecting the Series 2020 Bonds could have a material adverse impact on the interest of the Owners thereof.

### **Delay and Discretion Regarding Remedies**

Beyond legal delays that could result from bankruptcy, the ability of the County to sell tax certificates in regard to delinquent Series 2020 Assessments collected pursuant to the Uniform Method 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 and which may be subject to sale at the demand of the certificate holder after two years. Similarly, the ability of the District to enforce collection of delinquent Series 2020 Assessments collected directly by the District will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2020 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. If the District should commence a foreclosure action against a landowner for nonpayment of applicable Series 2020 Assessments which are not being collected pursuant to the Uniform Method and that are delinquent, such landowners may raise affirmative defenses to such foreclosure action, which although such affirmative defenses would likely be proven to be without merit, could result in delays in completing the foreclosure action.

### **Limitation on Funds Available to Exercise Remedies**

In the event of a default by a landowner in payment of Series 2020 Assessments that are not collected pursuant to the Uniform Method, the District is required under the Indenture to fund the costs of foreclosure of such delinquent Series 2020 Assessments. It is possible that the District will not have sufficient funds and will be compelled to request the Owners of the Series 2020 Bonds to allow funds on deposit under the Indenture to be used to pay such costs. Under the Internal Revenue Code of 1986, as amended (the "Code"), there are limitations on the amount of Series 2020 Bond proceeds that can be used for such purpose. As a result, there may be insufficient funds for the exercise of remedies.

### **Determination of Land Value upon Default**

The assessment of the benefits to be received by the benefited land within the District as a result of implementation and development of the Series 2020 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 2020 Assessments associated with it. To the extent that the realizable or market value of the land benefited by the Series 2020 Project is lower than the assessment of benefits, the ability of the Tax Collector to sell tax certificates relating to such land, or the District to realize sufficient value from a foreclosure action, may be adversely affected. Such adverse effect could render the District unable to collect delinquent Series 2020 Assessments, if any, and provided such delinquencies are significant, could negatively impact the ability of the District to make the full or punctual payment of Debt Service on the Series 2020 Bonds.

### **Landowner Challenge of Assessed Valuation**

Florida law provides a procedure whereby a taxpayer may contest a "tax assessment." It is unclear whether this procedure applies to non-ad valorem assessments such as the Series 2020 Assessments and there are judicial decisions that support both views. Under the procedure, a taxpayer may bring suit to contest a "tax assessment" if the taxpayer pays the amount of "tax" that the taxpayer admits to owing. Upon the making of such payment, all procedures for the collection of the unpaid taxes are suspended until the suit is resolved. If it is determined that the procedure applies to non-ad valorem assessments such as the Series 2020 Assessments, it is possible that such a challenge could



result in collection procedures for delinquent Series 2020 Assessments being held in abeyance until the challenge is resolved. This would result in a delay in the collection of the Series 2020 Assessments which could have a material adverse effect upon the ability of the District to timely make full or punctual payment of Debt Service on the Series 2020 Bonds. If the Series 2020 Assessments are being collected along with ad valorem taxes pursuant to the Uniform Method, tax certificates will not be sold while the challenge is pending with respect to the Series 2020 Assessments even if the landowner is not contesting the amount of such assessments.

### **Failure to Comply with Assessment Proceedings**

The District is required to comply with statutory procedures in levying the Series 2020 Assessments. Failure of the District to follow these procedures could result in the Series 2020 Assessments not being levied or potential future challenges to such levy.

### **Other Taxes and Assessments**

The willingness and/or ability of a landowner within the Series 2020 Assessment Area to pay the Series 2020 Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District, such as the County, the Alachua County School District and other special districts could, without the consent of the owners of the land within the Series 2020 Assessment Area, impose additional taxes or assessments on the property within the Series 2020 Assessment Area. County, municipal, school and special district taxes and assessments, including the Series 2020 Assessments, and any additional voter-approved ad valorem taxes, are payable at the same time when collected pursuant to the Uniform Method. If a taxpayer does not make complete payment, such taxpayer cannot designate specific line items on the tax bill as deemed paid in full. In such case, the Tax Collector does not accept partial payment. Therefore, any failure by a landowner to pay any one line item, whether or not it is the Series 2020 Assessments, would result in such landowner's Series 2020 Assessments to not be collected, which could have a significant adverse impact on the District's ability to make full or punctual payment of Debt Service on the Series 2020 Bonds.

As referenced herein, the Series 2020 Assessments are levied on lands within the Series 2020 Assessment Area that are also subject to O&M Assessments. In addition, lands within the Series 2020 Assessment Area are anticipated to be subject to assessments by a homeowner's association. See "THE DEVELOPMENT – Fees and Assessments" herein.

### **Limited Secondary Market**

The Series 2020 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2020 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2020 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2020 Bonds may be sold. Such price may be lower than that paid by the current Owner of the Series 2020 Bonds, depending on the progress of the Development, existing market conditions and other factors.

## **Inadequacy of Series 2020 Reserve Account**

Some of the risk factors described herein, if materialized, could result in a delay in the collection of the Series 2020 Assessments or a failure to collect the Series 2020 Assessments, but may not affect the timely payment of Debt Service on the Series 2020 Bonds because of the Series 2020 Reserve Account established by the District for the Series 2020 Bonds. However, the ability of the District to fund deficiencies caused by delinquent or delayed Series 2020 Assessments is dependent upon the amount, duration and frequency of such deficiencies or delays. If the District has difficulty in collecting the Series 2020 Assessments, the Series 2020 Reserve Account could be rapidly depleted and the ability of the District to pay Debt Service could be materially adversely affected. Owners should note that although the Indenture contains the Series 2020 Reserve Account Requirement for the Series 2020 Reserve Account, and a corresponding obligation on the part of the District to replenish the Series 2020 Reserve Account to the Series 2020 Reserve Account Requirement, the District does not have a designated revenue source for replenishing the Series 2020 Reserve Account. Moreover, the District may not be permitted to re-assess real property then burdened by the Series 2020 Assessments in order to provide for the replenishment of the Series 2020 Reserve Account.

Moneys on deposit in the Series 2020 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 Series 2020 Reserve Account to make up deficiencies or delays in collection of Series 2020 Assessments.

## **Regulatory and Environmental Risks**

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 planned improvements, both public and private, and construction of the infrastructure in accordance with applicable zoning, land use and environmental regulations. Although all such approvals required to date have been received and any further approvals are anticipated to be received as needed, failure to obtain any such approvals in a timely manner could delay or adversely affect the completion of the Development.

The value of the land within the District, the ability to complete the Series 2020 Project or develop the Development, and the likelihood of timely payment of Debt Service on the Series 2020 Bonds could be affected by environmental factors with respect to the lands in the District, such as contamination by hazardous materials. No assurance can be given that unknown hazardous materials, protected animals or vegetative species, etc., do not currently exist or may not develop in the future whether originating within the District or from surrounding property, and what effect such may have on the development of the lands within the District. 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.

## **Economic Conditions**

The proposed Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Current Developer or the District. Although the Current Developer expects to develop lots and sell lots to homebuilders to build homes to sell to end users, there can be no assurance that such sales will occur or be realized in the manner currently anticipated.

## **Change in Development Plans**

The Current Developer has the right to modify or change plans for development of certain property within the Development, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed, and may seek in the future, in accordance with, and subject to the provisions of the Act, to contract or expand the boundaries of the District.

## **Completion of Series 2020 Project**

In the event the District does not have sufficient moneys on hand to complete the Series 2020 Project, there can be no assurance that the District will be able to raise, through the issuance of bonds or otherwise, the moneys necessary to complete the Series 2020 Project. Pursuant to the Indenture, the District will covenant not to issue any other Bonds or other forms of indebtedness secured by the Series 2020 Assessments levied against the assessable lands within the District to finance any capital improvement other than the Series 2020 Project financed with the proceeds of the Series 2020 Bonds. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2020 BONDS – No Parity Bonds; Limitation on Parity Assessments" for more information.

The costs to develop finished lots in the District exceed the costs of the Series 2020 Project. The Current Developer will agree to fund or cause to be funded the completion of the CIP and will enter into a Completion Agreement with the District as evidence thereof. There can be no assurance that the Current Developer will have sufficient resources to do so. Such obligation of the Current Developer is an unsecured obligation. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2020 BONDS – Completion Agreement," "THE DEVELOPMENT" and "THE CURRENT DEVELOPER" herein.

## **District May Not be Able to Obtain Permits**

In connection with a foreclosure of lien of assessments prior to completion of a development, the Circuit Court in and for Lake County, Florida concluded that a community development district had no right, title or interest in any permits and approvals owned by the owner of the parcels so foreclosed. In the event that the District forecloses on the property subject to the lien of the Series 2020 Assessments to enforce payment thereof, the District may not have the right, title or interest in the permits and approvals owned by the Current Developer and failure to obtain any such permits or approvals in a timely manner could delay or adversely affect the completion of the Development.

## **Damage to District from Natural Disasters**

The value of the lands subject to the Series 2020 Assessments could be adversely affected 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 within the District unable to support the construction of the Series 2020 Project. The occurrence of any such events could materially adversely affect the District's ability to collect Series 2020 Assessments and pay Debt Service on the Series 2020 Bonds. The Series 2020 Bonds are not insured and the District's casualty insurance policies do not insure against losses incurred on private lands within its boundaries.

## **Interest Rate Risk; No Rate Adjustment for Taxability**

The interest rate borne by the Series 2020 Bonds is, in general, higher than interest rates borne by other bonds of political subdivisions that do not involve the same degree of risk as investment in the Series 2020 Bonds. These higher interest rates are intended to compensate investors in the Series 2020 Bonds for the risk inherent in the purchase of the Series 2020 Bonds. However, such higher interest rates, in and of themselves, increase the amount of Series 2020 Assessments that the District must levy in order to provide for payment of Debt Service on the Series 2020 Bonds, and, in turn, may increase the burden of landowners within the Series 2020 Assessment Area, thereby possibly increasing the likelihood of non-payment or delinquency in payment of such Series 2020 Assessments.

The Indenture does not contain an adjustment of the interest rate on the Series 2020 Bonds in the event of a determination of taxability of the interest thereon. Such a change could occur as a result of the District's failure to comply with tax covenants contained in the Indenture or the Tax Certificate executed by the District upon issuance of the Series 2020 Bonds or due to a change in the United States income tax laws. Should interest on the Series 2020 Bonds become includable in gross income for federal income tax purposes, Owners of the Series 2020 Bonds will be required to pay income taxes on the interest received on such Series 2020 Bonds and related penalties. Because the interest rate on such Series 2020 Bonds will not be adequate to compensate Owners of the Series 2020 Bonds for the income taxes due on such interest, the value of the Series 2020 Bonds may decline. Prospective purchasers of the Series 2020 Bonds should evaluate whether they can own the Series 2020 Bonds in the event that the interest on the Series 2020 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.

## **IRS Examination and Audit Risk**

The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. In 2016, the IRS concluded its lengthy examination of certain issues of bonds (for purposes of this paragraph, the "Audited Bonds") issued by Village Center Community Development District ("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 governmental 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 regarding its failure to qualify as 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 was 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 Village Center CDD) was closed on July 14, 2016, without the IRS making a final determination that the interest on the Audited Bonds in question was required to be included in gross income. However, the IRS letter to Village Center CDD with respect to this second set of Audited Bonds noted that the IRS found that 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 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 community development 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 Village Center CDD.

On February 23, 2016, the IRS issued a notice of proposed rulemaking containing proposed regulations (the "Proposed Regulations") that provided 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 special 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 (a) impose an undue financial burden on U.S. taxpayers, (b) add undue complexity to the federal tax laws, or (c) 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 Village Center CDD and the TAMs may continue to be applicable in the absence of further guidance from the IRS.

It has been reported that the IRS has closed audits of other community development districts in the State 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. The District, unlike Village Center CDD, was formed with the intent that it will contain a sufficient number of residents to allow for a transition to control by a general electorate. Currently, none of the members of the Board were elected by qualified electors. Although it is impossible to predict whether the IRS will select the Series 2020 Bonds for audit, the District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable State or federal law.

Owners of the Series 2020 Bonds are advised that, if the IRS does audit the Series 2020 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 Series 2020 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 Series 2020 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 Series 2020 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 Series 2020 Bonds would adversely affect the availability of any secondary market for the Series 2020 Bonds. Should interest on the Series 2020 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2020 Bonds be required to pay income taxes on the interest received on such Series 2020 Bonds and related penalties, but because the interest rate on such Series 2020 Bonds will not be adequate to compensate Owners of the Series 2020 Bonds for the income taxes due on such interest, the value of the Series 2020 Bonds may decline. See also "TAX MATTERS" herein.

### **Legislative Proposals and State Tax Reform**

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 Series 2020 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 Series 2020 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 Series 2020 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 Series 2020 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been made and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2020 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for or marketability of the Series 2020 Bonds.

## **Loss of Exemption from Securities Registration**

Since the Series 2020 Bonds have not been, and will not be, registered under the Securities Act, or any state securities laws, pursuant to the exemption for political subdivisions and regardless of any potential IRS determination that the District is not a political subdivision for purposes of the Code, it is possible that federal or state regulatory authorities could independently determine that the District is not a political subdivision for purposes of federal and state securities laws. Accordingly, the District and purchasers of the Series 2020 Bonds may not be able to rely on the exemption from registration relating to securities issued by political subdivisions. In that event, the Owners of the Series 2020 Bonds would need to ensure that subsequent transfers of the Series 2020 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

## **Performance of District Professionals**

The District has represented to the Underwriter that it has selected its District Manager, District Counsel, District Engineer, Assessment Consultant, Trustee and other professionals with the appropriate due diligence and care. While the foregoing professionals have each represented that they have the respective requisite experience to accurately and timely perform the duties assigned to them in such roles, the District does not guarantee the performance of such professionals.

## **No Credit Enhancement**

No application for credit enhancement or a rating on the Series 2020 Bonds has been made, nor is there any reason to believe that the District would have been successful in obtaining either for the Series 2020 Bonds had application been made.

## **Mortgage Default and FDIC**

In the event a bank forecloses on property in the Series 2020 Assessment Area because of a default on a mortgage with respect thereto 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 2020 Assessments. In addition, the District would be required to obtain the consent of the FDIC prior to commencing a foreclosure action on such property for failure to pay Series 2020 Assessments.

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## ESTIMATED SOURCES AND USES OF BOND PROCEEDS

### Source of Funds

Par Amount of Series 2020 Bonds	\$10,655,000.00
Less Original Issue Discount	(48,906.90)
Plus Other Legally Available Moneys*	211,147.87
<b>Total Sources</b>	<b>\$10,817,240.97</b>

### Uses of Funds

Redemption of Series 2007A Bonds	\$ 602,775.00
Deposit to General Subaccount of the Series 2020 Acquisition and Construction Account	8,960,159.34
Deposit to Series 2020 Reserve Account	610,000.00
Deposit to Series 2020 Capitalized Interest Account†	280,931.63
Costs of Issuance‡	363,375.00
<b>Total Uses</b>	<b>\$10,817,240.97</b>

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\* Represents certain moneys remaining in the funds and accounts created under the Initial Indenture for the benefit of the Refunded Bonds.

† Represents Capitalized Interest through November 1, 2020.

‡ Costs of issuance include, without limitation, underwriter's discount, legal fees and other costs associated with the issuance of the Series 2020 Bonds.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled Debt Service on the Series 2020 Bonds:

Period Ending November 1st	Principal	Interest	Annual Debt Service
2020	\$ -	\$ 280,931.63	\$ 280,931.63
2021	200,000.00	406,355.00	606,355.00
2022	210,000.00	400,000.00	610,000.00
2023	215,000.00	393,412.50	608,412.50
2024	220,000.00	386,670.00	606,670.00
2025	230,000.00	379,695.00	609,695.00
2026	235,000.00	372,164.38	607,164.38
2027	245,000.00	364,064.38	609,064.38
2028	250,000.00	355,711.25	605,711.25
2029	260,000.00	347,105.00	607,105.00
2030	270,000.00	338,161.25	608,161.25
2031	280,000.00	328,180.00	608,180.00
2032	290,000.00	317,136.25	607,136.25
2033	300,000.00	305,705.00	605,705.00
2034	315,000.00	293,789.38	608,789.38
2035	325,000.00	281,389.38	606,389.38
2036	340,000.00	268,505.00	608,505.00
2037	350,000.00	255,136.25	605,136.25
2038	365,000.00	241,283.13	606,283.13
2039	380,000.00	226,848.76	606,848.76
2040	395,000.00	211,833.13	606,833.13
2041	410,000.00	195,775.00	605,775.00
2042	430,000.00	178,555.00	608,555.00
2043	445,000.00	160,617.50	605,617.50
2044	465,000.00	141,962.50	606,962.50
2045	485,000.00	122,487.50	607,487.50
2046	505,000.00	102,192.50	607,192.50
2047	525,000.00	81,077.50	606,077.50
2048	550,000.00	59,040.00	609,040.00
2049	570,000.00	36,080.00	606,080.00
2050	595,000.00	12,197.50	607,197.50
<b>Total</b>	<b>\$10,655,000.00</b>	<b>\$7,844,061.67</b>	<b>\$18,499,061.67</b>

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## TAX MATTERS

### General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2020 Bonds in order that interest on the Series 2020 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2020 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2020 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 Series 2020 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 Series 2020 Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2020 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2020 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2020 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 Series 2020 Bonds. Prospective purchasers of Series 2020 Bonds should be aware that the ownership of Series 2020 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 Series 2020 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15% of certain items, including interest on Series 2020 Bonds; (iii) the inclusion of interest on Series 2020 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 Series 2020 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 Series 2020 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 Series 2020 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 SERIES 2020 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 Series 2020 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 Series 2020 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 Series 2020 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2020 Bonds and proceeds from the sale of Series 2020 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such Owner of Series 2020 Bonds. This withholding generally applies if the Owner of Series 2020 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 Series 2020 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**

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 Series 2020 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 Series 2020 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 Series 2020 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 Series 2020 Bonds.

Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2020 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 Series 2020 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.

Unlike the board of the Village Center CDD, the Board of Supervisors of the District is elected by the landowners residing in the District. The Act, which contains the uniform statutory charter for all community development districts and 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. 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 D – Form of Opinion of Bond Counsel."

The release of the Villages TAM may cause an increased risk of examination of the Series 2020 Bonds. Owners of the Series 2020 Bonds are advised that if the IRS does audit the Series 2020 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 Series 2020 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 Series 2020 Bonds in the event of a change in the tax-exempt status of the Series 2020 Bonds. The commencement of an audit or an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2020 Bonds could adversely impact both liquidity and pricing of the Series 2020 Bonds in the secondary market.

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

Under the Code, the difference between the maturity amount of the Series 2020 Bonds (collectively, the "Discount Bonds"), 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 Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds 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 Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds 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 Bonds 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 Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

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

Section 517.051, Florida Statutes, and the regulations promulgated thereunder requires that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975. Except as otherwise disclosed herein, the District is not and has not ever been in default as to principal and interest on its

bonds or other debt obligations. See "PRIOR AND OUTSTANDING INDEBTEDNESS AND DEFAULT HISTORY" herein.

## **VALIDATION**

The Series 2020 Bonds are a portion of the Bonds that were validated by a Final Judgment of the Eighth Judicial Circuit Court in and for Alachua County, Florida, entered on November 3, 2006. The period during which an appeal can be taken has expired.

## **LITIGATION**

### **District**

There is no pending or, to the knowledge of the District, any threatened litigation against the District of any nature whatsoever which in any way questions or affects the validity of the Series 2020 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the execution of the Indenture. Neither the creation, organization or existence of the District, nor the title of the present members of the Board has been challenged.

From time to time, the District expects to experience routine litigation and claims incidental to the conduct of its affairs. In the opinion of District Counsel, there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the availability of the Series 2020 Trust Estate or the ability of the District to pay the Series 2020 Bonds from the Series 2020 Trust Estate.

### **Current Developer**

In connection with the issuance of the Series 2020 Bonds, the Current Developer will represent to the District that there is no litigation of any nature now pending or, to the knowledge of the Current Developer, threatened, which could reasonably be expected to have a material and adverse effect upon the ability of the Current Developer to complete the Development as described herein or materially and adversely affect the ability of the Current Developer to perform its various obligations described in this Limited Offering Memorandum.

## **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 Current Developer and PFM Group Consulting LLC, as dissemination agent (the "Dissemination Agent") will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement"), the form of which is attached hereto as APPENDIX E. Pursuant to the Disclosure Agreement, the District and the Current Developer have each covenanted for the benefit of the Owners of the Series 2020 Bonds to provide to the Dissemination Agent certain financial information and operating data relating to the District, the Development and the Series 2020 Bonds (the "Reports"), and to provide notices of the occurrence of certain enumerated material events. Such covenants by the District and the Current Developer

shall only apply so long as the Series 2020 Bonds remain Outstanding under the Indenture or so long as the District or the Current Developer remains an "obligated person" pursuant to the SEC Rule.

The Reports will be filed by the Dissemination Agent with the Municipal Security Rulemaking Board's Electronic Municipal Markets Access ("EMMA") repository described in the form of the Disclosure Agreement attached hereto as APPENDIX E. The notices of material events will also be filed by the Dissemination Agent with EMMA. The specific nature of the information to be contained in the Reports and the notices of material events are described in APPENDIX E. The Disclosure Agreement will be executed at the time of issuance of the Series 2020 Bonds. With respect to the Series 2020 Bonds, no parties other than the District and the Current Developer are obligated to provide, nor are expected to provide, any continuing disclosure information with respect to the SEC Rule. The foregoing covenants have been made in order to assist the Underwriter in complying with the SEC Rule.

The following disclosure is being provided by the District for the sole purpose of assisting the Underwriter in complying with the Rule. The District previously entered into a continuing disclosure undertaking related to the Series 2007 Bonds (the "2007 CDA"), as an "obligated person" under the Rule. In the previous five year period immediately preceding the issuance of the Series 2020 Bonds (the "Compliance Period"), the District has, on several instances during the Compliance Period, failed to comply with certain provisions of the 2007 CDA, including: (a) failing to timely file certain annual financial information and/or operating data, including the audited financial statements for the Fiscal Years ended September 30, 2014 and September 30, 2015; and (b) failing to file or timely file certain notices, including (i) with respect to the Series 2007A Bonds, those notices further detailed in the Notice to Repository of Failure to File or Timely File posted by the District on January 21, 2020 on EMMA; and (ii) with respect to the Series 2007B Bonds, those notices further detailed in the Notice to Repository of Failure to File or Timely File posted by the District on January 21, 2020 on EMMA.

Upon the transfer of the lands within the District from the Original Developer, the Current Developer became an Obligated Person under the 2007 CDA and therefore responsible for the obligations of the Developer (as defined in the 2007 CDA) thereunder. A review of filings made pursuant to the 2007 CDA indicates that the Current Developer has not materially failed to comply with its requirements thereunder within the last five years.

## **UNDERWRITING**

The Underwriter will agree, pursuant to a contract to be entered into with the District, subject to certain conditions, to purchase the Series 2020 Bonds from the District at a purchase price of \$10,392,993.10 (representing the par amount of the Series 2020 Bonds, less an Underwriter's discount of \$213,100.00 and less an original issue discount of \$48,906.90). See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS" herein. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the Series 2020 Bonds if any are purchased.

The Underwriter intends to offer the Series 2020 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 Series 2020 Bonds to certain dealers (including dealers depositing the Series 2020 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.

## **LEGAL MATTERS**

The Series 2020 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer and the receipt of the opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, as to the validity of the Series 2020 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams, P.A., Tallahassee, Florida, for the Current Developer by its counsel, J. Andrew Hagan, Esq., Daytona Beach, Florida, for the Trustee by its counsel, Greenberg Traurig, P.A., Orlando, Florida and for the Underwriter by its counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida.

## **AGREEMENT BY THE STATE**

Under the Act, the State pledges to the holders of any bonds issued thereunder, including the Series 2020 Bonds, that it will not limit or alter the rights of the issuer of such bonds 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 bonds and that it will not in any way impair the rights or remedies of such holders.

## **FINANCIAL STATEMENTS**

The general purpose financial statements of the District for the fiscal years ended September 30, 2017 and September 30, 2018, included in this Limited Offering Memorandum have been audited by Carr, Riggs & Ingram, LLC, independent certified public accountants, as stated in their report appearing in APPENDIX F. Two years of audited financial statements have been included as required by Florida Administrative Rule 69W-400.003(h) due to the District's previous default on the payment of principal and interest on the Series 2007 Bonds. See "PRIOR AND OUTSTANDING INDEBTEDNESS AND DEFAULT HISTORY" herein for more information regarding such defaults. The consent of the District's auditor to include in this Limited Offering Memorandum the aforementioned report was not requested, and the general purpose financial statements of the District are provided only as publicly available documents. The auditor was not requested to perform any procedures with respect to the preparation of this Limited Offering Memorandum or the information presented herein. The District has covenanted in the Disclosure Agreement attached hereto as APPENDIX E to provide its annual audit commencing with the audit for the District fiscal year ended September 30, 2019 to certain information repositories as described therein.



## **EXPERTS AND CONSULTANTS**

The references herein to CHW Professional Consultants, as District Engineer, have been approved by said firm. The Supplemental Engineer's Report prepared by such firm has been included as APPENDIX A attached hereto in reliance upon such firm as an expert in engineering. References to and excerpts herein from such Supplemental Engineer's Report do not purport to be adequate summaries of the Series 2020 Project or complete in all respects. Such Supplemental Engineer's Report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

The references herein to PFM Financial Advisors LLC, as Assessment Consultant, have been approved by said firm. The Supplemental Methodology Report prepared by such firm has been included as APPENDIX B attached hereto in reliance upon such firm as an expert in developing assessment methodologies. References to and excerpts herein from such Supplemental Methodology Report do not purport to be adequate summaries of such Supplemental Methodology Report or complete in all respects. Such Supplemental Methodology Report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein. PFM Financial Advisors LLC has not been engaged to provide advice regarding the structuring or pricing of the Series 2020 Bonds.

## **CONTINGENT AND OTHER FEES**

The District has retained Bond Counsel, District Counsel, the Assessment Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2020 Bonds. Except for the payment of fees to District Counsel and the Assessment Consultant, the payment of the fees of the other professionals retained by the District is each contingent upon the issuance of the Series 2020 Bonds.

## **NO RATING OR CREDIT ENHANCEMENT**

No application for credit enhancement or a rating on the Series 2020 Bonds has been made, nor is there any reason to believe that the District would have been successful in obtaining either for the Series 2020 Bonds had application been made.

## **MISCELLANEOUS**

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2020 Bonds.

The information contained in this Limited Offering Memorandum has been compiled from official and other sources deemed to be reliable, and is believed to be correct as of the

date of the Limited Offering Memorandum, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The Underwriter listed on the cover page hereof has reviewed the information in this Limited Offering Memorandum in accordance with and as part of its responsibility 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 expression of opinion herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District, the Current Developer or the Development from the date hereof. However, certain parties to the transaction will, on the closing date of the Series 2020 Bonds, deliver certificates to the effect that nothing has come to their attention that would lead them to believe that applicable portions of the Limited Offering Memorandum contain an untrue statement of a material fact or omit to state a material fact that should be included herein for the purpose for which the Limited Offering Memorandum is intended to be used, or that is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading and to the effect that from the date of the Limited Offering Memorandum to the date of closing of the Series 2020 Bonds that there has been no material adverse change in the information provided.

This Limited Offering Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. The appendices hereof are integral parts of this Limited Offering Memorandum and must be read in their entirety together with all foregoing statements.

**PARKER ROAD COMMUNITY  
DEVELOPMENT DISTRICT**

By:     /s/ Kelly McCarrick    

Name: Kelly McCarrick

Its: Chairman

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## **APPENDIX A**

### **Supplemental Engineer's Report**

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**PARKER ROAD COMMUNITY  
DEVELOPMENT DISTRICT - OAKMONT**

**SUPPLEMENTAL ENGINEER'S REPORT #1**

**Prepared for:**

**BOARD OF SUPERVISORS  
PARKER ROAD  
COMMUNITY DEVELOPMENT DISTRICT**

**Prepared by:**

**CHW  
11801 Research Drive  
Alachua, FL 32615**

**February 2020**

**PARKER ROAD COMMUNITY  
DEVELOPMENT DISTRICT**

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EXHIBIT 2 – Phasing Plan

**SUPPLEMENTAL ENGINEER'S REPORT #1  
PARKER ROAD CDD**

**I. INTRODUCTION & GENERAL INFORMATION**

The Parker Road Community Development District (the “District” or the “CDD”) is located at the intersection of SW 122<sup>nd</sup> Street and SW 24<sup>th</sup> Avenue in unincorporated Alachua County, Florida. The overall District currently contains approximately 556 acres and is expected to consist of up to 999 single family lots, recreation areas, and associated infrastructure.

The District adopted the original Engineer’s Report on September 8, 2006 and subsequently adopted an “Amended and Restated Engineer’s Report – Capital Improvements for Infrastructure” on May 4, 2007 (the “Master Engineer’s Report”). The purpose of this Supplemental Engineers Report is to describe the completed portions of the CDD capital improvement plan (“CIP”), as detailed in the Master Engineer’s Report, and provide a description of the remaining improvements for the future phases of the CDD, specifically Phase 3 through 7 of the development known as “Oakmont” (“Series 2020 Project”). Phase 3, which contains 154 lots, is nearing completion with final landscaping and minor work left to complete by February of 2020. Phases 4 –7 contain 503 lots in varying widths from 50 ft to 80 ft on approximately 179 acres. See Table 1 for Land Use Summary for Phases 4 – 7. The project access point for Phases 3 - 7 will be via the existing phases of Oakmont.

Improvements and facilities financed, acquired, and/or constructed by the CDD will be required to conform to regulatory requirements of the City of Gainesville, the Suwannee River Water Management District (SRWMD), Gainesville Regional Utilities and other agencies with regulatory jurisdiction over the development.

The Development received zoning approval by the Alachua County Board of County Commissioners as a Planned Development (PD) District, which has had minor amendments. The parcels have an underlying Future Land Use Designation of Low Density Residential (1- 4 upa) and the Comprehensive Plan has a requirement that places a maximum density of 2 upa for this project.

The site topography is gently rolling and contains numerous isolated depressions with FEMA flood zones that are being filled and relocated to proposed stormwater basin areas. Site soils are suitable for a residential development of this magnitude

## **II. EXISTING IMPROVEMENTS**

### **A. SERIES 2007 PROJECT**

The infrastructure installed to date includes stormwater basins, stormwater piping, utilities, roadways, lighting, and offsite transportation improvements as detailed below (“Series 2007 Project”). This Series 2007 Project was paid for either with proceeds from the Series 2007 Capital Improvement Revenue Bonds or by the developer CC Oakmont, LLC (“Developer”).

#### **Phase 1 and 2 Improvements**

To date 496 lots have been platted and approved. Phases 1 and 2 which contain 342 lots are fully complete with infrastructure.

#### **Offsite Improvements**

The offsite transportation improvements which include the widening for turn lanes of SW 122<sup>nd</sup> Street and SW 24<sup>th</sup> Ave were completed this month (February 2020). The Developer has spent approximately \$2.5 Million on the completion of these improvements, which will be owned by Alachua County.

## **B. SERIES 2020 PROJECT**

In addition to the completion of the Series 2007 Project as described above, certain other improvements have been constructed by the District or the Developer and are anticipated to be paid for with proceeds from the District's Series 2020 Capital Improvement Refunding and Revenue Bonds ("Series 2020 Bonds"). See Table 2A for a Summary of Costs of Existing Improvements in the Series 2020 Project.

### **Amenity Center**

The District contracted for, and the Developer funded, approximately \$5,688,000 towards the construction of an amenity center which included a clubhouse, pool, basketball, tennis, soccer and other amenities. The cost of the amenity center includes the cost of construction, furnishing and fixtures, and professional fees. It is anticipated that the District will reimburse the Developer for the costs related to the construction of the amenity center with proceeds of the Series 2020 Bonds. The amenity center will be owned, operated and maintained by the District.

### **Collector Road**

The Developer has contracted for the construction of a Collector Road that serves as Oakmont's western entrance road and it is currently under construction from SW 122<sup>nd</sup> to the internal roadway south of the amenity center. This roadway is required by the PD Zoning and is scheduled to be completed by February of 2020. It is anticipated that the District will acquire the Collector Road from the Developer using proceeds from the Series 2020 Bonds and then turn it over to Alachua County for ownership, operation and maintenance.

### **Phase 3 Improvements**

Phase 3 which contains 154 lots is nearing completion with final landscaping and minor work left to complete by February of 2020. The Developer has contracted for the completion of

certain infrastructure related to the development of Phase 3 for \$5,703,858.25 and landscaping installation for \$607,518.50. It is anticipated that the District will acquire the stormwater improvements and landscaping improvements constructed in Phase 3 for an amount not to exceed \$2,430,019.50 using proceeds from the Series 2020 Bonds. The remainder of the Phase 3 infrastructure has been dedicated to other government entities or utilities and its cost will not be reimbursed by the District.

### **III. PROPOSED IMPROVEMENTS**

To the extent available, the Series 2020 Project will include and proceeds of the Series 2020 Bonds will also be used to fund additional portions of the CIP for Phases 4 thru 7 of the District which are estimated to cost approximately \$20.9 million and includes certain roadway improvements, stormwater management facilities, earthwork, water and wastewater facilities, and landscaping. See Table 2B for an overall estimate of probable cost for Phases 4-7. The infrastructure improvements for the balance of Oakmont Phases 4 - 7 include the following:

#### **Stormwater Management Facilities**

Stormwater management facilities consisting of storm conveyance systems and retention ponds are contained within the District boundaries. Stormwater runs off via roadway curb and gutter to storm inlets. From that point storm pipes convey the runoff into the proposed retention ponds for water quality treatment and retention. The proposed stormwater systems will utilize dry retention for biological pollutant assimilation to achieve water quality treatment. The design criteria for the District's stormwater management systems is regulated by Alachua County and SRWMD.

During the construction of stormwater management facilities, utilities and roadway improvements, the contractor will be required to adhere to a *Stormwater Pollution Prevention Plan* (SWPPP) as required by FDEP as delegated by the Environmental Protection Agency (EPA). The SWPPP will be prepared to depict for the contractor the proposed locations of required erosion control consisting of floating and staked turbidity barriers specifically along the down gradient side of any proposed construction activity and adjacent to the edge surface waters and the perimeter of the site. The site contractor will be required to provide the necessary reporting on various forms associated with erosion control, its maintenance and any rainfall events that occur during construction activity.

### **Roadways**

The proposed public roadway sections are to be 50' and 60' R/W with 20' to 22' of asphalt and Miami curb and gutter on both sides. The proposed roadway section will consist of stabilized subgrade, limerock base and asphalt wearing surface. The proposed Miami curb is to be placed along the edge of the proposed roadway section for purposes of protecting the integrity of the pavement and to provide stormwater runoff conveyance to the proposed stormwater inlets. Underdrain is provided as necessary to control groundwater and protect the roadway base material.

The proposed roadways will require signing and pavement markings within the public rights-of-way, as well as street signs depicting street name identifications, and addressing, which will be utilized by the residents and public. As stated above, the District's funding of roadway construction will occur for all public roadways.

### **Water and Wastewater Facilities**

A potable water system inclusive of water main, gate valves, fire hydrants and appurtenances will be installed for the Development. The water service provider will be GRU. The

water system will be a "looped" system consisting of 6" and 8" diameter PVC water main with a primary distribution main of 12 inches. These facilities will be installed within the proposed public rights-of-way within the District. This water will provide the potable (domestic) and fire protection services which will serve the entire District.

A reclaimed water system inclusive of water main, gate valves, and appurtenances will be installed for Oakmont. The reclaimed water service provided will be GRU. The reclaimed system will be made up of primarily 8-inch looped mains with a 24-inch primary distribution main serving the project. These facilities will be installed within the proposed public rights-of-way within the District. This reclaimed water will provide non-potable irrigation water to serve the entire District.

A domestic wastewater collection system inclusive of gravity sanitary sewer mains and sewer laterals will be installed. The gravity sanitary sewer mains will be 8" diameter PVC. The gravity sanitary sewer lines will be placed inside of the proposed public rights-of-way, under the proposed paved roadways. Branching off from these sewer lines will be 4-inch laterals to serve the individual lots. The gravity system discharges to multiple GRU owned lift stations located in Phase 1, 3, and 4.

**Miscellaneous:**

All stormwater improvements, landscaping and irrigation, parks & open spaces, and certain permits and professional fees as described in this report are intended to function as a single system of improvements, and are being financed by the District with the intention of benefiting all the developable real property within the District. The construction and maintenance of the proposed public improvements will benefit the development of Oakmont for the intended use as a planned residential development. Note that this report reflects the current intentions of the District, but the

District reserves the right to modify or supplement its capital improvement plan as it determines necessary and appropriate.

Upon completion of these improvements, inspection / certifications will be obtained from SRWMD, Alachua County Public Works and GRU.

#### IV. PERMITTING

Phases 1-3, the amenity center, offsite transportation improvements and the entrance road have been previously permitted and are either complete or are nearing construction completion. Construction permits have been received for Phase 4. Following is a summary of required permits obtained and pending for the construction of the public infrastructure improvements for the balance of the District:

#### PHASE 4

Permits / Approvals	Approved
SRWMD ERP	October 2019
Construction Plans (Alachua County)	October 2019
GRU	October 2019

#### PHASE 5

Permits / Approvals	Anticipated Approval
SRWMD ERP	December 2020
Construction Plans (Alachua County)	December 2020
GRU	December 2020



**PHASE 6**

<b>Permits / Approvals</b>	<b>Anticipated Approval</b>
SRWMD ERP	December 2021
Construction Plans (Alachua County)	December 2021
GRU	December 2021

**PHASE 7**

<b>Permits / Approvals</b>	<b>Anticipated Approval</b>
SRWMD ERP	December 2022
Construction Plans (Alachua County)	December 2022
GRU	December 2022

**V. CONCLUSION**

It is our professional opinion that the public infrastructure costs for the District provided in this report are reasonable to complete the construction of the infrastructure. Furthermore, the public infrastructure improvements will benefit and add value to lands within the District at least equal to the costs of such improvements.

The *Opinion of Probable Costs* of the infrastructure is only an estimate and is not a guaranteed maximum price. The estimated costs are based upon unit prices currently experienced on an ongoing and similar basis for work in Alachua County. Furthermore, the quantities are a derivative of line items from specific construction documents and construction contracts as of this date. However, labor market, future costs of equipment, materials, changes to the regulatory

permitting agencies activities, and the actual construction processes employed by the chosen site contractor are beyond the engineer's control. Due to this inherent opportunity for changes (upward or downward) in the construction costs, the total, final construction cost may be more or less than this estimate.

Based upon the presumption that the project construction continues in a timely manner, it is our professional opinion that the proposed public improvements when constructed and built in substantial conformance with the approved plans and specifications, can be completed and used for their intended function. Be advised that we have utilized historical costs and direct unit costs from site contractors and consultants in Alachua County, which we believe to be necessary in order to facilitate accuracy associated with the *Opinion of Probable Costs*. Based upon the information above, it is our professional opinion that the acquisition and construction costs of the proposed project can be completed at the cost as stated.

**PARKER ROAD  
Community Development District**

**Table 1 – Land Use Summary Phase 4-7**

Distribution by Phase <sup>(1)</sup>

Phase	Area (acres)	Percentage
4	56.1	31.3 %
5	56.2	31.4 %
6	55.5	31.0 %
7	11.3	6.3 %
<b>TOTAL</b>	<b>179.1</b>	<b>100 %</b>

Distribution by Lot Size <sup>(2)</sup>

Phase	50' Lots	65' Lots	80' Lots	TOTAL	Percentage
4	102	62	0	164	32.60 %
5	0	96	46	142	28.23 %
6	0	125	24	149	29.62 %
7	48	0	0	48	9.55 %
<b>TOTAL</b>	<b>150</b>	<b>283</b>	<b>70</b>	<b>503</b>	<b>100.0 %</b>

Notes:

1. Figures are approximate; Areas may change upon final layout
2. Lot widths subject to change

**PARKER ROAD**  
**Community Development District**  
**Series 2020 Project**

**Table 2A – Summary of Costs of Existing Improvements**

<b>Infrastructure</b>	<b>Costs</b>
Amenity Center <sup>1</sup>	\$ 5,688,029
Phase 3 - Stormwater Management System <sup>2,3,4</sup>	\$ 1,822,501
Phase 3 - Landscaping <sup>5</sup>	\$ 607,518
Collector Road <sup>6</sup>	\$ 2,141,099
<b>TOTAL</b>	<b>\$ 10,259,148</b>

Notes:

1. Amenity Center costs based on actual contracts with Scherer Construction, Palm Beach Grading, Habitech Systems, Inc., and Sisler Johnston. They also include professional fees related to the design and construction of the Amenity Center paid to Basham & Lucas, Buford Davis & Associates, CHW, Inc., and Hopping Green & Sams, PA incurred by the District and paid by the Developer.
2. Includes stormwater pond excavation, placement of fill, and floodplain mitigation.
3. Includes subdivision infrastructure and civil / site engineering only.
4. Grading associated with building pads or lots is excluded from all costs.
5. Landscaping costs are based on actual contract with Bryce Burger Landscape, LLC
6. Collector Road costs are based on an actual contract with RE Arnold Construction.

**PARKER ROAD  
Community Development District  
Series 2020 Project**

**Table 2B – Summary of Opinion of Probable Costs Phase 4-7**

<b>Infrastructure</b>	<b>Phase 4<sup>7</sup></b>	<b>Phase 5</b>	<b>Phase 6</b>	<b>Phase 7</b>	<b>TOTAL</b>
General Conditions <sup>1</sup>	\$ 317,041	\$ 325,000	\$ 325,000	\$ 125,000	\$ 1,092,041
Stormwater Management <sup>2,4,5</sup>	\$ 499,710	\$ 650,000	\$ 750,000	\$ 300,000	\$ 2,199,710
Earthwork- Roads & Grading <sup>5</sup>	\$2,150,000	\$ 1,850,000	\$ 2,000,000	\$ 600,000	\$ 6,600,000
Utilities (Water, RCW and Sewer) <sup>6</sup>	\$ 1,469,700	\$ 1,125,000	\$ 1,215,000	\$ 382,500	\$ 4,192,200
Roadway <sup>3</sup>	\$ 1,311,200	\$ 1,125,000	\$ 1,250,000	\$ 325,000	\$ 4,011,200
Landscaping	\$ 250,000	\$ 275,000	\$ 300,000	\$ 125,000	\$ 950,000
Contingency & Professional Fees – 10%	\$ 599,765	\$ 535,000	\$ 584,000	\$ 185,750	\$ 1,904,515
<b>TOTAL</b>	<b>\$6,597,416</b>	<b>\$ 5,885,000</b>	<b>\$ 6,424,000</b>	<b>\$ 2,043,250</b>	<b>\$ 20,949,666</b>
<b>PER LOT Cost</b>	<b>\$ 40,228.15</b>	<b>\$ 41,443.66</b>	<b>\$ 43,114.09</b>	<b>\$ 42,567.71</b>	

Notes:

1. General Conditions include the contractor OH & P, mobilization, supervision, trailer, utilities to support construction, etc.
2. Includes stormwater pond excavation, placement of fill, and floodplain mitigation.
3. Includes sub-grade, base, asphalt paving, curbing, and civil / site engineering.
4. Includes subdivision infrastructure and civil / site engineering only.
5. Grading associated with building pads or lots is excluded from all costs.
6. Utility costs exclude electric, cable, telephone and other private utilities that are necessary for a complete
7. Phase 4 costs are based on an actual contract with RE Arnold Construction except landscaping. All other estimates are based on 2019 costs.

**PARKER ROAD**  
**Community Development District**  
**Series 2020 Project**

**Table 2C – Summary of Opinion of Probable Costs for Series 2020 Project<sup>1</sup>**

Infrastructure	Existing Improvements	Phase 4	Phase 5	Phase 6	Phase 7	TOTAL
General Conditions		\$ 317,041	\$ 325,000	\$ 325,000	\$ 125,000	\$ 1,092,041
Stormwater Management	\$1,822,501	\$ 499,710	\$ 650,000	\$ 750,000	\$ 300,000	\$ 4,022,211
Earthwork- Roads & Grading		\$2,150,000	\$ 1,850,000	\$ 2,000,000	\$ 600,000	\$ 6,600,000
Utilities <sup>6</sup>		\$1,469,700	\$ 1,125,000	\$ 1,215,000	\$ 382,500	\$ 4,192,200
Roadway <sup>3</sup>	\$2,141,099	\$1,311,200	\$ 1,125,000	\$ 1,250,000	\$ 325,000	\$ 6,152,299
Landscaping	\$607,519	\$ 250,000	\$ 275,000	\$ 300,000	\$ 125,000	\$ 1,557,519
Amenity Center	\$5,688,029					\$ 5,688,029
Contingency & Professional Fees – 10%		\$ 599,765	\$ 535,000	\$ 584,000	\$ 185,750	\$ 1,904,515
<b>TOTAL</b>	<b>\$10,259,148</b>	<b>\$6,597,416</b>	<b>\$5,885,000</b>	<b>\$ 6,424,000</b>	<b>\$2,043,250</b>	<b>\$31, 208,814</b>

Notes:

1. Notes from Table 2A and 2B are incorporated hereto.

**PARKER ROAD  
Community Development District**

**Table 3 – Summary of Proposed District Facilities**

<b>District Infrastructure</b>	<b>Construction</b>	<b>Ownership</b>	<b>Capital Financing</b>	<b>Operation &amp; Maintenance</b>
Entry Feature & Signage	District	District	District Bonds	District
Stormwater Facilities	District	District	District Bonds	District
Water/Sewer/Gas	District	GRU	District Bonds	GRU
Street Lighting/Electric	Developer	Clay Electric	Developer	Clay Electric
Road Construction	District	Alachua County	District Bonds	Alachua County

**PARKER ROAD  
Community Development District**

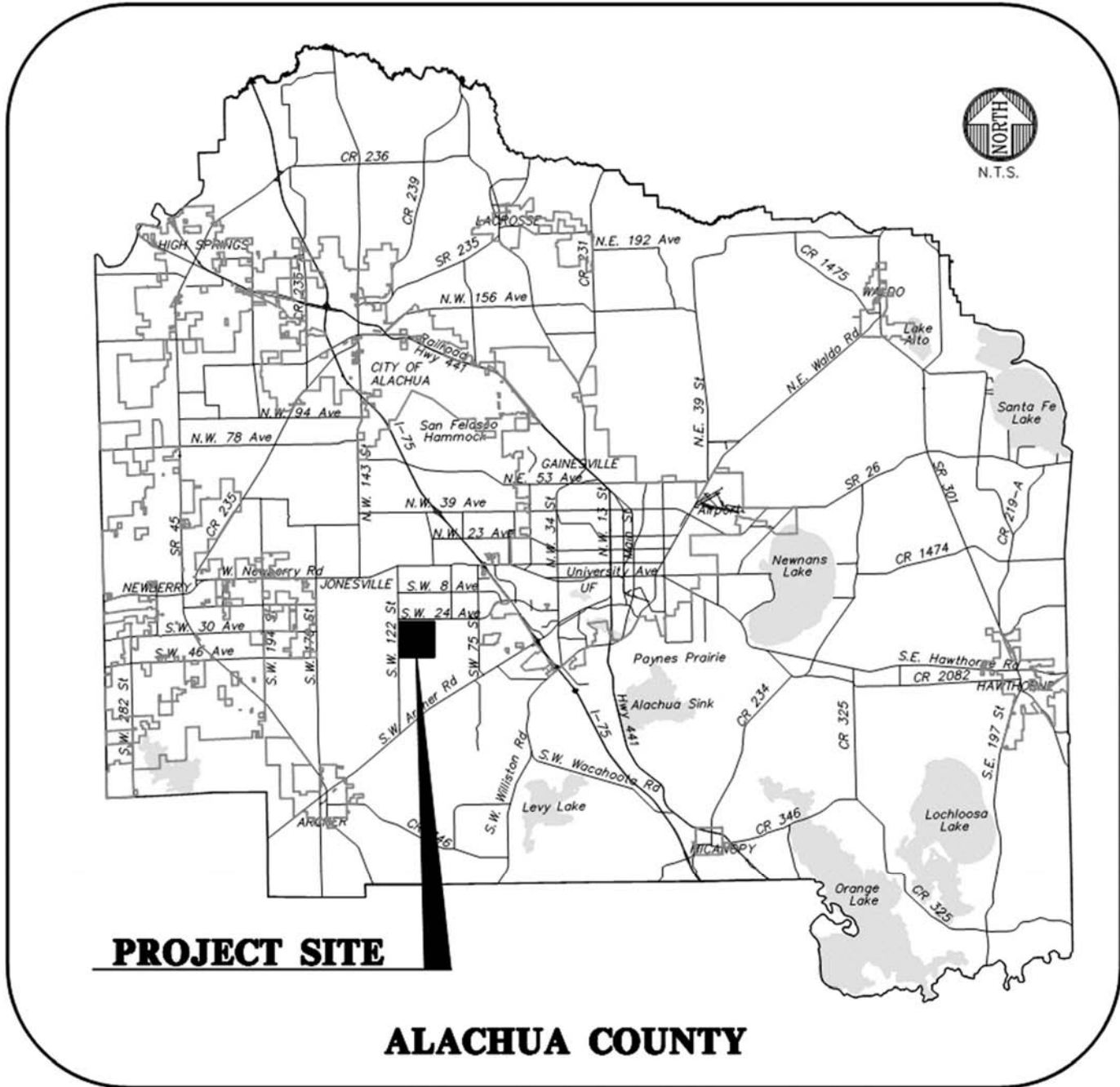
**Table 4 – Preliminary Development Schedule**

Phase	Estimated Start Date	Estimated Completion Date	Number of Lots / Units
3	2018	2020	154
4	2019	2020	164
5	2021	2022	142
6	2022	2023	149
7	2024	2025	48



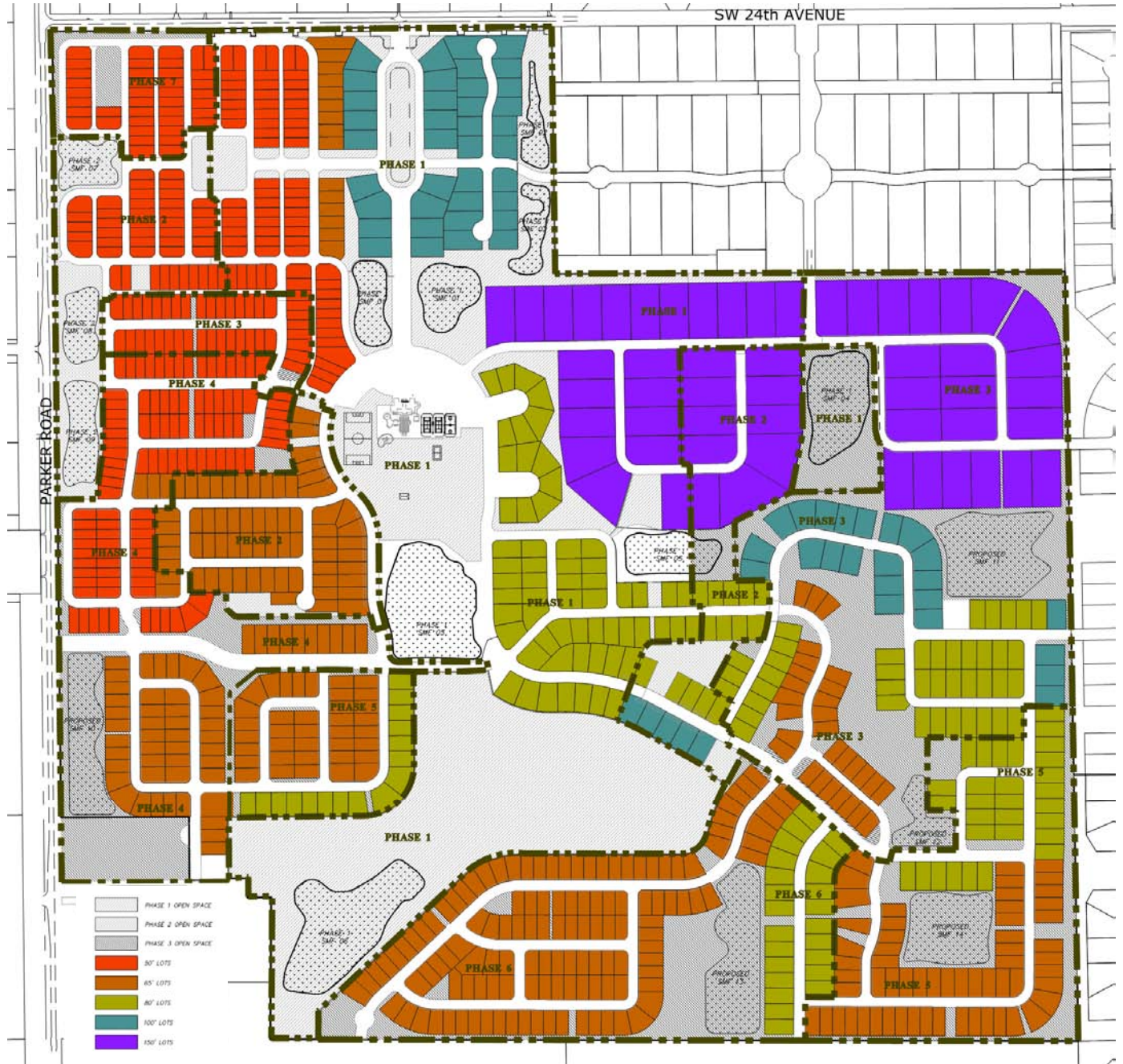
**Parker Road  
Community Development District**

Exhibit 1- Location Map



# Parker Road Community Development District

## Exhibit 2- Phasing Plan



## **APPENDIX B**

### **Supplemental Methodology Report**

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# **SUPPLEMENTAL ASSESSMENT METHODOLOGY, SERIES 2020 BONDS**

## **PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT**

**February 2020**

**Prepared for:**

**Members of the Board of Supervisors,  
Parker Road Community Development District**

Prepared on February 14, 2020

**PFM Financial Advisors LLC**  
12051 Corporate Boulevard  
Orlando, FL 32817



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## **SUPPLEMENTAL ASSESSMENT METHODOLOGY, SERIES 2020 BONDS PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT**

**February 14, 2020**

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### **1.0 Introduction**

#### **1.1 Purpose**

This “Supplemental Assessment Methodology, Series 2020 Bonds” dated February 14, 2020 (“Supplemental Methodology”) provides a system for the allocation of non-ad valorem special assessments securing the repayment of bond debt planned to be issued by the Parker Road Community Development District (“District”) to fund beneficial public infrastructure improvements and facilities. This Supplemental Methodology operates pursuant to and applies the principles of the “Preliminary Special Assessment Methodology Report,” dated May 3, 2007 (“Master Methodology”). The Supplemental Methodology described herein has two goals: (1) quantifying the special benefits received by properties within the District as a result of the construction of the District’s improvements and facilities, and (2) equitably allocating the costs incurred by the District to provide these benefits to properties in the District.

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



## 1.2 Background

The District includes approximately 556 gross acres of property within its boundaries. The District is generally located east of Parker Road and south of SW 24<sup>th</sup> Avenue in unincorporated Alachua County. At build-out, the District is expected to contain 999 single-family lots, recreation areas and related infrastructure. The District intends to fund the infrastructure associated with Phase 4, Phase 5, Phase 6 and Phase 7. The land use plan for the District's Phase 4 through Phase 7 is found in Table 1.

**Table 1. Summary of District Land Use Plan**

<u>Lot Size</u>	<u>PH 4</u>	<u>PH 5</u>	<u>PH 6</u>	<u>PH 7</u>	<u>TOTAL</u>
50' Lots	102	0	0	48	151
65' Lots	62	96	125	0	282
80' Lots	<u>0</u>	<u>46</u>	<u>24</u>	<u>0</u>	<u>70</u>
<b>TOTAL</b>	<b>164</b>	<b>142</b>	<b>149</b>	<b>48</b>	<b>503</b>

Source: CHW,

## 1.3 CIP - Infrastructure Installation

The District will construct its public infrastructure and improvements on a phased basis, as outlined in the "Parker Road Community Development District Supplemental Engineer's Report #1", dated December 2019 ("Engineer's Report"), as prepared by CHW ("District Engineer"). The District's original CIP was estimated to cost \$45.1 million. The District issued its Capital Improvement Revenue Bonds, Series 2007A (the "Series 2007A Bonds") and Capital Improvement Revenue Bonds, Series 2007B (the "Series 2007 B Bonds") and together with the Series 2007A Bonds, (the "Series 2007 Bonds") to fund the District's Series 2007 Project which consisted of the initial infrastructure associated Phase 1 and Phase 2 of the District. A number of CIP improvements have been completed to date through Developer funding or with proceeds of the Series 2007 Bonds. The remaining cost to complete the CIP is estimated to be \$21.4 million, as detailed in the Engineer's Report.

The CIP represents a system of improvements that provides benefit to all lands within the District. The District intends to issue its Capital Improvement Refunding and Revenue Bonds, Series 2020 ("Series 2020 Bonds") to fund a portion of the remaining CIP as well as partially redeem a portion of the outstanding Series 2007A Bonds levied on undeveloped lands within the District. Upon such partial redemption, the Series 2007A Bonds will be secured by special assessments levied on all 496 platted lots within Phases 1, 2, and 3 of the District. The Series 2020 Bonds will be secured by special assessments levied on Phase 4, Phase 5, Phase 6 and Phase 7 of the District (the "Series 2020 Assessment Area"). A legal description for the District's Series 2020 Assessment Area, as provided by the District Engineer, is attached as Exhibit "A." The estimated costs for the District's remaining CIP are presented in Table 2.





**Table 2. Summary of Remaining CIP Cost Estimates**

<b>Infrastructure Component (1)</b>	<b>Phase 4</b>	<b>Phase 5</b>	<b>Phase 6</b>	<b>Phase 7</b>	<b>Total</b>
General Conditions	\$317,041	\$325,000	\$325,000	\$125,000	\$1,092,041
Stormwater Management	\$499,710	\$650,000	\$750,000	\$300,000	\$2,199,710
Earthwork	\$2,150,000	\$1,850,000	\$2,000,000	\$600,000	\$6,600,000
Utilities	\$1,469,700	\$1,125,000	\$1,215,000	\$382,500	\$4,192,200
Roadway	\$1,311,200	\$1,125,000	\$1,250,000	\$325,000	\$4,011,200
Landscaping	\$250,000	\$275,000	\$300,000	\$125,000	\$950,000
Contingency & Professional Fees	<u>\$599,765</u>	<u>\$535,000</u>	<u>\$584,000</u>	<u>\$185,750</u>	<u>\$1,904,515</u>
<b>Total</b>	<b>\$6,597,416</b>	<b>\$5,885,000</b>	<b>\$6,424,000</b>	<b>\$2,043,250</b>	<b>\$20,949,666</b>

Source: CHW

(1) Any costs outlined herein the Engineer's Report not funded with bond proceeds will be funded via Developer's Agreement with the District.

#### **1.4 Requirements of a Valid Assessment Methodology**

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

#### **1.5 Special Benefits and General Benefits**

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





The new infrastructure improvements included in the CIP create both: (1) special benefits to the developable property within the District and (2) general benefits to properties outside the District. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to the developable property within the District. The CIP described in the Engineer's Report enables the developable property within the District to be developed. Without the CIP, there would be no infrastructure to support development of the developable property within the District.

## **1.6 Special Benefits Provided by CIP Components**

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

### Stormwater Management System

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

### Utility System Improvements

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



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

#### Landscaping and Irrigation Improvements

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

## **2.0 CIP Plan of Finance**

The District has advised it intends to finance a portion of the remaining CIP as detailed in Table 2 by issuing its Series 2020 Bonds. An estimate of the Series 2020 Bonds required to fund the District's remaining CIP is found in Table 3. The construction/acquisition funds raised by the District's bonds may fund only a portion of the District's remaining CIP. The balance of any remaining CIP costs will be funded by one or more District landowner(s) or by other means.



**Table 3. District Bond Financing Details, Series 2020 Bonds**

<b>Bond Fund</b>	<b>Total Bonds (PH 4 - PH 7) Value</b>
<b>Construction/Acquisition Fund</b>	<b>\$8,960,159</b>
Original Issue Discount	(\$48,907)
Cash Deposit – Partial Defeasance	\$602,775
Debt Service Reserve	\$610,000
Capitalized Interest	\$280,932
Costs of Issuance (Including Underwriter's Fee)	\$363,375
Contingency*	(\$211,148)
<b>Maximum Bond Principal</b>	<b>\$10,655,000</b>
Average Annual Interest Rate:	3.98%
Term (Years):	30
<b>Maximum Net Annual Debt Service:</b>	<b>\$610,000</b>
<b>Maximum Gross Annual Debt Service (1):</b>	<b>\$648,936</b>

Source: District Underwriter

(1) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 6.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.

\*Contingency funds available via the liquidation of the 2007A Construction and Deferred Cost Accounts

### **3.0 Assessment Methodology**

#### **3.1 Assessment Foundation**

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



## 3.2 Allocation of Specific Assessments

The discussion offered below illustrates the process by which the District will allocate bond debt it incurs to fund its CIP. The District's Series 2020 Bonds will be used to fund all or a portion of the remaining CIP detailed in Table 3. The District's bond debt will be secured primarily by special assessments allocated to properties in the District based on and proportional to the benefits that each property receives from the CIP.

As noted above, as long as two basic principles are adhered to, Florida law generally allows the District Board some latitude in determining the appropriate methodology to allocate the costs of its CIP to benefiting properties in the District. The two principles are: (1) the properties being assessed must receive a special benefit from the CIP and (2) the assessments allocated to each property must be fairly and reasonably apportioned among the benefiting properties.

In allocating special assessments to benefiting property, Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units ("ERU"), dwelling units, and acreage. ERU values equate the benefit received by a stated amount of such particular land use category to the benefit received by a typical single-family residence. The use of ERU values to estimate the benefit derived from infrastructure improvements is recognized as a simple, fair, and reasonable method for apportioning benefit. ERU values are a commonly accepted method for calculating special benefit assessments in Florida.

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

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



Third, the District considered the probable usage of water and sewer utilities by the various land uses. For example, a multi-family residence will probably have a greater impact on and receive a greater benefit from water and sewer utilities when compared to non-medical office space covering a similar area. Consistent with the Master Methodology, PFM FA, has applied the assessment methodology based on ERU values.

### 3.3 Assignment of Specific Assessments

Assessments securing the Series 2020 Bonds will initially be allocated on an equal per acre basis on the approximately 179 undeveloped acres that constitutes Phases 4, 5, 6 and 7 of the District and is planned to include 503 residential units. As such acreage is developed and platted, the Assessments will then be allocated to those parcels that are platted. The final assignment of bond debt to a specific lot does not take place until the land containing that lot is platted.

Table 4 and 5 show the application of the unit allocation method to the specially benefitting property within the District on a platted basis. Table 4 contains the allocation of the District's CIP costs, as financed, to the Development Units planned within the Series 2020 Assessment Area of the District. Table 5 shows the annual bond debt service assessments associated with the bond par allocations found in Table 4. Table 5 becomes important as the land within a phase is platted, as specific bond debt service assessments will be assigned to the individual Development Units within the relevant phases at that time.

**Table 4. Allocation of the Costs of the District's CIP, as Financed**

<u>Lot Size</u>	<u>Planned Lots</u>	<u>ERU Factor</u>	<u>ERUs</u>	<u>% Allocation</u>	<u>Bonds Max Principal Assmt./ Category</u>	<u>Bonds Max Principal Assmt./ Unit</u>
50' Lots	150	0.625	93.8	23.8%	\$2,537,308	\$16,915
65' Lots	283	0.8125	229.9	58.4%	\$6,223,170	\$21,990
80' Lots	<u>70</u>	1	<u>70.0</u>	<u>17.8%</u>	\$1,894,523	\$27,065
<b>Total</b>	<b>503</b>		<b>393.7</b>	<b>100.0%</b>	<b>\$10,655,000</b>	

Source: PFM Financial Advisors LLC



**Table 5. Summary of Annual Assessments**

<u>Lot Size</u>	<u>Planned Lots</u>	<u>Bonds Net Annual Assmt./ Category</u>	<u>Bonds Net Annual Assmt./ Unit</u>	<u>Bonds Gross Annual Assmt./ Category (1)</u>	<u>Bonds Gross Annual Assmt./ Unit (1)</u>
50' Lots	150	\$145,261	\$968	\$154,533	\$1,030
65' Lots	283	\$356,277	\$1,259	\$379,018	\$1,339
80' Lots	<u>70</u>	\$108,462	\$1,549	\$115,385	\$1,648
<b>Total</b>	<b>503</b>	<b>\$610,000</b>		<b>\$648,936</b>	

(1) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 6.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.

Source: PFM Financial Advisors LLC

In addition, a lien for the bond debt necessary to finance the District's remaining CIP will be placed on all property within the District's Series 2020 Assessment Area at the time of the District's bond issuance. This lien will be satisfied at some point in the future at the District's discretion by either the assignment of bond debt service assessments accompanying a future bond issuance providing funding for the remaining CIP or a Contribution by the property owner in lieu of assessments. Should the District not issue bonds to fully fund the costs of its remaining CIP, the District can enforce a completion agreement with the Developer, executed prior to the issuance of any bond debt, which requires the Developer to fund the balance of the CIP and contribute the improvements to the District.

If the remaining CIP is revised at some point in the future such that less than the total remaining CIP costs in Table 2 are required, the District will reallocate any preexisting bond debt service assessments providing security for the remaining CIP to all developable and assessable properties within the Series 2020 Assessment Area of the District pursuant to the assessment allocation principals outlined in this Supplemental Methodology.

If all properties within Phase 4, Phase 5, Phase 6 and Phase 7 of the District, effectively the Series 2020 Assessment Area, have been assigned bond debt service assessments such that the full par value of the District's bonds are secured, and additional development occurs within the Series 2020 Assessment Area of the District such that density is increased above the land uses shown in Table 1 ("New Development"), bond debt service assessments will be assigned to that New Development and all properties within the Series 2020 Assessment Area of the District will receive a proportionate reduction in their bond debt service assessment. In the event that a unit owner has prepaid its debt assessment, the respective unit will not be included in the reassignment analysis.



### 3.4 True-Up Mechanism

Although the District does not process plats, it does have an important role to play during the course of development. Whenever a parcel's land use and development density and intensity is determined with sufficient certainty, the District must allocate a portion of its debt to the parcel according to the procedures outlined in Section 3.2 above. In addition, the District must also prevent any buildup of debt on land that has not yet been developed. Otherwise, the land could be fully subdivided without all of the debt being allocated. To preclude this, a test is conducted when development thresholds are reached within the District. As long as the development at these thresholds does not cause the debt on the remaining land to increase above a debt "Ceiling Level" illustrated in Table 6, then no further action is necessary. However, if the debt on the remaining land does increase, a debt reduction payment will be necessary.

The ceiling level of debt is established at the time each series of bonds is issued. For example, the District intends to issue \$10,655,000 in Series 2020 Bonds to fund the remaining CIP. According to the Engineer's Report, there are approximately 179.1 acres within the Series 2020 Assessment Area. Therefore, and assuming for purposes of this illustration that \$10,655,000 in anticipated bond debt is issued by the District to fund its remaining CIP, the ceiling level of debt for developable and assessable properties within the Series 2020 Assessment Area is \$59,492 per acre ( $\$10,655,000 / 179.1$ ). This ceiling level is based upon the best information available at the time of this report, is subject to change, and will only be finalized at the time of the District's first bond issuance.

A test will be conducted when 25%, 50%, 75%, 90%, and 100% of the acreage within the District has been developed. The ceiling amount of debt is determined at the time any District bond issuance is closed. The ceiling amount is the ratio of the amount of debt outstanding divided by the number of acres of land for which no debt allocation has occurred as per this methodology. Table 6 below illustrates when the true-up test will be applied to determine if debt reduction payments are required. However, a true-up payment may be suspended at the District's discretion. If the property owner can demonstrate to the District, and the District finds in its discretion (consistent with the opinion of the District Engineer), that all necessary land use approvals, including applicable zoning, can reasonably and economically support development totaling greater than or equal to 503 units for Phase 4 through Phase 7 on the remaining unplatted developable acreage within the remaining phases, a true-up payment may be suspended.



**Table 6. True- Up Thresholds, Series 2020 Assessment Area**

<u>Phase 4 – Phase 7</u>	<u>25%</u>	<u>50%</u>	<u>75%</u>	<u>90%</u>	<u>100%</u>
Platted Developable Acres	44.8	89.6	134.3	161.2	179.1
Unplatted Developable Acres	134.3	89.6	44.8	17.9	0.0
Debt Ceiling per Acre	\$59,492	\$59,492	\$59,492	\$59,492	\$59,492

Source: PFM Financial Advisors LLC

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

#### 4.0 Assessment Roll

Table 7 outlines the bond principal and annual assessment levels for the acreage within the District's Phase 4, Phase 5, Phase 6 and Phase 7. A description of the acreage within the Series 2020 Assessment Area within the District, which will be assessed to secure the repayment of the District's Series 2020 Bonds, is found in Exhibit "A" and Table 7. The assessments shall be paid in not more than thirty (30) annual installments.

**Table 7. Series 2020 Assessment Area - Assessment Roll**

<u>Description</u>	<u>Assessable Acreage*</u>	<u>Bond Principal Assessment</u>	<u>Bond Principal Assessment per Acre</u>	<u>Net Total Bond Annual Assessment</u>	<u>Net Annual Assessment per Acre</u>	<u>Bond Gross Annual Assessment (1)</u>	<u>Bond Gross Annual Assessment per Acre (1)</u>
Parker Road Project – Phase 2*	179.10	\$10,655,000	\$59,492	\$610,000	\$3,406	\$648,936	\$3,623
<b>TOTAL</b>	<b>179.10</b>	<b>\$10,655,000</b>	<b>\$59,492</b>	<b>\$610,000</b>	<b>\$3,406</b>	<b>\$648,936</b>	<b>\$3,623</b>

\*As described in the Engineer's Report

(1) Gross assessments represent the assessment placed on the County tax roll each year, if the District elects to use the Uniform Method of collecting non-ad valorem assessments authorized by Chapter 197 of the Florida Statutes. Gross assessments include a 6.0% gross-up to account for the fees of the County Property Appraiser and Tax Collector and the statutory early payment discount.





## EXHIBIT "A"

### LEGAL DESCRIPTION PARKER ROAD PHASE 4, PHASE 5, PHASE 6 AND PHASE 7

#### PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT LEGAL DESCRIPTION OF THE 2020 ASSESSMENT AREA

##### **DESCRIPTION:** (BY SURVEYOR)

A PARCEL OF LAND SITUATED IN SECTION 13, TOWNSHIP 10 SOUTH, RANGE 18 EAST, ALACHUA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF SECTION 13, TOWNSHIP 10 SOUTH, RANGE 18 EAST; THENCE SOUTH 00°37'36" EAST ALONG THE WEST LINE OF SAID SECTION, A DISTANCE OF 40.01 FEET; THENCE NORTH 89°38'05" EAST DEPARTING SAID WEST LINE, A DISTANCE OF 40.00 FEET TO THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY LINE OF S.W. 24<sup>TH</sup> AVENUE AND THE EASTERLY RIGHT-OF-WAY OF S.W. 122<sup>ND</sup> STREET, SAID INTERSECTION BEING THE POINT OF BEGINNING; THENCE CONTINUE NORTH 89°38'05" EAST ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF S.W. 24<sup>TH</sup> AVENUE, A DISTANCE OF 2598.49 FEET TO THE WEST LINE OF THE NORTHEAST 1/4 OF SECTION 13; THENCE SOUTH 00°50'15" EAST DEPARTING SAID SOUTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 1285.11 FEET TO THE SOUTHWEST CORNER OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF SAID SECTION 13; THENCE NORTH 89°45'39" EAST, A DISTANCE OF 2642.92 FEET TO THE SOUTHEAST CORNER OF SAID NORTH 1/2 OF THE NORTHEAST 1/4 OF SAID SECTION 13; THENCE SOUTH 00°59'31" EAST ALONG THE EAST LINE OF SAID SECTION 13, A DISTANCE OF 3991.18 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 13; THENCE NORTH 89°52'39" WEST ALONG THE SOUTH LINE OF SAID SECTION 13, A DISTANCE OF 5271.23 FEET TO THE AFOREMENTIONED EASTERLY RIGHT-OF-WAY LINE OF S.W. 122<sup>ND</sup> STREET; THENCE NORTH 00°38'34" WEST ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 2638.82 FEET TO A 4" X 4" ALACHUA COUNTY RIGHT-OF-WAY MONUMENT; THENCE NORTH 00°37'36" WEST CONTINUING ALONG SAID EASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 2598.20 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIBED PARCEL OF LAND CONTAINS 556.33 ACRES, MORE OR LESS.

##### **LESS AND EXCEPT:**

THOSE CERTAIN LANDS DESCRIBED IN OAKMONT PHASE I, UNIT 1A, AS RECORDED IN PLAT BOOK 29, PAGES 35 – 39, OF THE OFFICIAL RECORDS OF ALACHUA COUNTY, FLORIDA;

THOSE CERTAIN LANDS DESCRIBED IN OAKMONT PHASE I, UNIT 1B, AS RECORDED IN PLAT BOOK 29, PAGES 40 – 46, OF THE OFFICIAL RECORDS OF ALACHUA COUNTY, FLORIDA;

THOSE CERTAIN LANDS DESCRIBED IN OAKMONT PHASE I, UNIT 1C, AS RECORDED IN PLAT BOOK 30, PAGES 2 – 4, OF THE OFFICIAL RECORDS OF ALACHUA COUNTY, FLORIDA;

THOSE CERTAIN LANDS DESCRIBED IN OAKMONT PHASE I, UNIT 1D, AS RECORDED IN PLAT BOOK 30, PAGES 5 – 8, OF THE OFFICIAL RECORDS OF ALACHUA COUNTY, FLORIDA;

THOSE CERTAIN LANDS DESCRIBED IN OAKMONT PHASE 2, AS RECORDED IN PLAT BOOK 32, PAGES 30 – 35, OF THE OFFICIAL RECORDS OF ALACHUA COUNTY, FLORIDA; AND

THOSE CERTAIN LANDS DESCRIBED IN OAKMONT PHASE 3, AS RECORDED IN PLAT BOOK 35, PAGES 60 – 65, OF THE OFFICIAL RECORDS OF ALACHUA COUNTY, FLORIDA.

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**APPENDIX C**

**Copy of Master Indenture and Form of Second Supplemental Indenture**

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MASTER TRUST INDENTURE  
 PARKER ROAD  
 COMMUNITY DEVELOPMENT DISTRICT

TO

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

Dated as of June 1, 2007

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MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of June 1, 2007, by and between PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "Trustee"), a national banking association and having the authority to exercise corporate trust powers, with its designated corporate trust office located at 225 Water Street, 7th Floor, Jacksonville, Florida 32202, Attention: Corporate Trust Department.

WHEREAS, the District is a community development district duly organized and existing under the provisions of Chapter 190, Florida Statutes, as amended (the "Act"), for the purpose, among other things, of financing and managing the acquisition, construction, installation, maintenance, and operation of the major infrastructure within and without the boundaries of the District; and

WHEREAS, the District has the power and authority under the Act to issue special assessment bonds and revenue bonds 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 190.022 of the Act, to levy and collect special assessments therefor as provided in Chapter 170, Florida Statutes, as amended, and to levy and collect user charges and fees therefor as provided in Section 190.011, Florida Statutes, as amended; and

WHEREAS, the District has the power and authority under and by virtue of Section 190.021 of the Act to levy and collect Benefit Special Assessments (hereinafter defined); 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, installation, and operation of portions of the infrastructure within and without the boundaries of the District; and

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EXHIBIT A

FORM OF REQUISITION

WHEREAS, the execution and delivery of the Bonds and of this Master Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Master Indenture a valid and binding agreement and a valid and binding lien on the Trust Estate (hereinafter defined) have been done;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the District, in consideration of the premises 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 principal of, premium, if any, and interest 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 and its successors in trust, and assigns forever, for the securing of 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, conveyed, assigned, hypothecated, endorsed, deposited, pledged, 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 except as otherwise provided herein or in a Supplemental Indenture 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, under the Supplemental Indenture authorizing such Series of Bonds or on the Bonds of such Series, 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 principal of, premium, if any, and interest 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

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number of days elapsed (determined on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months) from the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance), by (y) one hundred eighty (180). A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

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

**"Act"** shall mean Chapter 190, Florida Statutes, as amended from time to time.

**"Additional Bonds"** shall mean Bonds of a Series authenticated and delivered pursuant to the terms of a Supplemental Indenture providing for the issuance of pari passu Additional Bonds of such Series.

**"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 any Subordinated Debt.

**"Amortization Installments"** shall mean the moneys required to be deposited in a Series 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 190.022 of the Act as amended from time to time, together with the interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170 Florida Statutes, as amended, if any such interest is collected by or on behalf 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 and which are referred to as such and pledged to a Series of Bonds pursuant to the

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the equal and proportionate benefit of the respective Owners from time to time of the Bonds of each respective Series, as follows:

**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 Accountants) 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.

**"Accreted Value"** shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital Appreciation Bonds (or in accordance with a table of compound accreted values set forth in such Capital Appreciation Bonds), compounded semi-annually on each Interest Payment Date; provided, however, that if the date with respect to which any such computation is made is not an Interest Payment Date, the Accreted Value of any Bond as of such date shall be the amount determined by compounding the Accreted Value of such Bond as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) at the rate of interest per annum of the Capital Appreciation Bonds for the partial semi-annual compounding period determined by dividing (x) the

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Supplemental Indenture authorizing the issuance of such Series of Bonds.

**"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.

**"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 benefit special assessments levied and collected in accordance with Section 190.021(2), Florida Statutes, as amended from time to time, 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 and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

**"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 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 first day of May in each year and ending on the last day of April 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.

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**"Capital Appreciation Bonds"** shall mean Bonds issued under the Indenture and any Supplemental Indenture as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then-current Accreted Value only at the maturity or earlier redemption thereof, all as so designated in a Supplemental Indenture of the District providing for the issuance thereof.

**"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 one year after the completion of a Series Project to be funded 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.

**"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 amended, or any successor provisions thereto and the regulations promulgated thereunder or under the Internal Revenue Code of 1954, as amended, if applicable, or any successor provisions thereto.

**"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.

**"Connection Fees"** shall mean all fees and charges assessed by the District to users for the actual costs of connecting to a utility system of the District.

**"Consulting Engineers"** shall mean the independent engineer or engineering firm or corporation employed by the District in connection with any Series Project to perform and carry out the duties of the Consulting Engineer under this Indenture or any Supplemental Indenture.

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the District as a depository of moneys subject to the provisions of this Master Indenture.

**"District"** shall mean the Parker Road Community Development District, a community development district established pursuant to the Act or any successor thereto which succeeds to the obligations of the District hereunder.

**"Engineers' Certificate"** shall mean a certificate of the Consulting Engineers or of such other engineer or firm of engineers having a favorable repute for skill and experience in the engineering matters with respect to which such certification is required by this Master Indenture.

**"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.

**"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.

**"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 a Supplemental Indenture or

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

**"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 the principal of, interest on or purchase price of a Series of Bonds or any alternate or substitute Credit or Liquidity Facility if then in effect.

**"Current Interest Bonds"** shall mean Bonds of a Series the interest on which is payable at least annually.

**"Date of Completion"** with respect to a Series Project or Additional Series installed Project shall mean: (i) the date upon which such 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 Consulting Engineer filed with the Trustee and the District; or (ii) the date on which the District determines, upon the recommendation of or in consultation with the Consulting Engineer, that it cannot complete such Project in a sound and economical manner within a reasonable period of time as evidenced by a certificate of the Consulting Engineer of the District filed with the Trustee and the District; provided that in each case such certificate of the Consulting Engineer shall set forth the amount of all Costs of such 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 of 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

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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 Bonds or 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 and include, except as otherwise provided in the Supplemental Indenture providing of the authorization of Notes or Bonds, mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District:

- (i) Government Obligations;
- (ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or such other government - sponsored agencies which may presently exist or be hereafter created; provided that, such bonds, debentures, notes or other evidences of indebtedness are fully guaranteed as to both principal and interest by the United States of America; Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Bank System; Export-Import Bank of the United States; Farmers Home Administration; Small Business Administration; Inter-American Development Bank; International Bank for Reconstruction and Development; Federal Land Banks; the Federal National Mortgage Association; the Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(iii) Direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in either of the two highest rating categories

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without regard to gradations within any such categories by either S&P or Moody's:

(iv) Negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements issued by any bank or trust company, including the Trustee, or any federal savings and loan association, the deposits of which are insured by the Federal Deposit Insurance Corporation (including the FDIC's Savings Association Insurance Fund), which securities, to the extent that the principal thereof exceeds the maximum amount insurable by the Federal Deposit Insurance Corporation and, therefore, are not so insured, shall be fully secured to the extent permitted by law as to principal and interest by the securities listed in subsection (i), (ii) or (iii) above; provided, however, that with respect to securities used to secure securities hereunder, in addition to direct and general obligations of any political subdivision or instrumentality of any such state, to the payment of the principal of and interest on which the full faith and credit of such subdivision or instrumentality is pledged if such obligations are initially rated in one of the three highest rating categories without regard to gradations within any such categories by either S&P or Moody's:

(v) Bank or broker repurchase agreements fully secured by securities specified in (i) or (ii) above, which may include repurchase agreements with the commercial banking department of the Trustee, provided that such securities are deposited with the Trustee, with a Federal Reserve Bank or with a bank or trust company (other than the seller of such securities) having a combined capital and surplus of not less than \$100,000,000:

(vi) A promissory note of a bank holding company rated in either of the two highest rating categories without regard to gradations within any such categories by either S&P or Moody's:

(vii) Any short term government fund or any money market fund whose assets consist of (i), (ii) and (iii) above;

(viii) Commercial paper which at the time of purchase is rated in the highest rating category without regard to gradations with such category by either S&P or Moody's:

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nationally recognized securities rating agency designated by the District by written notice to the Trustee.

**"Option Bonds"** shall mean Current Interest Bonds, which may be either Serial or Term Bonds, which by their terms may be tendered by and at the option of the Owner for purchase prior to the stated maturity thereof.

**"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 with respect to Bonds of any Series 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 provision satisfactory to the Trustee shall have been made 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 unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser in due course; and

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

In addition, Bonds actually known by the Trustee to be held by or for the District will not be deemed to be Outstanding for the purposes and within the purview of Article IX and Article XI of this Master Indenture.

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(ix) (A) Certificates evidencing a direct ownership interest in non-callable Government Obligations or in future interest or principal payments thereon held in a custody account by a custodian satisfactory to the Trustee, and (B) obligations of any state of the United States of America or any political subdivision, public instrumentality or public authority of any such state which are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and which are fully secured by and payable solely from non-callable Government Obligations held pursuant to an escrow agreement; and

(x) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.105 or the corresponding provisions of subsequent laws.

**"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.

**"Maturity Amount"** shall mean the amount due at maturity with respect to a Capital Appreciation Bond.

**"Maximum Annual Debt Service Requirement"** shall mean, at any given time of determination, the greatest amount of principal, interest and Amortization Installments 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 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

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**"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 Benefit Special 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 the Property Appraiser of Alachua County, Florida, or the person succeeding to such officer's 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 person or firm shall

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either be a firm of attorneys or independent certified public accountants 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.

**"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 fifth (5th) day next 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 preceding such day.

**"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 pursuant to the provisions thereof, hereof and of the Supplemental Indenture pursuant to which such Bond is issued.

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

**"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 Rating Group, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and its 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 or any Assistant 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.

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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, Supplemental Indenture.

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

**"Series Reserve Account"** shall mean the Reserve Account for the 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 Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual debt service for all Outstanding Bonds of such Series, or (C) the aggregate of 10% of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof. 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 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. In computing the Series Reserve Account Requirement in accordance with clause (C) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value.

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**"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.

**"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, 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 a Series of Bonds and may consist of Assessments, Benefit Special Assessment, Connection Fees or other user fees or other revenues or combinations thereof imposed or levied 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

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**"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.

**"Subordinate 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 supplementary 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 Alachua County, Florida, appointed by the chief financial officer of the County of Alachua, Florida, or the person succeeding to such officer's 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 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 excludability 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.

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

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Installments or are subject to extraordinary mandatory or mandatory redemption upon receipt of unscheduled Pledged Revenues.

**"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 the deposits of which are insured by the Savings Insurance Fund of the Federal Deposit Insurance Corporation or its successor and which are secured or insured in the manner required by Florida law.

**"Trust Estate"** shall have the meaning ascribed to such term in the granting clauses hereof, including, but not limited to, the Pledged Revenues and Pledged Funds.

**"Trustee"** shall mean U.S. Bank National Association with its designated office in Jacksonville, Florida, and any successor trustee appointed or serving pursuant to Article VI hereof.

**"Variable Rate Bonds"** shall mean Current Interest 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, which Bonds may also be Option Bonds.

**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," and "Bond Registrar" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. All references to Florida Statutes and other provisions of Florida law shall be deemed to include any and all amendments thereto.

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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 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, Maturity Amount or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent in Jacksonville, Florida. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment by delivery of written notice to the Paying Agent 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, or, if less than such amount, all of the Outstanding Bonds of a Series, in aggregate principal amount of the Bonds). 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 the 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 either the Chairman, the Secretary or the Trustee. The official seal of the District 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 persons may not have been such officers. The Bonds, and the provisions for registration and reconversion to be endorsed on such Bonds, shall be

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## 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, without limitation as to aggregate principal amount, 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 from time to time, Additional Bonds, Completion Bonds and Refunding Bonds of a Series 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 dated, shall be stated to mature in such year or years in accordance with the Act, and all 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 Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Option Bonds or any combination thereof and 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 as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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substantially in the form set forth in a Supplemental Indenture. The Trustee may appoint one or more authenticating agents.

**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 and endorsed on the Bond by the Bond Registrar. 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 as herein provided. 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.

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**Section 206. Special Obligations.** Each Series of Bonds shall be a special and direct 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. The Bonds and the interest and premium, if any, 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 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 by, the Series Pledged Revenues and the Series Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

**Section 207. Authorization of Bonds.** There shall be issued from time to time in Series, under and secured by this Master Indenture, Bonds without limitation as to aggregate principal amount 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; and (iii) paying the costs and expenses of issuing such Series of Bonds.

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:

(i) an executed and attested original or certified copy of this Master Indenture;

(ii) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on which, and the amounts in which,

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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 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.

**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 upon the cancellation of such mutilated Bond or

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such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, awarding the Series of Bonds, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefor set forth in such Supplemental Indenture:

(iii) an opinion of counsel for the District substantially to the effect that the signer is of the opinion that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized in accordance with the terms hereof and of the Act, and have been duly 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 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;

(iv) an opinion of Bond Counsel for the District substantially to the effect that the signer is of the opinion that the Bonds of such Series are 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.

The Trustee shall be provided with reliance letters with respect to the opinions required in paragraphs (iii) and (iv) above. When the documents mentioned in subsections (i) through (iv) 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 District, but only upon payment to the Trustee of the purchase price of such Series of Bonds, together with accrued interest, if any, thereon as set forth in a certificate of delivery and payment executed by the Chairman or Vice Chairman of the District.

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in lieu of and in substitution for such Bond destroyed or lost, and 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 upon 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, 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. 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

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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 unless the Trustee accepts in writing such duties and obligations.

**Section 212. Tax Status of Bonds.** Any Series of Bonds issued under this Master Indenture either (i) may be issued as Tax Exempt Bonds, or (ii) may be issued as Taxable Bonds. The intended tax status of any Series of Bonds to be issued may be referenced in any Supplemental Indenture authorizing the issuance of such Series of Bonds.

### ARTICLE III REDEMPTION OF BONDS

**Section 301. Redemption Generally.** The Bonds of any Series shall be subject to redemption, either in whole on any date or in part on any Interest Payment 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

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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 on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in the 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 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, in each case stating: (i) 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 that all of the Bonds of one or more 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; and (viii) the notice date, redemption date, and redemption price. 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 redemption payments.

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 in accordance with the then-current guidelines of the Securities and Exchange Commission 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 that disseminate securities redemption notices in accordance with the then-current guidelines of the Securities

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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 a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of such Series representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. 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 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.

**Section 302. Notice of Redemption; Procedure for Selection.** The District shall establish each redemption date, other than in the case of a mandatory redemption, 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 next 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

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and Exchange Commission, 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 mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

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.

**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 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 interest, if any, accrued thereon to the redemption date, 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.

**Section 402. Payments From Acquisition and Construction Fund.** Payments of the Cost of constructing and acquiring a Series Project shall be made from the Acquisition and Construction Fund as herein provided. All such payments shall be

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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.** For the purposes of this Master Indenture, the Cost of the Series Project shall include, without intending thereby to limit or to restrict or expand any proper definition of such cost under the Act, other applicable provisions of Florida law, or this Master Indenture, the following:

(i). **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 costs, rating agency fees, fees of financial advisors, engineer's fees and costs, 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.

(ii). **Accrued and Capitalized Interest.** Any interest accruing on the Bonds from their date through the first Interest Payment Date 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 Interest Account or 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 or 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 or 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

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(xi). Amounts to repay temporary or bond anticipation notes or loans made to finance any costs permitted under the Act.

(xiii). Costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services or any other person for a default or breach under the corresponding contract, or in connection with any dispute.

(xiv). Premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same.

(xv). Expenses of Project management and supervision.

(xvi). Costs of effecting compliance with any and all governmental permits relating to the Project.

(xvii). Any other "cost" or expense as provided by the Act.

(xviii). **Refinancing Costs.** All costs described in (i) through (xvii) above or otherwise permitted by the Act associated with refinancing or repaying any loan or other debt obligation, of the District.

**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 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.** There 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, the Trust Estate; provided, however, that unless otherwise specifically

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such deposit, the amount on deposit in such Acquisition and Construction Account, together with earnings thereon will be sufficient to complete the related Series Project which is to be funded from such Acquisition and Construction Account.

(iii). **Acquisition Expenses.** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-law, franchises, easements, plans and specifications and similar items 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, install and construct the Project and payments, contributions, dedications, taxes, assessments or permit fees or costs and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any District purpose.

(iv). **Construction Expense.** All costs incurred including interest charges, for labor and materials, including equipment, machinery and fixtures, by contractors, builders, and materialmen in connection with the acquisition, installation and construction of the Project, and including without limitation costs incident to the award of contracts.

(v). **Other Professional Fees and Miscellaneous Expenses.** All legal, architectural, engineering survey, and consulting fees, as well as all financing charges, taxes, insurance premiums, and miscellaneous expenses, not specifically referred to in this Master Indenture that are incurred in connection with the acquisition and construction of the Project.

(vi). Expenses of determining the feasibility or practicality of acquisition, construction, installation, or reconstruction.

(vii). Costs of surveys, estimates, plans and specifications.

(viii). Costs of improvements.

(ix). Financing charges.

(x). Creation of initial reserve and debt service funds.

(xi). Working capital.

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provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Trust Estate securing such Series of Bonds, the Pledged Funds and Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds 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:

(a). Acquisition and Construction Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds 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 issued hereunder:

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

(i) a Series Interest Account,

(ii) a Series Principal Account,

(iii) a Series Sinking Fund Account.

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(iv) a Series Redemption Account and therein a Prepayment Subaccount and an Optional Redemption Subaccount, and

(v) 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 issued hereunder and any Bonds issued on a parity with any such Series of Bonds hereunder; 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 as shall be deemed advisable by the District in connection with such Series of Bonds.

#### Section 503. Acquisition and Construction Fund.

(a) 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:

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

(2) 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;

(3) the balance of insurance proceeds with respect to the loss or destruction of the Series Project or any portion thereof; and

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

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deposit all Prepayments, when received, into the related Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds.

#### Section 505. Debt Service Fund and Series Debt Service Account.

(a) Principal, Maturity Amount, Interest and Amortization Installments. On the Business Day preceding each Interest Payment Date on the Bonds, the Trustee shall withdraw from the Series Revenue Account and, from the amount so withdrawn, shall 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 such Interest Payment Date;

(ii) to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein will equal the principal amount, if any, payable with respect to Serial Bonds of such Series on such Interest Payment Date;

(iii) in each Bond Year in which Term Bonds of such Series are subject to mandatory redemption from Amortization Installments, to the related Series Sinking Fund 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 on such Interest Payment Date;

(iv) in each Bond Year in which Capital Appreciation Bonds of such Series mature to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Maturity Amount payable with respect to the Capital Appreciation Bonds of such Series maturing on such Interest Payment Date;

(v) 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

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Amounts in such Acquisition and Construction Account shall be applied to the Cost of the Series Project; provided, however, that if any amounts remain in the 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. 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 paid 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.

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. The Trustee shall have no duty to investigate the accuracy or validity of the items delivered pursuant to this Section 503(b).

(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 Consulting 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.

**Section 504. Revenue Fund and Series Revenue Accounts.** The District hereby covenants and agrees that it will assess, impose, establish and collect the Pledged Revenues with respect to each Series of Bonds in amounts and at times sufficient to pay, when due, the principal of, premium, if any, and interest on such Series of Bonds. The District hereby covenants and agrees to immediately deposit upon receipt of all such Pledged Revenues (except Prepayments), when received, into the related Series Revenue Account and to immediately

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(vi) 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 the foregoing, 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.

(b) Disposition of Remaining Amounts on Deposit in Series Revenue Account. The District shall authorize the withdrawal, from time to time, from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent, when due. Subject to the provisions of Section 604 hereof, if (i) the amount on deposit in the Series Interest Account, Series Principal Account, and Series Redemption Account in each Bond year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installment required to be paid into the Series Redemption Account in such Bond Year, and (ii) any amounts remain in the Series Revenue Account, then, such amounts shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser, or, if such commissions, fees, costs, or other charges have been paid by the District, then to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amounts have been withdrawn, paid and provided for as provided above, any amounts remain in the Series Revenue Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District. After making the payments provided for in this subsection (b), the balance, if any, remaining in the Series Revenue Account shall be retained

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therein, or, at the written direction of an Authorized Officer to the Trustee, transferred into the Series Redemption Account.

(c) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be used for the purpose of paying interest or principal or Amortization Installment or Maturity Amount on the Bonds of the related Series whenever amounts on deposit in the Series Debt Service Account shall be insufficient for such purpose.

(d) **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, the Maturity Amount of Capital Appreciation Bonds of such Series and to redeem Term Bonds of such Series that are subject to mandatory redemption from Amortization Installments, as the case may be.

(e) **Series Redemption Account.** Moneys representing Prepayments on deposit in a Series Redemption Account 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 redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment of premium by the terms hereof (including extraordinary or extraordinary mandatory redemption) 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 shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys other than from Prepayments shall be held and applied in a Series Redemption Account as provided in Section 506(a) hereof.

(f) **Payment to the 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, and after all amounts due and owing to the Trustee have been paid in full, 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

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related Series Interest Account and the principal portion of the purchase price of Serial 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. In the event that 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 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 (i) 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 an 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

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Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

#### Section 506. Optional Redemption.

(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 Interest Payment Date on which Bonds are subject to optional redemption, from moneys on deposit in a Series Redemption Account such amount of Authorized Denominations 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 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 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, having regard to maturity, option to redeem, rate and price, 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

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next 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 flow 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 (i) 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 Prepayment Subaccount of a Series Redemption Account, against the principal coming due or 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.

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**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.

(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 Internal Revenue Service. 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 administrative and operating expenses 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 pay, from any legally available source, the amount of any such deficiency to the United States as in paragraph (b) above provided.

(d) **Survival.** The covenants and agreements of the District in this Section 507 and Section 809, and any additional covenants related to compliance with provisions necessary in order to preserve the exclusion of interest on the Bonds of a Series from gross income for Federal income tax purposes shall survive the defeasance of the Bonds of such Series in accordance with Article XII hereof.

**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.

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(d) **Valuation.** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, with the exception of a Series Reserve Account, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder. For the purpose of determining the amount on deposit to the credit of a Series Reserve Account, obligations in which money in such Account shall have been invested shall be valued at par, if purchased at par, or at amortized cost, if purchased at other than par, plus, in each case, accrued interest. Amortized cost, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

**Section 509. Deficiencies and Surpluses in Funds.** For purposes of this Section: (a) 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 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 (b) a "surplus" shall mean in the case of a Series Reserve Account, that the amount on deposit therein is in excess of the applicable Series Reserve Account Requirement.

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(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 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 written 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. The Trustee shall have no obligation to invest funds without written direction from an Authorized Officer.

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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, and, 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.

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. The Trustee, as soon as practicable after such computation, shall deposit any surplus, at the direction of an Authorized Officer, to the credit of the Series Redemption Account or the Series Principal Account.

**Section 510. Investment Income.** Unless provided otherwise in a Supplemental Indenture, earnings on Investments in a Series Acquisition and Construction Account, a Series Interest Account and a Series Revenue Account shall be deposited, as realized, to the credit of such Series Account and used for the purpose of such Account. Unless provided in a Supplemental Indenture, earnings on investments in a Series Principal Account and Redemption Account shall be deposited, as realized, to the credit of such Series Interest Account and used for the purpose of such Account.

Earnings on investments in a Series Reserve Account shall unless otherwise therein provided in a Supplemental Indenture 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, then earnings on investments in the

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Series Reserve Account shall be deposited, as realized, in 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 to the Series Revenue Account

**Section 511. Cancellation of the Bonds.** All Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds. All Bonds canceled under any of the provisions of this Master Indenture shall be destroyed by the Paying Agent, which shall execute a certificate in duplicate describing the Bonds so destroyed. One executed certificate shall be filed with the Trustee 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 agree. The Trustee shall have only those duties expressly set forth herein, and no duties shall be implied against the Trustee.

**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 Gross Negligence.** The Trustee may execute any powers hereunder and perform any

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**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 the events specified as "Events of Default" in Section 902 hereof, but not including any notice or periods of grace provided for therein) or if the Trustee based upon the advice of counsel upon which the Trustee is entitled to rely, determines that the giving of such notice is not in the best interests of the Owners of the Bonds. 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 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 Default.** Before taking any action under this Master Indenture or any Supplemental Indenture in respect of an Event of Default, the Trustee may require that a satisfactory indemnity bond 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.

**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

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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 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 gross 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 to the extent permitted under Florida law 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 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. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received by the Trustee under this Master Indenture or any Supplemental Indenture and payable to the District other than moneys from a Credit Facility or a Liquidity Facility. This provision shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its resignation or removal thereof. As security for the foregoing, the District hereby grants to the Trustee a security interest in and to the amounts of deposit in all Series Funds and Accounts (other than the Rebate Fund) thereby, in effect, granting the Trustee a first charge against these moneys following an Event of Default for its fees and expenses (including legal counsel and default administration costs and expenses), subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905(a) upon the occurrence of an Event of Default.

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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.

**Section 610. Construction of Ambiguous Provision.** 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. The Trustee shall give prompt written notice to the District of any intention to make such construal.

**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

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aggregate principal amount of all Bonds then Outstanding and filed with the Trustee and the District.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or 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; provided that no Event of Default has occurred hereunder and is continuing, or upon the application of 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, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer; provided, however, that the District shall not appoint a successor Trustee unless no Event of Default has occurred and is continuing and 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. If an Event of Default has occurred hereunder and is continuing and 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 a successor may be appointed by any court of competent jurisdiction upon the application of the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding and such successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

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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 (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

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**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, 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. After withholding from the funds on hand any amounts owed to itself hereunder, the Trustee ceasing to act hereunder shall 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 rights granted under Section 604 hereof. The successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

**Section 616. Merger of Trustee.** Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated or into which all or substantially all of the corporate trust business of the Trustee shall be sold or otherwise conveyed, 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

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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 (i) shall be a commercial bank or trust company (a) duly organized under the laws of the United States or any state or territory thereof, (b) authorized by law to perform all the duties imposed upon it by this Master Indenture, and (c) capable of meeting its obligations hereunder, and (ii) shall have a combined net capital and surplus of at least \$50,000,000.

**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 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 into which substantially all of its corporate trust assets shall be sold or otherwise conveyed, 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

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parties hereto, anything in this Master Indenture to the contrary notwithstanding.

#### ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

**Section 701. Trust Funds.** Subject to the provisions of Section 601 and Section 905(a) hereof, all amounts on deposit in Series Funds or Accounts for the benefit of a Series of Bonds shall:

(a) be used only for the purposes and in the manner herein and in the Supplemental Indenture relating to such Series of Bonds provided and, pending such application, be held by the Trustee in trust for the 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, and other funds and accounts of the Trustee and the District;

(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 any *pari passu* obligations to issuers of Credit or Liquidity Facilities 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 second 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, subordinate and inferior to the security interest granted to the Owners of such Series of Bonds and any *pari passu* obligations to issuers of Credit or Liquidity Facilities with respect to such series of Bonds, but nevertheless payable in the order of priority as set forth in Section 905(a) hereof upon the occurrence 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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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 Revenue.** 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 any and all Pledged Revenues.

**Section 806. Sale of Series Projects.** The District covenants that, until such time as there are no Bonds of a Series Outstanding, it will not sell, lease or otherwise dispose of or encumber the related Series Project or any part thereof other than as provided herein. The District may, however, from time to time, sell any machinery, 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 needed or 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 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. The District may from time to time sell or lease such other property forming part of a Series Project which it may determine is not needed or serves no useful purpose in connection with the maintenance and operation of such Series Project, if the Consulting Engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as hereinabove provided for the proceeds of the sale or disposal of movable property. The proceeds of any lease as described above shall be deposited to the credit of the related Series Principal Account or Redemption Account.

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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 the time for payment of the interest on any Bonds. 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, to adopt Supplemental Indentures, and to pledge its moneys, securities and funds in the manner and to the extent provided herein. Except as provided herein, the District hereby represents that such moneys, securities and funds of the District are and will be free and clear of any pledge, lien, charge or encumbrance thereon and 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

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Notwithstanding the foregoing, the District may: (i) dispose of all or any part of a Series Project, other than a Series Project the revenues to be derived from the operation of which are pledged to a Series of Bonds, by gift or dedication thereof to any unit of local government, or to the State or any agency or instrumentality of either of the foregoing or the United States Government; 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 thirty days of receipt and approval by the District, so long as any Bonds are Outstanding, deliver to each Requesting Owner (hereinafter defined) and file with the Trustee, solely as a repository of such information, and otherwise as provided by law, a copy of its annual audit for such year, accompanied by an Accountant's Certificate, including: (a) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (b) 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

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such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis. For purposes of the foregoing, the term "Requesting Owner" shall mean the Owner (or beneficial owner in the case of book-entry Bonds) of more than \$1,000,000 aggregate principal amount of any Series of Bonds who requests such information in writing to the District.

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, a certificate of an Authorized Officer upon the occurrence of an Event of Default as described in Section 902(g) hereof, such certificate to contain a description of the nature of such default and actions taken or to be taken to remedy with 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 the designated corporate trust office of the Trustee upon the giving of at least five (5) 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 189.101 et seq., Florida Statutes, as amended, the Uniform Special District Accountability Act of 1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District. The District may contract with a service provider selected by the District to ensure such compliance.

**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 from funds held in the Rebate Account, remit to the United States that Rebate Amount at the time

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annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments.

**Section 813. Deposit of Proceeds from Sale of Tax Certificates.** If any tax certificates relating to Delinquent 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 Assessment(s), 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 five (5) Business Days following receipt of such proceeds by the District and shall be deposited by the Trustee to the credit of the related Series Revenue Account.

**Section 814. Sale of Tax Deed or Foreclosure of Assessment or Benefit Special Assessment Lien.** If any property shall be offered for sale for the nonpayment of any Assessment, which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount equal to the full amount due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Assessments or Benefit Special 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 title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments or Benefit Special Assessments were pledged. 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. 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 representatives. 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

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and place required by this Master Indenture and any Supplemental Indenture, including any Tax Regulatory Covenants contained therein.

**Section 810. Enforcement of Payment of Assessment.** The District will assess, levy, collect or cause to be collected and enforce the payment of Assessments, Benefit Special Assessments, and/or any other sources which constitute Pledged Revenues for the payment of any Series of Bonds 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, when due, the principal of and interest on the Series of Bonds to which such Pledged Revenues are pledged; and to pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

**Section 811. Method of Collection of Assessments and Benefit Special Assessments.** The District shall levy and collect Assessments and Benefit Special Assessment in accordance with applicable Florida law.

**Section 812. Delinquent Assessment.** 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 Assessments, shall be enforced in accordance with the provisions of Chapters 170 and/or 197, Florida Statutes, including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Assessment or Benefit Special Assessments, the District either on its own behalf, or through the actions of the Trustee, may, but is not obligated to, and shall at the written direction of the Beneficial Owners of at least fifty (50%) of the Outstanding Bonds of the Series, 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, and Sections 190.026 and/or 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 of each annual installment, a list of all Delinquent Assessments together with a copy of the District's

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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 nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments or Benefit Special Assessments other than the lien of any Subordinate Debt except for fees, commissions, costs, and other charges payable to the Property Appraiser or to the Tax Collector pursuant to Florida law.

**Section 816. Re-Assessments.** If any Assessments or Benefit Special Assessments 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 Assessments or Benefit Special Assessments is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessments or Benefit Special Assessments when it might have done so, the District shall either: (i) take all necessary steps to cause a new Assessment or Benefit Special 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 or Benefit Special Assessment from legally available moneys, which moneys shall be deposited into the related Series Revenue Account. In case any such subsequent Assessment or Benefit Special Assessment shall also be annulled, the District shall obtain and make other Assessments or Benefit Special Assessments until a valid Assessment or Benefit Special Assessment shall be made.

**Section 817. 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

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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.

**Section 818. Secondary Market Disclosure.** The District covenants and agrees with the Owners, from time to time, of the Bonds issued hereunder to make best efforts to provide, or cause to be provided, on a timely basis, all appropriate information repositories such information and documents as shall be required by applicable law to enable Owners to purchase and resell the Bonds issued, from time to time, hereunder. For purposes of complying with the above-described provision, the District may rely on an opinion of counsel which is familiar with disclosure of information relating to municipal securities. Nothing herein shall, however, require the District to provide disclosure in order to enable the purchaser of a security in a "private placement transaction" within the meaning of applicable securities laws, to offer or re-sell such security in other than a "private placement transaction. All financial statements provided to a repository shall be in accordance with generally accepted governmental accounting principles and shall be provided to such repository as soon as practicable after the same becomes available. The financial statements shall contain such information as shall be customary for local governments, such as the District. Nothing in this Section 818 is intended to impose upon the District, and this Section 818 shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law.

#### 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.

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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 percent (10%) in aggregate principal amount of the Bonds of such Series then Outstanding and affected by such default.

**Section 903. Acceleration of Maturities of Bonds of a Series Under Certain Circumstances.** Upon the happening and continuance of any Event of Default specified in clauses (a) through (g) 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 (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 Bond 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 no such declaration of acceleration shall occur as the result of an Event of Default specified in clause (a) of Section 902 in the case of Bonds of a Series secured by Assessments, except to the extent that the Assessments have been accelerated and are currently due and payable in accordance with applicable law; and provided further, 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

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**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;

(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 material 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

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Agent, and every other default (other than a default in the payment of 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 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 shall deem most effectual to protect and enforce such rights.

The Owners of not less than a majority in aggregate principal amount of the Bonds of such Series Outstanding shall, subject to the requirements of Section 607, have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee hereunder; provided that such directions shall not be in conflict with any rule of law of this Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of the Owners of such Series of Bonds not parties to such direction or would subject the Trustee to personal liability or expense. Notwithstanding the foregoing, the Trustee shall have the right to select and retain legal counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under this second paragraph of this Section 904.

No Owner of such Series of Bonds shall have any right to pursue any other remedy under this Indenture or such Series of Bonds unless:

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(1) an Event of Default shall have occurred and is continuing; (2) the Owners of not less than a majority in aggregate principal amount of the Bonds of such Series Outstanding have requested the Trustee, in writing, to exercise the powers granted in this first paragraph of this Section 904 or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within sixty (60) days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Owners of not less than a majority in aggregate principal amount of the Bonds of such Series Outstanding. The provisions of this immediately preceding sentence of this Section 904 are conditions precedent to the exercise by any Owner of such Series of Bonds of any remedy hereunder. The exercise of such rights is further subject to the provisions of Section 909, and the second paragraph of this Section 904. No one or more Owner of such Series of Bonds shall have any right in any manner whatever to enforce any right under this Indenture, except in the manner herein provided.

**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, 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

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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 him for appropriate endorsement.

**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

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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 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 fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then 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, 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 of the Bonds of

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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. Notwithstanding the foregoing, the indemnification provided by this

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Section 912 shall not be applicable in cases of the Trustee's gross negligence or willful misconduct.

**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

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**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; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding and affected by such supplement or 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 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 such Supplemental Indenture or of any indenture supplemental thereto; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding and affected by such amendment.

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond of such Series;

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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
- (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; or
- (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; or
- (f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190, 197 and 298, or other Florida Statutes, so long as, in the opinion of counsel to the District, such changes either: (a) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate; or (b) 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, upon which opinion the Trustee may conclusively rely.

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- (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, at the expense of the District, notice of the proposed approval to the Owners whose approval is required. Such notice shall be prepared by the District and shall briefly set forth the nature of the proposed Supplemental Indenture or indenture supplemental to a 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 or indenture supplemental to a 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 or indenture supplemental to a 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 or indenture supplemental to a Supplemental Indenture, no such indenture shall be

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effective unless and until there shall have been delivered to the Trustee the opinion of Bond Counsel to the effect that such indenture is permitted pursuant to this Master Indenture and that such indenture is the valid 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, upon which opinion the Trustee may conclusively rely. In addition, if such indenture relates to a Series of Tax Exempt Bonds, such opinion shall also state that such 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, except as otherwise provided therein, form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of 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 and the issuer thereof is not in default of any of its obligations under such Credit or Liquidity Facility, as the case may be, 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 Master Indenture or the applicable Supplemental Indenture or 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

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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 Outstanding Bonds of any particular maturity or 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, as demonstrated in an Accountant's Certificate, 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; (iii) the District shall have

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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 (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), 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 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 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

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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; and (iv) an opinion of Bond Counsel to the effect that such defeasance is permitted under this Master Indenture and the Supplemental Indenture relating to the Series of Bonds so defeased and that, in the case of Tax-Exempt Bonds, such defeasance will not adversely affect the tax exempt status of such Series of 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 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

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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 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) Notwithstanding any of the provisions of this Master Indenture to the contrary, Option Bonds may only be fully discharged and satisfied either pursuant to subsection (a) above or by depositing in the Series Interest Account, the Series Principal Account and the Series Redemption Account, or in such other accounts which are irrevocably pledged to the payment of the Option Bonds, as the District may create and establish by Supplemental Indenture, moneys which together with other moneys lawfully available therefor shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and redemption price, if any, and interest on such Option Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided however, that if, at the time a deposit is made pursuant to this subsection (d), the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (d). If any portion of the moneys deposited for the payment of the principal of and redemption price, if any, and interest on Option Bonds is not required for such purpose and is not needed to reimburse an Insurer or

an issuer of any Credit Facility or Liquidity Facility, for obligations under any Letter of Credit Agreement or any Liquidity Agreement, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Option Bonds or otherwise existing under this Master Indenture or any Letter of Credit Agreement or Liquidity Agreement.

(e) 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 two (2) 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 two (2) 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 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.

(f) In the event that 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.

(g) 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

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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 Covenant.** 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.

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**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 or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture if and when sent by certified mail, return receipt requested:

To the District, addressed to:  
District Manager  
Parker Road Community Development District  
Governmental Management Services, LLC  
14785-4 St. Augustine Road  
Jacksonville, Florida 32258

To the Trustee, addressed to:  
U.S. Bank National Association  
225 Water Street, 7th Floor  
Jacksonville, Florida 32202  
Attention: Corporate Trust Department

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 pre-paid, 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 in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become

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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.

**Section 1306. Further Acts; Counterparts.** 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.

This Master Indenture and any Supplemental Indenture may be executed in duplicate counterparts each of which shall constitute one and the same agreement.

**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. Attorneys' Fees.** Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall

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include but not be limited to fees of legal assistants and paralegal and fees incurred in any and all legal proceedings, including any trial or appellate level proceedings, and any sales tax thereon.


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**Section 1310. Effective Date.** This Master Indenture shall be effective as of the date first above-written.

(SEAL)

PARKER ROAD COMMUNITY  
DEVELOPMENT DISTRICT

By:   
Chairman

ATTEST:  
By:   
Secretary



U.S. BANK NATIONAL  
ASSOCIATION, as Trustee

By:   
Vice President

EXHIBIT A  
FORM OF REQUISITION

The undersigned, an Authorized Officer of Parker Road Community Development 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 U.S. Bank National Association, Jacksonville, Florida, as trustee (the "Trustee"), dated as of June 1, 2007 (the "Master Indenture"), as amended and supplemented by the [ ] Supplemental Indenture from the District to the Trustee, dated as of [ ] (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, or, state Costs of Issuance, if applicable):
- (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 [ ] Acquisition and Construction Account and the subaccount, if any, referred above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the [ ] Project and each represents a Cost of the [ ] Project, and has not previously been paid] OR [this requisition is for Costs of Issuance payable from the Costs of Issuance Account that 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

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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 Account or for payment of capitalized interest, there shall be attached a resolution of the Governing Body of the District approving this requisition or approving 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.

**PARKER ROAD  
COMMUNITY  
DEVELOPMENT DISTRICT**

By:  
Authorized Officer

**CONSULTING ENGINEER'S APPROVAL FOR NON-COST  
OF ISSUANCE AND CAPITALIZED INTEREST REQUESTS  
ONLY**

If this requisition is for a disbursement from other than Capitalized Interest or Costs of Issuance, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the [ ] Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of

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the [ ] Project with respect to which such disbursement is being made; and, (ii) the report of the Consulting Engineer attached as an Exhibit to the [ ] Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

Consulting Engineer

This Table of Contents is incorporated herein for ease of reference only and shall not be deemed a part of the Second Supplemental Trust Indenture.

SECOND SUPPLEMENTAL TRUST INDENTURE

PARKER ROAD  
COMMUNITY DEVELOPMENT DISTRICT

TO  
U.S. BANK NATIONAL ASSOCIATION  
AS TRUSTEE

Dated as of February 1, 2020

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SECOND SUPPLEMENTAL  
TRUST INDENTURE

THIS SECOND SUPPLEMENTAL TRUST INDENTURE (the "Second Supplemental Indenture") dated as of February 1, 2020, from PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT (the "District") to 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, having corporate trust offices in Orlando Florida.

WHEREAS, the District has entered into a Master Trust Indenture, dated as of June 1, 2007 (the "Master Indenture" and together with this Second Supplemental Indenture, the "Indenture") with the Trustee to secure the issuance of its Parker Road Community Development District Capital Improvement Revenue Bonds (the "Bonds"), issuable in one or more Series from time to time; and

WHEREAS, pursuant to Resolution No. 2006-15 (the "Bond Resolution") adopted by the Governing Body on July 7, 2006, the District has authorized the issuance, sale and delivery of not to exceed \$52,000,000 of Bonds, to be issued in one or more Series of Bonds as authorized under the Master Indenture, which Bonds were validated by final judgment of the Circuit Court of Alachua County, Florida on November 3, 2006; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2007-07, on May 4, 2007, providing for the acquisition, construction and installation of assessable capital improvements (the "Capital Improvement Program"), providing estimated Costs of the Capital Improvement Program, defining assessable property to be benefited by the Capital Improvement Program, defining the portion of the Costs of the Capital Improvement Program 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, directing the preparation of an assessment roll, and stating the intent of the District to issue Bonds of the District secured by such Assessments to finance the Costs of the acquisition, construction and installation of the Capital Improvement Program and the Governing Body of the District duly adopted Resolution No. 2007-10, on June 15, 2007 following a public hearing conducted in accordance with the Act, to fix and establish the Assessments and the benefited property (collectively, the "Assessment Proceedings"), which Resolution will be supplemented by a supplemental resolution conforming the Series 2020 Assessments (hereinafter defined) to the final pricing of the Series 2020 Bonds (hereinafter defined); and

WHEREAS, pursuant to Resolution No 2020-02 adopted by the Governing Body of the District on January 17, 2020, the District has authorized the issuance, sale and delivery of not to exceed \$11,000,000 of its Parker Road Community Development District Capital Improvement Refunding and Revenue Bonds, Series 2020 (the "Series 2020 Bonds"), which are issued hereunder in the principal amount of \$10,655,000 as an issue of Bonds under the Master Indenture, and has ratified and confirmed the Master Indenture and authorized the execution

and delivery of this Second Supplemental Indenture to secure the issuance of the Series 2020 Bonds and to set forth the terms of the Series 2020 Bonds; and

WHEREAS, the District will apply the proceeds of the Series 2020 Bonds to: (i) currently refund and redeem a portion of the District's Capital Improvement Revenue Bonds, Series 2007A in the principal amount of \$10,655,000 (the "Refunded Bonds"); (ii) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2020 Project; (iii) pay certain costs associated with the issuance of the Series 2020 Bonds; (iv) make a deposit into the Series 2020 Reserve Account for the benefit of all of the Series 2020 Bonds; and (v) pay a portion of the interest to become due on the Series 2020 Bonds; and

WHEREAS, the Series 2020 Bonds will be payable from and secured in part by revenues derived from Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2020 Project (the "Series 2020 Assessments"), which, together with the Series 2020 Pledged Funds (hereinafter defined) will comprise the Series 2020 Trust Estate (hereinafter defined); and

WHEREAS, the execution and delivery of the Series 2020 Bonds and of this Second Supplemental Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the Series 2020 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Second Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the Series 2020 Trust Estate have been done;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS SECOND 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 Series 2020 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 of, and interest on, all Series 2020 Bonds Outstanding 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 Second Supplemental Indenture and in the Series 2020 Bonds: (a) has executed and delivered this Second 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 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 2020 Assessments (the "Series 2020 Pledged Revenues") and the Funds and Accounts (except for the

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#### 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:

"*Acquisition Agreement*" shall mean the Acquisition Agreement, dated as of February 24, 2020, between the District and the Developer.

"*Beneficial Owners*" shall have the meaning given such term by DTC so long as it is the registered Owner through its nominee Cede & Co. of the Series 2020 Bonds as to which such reference is made to enable such Series 2020 Bonds to be held in book-entry form, and otherwise shall mean the registered Owner on the registration books of the District maintained by the Bond Registrar.

"*Bond Depository*" shall mean the securities depository from time to time under Section 201 hereof, which may be the District.

"*Bond Participants*" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds Bonds as securities depository.

"*Capital Improvement Program*" shall mean the program of assessable capital improvements established by the District in the Assessment Proceedings, a portion of which is comprised of the Series 2020 Project.

"*Collateral Assignment Agreement*" shall mean the Collateral Assignment and Assumption of Development and Contract Rights Relating to the Series 2020 Project between the District and the Developer dated February 24, 2020.

"*Completion Agreement*" shall mean the agreement or agreements between the Developer and the District pursuant to which, among other matters, the Developer has agreed to provide funds to pay all Costs of the Capital Improvement Program not paid for by the District from proceeds of the 2020 Bonds 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 2020 Bonds and as amended from time to time in accordance with the terms thereof.

Series 2020 Rebate Account) established hereby (the "Series 2020 Pledged Funds") which shall comprise a part of the Trust Estate securing the Series 2020 Bonds (the "Series 2020 Trust Estate");

TO HAVE AND TO HOLD all the same by the Master Indenture granted, bargained, sold, conveyed, transferred, assigned and pledged, or agreed or intended so to be, to the Trustee and its successors in said trust and to it and its assigns forever;

IN TRUST NEVERTHELESS, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the Series 2020 Bonds issued or to be issued under and secured by this Second Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any one Series 2020 Bond over any other Series 2020 Bond by reason of priority in their issue, sale or execution;

PROVIDED FURTHER HOWEVER, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the Series 2020 Bonds or any Series 2020 Bond of a particular maturity issued, secured and Outstanding under this Second Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the Series 2020 Bonds and this Second 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 Second 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 Second Supplemental Indenture, then upon such final payments, this Second Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all Series 2020 Bonds or any Series 2020 Bond of a particular maturity, otherwise this Second Supplemental Indenture shall remain in full force and effect;

THIS SECOND SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Series 2020 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 Second Supplemental Indenture), including this Second 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 Series 2020 Bonds, as follows:

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"*Declaration of Consent to Jurisdiction*" shall mean the Declaration of Consent to Jurisdiction of Parker Road Community Development District and to Imposition of Special Assessments, Series 2020 Bonds dated as February 24, 2020.

"*Deferred Costs*" shall mean the Costs of the Capital Improvement Program which have not been paid from the General Subaccount and which are identified by the District to the Trustee in writing as having been advanced under the Acquisition Agreement or any other contract or agreement pursuant to which the District may become obligated to pay for Costs of the Capital Improvement Program from the Deferred Costs Subaccount.

"*Deferred Costs Date of Completion*" shall mean the Date of Completion of the Capital Improvement Program, as evidenced by a certificate of the Consulting Engineer establishing the Date of Completion of a Series Project, as defined in the Master Indenture, accompanied by the certificate of an Authorized Officer directed to the Trustee, on which the Trustee may conclusively rely, stating that there remain no unpaid Deferred Costs.

"*Deferred Costs Subaccount*" shall mean the Deferred Costs Subaccount established within the Series 2020 Acquisition and Construction Account.

"*Delinquent Assessment Interest*" shall mean Series 2020 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Series 2020 Assessment Interest has, or would have, become delinquent under State law applicable thereto.

"*Delinquent Assessment Principal*" shall mean Series 2020 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2020 Assessment Principal has, or would have, become delinquent under State law applicable thereto.

"*Delinquent Assessments*" shall mean Delinquent Assessment Principal and Delinquent Assessment Interest.

"*Developer*" shall mean CC Oakmont, LLC, a Florida limited liability company.

"*DTC*" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"*Funding Agreement*" shall mean the Agreement between the Developer and the District pursuant to which the Developer has agreed to advance funds to pay a portion of the Costs of the Capital Improvement Program under the terms and provisions contained therein.

"*General Subaccount*" shall mean the General Subaccount established within the Series 2020 Acquisition and Construction Account.

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"Government Obligations" shall mean direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Interest Payment Date" shall mean each May 1 and November 1, commencing May 1, 2020.

"Majority Owners" shall mean the Beneficial Owners of fifty-one percent (51%) in Outstanding principal amount of the Outstanding Series 2020 Bonds.

"Methodology Report" shall mean the Preliminary Special Assessment Methodology Report dated May 3, 2007, as supplemented by the Supplemental Assessment Methodology, Series 2020 Bonds dated February 14, 2020, as the same may be supplemented.

"Nominee" shall mean the nominee of the Bond Depository, which may be the Bond Depository, as determined from time to time pursuant to this Second Supplemental Indenture.

"Participating Underwriter" shall have the meaning ascribed to it in the Continuing Disclosure Agreement.

"Redemption Date" shall mean each February 1, May 1, August 1 and November 1.

"Reserve Account Release Conditions" means (i) all of the platted single-family residential lots subject to the Series 2020 Assessments have been sold to homebuilders; and (ii) no Event of Default has occurred and is continuing with respect to any Outstanding Series 2020 Bonds.

"Series 2020 Assessments" shall mean the non-ad valorem special assessments including the interest thereon designated as pledged to secure the Series 2020 Bonds in the Series 2020 Assessment Proceedings.

"Series 2020 Assessment Interest" shall mean the interest on the Series 2020 Assessments which is pledged to the Series 2020 Bonds.

"Series 2020 Assessment Principal" shall mean the principal amount of Series 2020 Assessments received by the District which represents a proportionate amount of the principal of and Amortization Installments of the Series 2020 Bonds, other than applicable Delinquent Assessment Principal and Series 2020 Prepayment Principal.

"Series 2020 Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2020 Assessments which include Resolution Nos. 2007-07, 2007-08, 2007-10, as supplemented, adopted by the Governing Body of the District on May 4, 2007, June 15, 2007 and February 21, 2020, respectively and any supplemental proceedings undertaken by the District with respect to the Series 2020 Assessments.

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(x) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly 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 Trustee and the provider shall at its option, within ten 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 provider must at the direction of the District to the Trustee, within ten (10) calendar days, 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 repurchase agreement provider has not satisfied the above conditions within ten (10) 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 two (2) Business Days. Any repurchase agreement entered into pursuant to this definition shall contain the following additional provisions:

(A) Failure to maintain the requisite Collateral percentage will require the District of the Trustee to liquidate the Collateral as provided above;

(B) 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 transferrer's books);

(C) The repurchase agreement shall state and an opinion of Counsel in form and in substance satisfactory to the District, addressed to the District and the Trustee shall be rendered 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);

(D) 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;

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"Series 2020 Assessment Revenues" shall mean a portion of the Series 2020 Special Assessments levied as a result of the Series 2020 Project, corresponding in amount to the Debt Service on the Series 2020 Bonds and designated as such in the Methodology Report.

"Series 2020 Bonds" shall mean \$10,655,000 Parker Road Community Development District Capital Improvement Refunding and Revenue Bonds, Series 2020.

"Series 2020 Investment Obligations" shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

(ii) obligations of the Government National Mortgage Association (including participation certificates issued by such Association);

(iii) obligations of the Fannie Mae (including participation certificates issued by such corporation);

(iv) obligations of Federal Home Loan Banks;

(v) money market deposit accounts, time deposits, and certificates of deposits issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated, at the time of purchase, in one of the two highest rating categories, without regard to gradation, by Moody's and S&P;

(vi) deposits, Federal funds or bankers' acceptances (with term to maturity of 270 days or less) of any bank which has an unsecured, uninsured and unguaranteed obligation rated in one of the top two rating categories by both Moody's and S&P;

(vii) commercial paper rated in the top two rating category by both Moody's and S&P;

(viii) 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 top two rating categories by both Moody's and S&P;

(ix) 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 by either 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 highest categories for such funds by either Moody's or S&P;

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(E) 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 Trustee of any change in its long-term debt rating;

(F) The District or its designee shall represent that it has no knowledge of any fraud involved in the repurchase transaction;

(G) 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;

(H) The term of the repurchase agreement shall be no longer than ten years;

(I) The interest with respect to the repurchase transaction shall be payable no less frequently than quarterly;

(J) 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 Indenture;

(K) 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

(L) The Collateral delivered or transferred to the District, 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 of the Holders and the Trustee. 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;

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(xi) any other investment approved in writing by the Owners of a majority in aggregate principal amount of the Bonds secured thereby;

(xii) 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 ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's; and

(xiii) 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 at least 2 national rating agencies with a minimum rating of Aa2, AA or AA by Moody's, S&P or Fitch, 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:

(A) interest is paid at least quarterly at a fixed rate (subject to adjustments for yield restrictions required by the Code) during the entire term of the agreement;

(B) moneys invested thereunder may be withdrawn without penalty, premium, or charge upon not more than two days' notice unless otherwise approved by the District;

(C) the same guaranteed interest rate will be paid on any future deposits made to restore the account to its required amount; and

(D) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company, bank, financial institution or parent;

(E) in the event of a suspension, withdrawal, or downgrade below Aa3, AA- or AA- by Moody's, S&P or Fitch, respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within five (5) Business Days of receipt of publication of such downgrade, either, at the choice of the Provider:

(1) 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

(2) 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

(3) have the agreement guaranteed by a Provider acceptable to the District.

(F) in the event of a suspension, withdrawal, or downgrade below A3, A- or A- by Moody's, S&P or Fitch, respectively, the provider must, at the direction of the District or the Trustee, within five (5) Business Days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment in either case with no penalty or premium to the District or Trustee. In the event the Provider has not satisfied the above condition with five (5) Business Days of the date such conditions apply, then the 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 two (2) Business days.

(xiv) 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 ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's;

(xv) 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

(xvi) other investments permitted by Florida law.

Under all circumstances, the Trustee shall be entitled to request and to receive from the District a certificate of an Authorized Officer setting forth that any investment directed by the District is permitted under the Indenture.

"Series 2020 Pledged Revenues" shall mean the Series 2020 Assessments.

"Series 2020 Prepayment Principal" shall mean the excess amount of Series 2020 Assessment Principal received by the District over the Series 2020 Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Series 2020 Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term Series 2020 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

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"Series 2020 Reserve Account Requirement" shall mean (i) initially, an amount equal to the Maximum Annual Debt Service Requirement for the Series 2020 Bonds, as calculated from time to time and (ii) upon satisfaction of the Reserve Account Release Conditions, an amount equal to fifty percent (50%) of the Maximum Annual Debt Service Requirement for the Series 2020 Bonds, as calculated from time to time. Initially, the Series 2020 Reserve Account Requirement shall be equal to \$610,000.00.

"Substantial Absorption" shall mean the principal amount of the Series 2020 Assessments equaling at least ninety percent (90%) of the then Outstanding principal amount of the 2020 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.

"True Up Agreement" shall mean that document or documents pursuant to which the Developer agrees to pay any "debt reduction payments" for the Series 2020 Bonds required pursuant to the Series 2020 Assessment Proceedings.

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 SERIES 2020 BONDS

**Section 201. Authorization of Series 2020 Bonds; Book-Entry Only Form** The Series 2020 Bonds are hereby authorized to be issued for the purposes enumerated in the recitals hereto to be designated "Parker Road Community Development District Capital Improvement Refunding and Revenue Bonds, Series 2020" in the initial principal amount of \$10,655,000. The Series 2020 Bonds shall be substantially in the form set forth as Exhibit B to this Second Supplemental Indenture. Each Series 2020 Bond shall bear the designation "2020R" and shall be numbered consecutively from 1 upwards.

The Series 2020 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2020 Bond for each Series and maturity thereof. Upon initial issuance, the ownership of each such Series 2020 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding Series 2020 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 Series 2020 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 indirect Bond Participant. Without limiting the immediately preceding

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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 Series 2020 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 Series 2020 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 Series 2020 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent shall treat and consider the person in whose name each Series 2020 Bond is registered in the registration books kept by the Bond Registrar as the absolute Owner of such Series 2020 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2020 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2020 Bond, for the purpose of registering transfers with respect to such Series 2020 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2020 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 payments 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 Series 2020 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 Series 2020 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 herein with respect to Record Dates, the words "Cede & Co." in this Second 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 Series 2020 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 Series 2020 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 Series 2020 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 Owners transferring or exchanging the Series 2020 Bonds shall designate, in accordance with the provisions hereof.

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**Section 202. Terms** The Series 2020 Bonds shall be Term Bonds, shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

Principal Amount	Maturity Date	Interest Rate	CUSIP
\$1,075,000	05/01/2025	3.100%	701123 AC5
\$1,260,000	05/01/2030	3.375%	701123 AD3
\$3,340,000	05/01/2040	3.875%	701123 AE1
\$4,980,000	05/01/2050	4.100%	701123 AF8

**Section 203. Dating and Interest Accrual.** Each Series 2020 Bond shall be dated February 24, 2020. Each Series 2020 Bond also shall bear its date of authentication. Each Series 2020 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 Series 2020 Bond has been paid, in which event such Series 2020 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2020 Bonds, in which event, such Series 2020 Bond shall bear interest from its date. Interest on the Series 2020 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. Denominations.** The Series 2020 Bonds shall be issued in Authorized Denominations; provided, however, that the Series 2020 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000.

**Section 205. Paying Agent.** The District appoints the Trustee as Paying Agent for the Series 2020 Bonds.

**Section 206. Bond Registrar.** The District appoints the Trustee as Bond Registrar for the Series 2020 Bonds.

**Section 207. Conditions Precedent to Issuance of Series 2020 Bonds.** In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2020 Bonds, all the Series 2020 Bonds 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:

- (a) Certified copies of the Series 2020 Assessment Proceedings;
- (b) Executed copies of the Master Indenture and this Second Supplemental Indenture;

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Series 2020 Redemption Account and applied to the extraordinary mandatory redemption of Series 2020 Bonds in accordance with the directions of an Authorized Officer of the District accompanied by a cash flow certificate demonstrating that each of the installments of Series 2020 Assessment Principal and Series 2020 Assessment Interest corresponding to the Series 2020 Bonds, after giving effect to the credits for the redemption for such excess, will, in the current and each succeeding Bond Year, be at least equal to the maturing principal of and interest on the Series 2020 Bonds in such Bond Year.

**ARTICLE IV  
DEPOSIT OF SERIES 2020 BOND PROCEEDS AND APPLICATION THEREOF;  
ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF**

**Section 401. Establishment of Accounts** There are hereby established, as needed, the following Funds and Accounts.

- (a) within the Acquisition and Construction Fund held by the Trustee: (i) a Series 2020 Acquisition and Construction Account and therein a General Subaccount and a Deferred Costs Subaccount; and (ii) a Series 2020 Costs of Issuance Account;
- (b) within the Debt Service Fund held by the Trustee: (i) a Series 2020 Debt Service Account and therein a Series 2020 Sinking Fund Account, a Series 2020 Interest Account and a Series 2020 Capitalized Interest Account; and (ii) a Series 2020 Redemption Account, and therein a Series 2020 Prepayment Subaccount, and a Series 2020 Optional Redemption Subaccount;
- (c) within the Reserve Fund held by the Trustee a Series 2020 Reserve Account which shall be held for the benefit of all of the Series 2020 Bonds;
- (d) within the Revenue Fund held by the Trustee a Series 2020 Revenue Account; and
- (e) within the Rebate Fund held by the Trustee a Series 2020 Rebate Account.

**Section 402. Use of Series 2020 Bond Proceeds.** The net proceeds of sale of the Series 2020 Bonds, \$10,392,993.10 (comprised of a par amount of \$10,655,000.00, minus underwriter's discount of \$213,100.00, minus an original issue discount of \$48,906.90), plus other available moneys in the amount of \$211,147.87 (comprised of \$209,588.24 from the Series 2007A Acquisition & Construction Account and \$1,559.63 from the Deferred Costs Subaccount) shall as soon as practicable upon the delivery thereof to the Trustee by the District pursuant to Section 207 of the Master Indenture, be applied as follows:

- (a) \$602,775.00 (comprised of \$211,147.87 transferred from the accounts listed above, plus \$391,627.13 from proceeds of the Series 2020 Bonds shall be deposited to the 2007 Revenue Account of the Revenue Fund and applied to the redemption of the Refunded Bonds;

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- (c) A customary Bond Counsel opinion;
- (d) The District Counsel opinion required by the Master Indenture;
- (e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2020 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this Second Supplemental Indenture;
- (f) An Engineer's Certificate or Engineer's Certificates which set forth the estimated Cost of the Series 2020 Project;
- (g) A certificate of the Methodology Consultant addressing the validity of the Series 2020 Assessments;
- (h) A certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal; and
- (i) Executed copies of the Acquisition Agreement, Completion Agreement, Collateral Assignment Agreement, Declaration of Consent to Jurisdiction and True-Up Agreement.

Payment to the Trustee of the net proceeds of the Series 2020 Bonds shall be conclusive evidence that the foregoing conditions have been satisfied as to the District and the Underwriter.

**ARTICLE III  
REDEMPTION OF SERIES 2020 BONDS**

**Section 301. Bonds Subject to Redemption.** The Series 2020 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit B to this Second Supplemental Indenture. Interest on Series 2020 Bonds which are called for redemption shall be paid on the date of redemption from the Series 2020 Interest Account corresponding to the Series 2020 Bonds to be called or from the Series 2020 Revenue Account to the extent monies in the Series 2020 Interest Account are insufficient for such purpose.

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.

**Section 302. Priority of Redemption from Excess Acquisition and Construction Account Proceeds** Following the Deferred Costs Date of Completion excess moneys on deposit in the General Subaccount and the Deferred Costs Subaccount which are to be deposited into the Series 2020 Prepayment Subaccount in the Series 2020 Redemption Account in accordance with Section 403(a) hereof shall be deposited into the Series 2020 Prepayment Subaccount in the

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- (b) \$610,000.00, representing the Series 2020 Reserve Account Requirement at the time of issuance of the Series 2020 Bonds, shall be deposited to the credit of the Series 2020 Reserve Account;
- (c) \$150,275.00, representing the costs of issuance relating to the Series 2020 Bonds, shall be deposited to the credit of the Series 2020 Costs of Issuance Account;
- (d) \$280,931.63, representing Capitalized Interest on the Series 2020 Bonds through and including November 1, 2020, shall be deposited to the Series 2020 Capitalized Interest Account; and
- (e) \$8,960,159.34 shall be deposited to the credit of the General Subaccount.

**Section 403. Acquisition and Construction Account and Series 2020 Capitalized Interest Account.**

- (a) Amounts on deposit in the General Subaccount, together with any moneys transferred thereto shall be applied to pay the Costs of the Series 2020 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture.
- (b) After the later of the Date of Completion of the Series 2020 Project or the Deferred Costs Date of Completion, any balance remaining in the General Subaccount after retaining the amount, if any, of all remaining unpaid Costs of the Series 2020 Project set forth in the Engineer's Certificate establishing such Date of Completion, and after retaining the amount, if any, of all remaining unpaid Deferred Costs set forth in the Engineer's Certificate establishing such Deferred Costs Date of Completion shall be transferred to and deposited in the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account and applied to the extraordinary mandatory redemption of the Series 2020 Bonds in the manner prescribed in the form of Series 2020 Bond set forth as Exhibit "B" hereto. Notwithstanding the foregoing, the District shall not declare that the Deferred Costs Date of Completion has occurred until after the Reserve Account Release Conditions have been satisfied and all moneys transferred from the Series 2020 Reserve Account to the General Subaccount have been expended.

- (c) Anything herein or in the Master Indenture to the contrary notwithstanding, until the Deferred Costs Date of Completion: (i) the Trustee shall not close the Deferred Costs Subaccount; and (ii) the Trustee shall deposit into the Deferred Costs Subaccount the amounts transferred pursuant to Sections 405 and 408 hereof which amounts shall be held separate and apart from other amounts on deposit in the Series 2020 Acquisition and Construction Account, including amounts on deposit in the General Subaccount. Until the Date of Completion of the Series 2020 Project, amounts on deposit in the Deferred Costs Subaccount shall be transferred to the General Subaccount to pay accrued but unpaid Costs the Series 2020 Project to the extent that moneys theretofore on deposit in the General Subaccount are insufficient therefor. On the Date of Completion of the Series 2020 Project the District shall cause the Trustee to transfer from the Deferred Costs Subaccount to the General Subaccount the amount which is necessary

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(taking into account the moneys currently on deposit therein) to pay any accrued but unpaid Costs of the Series 2020 Project which are required to be reserved in the General Subaccount in accordance with the certificate of the Consulting Engineer establishing such Date of Completion (the "Reserved Amount"). After the Date of Completion of the Series 2020 Project and until the Deferred Costs Date of Completion, amounts on deposit in the General Subaccount shall, at the written direction of the District, be used to pay Deferred Costs upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and pursuant to the Acquisition Agreement. After the Date of Completion of the Series 2020 Project and until the Deferred Costs Date of Completion and after the expenditure of all amounts on deposit in the General Subaccount, other than the Reserved Amount for such purpose, amounts on deposit in the Deferred Costs Subaccount shall be used to pay Deferred Costs upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and pursuant to the Acquisition Agreement at the written direction of the District. The District will provide the Trustee on each May 1 and November 1 in writing with the amount of all accrued and unpaid Deferred Costs.

(d) From and after the Deferred Costs Date of Completion, any amounts on deposit in the Deferred Costs Subaccount shall be transferred into the Series 2020 Prepayment Account and the Deferred Costs Subaccount shall be closed.

(e) Amounts on deposit in the Series 2020 Capitalized Interest Account shall, until and including November 1, 2020, be transferred into the Series 2020 Interest Account and applied to the payment of interest first coming due on the Series 2020 Bonds, and thereafter transferred into the Series 2020 Acquisition and Construction Account and the Series 2020 Capitalized Interest Account shall be closed.

**Section 404. Series 2020 Costs of Issuance Account.** The amount deposited in the Series 2020 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2020 Bonds. Ninety days after the issuance of the Series 2020 Bonds at the written direction of an Authorized Officer, any amounts deposited in the Series 2020 Costs of Issuance Account which are not needed to pay such costs shall be transferred over and deposited into the General Subaccount used for the purposes permitted therefor and the Series 2020 Costs of Issuance Account shall be closed.

**Section 405. Series 2020 Reserve Account.** The Series 2020 Reserve Account shall be funded and maintained at all times in an amount equal to the Series 2020 Reserve Account Requirement. Amounts on deposit in the Series 2020 Reserve Account shall be used only for the purpose of making payments into the Series 2020 Interest Account and the Series 2020 Sinking Fund Account to pay Debt Service on the Series 2020 Bonds, when due, without distinction as to Series 2020 Bonds and without privilege or priority of one Series 2020 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose, except as specified in this Second Supplemental Indenture. Such Account shall consist only of cash and Series 2020 Investment Obligations.

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(b) Upon any redemption of Series 2020 Bonds (other than Series 2020 Bonds redeemed in accordance with scheduled Amortization Installments and other than Series 2020 Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section 506(b) of the Master Indenture), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so as to amortize the Outstanding Series 2020 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2020 Bonds.

**Section 407. Tax Covenants and Rebate Account.** The District shall comply with the Tax Regulatory Covenants (including deposits to and payments from the Series 2020 Rebate Account) included as part of the closing transcript for the Series 2020 Bonds, as amended and supplemented from time to time in accordance with their terms.

**Section 408. Series 2020 Revenue Account; Application of Revenues and Investment Earnings.**

(a) The Trustee is hereby authorized and directed to deposit any and all amounts required to be deposited in the Series 2020 Revenue Account by this Section 408 or by any other provision of the Master Indenture or this Second Supplemental Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2020 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.

(b) The Trustee shall deposit into the Series 2020 Revenue Account the amounts other than Series 2020 Assessment Revenues required to be deposited therein in accordance with the provisions of this Second Supplemental Indenture. The District shall deposit Series 2020 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such Series 2020 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

(i) Series 2020 Assessment Principal, which shall be deposited into the Series 2020 Sinking Fund Account;

(ii) Series 2020 Prepayment Principal, which shall be deposited into the Series 2020 Prepayment Subaccount in the Series 2020 Redemption Account;

(iii) Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the Series 2020 Reserve Account to pay the principal of Series 2020 Bonds and the balance, if any, shall be deposited into the Series 2020 Sinking Fund Account;

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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 Redemption Date, after taking into account all payments and transfers made as of such date, shall compute the value of the Series 2020 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 Series 2020 Reserve Account shall be deposited in the Deferred Costs Subaccount until the Deferred Costs Date of Completion. Unless and until the Trustee receives the Engineer's Certificate establishing that the Deferred Costs Date of Completion has occurred, the Trustee may conclusively presume that such condition has not occurred.

Notwithstanding the foregoing, amounts on deposit in the Series 2020 Reserve Account are held for the benefit of all of the Series 2020 Bonds without priority of Series 2020 Bonds.

The District may provide that the difference between the cash on deposit in the Series 2020 Reserve Account and the Series 2020 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 Series 2020 Bonds, the District may withdraw any or all of the amount of money on deposit in the Series 2020 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 General Subaccount to be used to pay Costs of the Series 2020 Project, (b) after the Date of Completion, but before the Deferred Costs Date of Completion transferred to the Deferred Costs Subaccount to be used to pay Deferred Costs and thereafter transferred to the Series 2020 Prepayment Subaccount and used to redeem Series 2020 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.

Upon satisfaction of the Reserve Account Release Conditions, any surplus in the Series 2020 Reserve Account or the Reserve Fund shall be transferred to the Deferred Costs Subaccount. The District or the District Manager, on behalf of the District, shall provide written certification to the Trustee when the Reserve Account Release Conditions have been satisfied, upon which the Trustee may conclusively rely.

**Section 406. Amortization Installments.**

(a) The Amortization Installments established for the Series 2020 Bonds shall be as set forth in the form of Series 2020 Bonds attached hereto.

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(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the Series 2020 Reserve Account and the balance, if any, deposited into the Series 2020 Revenue Account; and

(v) all other Series 2020 Assessment Revenues, which shall be deposited into the Series 2020 Revenue Account.

(c) On the forty-fifth (45<sup>th</sup>) day preceding each Redemption Date with respect to the Series 2020 Bonds (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 Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account, and, if the balance therein is greater than zero, shall transfer, but only after transferring sufficient amounts as directed by the District to pay amounts due on the next Interest Payment Date, from the Series 2020 Revenue Account for deposit into the Series 2020 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining in the Series 2020 Revenue Account to pay Debt Service coming due on the Series 2020 Bonds on the next succeeding Redemption Date), and shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2020 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2020 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of Series 2020 Bonds set forth in the form of Series 2020 Bond attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2020 Capitalized Interest Account to the Series 2020 Interest Account the lesser of (x) the amount of interest coming due on the Series 2020 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the Series 2020 Capitalized Interest Account. Following the foregoing transfers, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the Series 2020 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

**FIRST**, to the Series 2020 Interest Account, an amount equal to the amount of interest payable on all Series 2020 Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the Series 2020 Capitalized Interest Account in accordance with Section 403(c) hereof and less any other amount already on deposit in the Series 2020 Interest Account not previously credited;

**SECOND**, on May 1, 2021 and each May 1 thereafter, to the Series 2020 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of

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all Series 2020 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2020 Sinking Fund Account not previously credited;

**THIRD**, to the Series 2020 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2020 Reserve Account Requirement with respect to the Series 2020 Bonds; and

**FOURTH**, the balance shall be retained in the Series 2020 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2020 Revenue Account to the Series 2020 Rebate Account 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.

(f) On or after each November 2, the balance on deposit in the Series 2020 Revenue Account until the Deferred Costs Date of Completion be transferred to the Deferred Costs Subaccount, and after the Deferred Costs 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 Series 2020 Reserve Account shall be equal to the Series 2020 Reserve Account Requirement and provided further that the Trustee shall not have actual knowledge of an Event of Default under the Master Indenture or hereunder relating to any of the Series 2020 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 Series 2020 Bonds shall be invested only in Series 2020 Investment Obligations, and further, earnings on the subaccounts within the Series 2020 Acquisition and Construction Account, the Series 2020 Interest Account and the Series 2020 Capitalized Interest Account, shall be retained, as realized, in such Accounts and used for the purpose of such Account.

Earnings on investments in the Series 2020 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2020 Reserve Account as of the most recent date on which amounts on deposit in the Series 2020 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2020 Reserve Account since such date which have created a deficiency, then earnings on the Series 2020 Reserve Account shall, prior to the Date of Completion, be deposited into the General Subaccount and thereafter until the Deferred Costs Date of Completion, be deposited into the Deferred Costs Subaccount applied as provided for moneys on deposit therein and, after the Deferred Costs Date of Completion, into the Series 2020 Revenue Account and applied as provided for the moneys therein; and

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other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2020 Assessments, the Series 2020 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 2020 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 2020 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 2020 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 2020 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 2020 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 505. Collection of Series 2020 Assessments.** . Anything herein or in the Master Indenture to the contrary notwithstanding, the District shall not be required to collect Series 2020 Assessments using the Uniform Collection Method provided for in Section 197.3631,

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(ii) if as of the last date on which amounts on deposit in the Series 2020 Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 of the Master Indenture), or if after such date withdrawals have been made from the Series 2020 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2020 Reserve Account shall be deposited into the Series 2020 Reserve Account until the amount on deposit therein is equal to the Series 2020 Reserve Account Requirement.

## ARTICLE V CONCERNING THE TRUSTEE

**Section 501. Acceptance by Trustee.** The Trustee accepts the trusts declared and provided in this Second Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture.

**Section 502. Limitation of Trustee's Responsibility.** The Trustee shall not be responsible in any manner for the due execution of this Second Supplemental Indenture by the District or for the recitals contained herein, all of which are made solely by the District.

**Section 503. Trustee's Duties.** Nothing contained herein shall limit the rights, benefits, privileges, protection and entitlements inuring to the Trustee under the Master Indenture, including, particularly, Article VI thereof.

**Section 504. Provision Relating to Bankruptcy or Insolvency of Landowner.** The provisions of this Section 504 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 2020 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").

The District acknowledges and agrees that, although the Series 2020 Bonds were issued by the District, the Owners of the Series 2020 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 2020 Assessments, the Series 2020 Bonds or any rights of the Trustee under the Indenture (provided, however, that the Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2020 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following receipt by the Trustee of the written request for consent); (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 or application or take any

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197.3632 and 197.3635, Florida Statutes, until such time as the property subject to such Series 2020 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 2020 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-Third 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 2020 Assessments and to levy the Series 2020 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 Series 2020 Bonds, when due.

Notwithstanding anything in the Indenture to the contrary, upon the occurrence of an Event of Default, the collection of Series 2020 Assessments shall be in the manner directed by the Majority Owners.

**Section 506. 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 Series 2020 Bonds may not be accelerated except to the extent the Series 2020 Assessments have been accelerated.

## ARTICLE VI ADDITIONAL BONDS

**Section 601. No Parity Bonds; Limitation on Parity Assessments.** Other than Refunding Bonds issued to refund the Outstanding Series 2020 Bonds, the District shall not, while any Series 2020 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2020 Trust Estate. The District further covenants and agrees that so long as the Series 2020 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the Series 2020 Assessments, without the written consent of the Majority Owners; provided, however, that such consent shall not be required in the event that Substantial Absorption has been achieved, evidence of which shall be provided by the District to the Trustee in a written certificate upon which the Trustee may conclusively rely. In the absence of its receipt of such certificate, the Trustee may conclusively rely that Substantial Absorption has not been achieved. Notwithstanding the foregoing, nothing herein shall

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preclude the imposition of Assessments (or the issuance of Bonds secured by such Assessments) on property subject to the Series 2020 Assessments which the District certifies are necessary for health, safety and welfare reasons or to remediate a natural disaster without the consent of the Majority Owners.

ARTICLE VII  
MISCELLANEOUS

**Section 701. Confirmation of Master Indenture.** As supplemented by this Second Supplemental Indenture, the Master Indenture is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be read, taken and construed as a part of the Master Indenture so that all of the rights, remedies, terms, conditions, covenants and agreements of the Master Indenture, except insofar as modified herein, shall apply and remain in full force and effect with respect to this Second Supplemental Indenture and to the Series 2020 Bonds issued hereunder.

**Section 702. Continuing Disclosure Agreement.** Contemporaneously with the execution and delivery hereof, the District has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934. The District covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement; however, as set forth therein, failure to so comply shall not constitute an Event of Default hereunder, but, instead shall be enforceable by mandamus, injunction or any other means of specific performance.

**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 Series 2020 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,

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to the balance due on the Series 2020 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 Series 2020 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 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 Series 2020 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 the payment of its fees, costs, and expenses for doing so, be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the Series 2020 Bonds within sixty (60) days after the receipt of the request therefor signed by the Trustee or the Majority Owners.

**Section 708. Requisite Owners for Direction or Consent.** Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires fifty-one percent (51%) of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Owners.

**Section 709. Owner Direction and Consent with Respect to Series 2020 Acquisition and Construction Account Upon Occurrence of Event of Default.** In accordance with the provisions of the Indenture, the Series 2020 Bonds are payable solely from the Series 2020 Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the District hereby acknowledges that (i) the Series 2020 Pledged Funds includes, without limitation, all amounts on deposit in the subaccounts of the Series 2020 Acquisition and Construction Account then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2020 Bonds, the Series 2020 Pledged Funds may not be used by the District (whether to pay Costs of the Series 2020 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the occurrence of the Event of Default the District had incurred a binding obligation with third parties for work on the Series 2020 Project and payment is for such work and (iii) upon the occurrence of an Event of Default with respect to the Series 2020 Bonds, the Series 2020 Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District shall not enter into any binding agreement with respect to the Series 2020 Project that will cause the expenditure of additional funds from the Series 2020 Trust Estate after the occurrence of an Event of Default unless authorized in writing by the Majority Owners.

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identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

**Section 706. Additional Events of Default and Remedies** The following paragraphs shall apply to the Series 2020 Bonds:

(a) More than twenty percent (20%) of the operation and maintenance assessments levied and directly billed by the District on parcels subject to the Series 2020 Assessments are not paid by the date such are due and payable and such default continues for sixty (60) days after the date when due.

(b) The Trustee is authorized to withdraw funds from the Series 2020 Reserve Account in an amount greater than twenty-five percent (25%) of the Series 2020 Reserve Account Requirement to pay debt service on the Series 2020 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series 2020 Reserve Account to pay debt service on the Series 2020 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 that are directly billed and collected by the District, 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 2020 Assessments collected directly by the District when due, that the entire Series 2020 Assessments on the delinquent property, with interest and penalties thereon, shall immediately become due and payable and with the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2020 Bonds Outstanding, the District shall promptly, but in any event within one hundred twenty (120) days of the receipt of such consent, cause to be commenced the necessary legal proceedings for the foreclosure of liens of delinquent Series 2020 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 707. Foreclosure of Assessment Lien.** Notwithstanding Section 814 of the Master Indenture or any other provision of the Indenture to the contrary, the following provisions shall apply with respect to the Series 2020 Assessments and Series 2020 Bonds.

If any property shall be offered for sale for the nonpayment of any Series 2020 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2020 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal

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**IN WITNESS WHEREOF,** Parker Road Community Development 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 Agent.

SEAL

Attest:

\_\_\_\_\_  
Secretary

**PARKER ROAD COMMUNITY  
DEVELOPMENT DISTRICT**

By: \_\_\_\_\_  
Chairman, Board of Supervisors

**U.S. BANK  
NATIONAL ASSOCIATION**  
as Trustee

By: \_\_\_\_\_  
Vice President

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EXHIBIT A  
DESCRIPTION OF SERIES 2020 PROJECT

The Series 2020 Project consists of the following, as such improvements may be modified from time to time by the Consulting Engineer in an Engineer's Report approved by the Board.

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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 Bond. Any payment of principal or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank National Association, located in Orlando, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"), unless the Bonds are held in the book-entry system in which case presentment shall not be required. 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 such method of payment 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 \$1,000,000 in aggregate principal amount of the Series 2020 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months. During any period that this Bond is registered in the name of Cede & Co., as nominee of DTC, the provisions of the Supplemental Indenture (hereinafter defined) relating to the book-entry only system shall apply, including the payment provisions thereof. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the hereinafter defined Indenture.

This Bond is one of a duly authorized issue of bonds of the District designated "Capital Improvement Refunding and Revenue Bonds, Series 2020" in the aggregate principal amount of \$10,655,000 (the "Series 2020 Bonds" and together with any other Bonds issued under and governed by the terms of the Master Indenture, hereinafter collectively referred to as the "Bonds"), under a Master Trust Indenture, dated as of June 1, 2007 (the "Master Indenture"), between the District and U.S. Bank National Association, located in Orlando, Florida, as trustee (the "Trustee"), as amended and supplemented by a Second Supplemental Indenture, dated as of February 1, 2020 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The Series 2020 Bonds are issued, together with other available funds, to: (i) currently refund and redeem a portion of the District's Capital Improvement Revenue Bonds, Series 2007A; (ii) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2020 Project; (iii) pay certain costs associated with the issuance of the Series 2020 Bonds; (iv) make a deposit into the Series 2020 Reserve Account for the benefit of all of the Series 2020 Bonds; and (v) pay a portion of the interest to become due on the Series 2020 Bonds.

NEITHER THIS 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 BOND AND THE SERIES OF WHICH IT IS A PART 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 MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE SERIES 2020 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE

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EXHIBIT B  
FORM OF SERIES 2020 BONDS

No. 2020R-

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UNITED STATES OF AMERICA  
STATE OF FLORIDA  
PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT  
CAPITAL IMPROVEMENT REFUNDING AND REVENUE BONDS, SERIES 2020

Interest Rate %	Maturity Date May 1, 20__	Dated Date February 24, 2020	CUSIP 701123 __
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Registered Owner: CEDE & CO.

Principal Amount:

PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (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 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, until 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 (15th) 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 (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments 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

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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 MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2020 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2020 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2020 PLEDGED REVENUES AND THE SERIES 2020 PLEDGED FUNDS PLEDGED TO THE SERIES 2020 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust 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 Bonds issued under the Indenture, 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 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments, the terms and conditions under which the 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 Owners of the Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The Series 2020 Bonds are equally and ratably secured by the Series 2020 Trust Estate, without preference or priority of one Series 2020 Bond over another. The Supplemental Indenture does not authorize the issuance of additional Bonds ranking on a parity with the Series 2020 Bonds as to the lien and pledge of the Series 2020 Trust Estate.

The Series 2020 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, that the Series 2020 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Orlando, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this 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 Bond or Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Orlando, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal

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aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Series 2020 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 at the Redemption Price of the principal amount of the Series 2020 Bonds or portions thereof to be redeemed together with accrued interest to the date of redemption.

The Series 2020 Bonds maturing on May 1, 2025, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

Year (May 1)	Amortization Installment	Year (May 1)	Amortization Installment
2021	\$200,000	2024	\$220,000
2022	210,000	2025*	230,000
2023	215,000		

\*Maturity

The Series 2020 Bonds maturing on May 1, 2030, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

Year (May 1)	Amortization Installment	Year (May 1)	Amortization Installment
2026	\$235,000	2029	\$260,000
2027	245,000	2030*	270,000
2028	250,000		

\*Maturity

The Series 2020 Bonds maturing on May 1, 2040, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

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transferred from the General Subaccount to the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments of Series 2020 Assessments deposited into the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account; or

(c) from amounts transferred to the Series 2020 Prepayment Subaccount of the Series 2020 Redemption Account resulting from a reduction in the Series 2020 Reserve Account Requirement as provided for in the Indenture; or

(d) on the date on which the amount on deposit in the Series 2020 Reserve Account, together with other moneys available therefor, after taking into account the payment of any Deferred Costs, are sufficient to pay and redeem all of the Series 2020 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2020 Bonds shall be called for redemption, the particular Series 2020 Bonds or portions of Series 2020 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

Notice of each redemption of Series 2020 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 date of redemption to each registered Owner of Series 2020 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. 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 Series 2020 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 Series 2020 Bonds or such portions thereof on such date, interest on such Series 2020 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2020 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 Series 2020 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.

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.

The Owner of this Bond shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with

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Year (May 1)	Amortization Installment	Year (May 1)	Amortization Installment
2031	\$280,000	2036	\$340,000
2032	290,000	2037	350,000
2033	300,000	2038	365,000
2034	315,000	2039	380,000
2035	325,000	2040*	395,000

\*Maturity

The Series 2020 Bonds maturing on May 1, 2050, are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2020 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

Year (May 1)	Amortization Installment	Year (May 1)	Amortization Installment
2041	\$410,000	2046	\$505,000
2042	430,000	2047	525,000
2043	445,000	2048	550,000
2044	465,000	2049	570,000
2045	485,000	2050*	595,000

\*Maturity

As more particularly set forth in the Indenture, any Series 2020 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2020 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Series 2020 Bonds so as to reamortize the remaining Outstanding principal balance of the Series 2020 Bonds as set forth in the Supplemental Indenture.

The Series 2020 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the Series 2020 Project or the Deferred Costs Date of Completion (as such terms are defined in the Indenture) by application of moneys

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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 Series 2020 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Master Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Master Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for two (2) years after the date when such Bond has become due and payable, either at its 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 two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities sufficient to pay the principal or Redemption Price of any 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 the Series 2020 Bonds as to the Series 2020 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 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.

This Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This 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.

IN WITNESS WHEREOF, Parker Road Community Development District has caused this Bond to bear the signature of the Chairman of its Board of Supervisors and the official seal

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of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

Attest:

**PARKER ROAD  
COMMUNITY DEVELOPMENT  
DISTRICT**

\_\_\_\_\_  
Chairman, Board of Supervisors

\_\_\_\_\_  
Secretary

[Official Seal]

**FORM OF CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION  
as Trustee**

Date of Authentication: February 24, 2020

\_\_\_\_\_  
By: \_\_\_\_\_  
Authorized Agent

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**CERTIFICATE OF VALIDATION**

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Alachua County, Florida rendered on November 3, 2006.

\_\_\_\_\_  
Chairman, Board of Supervisors

**FORM OF ABBREVIATIONS FOR SERIES 2020 BONDS**

The following abbreviations, when used in the inscription on the face of the within 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 tenants by the entireties

JU TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANSFER MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_ under Uniform  
Transfer to Minors Act \_\_\_\_\_ (Cust.) (Minor) (State)

Additional abbreviations may also be used

though not in the above list.

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FORM OF ASSIGNMENT FOR SERIES 2020 BONDS

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_ within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Social Security Number or Employer: \_\_\_\_\_

Identification Number of Transferee: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

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**APPENDIX D**

**Form of Opinion of Bond Counsel**

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## APPENDIX D

### PROPOSED FORM OF OPINION OF BOND COUNSEL

*On the date of issuance of the Series 2020 Bonds in definitive form, Bryant Miller Olive P.A., Bond Counsel, proposes to render its approving opinion in substantially the following form:*

February 24, 2020

Parker Road Community Development  
District  
Alachua County, Florida

Re: Parker Road Community Development District  
Capital Improvement Refunding and Revenue Bonds, Series 2020

Ladies and Gentlemen:

We have acted as Bond Counsel to the Parker Road Community Development District (the "Issuer") in connection with the issuance by the Issuer of its \$10,655,000 Capital Improvement Refunding and Revenue Bonds, Series 2020 (the "Series 2020 Bonds") pursuant to and under the authority of the Constitution and the laws of the State of Florida, particularly the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, and other applicable provisions of law, Ordinance No. 06-10, enacted by the Board of County Commissioners of Alachua County, Florida on May 23, 2006 and effective June 1, 2006, (collectively, the "Act"), Resolution Nos. 2006-15 and 2020-02, adopted by the Board of Supervisors of the Issuer (the "Board") on July 7, 2006 and January 17, 2020, respectively (collectively, the "Resolution"). The Series 2020 Bonds are being further issued under and secured by a Master Trust Indenture dated as of June 1, 2007 (as amended and supplemented in accordance with its terms, the "Master Indenture"), as supplemented by a Second Supplemental Trust Indenture dated as of February 1, 2020 (the "Second Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). In our capacity as Bond Counsel, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Indenture.

The Series 2020 Bonds are being issued, together with other funds of the Issuer, to (i) currently refund and redeem a portion of the District's Capital Improvement Revenue Bonds, Series 2007A in the principal amount of \$10,655,000 (the "Refunded Bonds"); (ii) finance a portion of the Cost of acquiring, constructing and equipping assessable improvements comprising the Series 2020 Project; (iii) pay certain costs associated with the issuance of the Series 2020 Bonds; (iv) make a deposit into the Series 2020 Reserve Account for the benefit of all

of the Series 2020 Bonds; and (v) pay a portion of the interest to become due on the Series 2020 Bonds. The Series 2020 Bonds are a portion of the bonds validated by a final judgment rendered by the Circuit Court of the Eighth Judicial Circuit of Florida, in and for Alachua County, Florida, rendered on the 3<sup>rd</sup> day of November, 2006 (the "Final Judgment").

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.

In rendering this opinion, we have examined and relied upon the findings in the Final Judgment and the opinion of even date herewith of Hopping Green & Sams P.A., Issuer's Counsel, as to the due creation and valid existence of the Issuer, the due adoption of the Resolution, the due execution and delivery of the Series 2020 Bonds.

The Series 2020 Bonds are payable from and secured by the Series 2020 Trust Estate which consists of (a) the non-ad valorem special assessments including the interest thereon designated as pledged to secure the Series 2020 Bonds in the Series 2020 Assessment Proceedings, (b) the Series 2020 Pledged Funds; and (c) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, granted or delivered to, or deposited with, the Trustee as security for the Series 2020 Bonds provided, however, that such Series 2020 Trust Estate shall not include any moneys transferred to the Series 2020 Rebate Account.

The Series 2020 Bonds are limited obligations 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 Series 2020 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 Series 2020 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms, payable from and secured solely by the Series 2020 Trust Estate in the manner and to the extent provided in the Indenture.

3. The Indenture creates a valid lien upon the Series 2020 Trust Estate for the security of the Series 2020 Bonds.

4. Interest on the Series 2020 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 Series 2020 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 Series 2020 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2020 Bonds.

It is to be understood that the rights of the owners of the Series 2020 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 Series 2020 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 Series 2020 Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series 2020 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 Series 2020 Bonds or regarding the perfection or priority of the lien on the Series 2020 Trust Estate created by the Indenture. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the Series 2020 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

Parker Road Community Development District

February 24, 2020

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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.

**APPENDIX E**

**Form of Continuing Disclosure Agreement**

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## CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the "**Disclosure Agreement**") dated as of February 24, 2020, is executed and delivered by **PARKER ROAD COMMUNITY DEVELOPMENT DISTRICT** (the "**District**"), **CC OAKMONT, LLC**, a Florida limited liability company (the "**Developer**"), and **PFM GROUP CONSULTING LLC** (the "**Dissemination Agent**") in connection with the issuance by the District of its \$10,655,000 Capital Improvement Refunding and Revenue Bonds, Series 2020 (the "**Bonds**"). The Bonds are being issued pursuant to a Master Trust Indenture dated as of June 1, 2007 (the "**Master Indenture**"), between the District and U.S. Bank National Association, as trustee (the "**Trustee**") as amended and supplemented from time to time, and as particularly amended and supplemented by a Second Supplemental Trust Indenture, dated as of February 1, 2020 (the "**Supplemental Indenture**" and, together with the Master Indenture, the "**Indenture**"), between the District and the Trustee. The District, the Developer and the Dissemination Agent covenant and agree as follows:

**1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the District, the Developer and the Dissemination Agent for the benefit of the Owners of the Bonds, from time to time, and to assist the Participating Underwriter (hereinafter defined) 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, the Developer and the Dissemination Agent have no reason to believe that this Disclosure Agreement does not satisfy the requirements of the Rule and 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, the Developer or the Dissemination Agent (as the case may be) to provide additional information, the District, the Developer and the Dissemination Agent, 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 herein, the following capitalized terms shall have the following meanings:

**"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.

**"Annual Filing Date"** shall mean the date set forth in Section 4(a) hereof by which the Annual Report is to be filed with the Repository.

**"Annual Financial Information"** shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

**"Assessments"** shall mean the non-ad valorem special assessments pledged to the payment of the Bonds pursuant to the Indenture.

**"Audited Financial Statements"** shall mean the financial statements (if any) of the District 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 4(a) of this Disclosure Agreement.

**"Audited Financial Statements Filing Date"** shall mean the date under State law by which a unit of local government must produce its Audited Financial Statements, which as of the date hereof is nine (9) months after the end of the Fiscal Year of such unit of local government, including the District.

**"Beneficial Owner"** 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"** shall mean 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.

**"Development"** shall have the meaning ascribed to such term in the Limited Offering Memorandum.

**"Disclosure Representative"** shall mean (a) as to the District, the District Manager or its designee, or such other person as the District shall designate in writing to the Trustee and the Dissemination Agent from time to time as the person responsible for providing information to the Dissemination Agent; (b) as to the Developer, the individual(s) executing this Disclosure Agreement on behalf of the Developer or such person(s) as the Developer shall designate in writing to the Trustee and the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent; and (c) as to any Landowner other than the Developer, such person(s) as the Landowner shall designate in writing to the Trustee and the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent.

**"Dissemination Agent"** shall mean the District or an entity appointed by the District to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District pursuant to Section 10 hereof. PFM Group Consulting LLC, has been designated as the initial Dissemination Agent hereunder.

**"District Manager"** shall mean the person or entity serving as District Manager from time to time. As of the date of this Disclosure Agreement, PFM Group Consulting LLC, is the District Manager.

**"EMMA"** shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

**"Event of Bankruptcy"** shall be considered to have occurred 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 governmental 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.

**"Financial Obligation"** shall mean (a) a debt obligation, (b) a 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) a guarantee of either (a) or (b). The term Financial Obligation does 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 fiscal year of the District, which is 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.

**"Landowner"** shall mean each owner of land within the District which, along with its affiliates, successors, and assigns (excluding residential homebuyers), is responsible for payment of at least twenty percent (20%) of the Assessments; provided as of the date of the execution and delivery of this Disclosure Agreement, the Developer is the only Landowner.

**"Limited Offering Memorandum"** shall mean the Limited Offering Memorandum dated February 14, 2020, 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 twenty percent (20%) or more of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the District and, for purposes of this Disclosure Agreement only, each Landowner.

**"Owners"** shall have the meaning ascribed thereto in the Indenture with respect to the Bonds and shall include Beneficial Owners of the Bonds.

**"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 the offering of the Bonds.

**"Quarterly Filing Date"** shall mean the dates set forth in Section 6(a) hereof by which Quarterly Reports are required to be filed with the Repository.

**"Quarterly Report"** shall mean any Quarterly Report provided by the Developer or any Landowner, its successors or assigns pursuant to, 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 currently 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 the MSRB Website.

**"State"** shall mean the State of Florida.

### **3. Content of Annual Reports.**

(a) The Annual Report shall contain or incorporate by reference Annual Financial Information with respect to the District, which includes an update of the financial and operating data of the District to the extent presented in the Limited Offering Memorandum, including:

- (i) The amount of Assessments levied for the most recent Fiscal Year;
- (ii) The amount of Assessments collected from property owners during the most recent Fiscal Year and the principal amount of Assessments assigned to platted units;
- (iii) The amount of delinquencies greater than 150 calendar days and, in the event that delinquencies amount to more than ten percent (10%) of the amount of Assessments due in any year, a list of delinquent property owners;
- (iv) The amount of tax certificates sold for lands within the District, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year;
- (v) The balances in all Funds and Accounts for the Bonds. Upon request, the District shall provide any Owners and the Dissemination Agent with this information more frequently than annually and, in such cases, within thirty (30) calendar days of the date of any written request from the Owners or the Dissemination Agent;
- (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, unless such Audited Financial Statements have not yet been prepared; and

(ix) Any amendment or waiver of the provisions hereof as described in Section 11 hereof.

(b) 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 specific reference to documents available to the public on the MSRB Website or filed with the SEC, including offering documents of debt issues of the District or related public entities, which have been submitted to the Repository. The District shall clearly identify any document incorporated by reference.

(c) The District and the Disclosure Representative represent and warrant that they will supply, in a timely fashion, any information available to the District or the Disclosure Representative and 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 acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, the Disclosure Representative 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 Disclosure Representative or others as thereafter disseminated by the Dissemination Agent.

(d) 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 District shall provide the Annual Report to the Dissemination Agent no later than March 30<sup>th</sup> after the close of the Fiscal Year, commencing with the Fiscal Year ended September 30, 2020 (the "**Annual Filing Date**"), in an electronic format as prescribed by the 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 may be submitted separately from the balance of the Annual Report and later than the date required above, but in no event later than the Audited Financial Statements Filing Date, if they are not available by the Annual Filing Date. If the Audited Financial Statements are not available at the time of the filing of the Annual Report, unaudited financial statements are required to be delivered as part of the Annual Report in a format similar to the Audited Financial Statements. If the District's Fiscal Year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 7(a).

(b) If on the fifteenth (15<sup>th</sup>) calendar day prior to each Annual Filing Date and/or Audited Financial Statements Filing Date, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, 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 District of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, 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 or Audited Financial Statements, as applicable, in accordance with Section 4(a) above, or (ii) instruct the Dissemination Agent in writing that the District will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the time required under this Disclosure Agreement, state the date by which the Annual Report or Audited Financial Statements, as applicable, 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, address and filing requirements of any Repository; and
  - (ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the District certifying that the Annual Report or Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement and stating the date(s) it was provided and listing any Repository to which it was provided.

**5. Content of Quarterly Reports.**

(a) Each Quarterly Report shall contain the following information with respect to the lands owned by the Developer in the Development if such information is not otherwise provided pursuant to subsection (b) of this Section 5:

- (i) A description and status of the infrastructure improvements in the District that have been completed and that are currently under construction, including infrastructure financed by the Bonds;
- (ii) The number of assessable residential units planned on property subject to the Assessments;
- (iii) The number of lots closed with builders;
- (iv) The number of residential units closed with end users;
- (v) The number of residential units under contract with end users;
- (vi) The estimated date of complete build-out of residential units;
- (vii) Whether the Developer has made any bulk sale of the land subject to the Assessments other than as contemplated by the Limited Offering Memorandum;
- (viii) The status of development approvals for the Development that would affect property subject to the Assessments;

(ix) Materially adverse changes or determinations to permits or approvals for the Development which necessitate changes to the Developer's land-use or other plans for the Development that would affect property subject to the Assessments;

(x) Updated plan of finance for the Development (i.e., status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer or an affiliate, additional mortgage debt, etc.) that would affect property subject to the Assessments;

(xi) Any event that has a material adverse impact on the implementation of the Development as described in the Limited Offering Memorandum or on the Developer's ability to undertake the Development as described in the Limited Offering Memorandum that would affect property subject to the Assessments; and

(xii) Any amendment or waiver of the provisions hereof as described in Section 11 hereof.

(b) Any of the items listed in subsection (a) above may be incorporated by reference from other documents which are available to the public on the MSRB Website or filed with the SEC. The Developer shall clearly identify each such other document so incorporated by reference.

(c) The Developer represents and warrants that it 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 Developer acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the Developer 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 Developer or others as thereafter disseminated by the Dissemination Agent.

(d) If the Developer sells, assigns or otherwise transfers ownership of real property in the Development to a third party, which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a "**Transfer**"), the Developer hereby agrees to require such third party to assume the disclosure obligations of the Developer 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 Developer 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 7 hereof, the term "**Developer**" shall be deemed to include each of the Developer and any third party that becomes an Obligated Person hereunder as a result of a Transfer. In the event that the Developer remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Developer from their obligations hereunder.

## **6. Provision of Quarterly Reports.**

(a) The Developer, so long as it is an Obligated Person for purposes of this Disclosure Agreement, shall provide a Quarterly Report to the Dissemination Agent no later than January 31 (for each calendar quarter ending December 31), April 30 (for each calendar quarter ending March 31), July 31 (for each calendar quarter ending June 30), and October 31 (for each calendar quarter ending September 30) after the end of each calendar quarter commencing with the calendar quarter ending June 30, 2020; provided, however, that so long as any Developer is a reporting company, such dates shall be extended to the date of filing of its respective 10-K or 10-Q, if later, as the case may be (each, a "**Quarterly Filing Date**"). At such time as the

Developer is no longer an Obligated Person, the Developer will no longer be obligated to prepare any Quarterly Report pursuant to this Disclosure Agreement. The Dissemination Agent shall immediately file the Quarterly Report upon receipt from the Developer with each Repository.

(b) If on the seventh (7<sup>th</sup>) calendar day prior to each Quarterly Filing Date the Dissemination Agent has not received a copy of the Quarterly Report due on such Quarterly Filing Date, the Dissemination Agent shall contact the Disclosure Representative of the Developer by telephone and in writing (which may be by e-mail) to remind the Developer of its undertaking to provide the Quarterly Report pursuant to Section 6(a) above. Upon such reminder, the Disclosure Representative of the Developer 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 Developer will not be able to file the Quarterly Report within the time required under this Disclosure Agreement and state the date by which such Quarterly Report will be provided. If the Dissemination Agent has not received a Quarterly Report that contains the information in Section 5 of this Disclosure Agreement by the Quarterly Filing Date, a Listed Event described in Section 7(a)(xv) shall have occurred and the District and the Developer hereby direct the Dissemination Agent to immediately send a notice to each Repository in electronic format as required by such Repository, no later than the following Business Day in substantially the form attached as Exhibit A hereto, with a copy to the District.

(c) The Dissemination Agent shall:

(i) determine prior to each Quarterly Filing Date the name, address and filing requirements of each Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Developer 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 District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds and the Developer shall give, or cause to be given, notice of the occurrence of items (x), (xii), (xiii), (xv), (xvi), (xvii) and (xviii) of the following events 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 item (xv) below, which notice shall be given in a timely manner:

(i) principal and interest payment delinquencies;

(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, 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 the holders of the Bonds, 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) ratings changes\*;
- (xii) an Event of Bankruptcy or similar event of an Obligated Person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) notice of any failure on the part of the District to meet the requirements of Sections 3 and 4 hereof or of the Developer to meet the requirements of Sections 5 and 6 hereof;
- (xvi) termination of the District's or the Developer's obligations under this Disclosure Agreement prior to the final maturity of the Bonds, pursuant to Section 9 hereof;
- (xvii) incurrence of a Financial Obligation of the District 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 District or Obligated Person, any of which affect security holders, if material;
- (xviii) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District or Obligated Person, any of which reflect financial difficulties;

---

\* There is no credit enhancement for the Bonds.

\* The Bonds are not rated as of the date hereof.

(xix) occurrence of an Event of Default under the Indenture (other than as described in clause (i) above);

(xx) any amendment to the Indenture or this Disclosure Agreement modifying the rights of the Owners of the Bonds; and

(xxi) any amendment to the accounting principles to be followed by the District in preparing its financial statements, as required by Section 11 hereof.

(b) The notice required to be given in paragraph 7(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

**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 operating data;

(c) the issues or specific securities to which such documents are related (including CUSIP numbers, 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 District;

(e) the name and date of the document being submitted; and

(f) contact information for the submitter.

**9. Termination of Disclosure Agreement.** The District's obligations 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 District for payment of the Bonds, or if the Rule is repealed or no longer in effect. The Developer's obligations under this Disclosure Agreement shall terminate at such time as the Developer is no longer an Obligated Person. If any such termination occurs prior to the final maturity of the Bonds, the District and/or the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 7.

**10. Dissemination Agent.** The District will either serve as the Dissemination Agent or appoint one under this Disclosure Agreement. Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the District or the Dissemination Agent, the District agrees to appoint a successor Dissemination Agent or, alternatively, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Owners of the Bonds. If at any time there is not any other designated Dissemination Agent, the District shall be deemed to be the Dissemination Agent. Notwithstanding any replacement or appointment of a successor, the District shall remain liable until payment in full for any and all sums owed and payable to

the Dissemination Agent hereunder. The initial Dissemination Agent shall be PFM Group Consulting LLC. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of PFM Group Consulting LLC. PFM Group Consulting LLC, may terminate its role as Dissemination Agent at any time upon delivery of written notice to the District and the Developer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District or the Developer pursuant to this Disclosure Agreement.

**11. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the District, the Developer and the Dissemination Agent (if the Dissemination Agent is not the District) may amend this Disclosure Agreement, and 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 Sections 3(a), 4, 5(a), 6 or 7, 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 District and/or the Developer, or the type of business conducted;

(b) The Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of counsel 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 interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the District, the Developer 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 SEC from time to time without any other conditions.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District and/or the Developer shall describe such amendment in its next report, 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 in accounting principles, on the presentation) of financial information or operating data being presented by the District and the Developer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements of the District, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 7(a), and (ii) the Annual Report or Audited Financial Statements, as applicable, 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.

**12. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the District or the Developer 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, Quarterly Report or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the District or the Developer chooses to include any information in any Annual Report, Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District or the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Quarterly Report, or notice of occurrence of a Listed Event.

**13. Default.** In the event of a failure of the District, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer, or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Beneficial Owners 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 mandate or specific performance by court order, to cause the District, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer, or the 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 District, the Developer, the Disclosure Representative of the District, the Disclosure Representative of the Developer, or the Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

**14. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA compliant format. Anything herein to the contrary notwithstanding, in the event that the applicable Disclosure Representative and the Dissemination Agent are the same party, such party's limited duties in their capacity as Dissemination Agent, as described hereinabove, shall not in any way relieve or limit such party's duties in their capacity as Disclosure Representative under this Disclosure Agreement.

**15. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the District, the Developer, the Dissemination Agent, the Trustee, the Participating Underwriter and Beneficial Owners of the Bonds (the Participating Underwriter and Beneficial Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), 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 and federal law.

18. **Trustee Cooperation.** The District represents that the Dissemination Agent is a bona fide agent of the District and directs the Trustee to deliver to the Dissemination Agent at the expense of the District, any information or reports it requests that the District has a right to request from the Trustee (inclusive of balances, payments, etc.) that are in the possession of and readily available to the Trustee.

19. **Binding Effect.** This Disclosure Agreement shall be binding upon each party to this Disclosure Agreement and upon each successor and assignee of each party to this Disclosure Agreement and shall inure to the benefit of, and be enforceable by, each party to this Disclosure Agreement and each successor and assignee of each party to this Disclosure Agreement. Notwithstanding the foregoing, as to the Landowner or any assignee or successor thereto that becomes an Obligated Person pursuant to the terms of this Disclosure Agreement, only successors or assignees to such parties who are, by definition, Obligated Persons, shall be bound or benefited by this Disclosure Agreement.

20. **Undertakings.** The Developer represents that it has instituted internal processes to provide information to the Dissemination Agent on a timely basis and obtained assurances from the Dissemination Agent that they will in turn request the required reporting information timely and file such information timely with the appropriate Repository.

[Remainder of Page Intentionally Left Blank]

**SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT  
(Parker Road Community Development District)**

**IN WITNESS WHEREOF**, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

[SEAL]

**PARKER ROAD COMMUNITY  
DEVELOPMENT DISTRICT**

Consented and Agreed to by:

**PFM GROUP CONSULTING LLC**, and its successors and assigns, as Disclosure Representative

By: \_\_\_\_\_  
Chairman, Board of Supervisors

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Joined by **U.S. BANK NATIONAL ASSOCIATION**, as Trustee for purposes of Sections 13, 15 and 18 only

**PFM GROUP CONSULTING LLC**, as initial Dissemination Agent

By: \_\_\_\_\_  
Leanne Duffy, Vice President

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CC OAKMONT, LLC**,  
a Florida limited liability company,  
as Developer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A TO CONTINUING DISCLOSURE AGREEMENT  
(Parker Road Community Development District)**

**NOTICE TO REPOSITORIES  
OF FAILURE TO FILE ANNUAL REPORT/QUARTERLY REPORT/AUDITED  
FINANCIAL STATEMENTS**

Name of District: Parker Road Community Development District

Obligated Person(s) Parker Road Community Development District  
CC Oakmont, LLC

Name of Bond Issue: \$10,655,000 Capital Improvement Refunding and Revenue  
Bonds, Series 2020

Date of Issuance: February 24, 2020

CUSIPS: 701123AC5; 701123AD3; 701123AE1; 701123AF8

**NOTICE IS HEREBY GIVEN** that the [District] [Developer] has not provided [an Annual Report] [Audited Financial Statements] [a Quarterly Report] with respect to the above-named Bonds as required by [Section 4] [Section 6] of the Continuing Disclosure Agreement dated February 24, 2020, among the District, the Developer and the Dissemination Agent named therein. The [District] [Developer] has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] [Quarterly Report] will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_, Dissemination Agent

cc: [District] [Developer]  
Participating Underwriter

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**APPENDIX F**

**Audited General Purpose Financial Statements of the District for Fiscal Years  
Ended September 30, 2017 and September 30, 2018**

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**Parker Road Community  
Development District**

**FINANCIAL STATEMENTS**

September 30, 2017



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)

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**September 30, 2017**

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Carr, Riggs & Ingram, LLC  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Parker Road Community Development District  
Alachua, Florida

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parker Road Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2017, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2017, 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, as listed in the table of contents, 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 25, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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

Miramar Beach, Florida  
June 25, 2018



## **Management's Discussion And Analysis**

## Parker Road Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Parker Road Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the District's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- At September 30, 2017, the assets of the District exceed its liabilities by approximately \$1.1 million.
- During the fiscal year ended September 30, 2017, the District repaid approximately \$1.2 million and \$313,000 of past due principal and interest on the Series 2007 Bonds. However, the required current year bond principal and interest payments of approximately \$190,000 and \$697,000, respectively, on the Series 2007 Bonds were not made as of September 30, 2017.
- During the fiscal year ended September 30, 2017, the District established approximately \$21,000 of infrastructure.

### USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

#### ***Reporting the District as a Whole***

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.



## Parker Road Community Development District Management's Discussion and Analysis

### **Reporting the District's Most Significant Funds**

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

### **THE DISTRICT AS A WHOLE**

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	<b>2017</b>	<b>2016</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 1,777,609	\$ 1,151,529	\$ 626,080
Capital assets, net	20,908,133	21,462,708	(554,575)
<b>Total assets</b>	<b>\$ 22,685,742</b>	<b>\$ 22,614,237</b>	<b>\$ 71,505</b>
<b>Liabilities</b>			
Current liabilities	\$ 7,488,832	\$ 8,110,062	\$ (621,230)
Other liabilities	14,120,500	14,325,500	(205,000)
<b>Total liabilities</b>	<b>21,609,332</b>	<b>22,435,562</b>	<b>(826,230)</b>
<b>Net position</b>			
Net investment in capital assets	3,734,931	3,121,287	613,644
Restricted for:			
Capital projects	106,721	43,208	63,513
Unrestricted	(2,765,241)	(2,985,820)	220,579
<b>Total net position</b>	<b>1,076,411</b>	<b>178,675</b>	<b>897,736</b>
<b>Total liabilities and net position</b>	<b>\$ 22,685,743</b>	<b>\$ 22,614,237</b>	<b>\$ 71,506</b>

For more detailed information, see the accompanying Statement of Net Position.

## Parker Road Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2017, total assets increased over the prior year by approximately \$72,000, while total liabilities decreased from the prior year by approximately \$826,000. The increase in assets is primarily due to the current year excess of revenues over expenditures, which was slightly offset by the increase in accumulated depreciation in the current year. The decrease in liabilities is due to principal and interest payments made in the current year.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	<b>2017</b>	<b>2016</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,693,286	\$ 3,178,251	\$ (484,965)
General revenues:			
Developer contributions	8,753	-	8,753
Interest and other revenues	107,791	2,282	105,509
<b>Total revenues</b>	<b>2,809,830</b>	<b>3,180,533</b>	<b>(370,703)</b>
<b>Expenses:</b>			
General government	56,343	133,973	(77,630)
Maintenance and operations	912,854	737,924	174,930
Amenity Center	271,388	56,928	214,460
Interest	671,509	760,210	(88,701)
<b>Total expenses</b>	<b>1,912,094</b>	<b>1,689,035</b>	<b>223,059</b>
Change in net position	897,736	1,491,498	(593,762)
Net position (deficit), beginning	178,675	(1,312,823)	1,491,498
<b>Net position, ending</b>	<b>\$ 1,076,411</b>	<b>\$ 178,675</b>	<b>\$ 897,736</b>

For more detailed information, see the accompanying Statement of Activities.

Revenues decreased from the prior year by approximately \$371,000, while expenses increased by approximately \$223,000. Revenues decreased primarily due to a decrease in prepayment revenues received from lot sales in the current year. Expenses increased primarily due to a first full year of Amenity Center expenses incurred in the current year. The overall result was an \$897,735 increase in net position for the fiscal year 2017.

## Parker Road Community Development District Management's Discussion and Analysis

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance (deficit) of approximately \$5.2 million, which is an increase from last year's deficit balance of \$6.5 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2017, the District received approximately \$1.4 million of assessment prepayments and repaid approximately \$1.2 million and \$313,000, respectively, of past due principal and interest on the Series 2007 Bonds. However, the required current year bond principal and interest payments of approximately \$190,000 and \$697,000, respectively, on the Series 2007 Bonds were not made as of September 30, 2017.
- During the fiscal year ended September 30, 2017, the District established approximately \$21,000 of infrastructure.

The overall increase in fund balance for the year ended September 30, 2017 totaled approximately \$1.2 million.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### *Capital Assets*

At September 30, 2017, the District had approximately \$20.9 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately \$550,000 from the fiscal year 2016 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Capital assets not being depreciated	\$ 9,748,885	\$ 9,731,747	\$ 17,138
Capital assets being depreciated	12,302,674	12,302,674	-
Total, prior to depreciation	22,051,559	22,034,421	17,138
Accumulated depreciation	(1,143,426)	(571,713)	(571,713)
<b>Net capital assets</b>	<b>\$ 20,908,133</b>	<b>\$ 21,462,708</b>	<b>\$ (554,575)</b>

More information about the District's capital assets is presented in Note 3 to the financial statements.

## Parker Road Community Development District Management's Discussion and Analysis

### **Debt**

At September 30, 2017, the District had approximately \$18 million of outstanding debt. This amount represents a decrease of approximately \$1.2 million from the fiscal year 2016 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	<b>2017</b>	<b>2016</b>	<b>Change</b>
Series 2007A bonds	\$ 8,470,000	\$ 8,560,000	\$ (90,000)
Series 2007B bonds	3,155,000	4,215,000	(1,060,000)
Due to Developer	6,415,500	6,415,500	-
	<b>\$ 18,040,500</b>	<b>\$ 19,190,500</b>	<b>\$ (1,150,000)</b>

More information about the District's long-term debt is presented in Note 6 to the financial statements.

### **GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 24.

The District experienced an unfavorable variance in revenues and a favorable variance in expenditures as compared to the budget in the amount of \$1,538 and \$70,280, respectively. The variance in expenditures occurred primarily due to anticipated budgeted operating expenditures, specifically electric utilities and conservation area and landscape maintenance that were not incurred during the year.

### **FUTURE FINANCIAL FACTORS**

Parker Road Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2018 were established to provide for the operations of the District as well as the necessary debt service requirements.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Parker Road Community Development District's management company, Fishkind & Associates, Inc., at 12051 Corporate Blvd., Orlando, Florida 32817.



# Basic Financial Statements

**Parker Road Community Development District  
Statement of Net Position**

<i>September 30,</i>	<b>2017</b>
	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,626,365
Assessments receivable, net	119,350
Interest receivable	465
Prepaid expenses	30,579
Deposits	850
Capital Assets:	
Not being depreciated	9,748,885
Depreciable, net	11,159,248
Total assets	22,685,742
<b>Liabilities</b>	
Accounts payable	93,874
Accrued interest payable	3,474,958
Non-current liabilities:	
Due within one year	3,920,000
Due in more than one year	7,705,000
Due to Developer	6,415,500
Total liabilities	21,609,332
<b>Net position</b>	
Net investment in capital assets	3,734,931
Restricted for:	
Capital projects	106,721
Unrestricted	(2,765,241)
Total net position	\$ 1,076,411

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Statement of Activities**

Year ended September 30,

**2017**

Functions/Programs	Expenses	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ (56,343)	\$ 26,734	\$ -	\$ (29,609)
Field operations	(912,854)	433,130	-	(479,724)
Amenity expenses	(271,388)	128,768	-	(142,620)
Interest	(671,509)	2,104,654	-	1,433,145
<b>Total governmental activities</b>	<b>\$ (1,912,094)</b>	<b>\$ 2,693,286</b>	<b>\$ -</b>	<b>781,192</b>

**General revenues**

Developer contributions	8,753
Interest and other revenues	107,791
<b>Total general revenues</b>	<b>116,544</b>
Change in net position	897,736
Net position - beginning of year	178,675
Net position - end of year	<b>\$ 1,076,411</b>

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Balance Sheet – Governmental Funds**

September 30,

2017

	General	Debt Service	Non-major Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 180,939	\$ 1,338,720	\$ 106,706	\$ 1,626,365
Assessments receivable, net	119,350	-	-	119,350
Interest receivable	230	220	15	465
Prepaid expenditures	30,579	-	-	30,579
Deposits	850	-	-	850
Due from other funds	-	82,970	-	82,970
<b>Total assets</b>	<b>\$ 331,948</b>	<b>\$ 1,421,910</b>	<b>\$ 106,721</b>	<b>\$ 1,860,579</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 72,923	\$ -	\$ 20,951	\$ 93,874
Debt service obligation	-	6,921,995	-	6,921,995
Due to other funds	82,970	-	-	82,970
<b>Total liabilities</b>	<b>155,893</b>	<b>6,921,995</b>	<b>20,951</b>	<b>7,098,839</b>
<b>Fund balances</b>				
Nonspendable	31,429	-	-	31,429
Assigned for capital projects	-	-	85,770	85,770
Unassigned	144,626	(5,500,085)	-	(5,355,459)
<b>Total fund balances (deficit)</b>	<b>176,055</b>	<b>(5,500,085)</b>	<b>85,770</b>	<b>(5,238,260)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 331,948</b>	<b>\$ 1,421,910</b>	<b>\$ 106,721</b>	<b>\$ 1,860,579</b>

*The accompanying notes are an integral part of these financial statements.*



**Parker Road Community Development District  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of  
Net Position**

<i>September 30,</i>	<b>2017</b>
Total fund balances (deficit), governmental funds	\$ (5,238,260)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	20,908,133
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(14,593,463)
Total net position - governmental activities	\$ 1,076,410

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**

Year ended September 30,

2017

	General	Debt Service	Non-major Fund	Total Governmental Funds
<b>Revenues</b>				
Assessment revenue	\$ 588,631	\$ 677,627	\$ -	\$ 1,266,258
Prepayment revenue	-	1,427,027	-	1,427,027
Developer contributions	8,753	-	-	8,753
Interest and other revenues	230	7,009	100,552	107,791
<b>Total revenues</b>	<b>597,614</b>	<b>2,111,663</b>	<b>100,552</b>	<b>2,809,829</b>
<b>Expenditures</b>				
Current:				
General government	56,343	-	-	56,343
Field operations	341,141	-	-	341,141
Amenity expenses	271,388	-	-	271,388
Debt service:				
Principal	-	190,000	-	190,000
Interest	-	697,239	-	697,239
Capital outlay	-	-	17,138	17,138
<b>Total expenditures</b>	<b>668,872</b>	<b>887,239</b>	<b>17,138</b>	<b>1,573,249</b>
Excess (deficit) of revenues over expenditures	(71,258)	1,224,424	83,414	1,236,580
<b>Other financing sources (uses)</b>				
Transfers in	-	-	18,413	18,413
Transfers out	(18,413)	-	-	(18,413)
<b>Total other financing sources</b>	<b>(18,413)</b>	<b>-</b>	<b>18,413</b>	<b>-</b>
Net change in fund balances	(89,671)	1,224,424	101,827	1,236,580
Fund balances (deficit), beginning of year	265,726	(6,724,509)	(16,057)	(6,474,840)
Fund balances (deficit), end of year	\$ 176,055	\$ (5,500,085)	\$ 85,770	\$ (5,238,260)

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	<b>2017</b>
Net change in fund balances - governmental funds	\$ 1,236,580
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.	17,138
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(571,713)
Accrual of the unpaid bond principal is a reduction in fund balance in the governmental funds but has no effect on the Statement of Activities.	190,000
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund level statements.	25,730
Change in net position of governmental activities	\$ 897,735

*The accompanying notes are an integral part of these financial statements.*

## Parker Road Community Development District Notes to Financial Statements

### **NOTE 1: NATURE OF ORGANIZATION**

The Parker Road Community Development District (the “District”) was established on May 23, 2006 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Board of County Commissioners of Alachua County Ordinance 06-10. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes 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 a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2017 certain Board members were affiliated with CC Oakmont, LLC. (“the Developer”).

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

#### ***Government-wide and Fund Financial Statements***

The basic financial statements include both government-wide and fund financial statements.

## Parker Road Community Development District Notes to Financial Statements

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2017, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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 debt.

For the year ended September 30, 2017, the District does not report any proprietary funds.

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 District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

#### ***Cash, Deposits and Investments***

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the United States Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Capital Assets***

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: roadways and other: 20 years; storm water system: 25 years.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### ***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 are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2017.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2017.

#### ***Fund Equity***

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

#### ***Budgets***

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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. A public hearing is conducted to obtain 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. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.



**Parker Road Community Development District  
Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Estimates***

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3: CAPITAL ASSETS**

The following is a summary of changes in the capital assets for the year ended September 30, 2017:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated</i>				
Land improvements	\$ 1,101,000	\$ -	\$ -	\$ 1,101,000
Infrastructure under construction	8,630,747	17,138	-	8,647,885
<b>Total capital assets, not being depreciated</b>	<b>9,731,747</b>	<b>17,138</b>	<b>-</b>	<b>9,748,885</b>
<i>Capital assets being depreciated</i>				
Infrastructure - roads	2,763,719	-	-	2,763,719
Infrastructure - water control	4,342,092	-	-	4,342,092
Infrastructure - other	5,196,863	-	-	5,196,863
<b>Total capital assets, being depreciated</b>	<b>12,302,674</b>	<b>-</b>	<b>-</b>	<b>12,302,674</b>
<i>Less accumulated depreciation</i>				
Infrastructure - roadways and other	(398,029)	(398,029)	-	(796,058)
Infrastructure - stormwater system	(173,684)	(173,684)	-	(347,368)
<b>Total accumulated depreciation</b>	<b>(571,713)</b>	<b>(571,713)</b>	<b>-</b>	<b>(1,143,426)</b>
<b>Total capital assets, being depreciated, net</b>	<b>11,730,961</b>	<b>(571,713)</b>	<b>-</b>	<b>11,159,248</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 21,462,708</b>	<b>\$ (554,575)</b>	<b>\$ -</b>	<b>\$ 20,908,133</b>

The total projected cost of the infrastructure has been estimated at \$45.1 million, of which approximately \$17.8 million is expected to be financed with the proceeds from the issuance of Bonds with the remainder to be funded by the Developer. Upon completion, certain assets will be conveyed to others for maintenance. In addition, the development encompasses approximately 556 acres. Ownership of approximately 20 acres was transferred to the Alachua County School Board, approximately 5 acres were transferred to Alachua County for other uses, and approximately 46 acres will remain undeveloped and be utilized as a conservation easement.

## Parker Road Community Development District Notes to Financial Statements

### **NOTE 3: CAPITAL ASSETS (Continued)**

If the cost of the 2007 project or portion thereof to be conveyed by the Developer to the District pursuant to such Acquisition Agreement exceeds the amount actually paid by the District for the 2007 project or portion thereof from proceeds of the Series 2007 bonds, it may be determined that a deferred obligation exists. Upon completion of the project, certain funds available from the bonds may be used to pay deferred obligations, as outlined in the bond indenture. At September 30, 2017, the projects have not been completed and no determination has been made as to whether or not a deferred obligation exists.

Depreciation expense of \$571,713 was allocated to field operations on the accompanying Statement of Activities.

### **NOTE 4: 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. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has no settled claims in the previous three years.

### **NOTE 5: MANAGEMENT COMPANY**

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

### **NOTE 6: BONDS PAYABLE**

On June 18, 2007 the District issued \$17,880,000 of Capital Improvement Revenue Bonds, Series 2007 consisting of \$9,300,000 Term Bonds, Series 2007A, due May 1, 2038 with a fixed interest rate of 5.60% and \$8,580,000 Term Bonds, Series 2007B, due May 1, 2015 with a fixed interest rate of 5.35%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2009 through May 1, 2038 for Series 2007A Bonds and in one lump sum payment on May 1, 2015 for Series 2007B Bonds. The Series 2007 Bonds are subject to optional redemption beginning May 1, 2016 and to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 6: BONDS PAYABLE (Continued)

During the current and prior fiscal years, the District did not have sufficient funds to make certain scheduled debt service payments and as a result, the payments were not made. As of September 30, 2017, the amount has been accrued on the fund financial statements as Debt Service Obligation and reflects \$560,000 and \$3,155,000 due for Series 2007A and Series 2007B principal respectively and \$2,323,718 and \$883,277 of interest on the Series 2007A and 2007B Bonds, respectively.

During the year ended September 30, 2017, the District paid a portion of its past due principal and interest balances. A total of \$1,150,000 and \$312,662, respectively, were remitted related to principal and interest. These amounts reduced the outstanding debt service obligation.

At September 30, 2017, the scheduled debt service requirements on bonds payable were as follows:

<i>Year Ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2018	\$ 3,920,000	\$ 3,681,315	\$ 7,601,315
2019	215,000	431,480	646,480
2020	225,000	419,440	644,440
2021	240,000	406,840	646,840
2022	255,000	393,400	648,400
2023 - 2027	1,510,000	1,735,720	3,245,720
2028 - 2032	1,995,000	1,261,960	3,256,960
2033 - 2037	2,640,000	635,040	3,275,040
2038	625,000	35,000	660,000
	<b>\$ 11,625,000</b>	<b>\$ 9,000,195</b>	<b>\$ 20,625,195</b>

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is not in compliance with the requirements of the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indenture. The requirements have not been met for the fiscal year ended September 30, 2017.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 7: DEVELOPER TRANSACTIONS

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, CC Oakmont, LLC. The loss of significant involvement could have a material adverse effect on the District's operations.

The Developer has agreed to fund the general fund operations of the District. In connection with that agreement, the Developer paid \$479,800 of General Fund assessments for the year ended September 30, 2017. In addition, the Developer also paid \$677,627 of Debt Service Fund assessments for the year ended September 30, 2017. The Developer also remitted prepayments totaling \$1,427,027 in the current year. These prepayments were made to facilitate repayment of the Series 2007B bonds as required when lots within the District were sold by the Developer.

As of September 30, 2017, a total of \$6,415,500 is due to the Developer. This amount is related to long-term developer advances to fund the construction of infrastructure. The amounts are non-interest bearing and have no defined maturity date. Due to developer activity for the year is detailed in Note 8.

### NOTE 8: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2007A	\$ 8,560,000	\$ -	\$ (90,000)	\$ 8,470,000	\$ 765,000
Series 2007B	4,215,000	-	(1,060,000)	3,155,000	3,155,000
Due to Developer	6,415,500	-	-	6,415,500	-
	\$ 19,190,500	\$ -	\$ (1,150,000)	\$ 18,040,500	\$ 3,920,000

**Parker Road Community Development District  
Notes to Financial Statements**

**NOTE 9: INTERFUND BALANCES**

Interfund receivables and payables at September 30, 2017 were as follows:

<i>Funds</i>	Interfund	
	Receivable	Payable
General	\$ -	\$ (82,970)
Debt Service	82,970	-
<b>Total</b>	<b>\$ 82,970</b>	<b>\$ (82,970)</b>

The outstanding balances between funds resulted primarily from the time lag between the dates that assessments were transferred between funds.

**NOTE 10: LEASE COMMITMENT**

During 2016, the District entered into a 60-month lease agreement for certain fitness equipment. Monthly payments of approximately \$1,300 are due through April 2021. During the year ended September 30, 2017, the District recorded expenditures associated with this lease totaling approximately \$15,600.



**Required Supplemental Information  
(Other Than MD&A)**

**Parker Road Community Development District  
Budget to Actual Comparison Schedule – General Fund**

*Year ended September 30,*

**2017**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Assessment revenue	\$ 599,152	\$ 588,631	\$ (10,521)
Developer contributions	-	8,753	8,753
Interest and other revenues	-	230	230
Total revenues	599,152	597,614	(1,538)
<b>Expenditures</b>			
General government	69,775	56,343	13,432
Maintenance and operations	360,777	341,141	19,636
Amenity expenses	308,600	271,388	37,212
Total expenditures	739,152	668,872	70,280
Excess (deficit) of revenues over expenditures	(140,000)	(71,258)	68,742
<b>Other financing sources (uses)</b>			
Transfers out	-	(18,413)	(18,413)
Fund balance, beginning of year	140,000	265,726	125,726
Fund balance, end of year	\$ -	\$ 176,055	\$ 176,055



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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**

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

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, each major fund, and the aggregate remaining fund information of Parker Road Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2017, 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 25, 2018.

**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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described below, that we consider to be a material weaknesses.



### **IC2017-001: Debt Service Obligations**

- Condition: Approximately \$190,000 and \$697,000 of required principal and interest expenditures, respectively, were not recorded on the District's financial statements as of September 30, 2017. These amounts were required debt service payments on outstanding bonds payable, however because of financial difficulties they were not paid. The unpaid matured installments should have been accrued.
- Criteria: Internal controls relating to the annual financial close process should be in place to provide reasonable assurance that expenditures are appropriately and properly recorded.
- Cause: The debt service expenditures were not paid and therefore had no direct impact on any of the District's cash or investment trust accounts. They appear to have been overlooked when District staff was preparing its annual financial report.
- Effect: Debt service expenditures and related liabilities on the fund-level financial statements were understated by approximately \$887,000.
- Recommendation: We recommend the District review debt service obligation activity prior to year-end to ensure all required but unpaid expenditures and liabilities are identified and recorded.

The District's response to the finding identified in our audit is described below. We did not audit the District's Response and, accordingly, we express no opinion on it.

- Management Response: The District has already taken further steps to ensure that this oversight is avoided in the future.

### **IC2017-002: Capital Expenditures and Retainage**

- Condition: Approximately \$18,400 retainage payable was improperly recorded on the District's financial statements as of September 30, 2017. The amounts related to items paid in the past, and the liability should have been removed.
- Criteria: Internal controls relating to the annual financial close process should be in place to provide reasonable assurance that expenditures are appropriate and retainage is properly recorded.
- Cause: The construction expenditures were from one specific payment application and appear to have been overlooked when District staff was preparing its annual financial report. The payment application included a current amount due and retainage payable which were paid during the year.
- Effect: Retainage payable and related expenditures on the financial statements were overstated by approximately \$18,400.

- Recommendation: We recommend the District review construction vendor activity within a reasonable timeframe from year-end to ensure that all applicable contract liabilities are identified and recorded properly. This is particularly important when an active infrastructure construction project is in process.

The District's response to the finding identified in our audit is described below. We did not audit the District's Response and, accordingly, we express no opinion on it.

- Management Response: The District has already taken further steps to ensure that this oversight is avoided in the future.

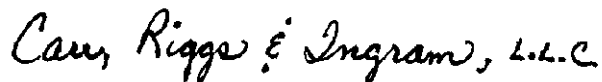
### **Compliance and Other Matters**

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

- IC2015-1: The District is not in compliance with certain provisions of its Bond Indenture including those relating to 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.

### **Purpose of this Report**

The 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, LLC

Miramar Beach, Florida  
June 25, 2018



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## MANAGEMENT LETTER

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

### Report on the Financial Statements

We have audited the financial statements of the Parker Road Community Development District ("District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 25, 2018.

### Auditors' 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 Reports and Schedule

We have issued our Independent Auditors' 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 Accountants' 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 report, which are dated June 25, 2018, 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. Items IC2016-001 and IC2015-1 in the previous financial report have not been corrected and are still findings in the current year. IC2015-1 was also included in the second preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

## **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 to identify 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.c. 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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires 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, Federal and other granting agencies, 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

Miramar Beach, Florida  
June 25, 2018



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## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

We have examined Parker Road Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance 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 performed 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 judgement, 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 year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of 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

Miramar Beach, Florida  
June 25, 2018

Parker Road Community Development District  
12051 Corporate Blvd  
Orlando FL 32817

September 12, 2018

Auditor General State of Florida  
RE: Parker Road Community Development District  
401 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

To Whom It May Concern,

Parker Road Community Development District will continue to work with the Developer and take direction from the Bondholder to obtain funds necessary to make scheduled debt service payments.

Sincerely,

A handwritten signature in cursive script that reads "Amy Champagne".

Amy Champagne  
District Accountant

**Parker Road Community  
Development District**

**FINANCIAL STATEMENTS**

**September 30, 2018**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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**Parker Road Community Development District**  
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**September 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Parker Road Community Development District  
Alachua, Florida

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of Parker Road Community Development District (hereinafter referred to as "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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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 entity'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.

### ***Opinions***

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 the 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, as listed in the table of contents, 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 25, 2019, on our consideration of the District's internal control over financial reporting and 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 results 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

Miramar Beach, Florida  
June 25, 2019



## **Management's Discussion And Analysis**

## Parker Road Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Parker Road Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- At September 30, 2018, the assets of the District exceed its liabilities by approximately \$3.7 million.
- During the fiscal year ended September 30, 2018, the District repaid approximately \$1.8 million and approximately \$1.95 million of past due principal and interest, respectively, on the Series 2007 Bonds. However, the required current year bond principal and interest payments of \$205,000 and approximately \$643,000, respectively, on the Series 2007 Bonds were not made as of September 30, 2018.
- During the fiscal year ended September 30, 2018, the District established approximately \$60,000 of infrastructure.

### USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

#### ***Reporting the District as a Whole***

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

## Parker Road Community Development District Management's Discussion and Analysis

### **Reporting the District's Most Significant Funds**

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

### **THE DISTRICT AS A WHOLE**

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 1,798,498	\$ 1,777,609	\$ 20,889
Capital assets, net	20,396,184	20,908,133	(511,949)
<b>Total assets</b>	<b>\$ 22,194,682</b>	<b>\$ 22,685,742</b>	<b>\$ (491,060)</b>
<b>Liabilities</b>			
Current liabilities	\$ 4,554,937	\$ 7,488,832	\$ (2,933,895)
Other liabilities	13,905,500	14,120,500	(215,000)
<b>Total liabilities</b>	<b>18,460,437</b>	<b>21,609,332</b>	<b>(3,148,895)</b>
<b>Net position</b>			
Net investment in capital assets	5,010,670	3,734,931	1,275,739
Restricted for:			
Capital projects	444,315	106,721	337,594
Unrestricted	(1,720,740)	(2,765,241)	1,044,501
<b>Total net position</b>	<b>3,734,245</b>	<b>1,076,411</b>	<b>2,657,834</b>
<b>Total liabilities and net position</b>	<b>\$ 22,194,682</b>	<b>\$ 22,685,743</b>	<b>\$ (491,061)</b>

For more detailed information, see the accompanying Statement of Net Position.

## Parker Road Community Development District Management's Discussion and Analysis

During the fiscal year ended September 30, 2018, total assets and liabilities decreased from the prior year by approximately \$491,000 and \$3.1 million, respectively. The decrease in assets is primarily due to the depreciation of capital assets. The decrease in liabilities is due to past due principal and interest payments made in the current year.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 4,186,236	\$ 2,693,286	\$ 1,492,950
General revenues:			
Developer contributions	-	8,753	(8,753)
Interest and other revenues	405,330	107,791	297,539
<b>Total revenues</b>	<b>4,591,566</b>	<b>2,809,830</b>	<b>1,781,736</b>
<b>Expenses:</b>			
General government	79,359	56,343	23,016
Maintenance and operations	966,434	912,854	53,580
Amenity Center	262,675	271,388	(8,713)
Interest	625,264	671,509	(46,245)
<b>Total expenses</b>	<b>1,933,732</b>	<b>1,912,094</b>	<b>21,638</b>
Change in net position	2,657,834	897,736	1,760,098
Net position, beginning of year	1,076,411	178,675	897,736
<b>Net position, ending of year</b>	<b>\$ 3,734,245</b>	<b>\$ 1,076,411</b>	<b>\$ 2,657,834</b>

For more detailed information, see the accompanying Statement of Activities.

Revenues and expenses increased over the prior year by approximately \$1.8 million and \$22,000, respectively. Revenues increased primarily due to an increase in prepayment revenues received from lot sales in the current year. Expenses increased primarily due to an increase in trustee fees and landscaping maintenance and improvement expenses in the current year. The overall result was a \$2,657,834 increase in net position for the fiscal year 2018.

## Parker Road Community Development District Management's Discussion and Analysis

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance (deficit) of approximately \$2.3 million, which is an increase from last year's fund balance (deficit) of \$5.2 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2018, the District repaid approximately \$1.8 million and approximately \$1.95 million of past due principal and interest, respectively, on the Series 2007 Bonds. However, the required current year bond principal and interest payments of \$205,000 and approximately \$643,000, respectively, on the Series 2007 Bonds were not made as of September 30, 2018.
- During the fiscal year ended September 30, 2018, the District established approximately \$60,000 of infrastructure.

The overall increase in fund balance for the year ended September 30, 2018 totaled approximately \$2.9 million.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### ***Capital Assets***

At September 30, 2018, the District had approximately \$20.4 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately \$512,000 from the fiscal year 2017 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Capital assets not being depreciated	\$ 9,808,649	\$ 9,748,885	\$ 59,764
Capital assets being depreciated	12,302,674	12,302,674	-
Total, prior to depreciation	22,111,323	22,051,559	59,764
Accumulated depreciation	(1,715,139)	(1,143,426)	(571,713)
Net capital assets	\$ 20,396,184	\$ 20,908,133	\$ (511,949)

More information about the District's capital assets is presented in Note 4 to the financial statements.

## Parker Road Community Development District Management's Discussion and Analysis

### **Debt**

At September 30, 2018, the District had approximately \$16.3 million of outstanding debt. This amount represents a decrease of approximately \$1.8 million from the fiscal year 2017 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	<b>2018</b>	<b>2017</b>	<b>Change</b>
Series 2007A bonds	\$ 8,400,000	\$ 8,470,000	\$ (70,000)
Series 2007B bonds	1,450,000	3,155,000	(1,705,000)
Due to Developer	6,415,500	6,415,500	-
	<b>\$ 16,265,500</b>	<b>\$ 18,040,500</b>	<b>\$ (1,775,000)</b>

More information about the District's long-term debt is presented in Note 7 to the financial statements.

### **GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 24.

The District experienced a favorable variance in revenues and expenditures as compared to the budget in the amount of \$14,053 and \$52,436, respectively. The variance in expenditures occurred primarily due to anticipated budgeted Amenity Center landscape maintenance expenditures that were not incurred during the year.

### **FUTURE FINANCIAL FACTORS**

Parker Road Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2019 were established to provide for the operations of the District as well as the necessary debt service requirements.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Parker Road Community Development District's management company at 12051 Corporate Blvd., Orlando, Florida 32817.





## **Basic Financial Statements**

**Parker Road Community Development District  
Statement of Net Position**

<i>September 30,</i>	<b>2018</b>	
	<b>Governmental Activities</b>	
<b>Assets</b>		
Cash and cash equivalents	\$	152,555
Investments		1,612,437
Assessments receivable, net		1,201
Interest receivable		1,071
Prepaid expenses		31,234
Capital Assets:		
Not being depreciated		9,808,649
Depreciable, net		10,587,535
<hr/>		
Total assets		22,194,682
<hr/>		
<b>Liabilities</b>		
Accounts payable		47,447
Accrued interest payable		2,147,490
Non-current liabilities:		
Due within one year		2,360,000
Due in more than one year		7,490,000
Due to Developer		6,415,500
<hr/>		
Total liabilities		18,460,437
<hr/>		
<b>Net position</b>		
Net investment in capital assets		5,010,670
Restricted for:		
Capital projects		444,315
Unrestricted		(1,720,740)
<hr/>		
Total net position	\$	3,734,245
<hr/> <hr/>		

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Statement of Activities**

*Year ended September 30,*

**2018**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
General government	\$ (79,359)	\$ 43,516	\$ -	\$ -	\$ (35,843)	
Field operations	(966,434)	529,935	-	-	(436,499)	
Amenity expenses	(262,675)	144,035	-	-	(118,640)	
Interest	(625,264)	1,415,194	2,061,177	397,142	3,248,249	
<b>Total governmental activities</b>	<b>\$ (1,933,732)</b>	<b>\$ 2,132,680</b>	<b>\$ 2,061,177</b>	<b>\$ 397,142</b>	<b>2,657,267</b>	

**General revenues**

Interest and other revenues	567
<b>Total general revenues</b>	<b>567</b>
Change in net position	2,657,834
<b>Net position - beginning of year</b>	<b>1,076,411</b>
<b>Net position - end of year</b>	<b>\$ 3,734,245</b>

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Balance Sheet – Governmental Funds**

*September 30,*

**2018**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Project</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 152,555	\$ -	\$ -	\$ 152,555
Investments	-	1,160,462	451,975	1,612,437
Assessments receivable, net	1,201	-	-	1,201
Interest receivable	-	468	603	1,071
Prepaid expenditures	31,234	-	-	31,234
<b>Total assets</b>	<b>\$ 184,990</b>	<b>\$ 1,160,930</b>	<b>\$ 452,578</b>	<b>\$ 1,798,498</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 38,613	\$ 571	\$ 8,263	\$ 47,447
Debt service obligation	-	4,042,378	-	4,042,378
<b>Total liabilities</b>	<b>38,613</b>	<b>4,042,949</b>	<b>8,263</b>	<b>4,089,825</b>
<b>Fund balances</b>				
Nonspendable	31,234	-	-	31,234
Restricted for capital projects	-	-	444,315	444,315
Unassigned	115,143	(2,882,019)	-	(2,766,876)
<b>Total fund balances (deficit)</b>	<b>146,377</b>	<b>(2,882,019)</b>	<b>444,315</b>	<b>(2,291,327)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 184,990</b>	<b>\$ 1,160,930</b>	<b>\$ 452,578</b>	<b>\$ 1,798,498</b>

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of  
Net Position**

<i>September 30,</i>	<b>2018</b>
Total fund balances (deficit), governmental funds	\$ (2,291,327)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	20,396,184
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(14,370,612)
Total net position - governmental activities	\$ 3,734,245

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds**

<i>Year ended September 30,</i>	<b>2018</b>			
	<b>General</b>	<b>Debt Service</b>	<b>Capital Project</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Assessment revenue	\$ 717,486	\$ 1,415,194	\$ -	\$ 2,132,680
Prepayment revenue	-	2,053,556	-	2,053,556
Interest and other revenues	567	7,621	397,142	405,330
<b>Total revenues</b>	<b>718,053</b>	<b>3,476,371</b>	<b>397,142</b>	<b>4,591,566</b>
<b>Expenditures</b>				
Current:				
General government	69,168	10,191	-	79,359
Field operations	394,721	-	-	394,721
Amenity expenses	262,675	-	-	262,675
Debt service:				
Principal	-	205,000	-	205,000
Interest	-	643,114	-	643,114
Capital outlay	-	-	59,764	59,764
<b>Total expenditures</b>	<b>726,564</b>	<b>858,305</b>	<b>59,764</b>	<b>1,644,633</b>
Excess (deficit) of revenues over expenditures	(8,511)	2,618,066	337,378	2,946,933
<b>Other financing sources (uses)</b>				
Transfers in	-	-	21,167	21,167
Transfers out	(21,167)	-	-	(21,167)
<b>Total other financing sources (uses)</b>	<b>(21,167)</b>	<b>-</b>	<b>21,167</b>	<b>-</b>
Net change in fund balances	(29,678)	2,618,066	358,545	2,946,933
Fund balances (deficit), beginning of year	176,055	(5,500,085)	85,770	(5,238,260)
<b>Fund balances (deficit), end of year</b>	<b>\$ 146,377</b>	<b>\$ (2,882,019)</b>	<b>\$ 444,315</b>	<b>\$ (2,291,327)</b>

*The accompanying notes are an integral part of these financial statements.*

**Parker Road Community Development District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities**

<i>Year ended September 30,</i>	<b>2018</b>
Net change in fund balances - governmental funds	\$ 2,946,933
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.	59,764
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(571,713)
Accrual of the unpaid bond principal is a reduction in fund balance in the governmental funds but has no effect on the Statement of Activities.	205,000
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund level statements.	17,850
Change in net position of governmental activities	\$ 2,657,834

*The accompanying notes are an integral part of these financial statements.*

## Parker Road Community Development District Notes to Financial Statements

### NOTE 1: NATURE OF ORGANIZATION

The Parker Road Community Development District (the “District”) was established on May 23, 2006 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Board of County Commissioners of Alachua County Ordinance 06-10. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes 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 a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. At September 30, 2018, certain Board members were affiliated with CC Oakmont, LLC. (“the Developer”).

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB). Based on the foregoing criteria, no potential component units were found.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

#### ***Government-wide and Fund Financial Statements***

The basic financial statements include both government-wide and fund financial statements.



## Parker Road Community Development District Notes to Financial Statements

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2018, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting and Basis of 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 the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

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 debt.

Capital Projects Fund - The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the bonds previously issued or other means.

For the year ended September 30, 2018, the District does not report any proprietary funds.

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 District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, then unassigned resources as needed.

#### ***Cash, Deposits and Investments***

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the United States Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.



## Parker Road Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Capital Assets***

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Estimated useful lives for financial reporting purposes are as follows: roadways and other: 20 years; storm water system: 25 years.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### ***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 are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2018.

## Parker Road Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the Statement of Net Position and Balance Sheet – Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2018.

#### ***Fund Equity***

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

#### ***Budgets***

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

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. A public hearing is conducted to obtain 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. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Parker Road Community Development District  
Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Estimates***

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures on the Statement of Net Position. These items will be expensed over the applicable usage period.

**NOTE 3: INVESTMENTS**

The District's investments consist of money market funds in which shares are owned in the fund rather than the underlying investments. In accordance with GASB 72, Fair Value Measurement and Application, these amounts are reported at amortized cost.

The following is a summary of the District's investments:

<i>September 30,</i>	<b>2018</b>	<b>Credit Risk</b>	<b>Maturities</b>
Short-term Money Market Funds	\$ 1,612,437	S&P AAAM	21 days
	<u>\$ 1,612,437</u>		

*Custodial credit risk* – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2018, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

*Concentration risk* – The District's investment policy requires diversification, but does not specify limits on types of investments.

*Interest rate risk* – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and, in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

**Parker Road Community Development District  
Notes to Financial Statements**

**NOTE 4: CAPITAL ASSETS**

The following is a summary of changes in the capital assets for the year ended September 30, 2018:

	Beginning Balance	Additions	Transfers and Conveyances	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated</i>				
Land improvements	\$ 1,101,000	\$ -	\$ -	\$ 1,101,000
Infrastructure under construction	8,647,885	59,764	-	8,707,649
<b>Total capital assets, not being depreciated</b>	<b>9,748,885</b>	<b>59,764</b>	<b>-</b>	<b>9,808,649</b>
<i>Capital assets being depreciated</i>				
Infrastructure - roads	2,763,719	-	-	2,763,719
Infrastructure - water control	4,342,092	-	-	4,342,092
Infrastructure - other	5,196,863	-	-	5,196,863
<b>Total capital assets, being depreciated</b>	<b>12,302,674</b>	<b>-</b>	<b>-</b>	<b>12,302,674</b>
<i>Less accumulated depreciation</i>				
Infrastructure - roadways and other	(796,058)	(398,029)	-	(1,194,087)
Infrastructure - stormwater system	(347,368)	(173,684)	-	(521,052)
<b>Total accumulated depreciation</b>	<b>(1,143,426)</b>	<b>(571,713)</b>	<b>-</b>	<b>(1,715,139)</b>
<b>Total capital assets, being depreciated, net</b>	<b>11,159,248</b>	<b>(571,713)</b>	<b>-</b>	<b>10,587,535</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 20,908,133</b>	<b>\$ (511,949)</b>	<b>\$ -</b>	<b>\$ 20,396,184</b>

The total projected cost of the infrastructure has been estimated at \$45.1 million, of which approximately \$17.8 million is expected to be financed with the proceeds from the issuance of Bonds with the remainder to be funded by the Developer. Upon completion, certain assets will be conveyed to others for maintenance. In addition, the development encompasses approximately 556 acres. Ownership of approximately 20 acres was transferred to the Alachua County School Board, approximately 5 acres were transferred to Alachua County for other uses, and approximately 46 acres will remain undeveloped and be utilized as a conservation easement.

If the cost of the 2007 project or portion thereof to be conveyed by the Developer to the District pursuant to its Acquisition Agreement exceeds the amount actually paid by the District for the 2007 project or portion thereof from proceeds of the Series 2007 bonds, it may be determined that a deferred obligation exists. Upon completion of the project, certain funds available from the bonds may be used to pay deferred obligations, as outlined in the bond indenture. At September 30, 2018, the projects have not been completed and no determination has been made as to whether or not a deferred obligation exists.

Depreciation expense of \$571,713 was allocated to field operations on the accompanying Statement of Activities.

## Parker Road Community Development District Notes to Financial Statements

### **NOTE 5: 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. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has no settled claims in the previous three years.

### **NOTE 6: MANAGEMENT COMPANY**

The District has contracted with a management company to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

### **NOTE 7: BONDS PAYABLE**

On June 18, 2007 the District issued \$17,880,000 of Capital Improvement Revenue Bonds, Series 2007 consisting of \$9,300,000 Term Bonds, Series 2007A, due May 1, 2038 with a fixed interest rate of 5.60% and \$8,580,000 Term Bonds, Series 2007B, due May 1, 2015 with a fixed interest rate of 5.35%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is to be paid semiannually on each May 1 and November 1. Principal on the Bonds is to be paid serially commencing May 1, 2009 through May 1, 2038 for Series 2007A Bonds and in one lump sum payment on May 1, 2015 for Series 2007B Bonds. The Series 2007 Bonds are subject to optional redemption beginning May 1, 2016 and to extraordinary mandatory redemption prior to maturity in the manner determined by the Bond Registrar if certain events occur as outlined in the Bond Indenture.

During the current and prior fiscal years, the District did not have sufficient funds to make certain scheduled debt service payments and as a result, the payments were not made. As of September 30, 2018, the amount has been accrued on the fund financial statements as Debt Service Obligation and reflects \$695,000 and \$1,450,000 due for Series 2007A and Series 2007B principal respectively and \$1,596,123 and \$301,255 of interest on the Series 2007A and 2007B Bonds, respectively.

During the year ended September 30, 2018, the District paid a portion of its past due principal and interest balances. A total of \$1,775,000 and \$1,952,730, respectively, were remitted related to principal and interest. These amounts reduced the outstanding debt service obligation.

**Parker Road Community Development District  
Notes to Financial Statements**

**NOTE 7: BONDS PAYABLE (Continued)**

At September 30, 2018, the scheduled debt service requirements on bonds payable were as follows:

<i>Year Ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2019	\$ 2,360,000	\$ 2,328,858	\$ 4,688,858
2020	225,000	419,440	644,440
2021	240,000	406,840	646,840
2022	255,000	393,400	648,400
2023	270,000	379,120	649,120
2024 - 2028	1,595,000	1,651,160	3,246,160
2029 - 2033	2,110,000	1,150,240	3,260,240
2034 - 2038	2,795,000	487,200	3,282,200
	<b>\$ 9,850,000</b>	<b>\$ 7,216,258</b>	<b>\$ 17,066,258</b>

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is not in compliance with the requirements of the Bond Indenture.

The Bond Indenture requires that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indenture. The requirements have not been met for the fiscal year ended September 30, 2018.

**NOTE 8: DEVELOPER TRANSACTIONS**

A significant portion of the District’s activity is dependent upon the continued involvement of the Developer, CC Oakmont, LLC. The loss of significant involvement could have a material adverse effect on the District’s operations.

The Developer has agreed to fund the general fund operations of the District. In connection with that agreement, the Developer paid \$568,693 of General Fund assessments for the year ended September 30, 2018. In addition, the Developer also paid \$1,195,434 of Debt Service Fund assessments for the year ended September 30, 2018. The Developer also remitted prepayments totaling \$2,053,556 in the current year. These prepayments were made to facilitate repayment of the Series 2007B bonds as required when lots within the District are sold by the Developer.

As of September 30, 2018, a total of \$6,415,500 is due to the Developer. This amount is related to long-term developer advances to fund the construction of infrastructure. The amounts are non-interest bearing and have no defined maturity date. Due to developer activity for the year is detailed in Note 9.



**Parker Road Community Development District  
Notes to Financial Statements**

**NOTE 9: CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2007A	\$ 8,470,000	\$ -	\$ (70,000)	\$ 8,400,000	\$ 910,000
Series 2007B	3,155,000	-	(1,705,000)	1,450,000	1,450,000
Due to Developer	6,415,500	-	-	6,415,500	-
	\$ 18,040,500	\$ -	\$ (1,775,000)	\$ 16,265,500	\$ 2,360,000

**NOTE 10: INTERFUND TRANSFERS**

Interfund transfers for the year ended September 30, 2018 were as follows:

<i>Funds</i>	Interfund	
	Transfers in	Transfers out
General	\$ -	\$ (21,167)
Capital Project	21,167	-
Total	\$ 21,167	\$ (21,167)

The transfers between funds resulted primarily from the General Fund providing funds to support capital outlay expenditures in the current year.

**NOTE 11: LEASE COMMITMENT**

During 2016, the District entered into a 60-month lease agreement for certain fitness equipment. Monthly payments of approximately \$1,300 are due through April 2021. During the year ended September 30, 2018, the District recorded expenditures associated with this lease totaling approximately \$15,600.

**NOTE 12: SUBSEQUENT EVENT**

Subsequent to year end, the District paid a portion of its past due principal and interest balances on the Series 2007A and 2007B Bonds. A total of \$1,140,000 and \$604,975, respectively, were remitted related to principal and interest. These amounts reduced the outstanding debt service obligation in fiscal year 2019.



**Required Supplemental Information  
(Other Than MD&A)**

**Parker Road Community Development District  
Budget to Actual Comparison Schedule – General Fund**

<i>Year ended September 30,</i>	<b>2018</b>		
	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Assessment revenue	\$ 704,000	\$ 717,486	\$ 13,486
Interest and other revenues	-	567	567
<b>Total revenues</b>	<b>704,000</b>	<b>718,053</b>	<b>14,053</b>
<b>Expenditures</b>			
General government	75,500	69,168	6,332
Maintenance and operations	398,500	394,721	3,779
Amenity expenses	305,000	262,675	42,325
<b>Total expenditures</b>	<b>779,000</b>	<b>726,564</b>	<b>52,436</b>
Excess (deficit) of revenues over expenditures	(75,000)	(8,511)	66,489
<b>Other financing sources (uses)</b>			
Transfers out	-	(21,167)	(21,167)
Fund balance, beginning of year	75,000	176,055	101,055
Fund balance, end of year	\$ -	\$ 146,377	\$ 146,377



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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**

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

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 Parker Road Community Development District (hereinafter referred to as 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 25, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described below, that we consider to be a material weakness.

### **IC2018-001: Debt Service Obligations**

- **Condition:** Approximately \$205,000 and \$643,000 of required principal and interest expenditures, respectively, were not recorded on the District's financial statements as of September 30, 2018. These amounts were required debt service payments on outstanding bonds payable, however because of financial difficulties they were not paid. The unpaid matured installments should have been accrued.
- **Criteria:** Internal controls relating to the annual financial close process should be in place to provide reasonable assurance that expenditures are appropriately and properly recorded.
- **Cause:** The debt service expenditures were not paid and therefore had no direct impact on any of the District's cash or investment trust accounts. They appear to have been overlooked when District staff was preparing its annual financial report.
- **Effect:** Debt service expenditures and related liabilities on the fund-level financial statements were understated by approximately \$848,000.
- **Recommendation:** We recommend the District review debt service obligation activity prior to year-end to ensure all required but unpaid expenditures and liabilities are identified and recorded.

The District's response to the finding identified in our audit is described below. We did not audit the District's Response and, accordingly, we express no opinion on it.

- **Management Response:** The District has already taken further steps to ensure that this oversight is avoided in the future.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

- **IC2015-1:** The District is not in compliance with certain provisions of its Bond Indenture including those relating to 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.

**Purpose of this Report**

The 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

Miramar Beach, Florida

June 25, 2019



Carr, Riggs & Ingram, LLC  
Certified Public Accountants  
500 Grand Boulevard  
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Miramar Beach, Florida 32550

## MANAGEMENT LETTER

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

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### Report on the Financial Statements

We have audited the financial statements of the Parker Road Community Development District (“District”) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 25, 2019.

### Auditors’ 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 Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditors’ 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 25, 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. Items IC2017-001 and IC2015-1 in the previous financial report have not been corrected and are still findings in the current year. Item IC2017-002 in the previous financial report has been corrected in the current year. IC2018-001 and IC2015-1 were also both included in the second preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

## **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 to identify 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.

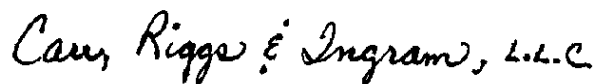
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note any such findings.

## **Purpose of this Letter**

Our management letter is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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, LLC

Miramar Beach, Florida  
June 25, 2019





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## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors  
Parker Road Community Development District  
Alachua County, Florida

We have examined Parker Road Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the 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 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 performed 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 year ended September 30, 2018.

This report is intended solely for the information and use of management and the State of 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

Miramar Beach, Florida  
June 25, 2019

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