

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED MARCH 11, 2016

NEW ISSUE - BOOK-ENTRY ONLY
LIMITED OFFERING

NOT RATED

In the opinion of Bond Counsel (as hereinafter defined), under existing statutes, regulations, published rulings and court decisions, and assuming compliance by the District with the tax covenants described herein and the accuracy of certain representations included in the closing transcript for the Series 2016 Bonds (as hereinafter defined), interest on the Series 2016 Bonds is, under Section 103 of the Code (as hereinafter defined), 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 imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income. See "TAX MATTERS" herein. Bond Counsel is further of the opinion that the Series 2016 Bonds and interest thereon are not subject to taxation under the laws of the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in Chapter 220.

\$9,460,000\*

SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT
(HILLSBOROUGH COUNTY, FLORIDA)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2016

Dated: Date of Issuance

Due: As set forth below

The South Fork III Community Development District Special Assessment Revenue Bonds, Series 2016 (the "Series 2016 Bonds") are being issued by the South Fork III Community Development District (the "District") only in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof.

The Series 2016 Bonds will bear interest at the fixed rates set forth below, calculated on the basis of a 360-day year comprised of twelve 30-day months, payable semi-annually on each May 1 and November 1, commencing November 1, 2016. The Series 2016 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC") of New York, New York. Purchases of beneficial interests in the Series 2016 Bonds will be made only in book-entry form. Accordingly, principal of and interest on the Series 2016 Bonds will be paid from the 2016 Trust Estate (as hereinafter defined) by U.S. Bank National Association, as trustee (the "Trustee") directly to DTC as the registered owner thereof. Disbursements of such payments to the DTC Participants (as hereinafter defined) 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 hereinafter defined), as more fully described herein. Any purchaser of a beneficial interest of a Series 2016 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 2016 Bond. See "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry System" herein.

Proceeds of the Series 2016 Bonds will be applied to (i) finance the Cost of acquisition, construction, installation and equipping of the 2016 Project (as hereinafter defined); (ii) pay certain costs associated with the issuance of the Series 2016 Bonds; (iii) to pay a portion of the interest accruing on the Series 2016 Bonds; and (iv) fund the 2016 Reserve Account as herein provided. See "ESTIMATED SOURCES AND USES OF SERIES 2016 BOND PROCEEDS."

The District, which is the issuer of the Series 2016 Bonds, is a local unit of special purpose government of the State of Florida, created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No. 15-22 of the Board of County Commissioners of Hillsborough County, Florida, effective on October 14, 2015 (the "Ordinance"). The Series 2016 Bonds are being issued pursuant to the Act, Resolutions Nos. 2016-24 and 2016-29 adopted by the Board of Supervisors of the District on October 23, 2015 and January 7, 2016, respectively (the "Board"), and a Master Trust Indenture, dated as of March 1, 2016, as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2016 (collectively, the "Indenture"), each by and between the District and the Trustee. The Series 2016 Bonds are equally and ratably secured by the 2016 Trust Estate, without preference or priority of one Series 2016 Bond over another. The 2016 Trust Estate consists of all right, title and interest of the District in, to and under, subject to the terms of the Indenture, the revenues derived by the District from the Series 2016 Assessments levied and imposed pursuant to the Assessment Proceedings (as hereinafter defined) as the same may be amended from time to time (the "2016 Pledged Revenues") and the Funds and Accounts (except for the 2016 Rebate Account and the 2016 Cost of Issuance Account) established under the First Supplemental Indenture (the "2016 Pledged Funds"). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS."

The Series 2016 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption prior to maturity. See "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions" herein.

NEITHER THE SERIES 2016 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 2016 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 2016 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE SERIES 2016 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2016 PLEDGED REVENUES AND THE 2016 PLEDGED FUNDS PLEDGED TO THE SERIES 2016 BONDS, ALL AS PROVIDED IN THE SERIES 2016 BONDS AND IN THE INDENTURE.

The Series 2016 Bonds involve a degree of risk (see "BONDOWNERS' RISKS" herein) and are not suitable for all investors (see "SUITABILITY FOR INVESTMENT" herein). The Underwriter named below is limiting this offering to "Accredited Investors" within the meaning of Chapter 517, Florida Statutes, and the rules of the Florida Department of Financial Services promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfer in any secondary market for the Series 2016 Bonds. The Series 2016 Bonds are not credit enhanced or rated and no application has been made for a rating with respect to the Series 2016 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2016 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

\$ \_\_\_\_\_ - \_\_\_\_\_ % Series 2016 Term Bond due \_\_\_\_\_ 1, 20\_\_\_\_, Yield \_\_\_\_\_ %, Price \_\_\_\_\_ CUSIP # \_\_\_\_\_ \*\*
\$ \_\_\_\_\_ - \_\_\_\_\_ % Series 2016 Term Bond due \_\_\_\_\_ 1, 20\_\_\_\_, Yield \_\_\_\_\_ %, Price \_\_\_\_\_ CUSIP # \_\_\_\_\_ \*\*

The Series 2016 Bonds are offered for delivery when, as and if issued by the District and subject to the receipt of the approving legal opinion of Akerman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Straley & Robin, P.A., Tampa, Florida, the Landowners by their counsel, Robert L. Barnes, Jr. P.L., Tampa, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. It is expected that the Series 2016 Bonds will be delivered in book-entry form through the facilities of DTC on or about March \_\_\_\_\_, 2016.

FMSbonds, Inc.

Dated: March \_\_\_\_\_, 2016.

\* Preliminary, subject to change.

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

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2016 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The District has deemed this Preliminary Limited Offering Memorandum "final," except for permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

**BOARD OF SUPERVISORS**

Jeffery S. Hills,\* Chairperson  
Gary Jernigan,\* Vice-Chairperson  
Rob Barber,\*\* Assistant Secretary  
Brady Lefere,\*\* Assistant Secretary  
Ryan Motko,\* Assistant Secretary

\* Employee of, or affiliated with, the Landowners  
\*\* Employee of, or affiliated with, one of the Builders

**DISTRICT MANAGER/METHODOLOGY CONSULTANT**

District Management Services, LLC d/b/a Meritus Districts  
Tampa, Florida

**DISTRICT COUNSEL**

Straley & Robin, P.A.  
Tampa, Florida

**BOND COUNSEL**

Akerman LLP  
Orlando, Florida

**DISTRICT ENGINEER**

Stantec, Inc.  
Tampa, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2016 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE SERIES 2016 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 LANDOWNERS (AS HEREINAFTER DEFINED), THE DISTRICT, PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES, WHICH SOURCES ARE BELIEVED TO BE RELIABLE BUT WHICH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE UNDERWRITER NAMED ON THE COVER PAGE OF THIS LIMITED OFFERING MEMORANDUM. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN CONTAINED ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE LANDOWNERS OR IN THE STATUS OF THE DEVELOPMENT, THE ASSESSMENT AREA OR THE 2016 PROJECT (AS SUCH TERMS ARE HEREINAFTER DEFINED) SINCE THE DATE HEREOF.

THE SERIES 2016 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 2016 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, THE COUNTY, THE STATE, NOR ANY OTHER POLITICAL SUBDIVISIONS THEREOF HAVE GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2016 BONDS, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

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

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

THIS PRELIMINARY LIMITED OFFERING MEMORANDUM IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

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## **LIMITED OFFERING MEMORANDUM**

**\$9,460,000\***

### **SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT (HILLSBOROUGH COUNTY, FLORIDA) SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2016**

#### **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page and appendices attached hereto, is to set forth certain information in connection with the offering for sale by the South Fork III Community Development District (the "District") of its \$9,460,000\* Special Assessment Revenue Bonds, Series 2016 (the "Series 2016 Bonds").

THE SERIES 2016 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THE INITIAL OFFERING OF THE SERIES 2016 BONDS TO ONLY ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. THE LIMITATION OF THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2016 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2016 BONDS. SEE "BONDOWNERS' RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN.

The District, which is the issuer of the Series 2016 Bonds, is a local unit of special purpose government of the State of Florida, created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No. 15-22 of the Board of County Commissioners of Hillsborough County, Florida (the "County"), effective on October 14, 2015 (the "Ordinance"). The District was created for the purpose of delivering certain community development services and facilities for the benefit of District Lands (as hereinafter defined), and has previously determined to undertake in one or more stages, the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District Lands. The Act authorizes the District to issue bonds for the purposes of, among others, financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, and equipping water management, water supply, sewer and wastewater management, bridges or culverts, public roads, street lights and other basic infrastructure projects within or without the boundaries of the District as provided in the Act.

The boundaries of the District include approximately 240 acres of land (the "District Lands") located entirely within the unincorporated area of the County. The District is being developed as part of a larger single-family residential community known as South Fork (the portion of South Fork within the District being referred to herein as the "Development"). The Development is currently intended to be developed into 573 single-family residential lots and associated infrastructure and amenities. Currently all of the lands in the Development are owned by Parcel O, LLC, a Florida limited liability company (the "Parcel O Landowner"), Southfork P Development, LLC, a Florida limited liability company (the "Parcel P Landowner") and Eisenhower Property Group, LLC, a Florida limited liability company (the "Parcel Q Landowner" and, together with the Parcel O Landowner and the Parcel P Landowner, the "Landowners").

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\* Preliminary, subject to change.

Parcel O, Parcel P and Parcel Q, which contain approximately 188 gross acres in the aggregate and are planned for a total of 411 single-family lots, are collectively referred to herein as the "Assessment Area." Parcel R, which is planned for 162 lots, is within the District but not included in the Assessment Area. The Landowners have entered into certain Builder Contracts (as hereinafter defined) with certain Builders (as hereinafter defined) for a portion of the lands planned for 119 lots in Parcel O, 113 lots in Parcel P and 78 lots in Parcel Q of the Development. See "THE DEVELOPMENT" and "THE LANDOWNERS" herein for more information.

The Series 2016 Bonds are being issued pursuant to the Act, Resolution Nos. 2016-24 and 2016-29 adopted by the Board of Supervisors of the District on October 23, 2015 and January 7, 2016, respectively (the "Board"), and a Master Trust Indenture, dated as of March 1, 2016, as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2016 (collectively, the "Indenture"), each by and between the District and U.S. Bank National Association (the "Trustee"). 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. See "APPENDIX B: PROPOSED FORMS INDENTURES" hereto.

The Series 2016 Bonds are equally and ratably secured by the 2016 Trust Estate, without preference or priority of one Series 2016 Bond over another. The 2016 Trust Estate consists of all right, title and interest of the District in, to and under, subject to the terms of the Indenture, the revenues derived by the District from the Series 2016 Assessments levied and imposed pursuant to the Assessment Proceedings (as hereinafter defined) as the same may be amended from time to time (the "2016 Pledged Revenues") and the Funds and Accounts (except for the 2016 Rebate Account and the 2016 Cost of Issuance Account) established under the First Supplemental Indenture (the "2016 Pledged Funds"). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS."

The Series 2016 Assessments will initially be levied on an equal acre basis on the lands within the Assessment Area. As properties in the Assessment Area are developed and platted, the Series 2016 Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology (as defined herein). See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" and "APPENDIX E: ASSESSMENT METHODOLOGY."

Proceeds of the Series 2016 Bonds will be applied to (i) finance the Cost of acquisition, construction, installation and equipping of the 2016 Project (as hereinafter defined); (ii) pay certain costs associated with the issuance of the Series 2016 Bonds; (iii) to pay a portion of the interest accruing on the Series 2016 Bonds; and (iv) fund the 2016 Reserve Account as herein provided. See "ESTIMATED SOURCES AND USES OF SERIES 2016 BOND PROCEEDS."

There follows in this Limited Offering Memorandum a brief description of the District, the 2016 Project, the Development, the Assessment Area and the Landowners and summaries of the terms of the Series 2016 Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such document and statute, and all references to the Series 2016 Bonds are qualified by reference to the form thereof and the information with respect thereto contained in the Indenture. The proposed forms of the Master Indenture and the First Supplemental Indenture appear as APPENDIX B hereto.

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



## DESCRIPTION OF THE SERIES 2016 BONDS

### General Description

The Series 2016 Bonds are being issued as fully registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiples thereof (an "Authorized Denomination"). The Series 2016 Bonds will initially be sold only to "Accredited Investors" within the meaning of Chapter 517, Florida Statutes, as amended, and the rules promulgated thereunder by the Florida Department of Financial Services. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfer in any secondary market for the Series 2016 Bonds.

Each Series 2016 Bond shall be dated the date of initial delivery. Each Series 2016 Bond shall also bear its date of authentication. Each Series 2016 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 2016 Bond has been paid, in which event such Series 2016 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2016 Bonds, in which event such Series 2016 Bond shall bear interest from its date. Interest on the Series 2016 Bonds shall be due and payable on each May 1 and November 1, commencing November 1, 2016, and shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2016 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2016 Bond for each maturity of Series 2016 Bonds. Upon initial issuance, the ownership of each such Series 2016 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Bond Depository. Except as provided in the Indenture, all of the Outstanding Series 2016 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC. See "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry System" herein.

The First Supplemental Indenture provides that, with respect to Series 2016 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the Series 2016 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 2016 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 2016 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Series 2016 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such Series 2016 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2016 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2016 Bond, for the purpose of registering transfers with respect to such Series 2016 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2016 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payment shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of,

premium, if any, and interest on the Series 2016 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 2016 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions of the Indenture. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions therein with respect to Record Dates, the words "Cede & Co." in the 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. See "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry System" herein.

U.S. Bank National Association is the Trustee, Bond Registrar and Paying Agent for the Series 2016 Bonds.

**Redemption Provisions**

**Optional Redemption**

The Series 2016 Bonds are subject to redemption at the option of the District prior to maturity, in whole or in part, on any date on or after \_\_\_\_\_ 1, 20\_\_ at the Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

**Mandatory Sinking Fund Redemption**

The Series 2016 Bonds maturing \_\_\_\_\_ 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2016 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

<u><b>Year</b></u>	<u><b>Amortization Installment</b></u>	<u><b>Year</b></u>	<u><b>Amortization Installment</b></u>
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\* Maturity

The Series 2016 Bonds maturing \_\_\_\_\_ 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2016 Sinking Fund Account established under the First Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

Year                      Amortization Installment                      Year                      Amortization Installment

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\* Maturity

Upon redemption or purchase of the Series 2016 Bonds (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so that Debt Service on the Series 2016 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2016 Bonds.

**Extraordinary Mandatory Redemption**

The Series 2016 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Redemption Date (as defined below), and if in part on a pro rata basis calculated by the District determined by the ratio of the Outstanding principal amount of each maturity of the Series 2016 Bonds treating for such purposes each Amortization Installment as a maturity divided by the aggregate principal amount of Outstanding Series 2016 Bonds and as otherwise provided in the Indenture, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, if and to the extent that any one or more of the following shall have occurred:

(i) On or after the Date of Completion of the 2016 Project by application of moneys transferred from the 2016 Acquisition and Construction Account to the 2016 Prepayment Account in accordance with the terms of the Indenture; or

(ii) Amounts are deposited into the 2016 Prepayment Account from the prepayment of Series 2016 Assessments and from amounts deposited into the 2016 Prepayment Subaccount from other sources; or

(iii) When the amount on deposit in the 2016 Reserve Account, together with other moneys available therefor are sufficient to pay and redeem all the Series 2016 Bonds then Outstanding as provided in the First Supplemental Indenture.

As used herein, "Redemption Date" shall mean each February 1, May 1, August 1 and November 1. Except as otherwise provided in the Indenture, if less than all of the Series 2016 Bonds subject to redemption shall be called for redemption, the particular such Series 2016 Bonds or portions of such Series 2016 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture. Reference is hereby specifically made to "APPENDIX B: PROPOSED FORMS OF INDENTURES" for additional details concerning the redemption of Series 2016 Bonds.

## **Notice of Redemption**

Notice of each redemption of Series 2016 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to each Registered Owner of Series 2016 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 2016 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 2016 Bonds or such portions thereof on such date, interest on such Series 2016 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2016 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 2016 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent.

If at the time of mailing the notice of an optional redemption, the District shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem all the Series 2016 Bonds called for redemption, such notice shall state that the redemption is subject to the deposit of the redemption moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited. Reference is hereby specifically made to "APPENDIX B: PROPOSED FORMS OF INDENTURES" for additional details concerning notice of redemption of Series 2016 Bonds.

## **Purchase of Series 2016 Bonds**

At the written direction of the District, the Trustee shall apply moneys from time to time available in the 2016 Sinking Account to the purchase of Series 2016 Bonds which mature in the each of the years set forth in the Indenture, at prices not higher than the principal amount thereof, in lieu of redemption as aforesaid, provided that firm purchase commitments can be made before the notice of redemption would otherwise be required to be given. Any Series 2016 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 2016 Bonds.

## **Book-Entry System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District does not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.*

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2016 Bonds, each in the aggregate principal amount of such maturity, 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 ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & 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 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 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 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 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 2016 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 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 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 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on 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 Paying Agent, 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 interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2016 Bonds 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, the Series 2016 Bonds will be printed and delivered to DTC.

## **SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS**

### **General**

NEITHER THE SERIES 2016 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 2016 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 2016 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE SERIES 2016 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2016 PLEDGED REVENUES AND THE 2016 PLEDGED FUNDS PLEDGED TO THE SERIES 2016 BONDS, ALL AS PROVIDED IN THE SERIES 2016 BONDS AND IN THE INDENTURE.

The Series 2016 Bonds are equally and ratably secured by the 2016 Trust Estate, without preference or priority of one Series 2016 Bond over another. The 2016 Trust Estate consists of all right, title and interest of the District in, to and under, subject to the terms of the Indenture, the revenues derived by the District from the Series 2016 Assessments levied and imposed pursuant to the Assessment Proceedings (as hereinafter defined) as the same may be amended from time to time (the "2016 Pledged Revenues") and the Funds and Accounts (except for the 2016 Rebate Account and the 2016 Cost of Issuance Account) established under the First Supplemental Indenture (the "2016 Pledged Funds"). The "Series 2016 Assessments" are the Special Assessments levied against properties within the District specifically benefitted by the 2016 Project as described in the Assessment Proceedings (as hereinafter defined). The Series 2016 Bonds are not secured by assessments on any other land in the District. "Special Assessments" shall mean (a) the net proceeds derived from the levy and collection of "special assessments," as provided for in Sections 190.011(14) and 190.022 of the Act against District Lands that are subject to assessment as a result of a particular Project or any portion thereof, and (b) the net proceeds derived from the levy and collection of "benefit special assessments," as provided for in Section 190.021(2) of the Act, against lands within the District that are subject to assessment as a result of a particular Project or any portion thereof, and in each case including the interest and penalties on such assessments, pursuant to all applicable provisions of the Act and Chapter 170, Florida Statutes, and Chapter 197, Florida Statutes (and any successor statutes thereto), including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax certificates with respect to such assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser pursuant to the Property Appraiser and Tax Collector Agreement. "Special Assessments" shall not include "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the District under Section 190.021(3) of the Act. The District does not expect to levy any "benefit special assessments" to secure the Series 2016 Bonds.

"Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2016 Assessments, including the Assessment Resolution (as defined in the Indenture), the Assessment Methodology and any supplemental proceedings undertaken by the District with respect to the Series 2016 Assessments.

Non-ad valorem assessments are not based on millage and are not taxes, but can become a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. The Series 2016 Assessments will constitute a lien against the land as to which the Series 2016 Assessments are imposed. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

### **Covenant to Levy the Series 2016 Assessments**

The determination, order, levy and collection of Series 2016 Assessments must be undertaken in compliance with procedural requirements and guidelines provided by State law. Failure by the District to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2016 Assessments during any year. Such delays in the collection of, or complete inability to collect, Series 2016 Assessments would have a material adverse effect on the ability of the District to make full or punctual payment of the principal of, premium, if any, and interest on the Series 2016 Bonds. See "BONDOWNERS' RISKS" herein.

The District will covenant in the Indenture to comply with the terms of the proceedings heretofore adopted with respect to the Series 2016 Assessments, including the Assessment Methodology, and to levy Series 2016 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 2016 Bonds when due. The District will further agree that it shall not amend the Assessment Methodology in any material manner without the written consent of the Majority Owners.

If any Series 2016 Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such Series 2016 Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such Series 2016 Assessment when it might have done so, the District has additionally covenanted to either (i) take all necessary steps to cause a new Series 2016 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 2016 Assessment from legally available moneys, which moneys shall be deposited into the 2016 Revenue Account. See "BONDOWNERS RISKS – Inadequacy of 2016 Reserve Account". In case any such subsequent Series 2016 Assessment shall also be annulled, the District shall obtain and make other Series 2016 Assessments until a valid Series 2016 Assessment shall be made.

### **Prepayment of Series 2016 Assessments**

Pursuant to the Assessment Proceedings, after the Capital Improvement Plan (as defined in the Assessment Proceedings) has been completed and the Board has adopted a resolution accepting it, any owner of land against which a Series 2016 Assessment has been levied may pay the principal balance of such Series 2016 Assessment, in whole or in part at any time, if there is also paid an amount equal to the interest that would otherwise be due on such balance to the earlier of the next succeeding November 1 or May 1, which is at least 45 days after the date of payment.

Pursuant to the Act and the Assessment Proceedings, an owner of property subject to the levy of Series 2016 Assessments may pay the entire balance of the Series 2016 Assessments remaining due, without interest, within thirty (30) days after the Capital Improvement Plan has been completed or acquired by the District, and the Board has adopted a resolution accepting the Capital Improvement Plan pursuant to Chapter 170.09, Florida Statutes. The Landowners, as the initial owners of all of the property within the District subject to the Series 2016 Assessments, will covenant to waive this right in connection with the issuance of the Series 2016 Bonds pursuant to a "Declaration of Consent to Jurisdiction of South Fork III Community Development District, Imposition of Special Assessments and Imposition of Lien of Record." Such declaration will be recorded in the public records of the County, and the covenants contained therein will be binding on future landowners in the District.

The Series 2016 Bonds are subject to extraordinary redemption as indicated under "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption" from optional prepayments of Series 2016 Assessments by property owners.

### **Limitation on Issuance of Additional Bonds**

Other than Bonds issued to refund a portion of Outstanding Series 2016 Bonds, the issuance of which as determined by the District results in present value debt service savings, the District shall not, while any Series 2016 Bonds are outstanding, issue or incur any debt payable in whole or in part from the 2016 Trust Estate. In addition, the District covenants not to issue any other Bonds or other debt obligations secured by Special Assessments on assessable lands which are also encumbered by the Series 2016 Assessments for any capital project unless the Series 2016 Assessments have been Substantially Absorbed. "Substantially Absorbed" means the date at least 90% of the principal portion of the Series 2016 Assessments have been assigned to residential units that have received certificates of occupancy. The District may issue Bonds or other debt obligations secured by Special Assessments on assessable lands not encumbered by the Series 2016 Assessments without limitation except as limited by the



documents pursuant to which such Bonds or debt are issued. The Trustee and the District may rely on a certificate from the District Manager regarding such status of the residential units and the Series 2016 Assessments and in the absence of receipt of such certificate, may assume Substantial Absorption has not occurred.

Notwithstanding the above paragraph to the contrary, certain operation and maintenance assessments have and will continue to be levied upon the same lands subject to the Series 2016 Assessments; however, such assessments will not be available to pay debt service on the Series 2016 Bonds. The Series 2016 Assessments and the operation and maintenance assessments will have coequal lien status on the District Lands. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" herein.

### **Collateral Assignment and Assumption of Development and Contract Rights**

As a condition precedent to the issuance of the Series 2016 Bonds, and as an inducement for the Bondholders to purchase the Series 2016 Bonds, the Landowners will execute and deliver to the District a Collateral Assignment of Development Rights (the "Collateral Assignment"), pursuant to which the Landowners will collaterally assign to the District, to the extent assignable, and to the extent accepted by the District in its sole discretion, and to the extent that they are solely owned or controlled by the Landowners or subsequently acquired by the Landowners, all of the Landowners' development rights, permits, entitlements and work product relating to the development of the Assessment Area, and the Landowners' rights as declarant of any property owner or homeowner associations with respect to the Assessment Area (collectively, the "Development Rights"), subject to the terms and conditions in the Collateral Assignment. The Development Rights include the following as they pertain to the development of the assessable lands within the District: (a) engineering and construction plans and specifications for grading, roadways, site drainage, stormwater drainage, signage, water distribution, waste water collection, and other improvements; (b) preliminary and final site plans and plats; (c) architectural plans and specifications for buildings and other Landowner or District improvements to the developable property within the Assessment Area; (d) permits, approvals, resolutions, variances, licenses, and franchises granted by governmental authorities, or any of their respective agencies, for or affecting the development within the Assessment Area and construction of improvements thereon and off-site to the extent improvements are necessary or required to complete the development of the Assessment Area; (e) contracts with engineers, architects, land planners, landscape architects, consultants, contractors, and suppliers for or relating to the development of the Assessment Area or the construction of improvements thereon; (f) impact fee credits, mobility fee credits and mitigation credits; and (g) all future creations, changes, extensions, revisions, modifications, substitutions, and replacements of any of the foregoing. The Development Rights specifically exclude any portion of the Development Rights listed above which relate solely to (i) lots conveyed to homebuilders or end-users, (ii) any portion of the Assessment Area which has been transferred, dedicated or conveyed, or is in the future conveyed, to the County, the District, any utility provider, governmental or quasi-governmental entity, any applicable homeowners' or property owners' association or other governing entity or association as may be required by the Development Rights, as of the date of such conveyance, or (iii) lands outside the District not relating to or necessary to the development of the 2016 Project.

Notwithstanding the above provisions to the contrary, in the event the District forecloses on the lands subject to the Series 2016 Assessments as a result of the Landowners' or subsequent landowner's failure to pay such assessments, there is a risk that the District or the Trustee, as the case may be, will not have all permits and entitlements necessary to complete the 2016 Project. Furthermore, the Landowners have already assigned certain Development Rights pursuant to certain mortgages and the Builder Contracts (as defined herein).

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

The Indenture contains the following provisions which, pursuant to the Indenture, shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the Series 2016 Assessments pledged to the Series 2016 Bonds Outstanding (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 will acknowledge and agree that, although the Series 2016 Bonds were issued by the District, the Owners of the Series 2016 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: (i) the District will agree that it shall seek to secure the written consent of the Trustee, acting at the direction of the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of the Series 2016 Bonds then Outstanding (the "Majority Owners"), prior to 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 Proceedings or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding, the Outstanding Series 2016 Bonds or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2016 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); (ii) the District will agree 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 2016 Assessments relating to the Series 2016 Bonds Outstanding, the Series 2016 Bonds Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee; (iii) the District will agree that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2016 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); (iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise 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 2016 Assessments relating the Series 2016 Bonds Outstanding, 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 (v) 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 Proceedings or take any other action in such Proceedings, which is adverse to Trustee's enforcement or the District's claim and rights with respect to the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District will agree that the Trustee shall have the right (i) to file a proof of claim with respect to the Series 2016 Assessments pledged to the Series 2016

Bonds Outstanding, (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 paragraph, nothing in the immediately preceding paragraph 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 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 consents with respect to the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding 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 (iv) or (v) above. See "BONDOWNERS' RISKS – Bankruptcy Risks" for more information regarding Indenture provisions relating to bankruptcy or insolvency of a landowner.

### **Certain Remedies upon an Event of Default**

The Indenture provides that each of the following shall be an "Event of Default" under the Indenture, with respect to the Series 2016 Bonds:

(a) if payment of any installment of interest on any Series 2016 Bonds is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of any Series 2016 Bonds is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the District, for any reason, fails in, or is rendered incapable of, fulfilling its obligations under the Indenture or under the Act, which may be determined solely by the Majority Owners of the Series 2016 Bonds; or

(d) if the District proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the District or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the District and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or

(e) if the District defaults in the due and punctual performance of any other covenant in the Indenture or in any Series 2016 Bonds and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the District by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Majority Owners; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the District shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) if at any time the amount in the 2016 Reserve Account therein is less than the 2016 Reserve Account Requirement as a result of the Trustee withdrawing an amount therefrom to satisfy the

2016 Reserve Account Requirement on the Series 2016 Bonds and such amount has not been restored within thirty (120) days of such withdrawal; or

(g) Any portion of the Series 2016 Assessments pledged to the Series 2016 Bonds shall have become delinquent and, as the result thereof, the Indenture authorizes the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in 2016 Reserve Account to pay the Debt Service Requirements on the Series 2016 Bonds (regardless of whether the Trustee does or does not actually withdraw such funds from the 2016 Reserve Account to pay the Debt Service Requirements on the Series 2016 Bonds) (the foregoing being referred to as a "2016 Reserve Account Event") unless within sixty (60) days from the 2016 Reserve Account Event the District has either paid to the Trustee (i) the amounts, if any, withdrawn from the 2016 Reserve Account or (ii) the portion of the Delinquent Assessment Principal and Delinquent Assessment Interest giving rise to the 2016 Reserve Account Event are no longer delinquent Assessments; or

(h) More than fifteen percent (15%) of the operation and maintenance Assessments that are directly billed by the District and levied by the District on tax parcels subject to the Series 2016 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. The District shall give written notice to the Trustee of the occurrence of such event not later than ten (10) days after the end of the sixty-day period referred to in the preceding sentence. The Trustee shall not be deemed to have knowledge of the occurrence of such an Event of Default absent notice thereof from the District.

The Series 2016 Bonds are not subject to acceleration. Upon an Event of Default, no optional redemption or extraordinary mandatory redemption of the Series 2016 Bonds pursuant to the Indenture shall occur unless all of the Series 2016 Bonds where an Event of Default has occurred will be redeemed or if 100% of the Holders of such Series 2016 Bonds agree to such redemption.

If any Event of Default with respect to the Series 2016 Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Series 2016 Bonds and receipt of indemnity to its satisfaction shall, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Series 2016 Bonds, including, without limitation, the right to require the District to carry out any agreements with, or for the benefit of, the Bondholders of the Series 2016 Bonds and to perform its or their duties under the Act;

(b) bring suit upon the Series 2016 Bonds;

(c) by action or suit in equity require the District to account as if it were the trustee of an express trust for the Holders of the Series 2016 Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Series 2016 Bonds; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing the Series 2016 Bonds.

The Holders of a majority in aggregate principal amount of the Outstanding Series 2016 Bonds then subject to remedial proceedings under Article X of the Master Indenture shall have the right to direct

the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

The District will covenant and agree that upon the occurrence and continuance of an Event of Default with respect to the Series 2016 Bonds, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of delinquent Assessments that are directly billed and collected by the District, as well as delinquent direct billed operation and maintenance assessments, and the provisions for the foreclosure of liens of delinquent assessments that are directly billed and collected by the District, as well as delinquent direct billed operation and maintenance assessments, all in a manner consistent with the Indenture. All Series 2016 Assessments that are billed and collected directly by the District shall be due and payable by the applicable landowner no later than thirty (30) days prior to each Interest Payment Date and shall become delinquent thereafter.

### **Foreclosure of Series 2016 Assessment Lien**

Notwithstanding any other provisions of the Indenture to the contrary, the First Supplemental Indenture provides that the following shall apply with respect to the Series 2016 Assessments and Series 2016 Bonds: if any property shall be offered for sale for the nonpayment of any Series 2016 Assessments, and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2016 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the District, after receiving the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2016 Bonds Outstanding, specifying whether the District is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the Series 2016 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 2016 Bonds. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, shall have the power to and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the 2016 Revenue Account. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the Series 2016 Bonds within sixty (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the Series 2016 Bonds Outstanding. The District may pay costs associated with any actions taken by the District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture, provided such action does not adversely impact the tax-exempt status of the interest on the Series 2016 Bonds.

### **2016 Reserve Account**

Pursuant to the First Supplemental Indenture, there is established within the Debt Service Reserve Fund a 2016 Reserve Account, in which monies will be deposited in an amount equal to the 2016 Reserve Account Requirement. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. The "2016 Reserve Account Requirement" shall mean the maximum annual Debt Service Requirement for the Series 2016 Bonds as of the time of any such calculation, provided, however, that on and after the date on which the Series 2016 Assessments have been Substantially Absorbed as evidenced by a certificate to such effect delivered to the Trustee from a Responsible Officer on which the Trustee may conclusively rely, the 2016 Reserve Account Requirement shall mean 50% of the maximum annual Debt Service Requirement for the Series 2016 Bonds. The 2016 Reserve Account Requirement shall initially be \$\_\_\_\_\_.

Amounts on deposit in the 2016 Reserve Account except as provided elsewhere in the Indenture shall be used only for the purpose of making payments into the 2016 Interest Account and the 2016 Sinking Fund Account to pay the Series 2016 Bonds, without distinction as to Series 2016 Bonds and without privilege or priority of one Series 2016 Bond over another, when due when the moneys on deposit in such Accounts and available therefor are insufficient.

The Trustee, on or before the fiftieth day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each February 1, May 1, August 1 or November 1, after taking into account all payments and transfers made as of such date, shall compute the value of the 2016 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 the 2016 Reserve Account, from the first legally available sources of the District. Any surplus in the 2016 Reserve Account (other than any surplus resulting from investment earnings which shall be applied as provided below) shall be deposited into the 2016 Prepayment Account provided that if the Trustee does not have knowledge of an Event of Default, any excess in the 2016 Reserve Account on the date on which the Trustee is notified the Series 2016 Assessments have been Substantially Absorbed will be deposited to the Deferred Costs Subaccount in the 2016 Acquisition and Construction Account in accordance with the First Supplemental Indenture and to the extent any excess is not so deposited shall be deposited to the 2016 Prepayment Account.

All earnings on investments in the 2016 Reserve Account shall be deposited to the 2016 Revenue Account provided no deficiency exists in the 2016 Reserve Account and if a deficiency does exist earnings shall remain on deposit in the 2016 Reserve Account until the deficiency is cured. Such Account shall consist only of cash and 2016 Investment Obligations.

Notwithstanding the foregoing on the earliest date on which there is on deposit in the 2016 Reserve Account, sufficient monies, taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2016 Bonds, together with accrued interest on such Series 2016 Bonds to the earliest date of redemption, then the Trustee shall transfer to the 2016 Prepayment Account the amount on deposit in the 2016 Reserve Account to pay and redeem all of the Outstanding 2016 Bonds on the earliest such date.

The District may provide that the difference between the amounts on deposit in the 2016 Reserve Account and the 2016 Reserve Account Requirement shall be an amount covered by obtaining bond insurance or a surety bond issued by a municipal bond insurer, rated at the time of initial deposit to the 2016 Reserve Account in one of the two highest categories (at least AA by S&P or at least Aa by Moody's without reference to gradations) by one of such nationally recognized rating agencies (the "Reserve Account Credit Instrument"). At any time after the issuance of the Series 2016 Bonds, the District may withdraw any or all of the amount of money on deposit in the 2016 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 transferred to the Deferred Costs Subaccount to the extent the District informs the Trustee there are unfunded Deferred Costs and the balance shall be deposited to the 2016 Prepayment Account.

### **Deposit and Application of the 2016 Pledged Revenues**

Pursuant to the First Supplemental Indenture, there is established within the Revenue Fund a 2016 Revenue Account into which the District shall deposit the revenues from the Series 2016 Assessments including the interest thereon with the Trustee. Upon deposit of the revenues from the Series 2016 Assessments including the interest thereon with the Trustee, the District shall provide the

Trustee a written accounting setting forth the amounts of such Series 2016 Assessments in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

- (i) Assessment Interest which shall be deposited into the 2016 Interest Account;
- (ii) Assessment Principal, which shall be deposited into the 2016 Sinking Fund Account;
- (iii) Prepayment Principal which shall be deposited into the 2016 Prepayment Account;
- (iv) Delinquent Assessment Principal shall first be applied to restore the amount of any withdrawal, from the 2016 Reserve Account to pay the principal of Series 2016 Bonds to the extent that less than the 2016 Reserve Account Requirement is on deposit in the 2016 Reserve Account, and, the balance, if any, shall be deposited into the 2016 Sinking Fund Account;
- (v) Delinquent Assessment Interest shall first be applied to restore the amount of any withdrawal, from the 2016 Reserve Account to pay the interest of Series 2016 Bonds to the extent that less than the 2016 Reserve Account Requirement is on deposit in a 2016 Reserve Account, and, the balance, if any, shall be deposited into the 2016 Interest Account;
- (vi) The balance shall be deposited in the 2016 Revenue Account.

On each March 15, June 15, September 15 and December 15 (or if such March 15, June 15, September 15 or December 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the 2016 Prepayment Account and, if the balance therein is greater than zero, shall transfer from the 2016 Revenue Account, for deposit into such Prepayment Account, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of Series 2016 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Account in accordance with the provisions for extraordinary redemption of Series 2016 Bonds as set forth in the First Supplemental Indenture. All interest due in regard to such prepayments shall be paid from the 2016 Interest Account or, if insufficient amounts are on deposit in the 2016 Interest Account to pay such interest then from the 2016 Revenue Account.

On any date required by the Arbitrage Certificate, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2016 Revenue Account to the 2016 Rebate Account established for the Series 2016 Bonds in the Rebate Fund, and the Arbitrage Certificate the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Arbitrage Certificate. To the extent insufficient moneys are on deposit in the 2016 Revenue Account to make the transfer provided for in the immediately preceding sentence the District shall deposit with the Trustee from available moneys of the District the amount of any such insufficiency.

Anything in the Indenture to the contrary notwithstanding, amounts on deposit in all of the Funds and Accounts held as security for the Series 2016 Bonds shall be invested only in 2016 Investment Obligations, and further, earnings on investments in the 2016 Acquisition and Construction Accounts and 2016 Cost of Issuance Account shall be retained as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the 2016 Revenue Account, 2016 Sinking Fund Account, the 2016 Interest Account and the 2016 Prepayment Account in the Bond Redemption Fund shall be deposited, as realized, to the credit of the 2016 Revenue Account and used for the purpose of such

Account. Earnings on investments in the 2016 Reserve Account shall be disposed of as set forth in "2016 Reserve Account" herein.

### **2016 Acquisition and Construction Account**

Pursuant to the First Supplemental Indenture, there is established within the Acquisition and Construction Fund held by the Trustee a 2016 Acquisition and Construction Account, and therein a General Subaccount, a Deferred Costs Subaccount and an Ambleside Boulevard Subaccount. Amounts on deposit in the 2016 Acquisition and Construction Account shall be applied to pay the Costs of the 2016 Project including Deferred Costs upon compliance with the requirements of the requisition provisions of the Master Indenture. Costs of the Ambleside Project (defined below) shall be paid from the Ambleside Boulevard Subaccount, provided that upon such time as the Ambleside Boulevard Subaccount has been depleted, Costs of the Ambleside Project shall thereafter be paid from the General Subaccount. Costs of the 2016 Project (not inclusive of the Ambleside Project or Deferred Costs) shall be paid solely from the General Subaccount.

"Deferred Costs" shall mean Costs of the 2016 Project which have not been paid from the General Subaccount of the 2016 Acquisition and Construction Account 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 has become obligated to pay for Costs of the 2016 Project from the Deferred Costs Subaccount in the 2016 Acquisition and Construction Account.

The "Ambleside Project" shall mean those improvements to Ambleside Boulevard and the improvements consisting of the Subdivision Amenities, as such terms are defined in the Parcel O Project Funding and Completion Agreement dated the date of issuance of the Series 2016 Bonds between the District and the Parcel O Landowner. Any amounts on deposit in the Ambleside Boulevard Subaccount on the Completion Date of the Ambleside Project and after retaining the amount, if any, of all remaining unpaid Costs of the Ambleside Project set forth in the Engineer's Certificate establishing such Completion Date, shall be transferred to and deposited in the General Subaccount in the 2016 Acquisition and Construction Account.

The District shall notify the Trustee in writing, from time to time, of the amount of any Deferred Costs which have accrued and are unpaid. The Trustee shall be entitled to conclusively rely on the information contained in such certificate, and, in the absence of any such certificate, the Trustee shall conclusively presume that there are no accrued and unpaid Deferred Costs. Anything in the Indenture to the contrary notwithstanding, so long as there are Deferred Costs due as evidenced by such certificate of the District, the Trustee shall deposit into the Deferred Costs Subaccount in the 2016 Acquisition and Construction Account the amounts to be transferred thereto pursuant to the First Supplemental Indenture which amounts shall be held separate and apart from other amounts on deposit in the 2016 Acquisition and Construction Account, including amounts on deposit in the General Subaccount and the Ambleside Boulevard Subaccount. Except as provided in the immediately preceding sentence, and except for amounts deposited in the Ambleside Boulevard Subaccount in accordance with the Indenture, all amounts being deposited to the 2016 Acquisition and Construction Account shall be deposited to the General Subaccount. Amounts in the Deferred Costs Subaccount shall, if the Trustee does not have knowledge of an Event of Default, be paid over to the District, upon requisition, by the District, to be used solely to pay Deferred Costs. The District shall provide written notice to the Trustee when there are no further Deferred Costs at which time the Deferred Costs Subaccount shall be closed and any amounts then on deposit in the Deferred Costs Subaccount shall applied as provided below. The Trustee shall have no liability to any third party for payment of Deferred Costs.



Any balance remaining in the 2016 Acquisition and Construction Account after the Completion Date and after retaining the amount, if any, of all remaining unpaid Costs of the 2016 Project set forth in the Engineers' Certificate establishing such Completion Date, shall be transferred to and deposited in the 2016 Prepayment Account in the Bond Redemption Fund and applied to the extraordinary mandatory redemption of the Series 2016 Bonds in the manner prescribed in the form of Series 2016 Bond set forth as an exhibit to the First Supplemental Indenture.

## **ENFORCEMENT OF ASSESSMENT COLLECTIONS**

### **General**

The primary source of payment for the Series 2016 Bonds is the Series 2016 Assessments imposed on certain lands in the District specially benefited by the 2016 Project pursuant to the Assessment Proceedings. See "ASSESSMENT METHODOLOGY" herein and "APPENDIX E: ASSESSMENT METHODOLOGY."

The determination, order, levy, and collection of Series 2016 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Hillsborough County Tax Collector (the "Tax Collector") or the Hillsborough County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in a delay in the collection of, or the complete inability to collect, the Series 2016 Assessments during any year. Such delays in the collection of Series 2016 Assessments, or complete inability to collect Series 2016 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the Series 2016 Bonds. See "BONDOWNERS' RISKS." To the extent that landowners fail to pay the Series 2016 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 2016 Bonds. The Act provides for various methods of collection of delinquent Series 2016 Assessments by reference to other provisions of the Florida Statutes. See "BONDOWNERS' RISKS." The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes but is qualified in its entirety by reference to such statutes.

### **Alternative Uniform Tax Collection Procedure for Series 2016 Assessments**

Initially, the Landowners will directly pay the Series 2016 Assessments to the District. After District Lands are platted and assigned their respective tax folio numbers, the Series 2016 Assessments will be collected pursuant to the Uniform Method (as hereinafter defined). At such times as the Series 2016 Assessments are collected pursuant to the Uniform Method of collection, the provisions of this section shall become applicable. The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments may be collected by using the uniform method (the "Uniform Method") of collection. The Uniform Method of collection 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 2016 Assessments to be levied and then collected in this manner. The District's election to use a certain collection method with respect to the Series 2016 Assessments does not preclude it from electing to use another collection method in the future, subject to the provisions of the Indenture. See "Foreclosure" below with respect to collection of delinquent assessments not collected pursuant to the Uniform Method.

If the Uniform Method of collection is utilized, the Series 2016 Assessments will be collected together with County, special district, and other ad valorem taxes and non-ad valorem 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 ad valorem taxes and non-ad valorem 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 2016 Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay, all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2016 Assessments. Upon any receipt of moneys by the Tax Collector from the Series 2016 Assessments, such moneys will be delivered to the District, which will remit such Series 2016 Assessments to the Trustee for deposit to the 2016 Revenue Account within the Revenue Fund, except that any Prepayments of Series 2016 Assessments shall be deposited to the 2016 Prepayment Account within the Bond Redemption Fund created under the Indenture and applied in accordance therewith.

All County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including the Series 2016 Assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds are payable at one time, except for partial payment schedules as may be provided by 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. In such cases, the Tax Collector does not accept such partial payment and the partial payment is returned to the taxpayer. Therefore, in the event the Series 2016 Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item would cause the Series 2016 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 the debt service requirements on the Series 2016 Bonds.

Under the Uniform Method, if the Series 2016 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 ad valorem taxes and non-ad valorem special 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 2016 Bonds (1) that the past experience of the Tax Collector with regard to tax and special assessment delinquencies is applicable in any way to the Series 2016 Assessments, (2) that future landowners and taxpayers in the District will pay such Series 2016 Assessments, (3) 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, or (4) 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 2016 Assessments and all other liens that are coequal therewith.

Collection of delinquent Series 2016 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 2016 Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowner may, prior to the sale of tax certificates, pay the total amount of delinquent ad valorem taxes and non-ad valorem assessments plus the cost of advertising and the applicable interest charge on the amount of such delinquent taxes and assessments. If the landowner does not act, the Tax Collector is required to attempt to sell tax certificates

on such property to the person who pays the delinquent taxes and assessments owing, penalties and interest thereon and certain costs, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%). Tax certificates are sold by public bid. 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 (currently 18%). The Tax Collector does not collect any money if tax certificates are "struck off" (issued) to the County. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. Proceeds from the sale of tax certificates are required to be used to pay taxes and assessments (including the Series 2016 Assessments), interest, costs and charges on the real property described in the certificate. The demand for such 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 2016 Assessments, which are the primary source of payment of the Series 2016 Bonds. 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.

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 or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, charges and omitted taxes due. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of 5%, 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 in the preceding paragraph.

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 outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the County holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the County must apply for a tax deed two years after April 1 of the year of issuance of the certificate. 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 the amount paid by such holder in applying 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. If

there are other bids, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax certificate, and all other amounts paid by such person in applying for a tax deed, are forwarded to the holder thereof or credited to such holder if such holder is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the land and then to the former title holder of the property (less service charges), 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.

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

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

## **Foreclosure**

The following discussion regarding foreclosure is not applicable if the Series 2016 Assessments are being collected pursuant to the Uniform Method. In the event that the District itself directly levies and enforces, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the Series 2016 Assessments levied on the land within the District, Section 170.10, Florida Statutes provides that upon the failure of any property owner to pay all or any part of the principal of a special assessment, including a Series 2016 Assessment, or the interest thereon, when due, the governing body of the entity levying the assessment is authorized to commence legal proceedings for the enforcement of the payment thereof, including commencement of an action in chancery, commencement of a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or commencement of an action under Chapter 173, Florida Statutes relating to foreclosure of municipal tax and special assessment liens. Such a proceeding is in rem, meaning that it is brought against the land not against the owner. 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 that 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 2016 Assessments and the ability to foreclose the lien of such Series 2016 Assessments upon the failure to pay such Series 2016 Assessments may not be readily available or may be limited as such enforcement is dependent upon judicial action which is often subject to discretion and delay.

## **BONDOWNERS' RISKS**

There are certain risks inherent in an investment in bonds issued by a public authority or governmental body in the State and secured by special assessments. Certain of these risks are described in other sections of this Limited Offering Memorandum. Certain additional risks are associated with the Series 2016 Bonds offered hereby and are set forth below. Prospective investors in the Series 2016

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 2016 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2016 Bonds, and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the Series 2016 Bonds.

### **Concentration of Land Ownership**

As of the date of delivery of the Series 2016 Bonds, the Landowners own all of the developable lands within the District, including the lands in the Assessment Area which are the lands that will initially be subject to the Series 2016 Assessments securing the Series 2016 Bonds. Payment of the Series 2016 Assessments is primarily dependent upon their timely payment by the Landowners and the other future landowners in the District owning lands subject to the Series 2016 Assessments. Non-payment of the Series 2016 Assessments by the Landowners would have a substantial adverse impact upon the District's ability to pay debt service on the Series 2016 Bonds. See "THE LANDOWNERS" and "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS" herein.

### **Bankruptcy Risks**

In the event of the institution of bankruptcy or similar proceedings with respect to any of the Landowners or any other owner of benefited property, delays could occur in the payment of debt service on the Series 2016 Bonds as such bankruptcy could negatively impact the ability of: (i) the Landowner(s) and any other landowner being able to pay the Series 2016 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2016 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2016 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2016 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the Series 2016 Bonds, including, without limitation, enforcement of the obligation to pay Series 2016 Assessments and the ability of the District to foreclose the lien of the Series 2016 Assessments if not being collected pursuant to the Uniform Method, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the Series 2016 Bonds could have a material adverse impact on the interest of the Owners thereof.

In addition to the general bankruptcy and similar proceedings risks discussed above, a 2011 bankruptcy court decision in Florida held that the governing body of a community development district, and not the bondholders or indenture trustee, was the creditor of the developer/debtors in bankruptcy with respect to claims for special assessments, and thus only the district could vote to approve or disapprove a reorganization plan submitted by the debtors in the case. The district voted in favor of the plan. The governing body of the district was at that time elected by the landowners rather than qualified electors. Under the reorganization plan that was approved, a two-year moratorium was placed on the debtor landowners' payment of special assessments. As a result of this non-payment of assessments, debt service payments on the district's bonds were delayed for two years or longer. The Indenture provides for the delegation of certain rights from the District to the Trustee in the event of a bankruptcy or similar

proceeding with respect to an Insolvent Taxpayer (as previously defined). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS – Indenture Provisions Relating to Bankruptcy or Insolvency of Certain Landowners." The District cannot express any view whether such delegation would be enforceable and none of the legal opinions provided in connection with the issuance of the Series 2016 Bonds will opine to the enforceability of such provision.

### **Series 2016 Assessments Are Non-Recourse**

The principal security for the payment of the principal and interest on the Series 2016 Bonds is the timely collection of the Series 2016 Assessments. The Series 2016 Assessments do not constitute a personal indebtedness of the landowners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the Landowners or subsequent landowners will be able to pay the Series 2016 Assessments or that they will pay such Series 2016 Assessments even though financially able to do so. Neither the Landowners nor any other subsequent landowner is a guarantor of payment of any Series 2016 Assessment and the recourse for the failure of the Landowners or any other subsequent landowner to pay the Series 2016 Assessments is limited to the collection proceedings against the land as described herein. Therefore the likelihood of collection of the Series 2016 Assessments may ultimately depend on the market value of the land subject to taxation. While the ability of the Landowners or subsequent landowner to pay Series 2016 Assessments is a relevant factor, the willingness of the Landowners or subsequent landowner to pay the taxes, which may also be affected by the value of the land subject to taxation, is also an important factor in the collection of Series 2016 Assessments. The failure of the Landowners or subsequent landowners to pay the Series 2016 Assessments could render the District unable to collect delinquent Series 2016 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 2016 Bonds.

### **Regulatory and Environmental Risks**

The development of the District lands 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 of the District lands. See "THE DEVELOPMENT – Development Approvals," herein for more information.

The value of the land within the District, and in particular the land in the Assessment Area, the success of the Development and the likelihood of timely payment of principal and interest on the Series 2016 Bonds could also be affected by environmental factors with respect to the land in the District. Should the land be contaminated by hazardous materials, this could materially and adversely affect the value of the land in the District, which could materially and adversely affect the success of the development of the lands within the District and the likelihood of the timely payment of the Series 2016 Bonds. 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. The Landowners are unaware of any condition which currently requires, or is reasonably expected to require in the foreseeable future, investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment. See "THE DEVELOPMENT – Environmental" for more information on the Landowners' environmental site assessments. Nevertheless, it is possible that hazardous environmental conditions could exist within the District and that such conditions could have a material and adverse impact upon the value of the benefited lands within the District and 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 District lands.

### **Economic Conditions and Changes in Development Plans**

The successful development of the Assessment Area and the sale of the residential units, once such homes are built within the District, may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Landowners. Moreover, the Landowners have the right to modify or change their plan for development of 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.

### **Other Taxes and Assessments**

The willingness and/or ability of an owner of benefited land to pay the Series 2016 Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the County or any other local special purpose or general purpose governmental entities. County, school, special district taxes and special assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, including the Series 2016 Assessments, collected pursuant to the Uniform Method are payable at one time. Public entities whose boundaries overlap those of the District could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District. The District anticipates imposing operation and maintenance assessments encumbering the same property encumbered by the Series 2016 Assessments. In addition, lands within the District may also be subject to assessments by property and homeowner associations. See "THE DEVELOPMENT – Taxes, Assessments and Fees" herein.

### **Limited Secondary Market for Series 2016 Bonds**

The Series 2016 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2016 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2016 Bonds. Because the Series 2016 Bonds are being sold pursuant to exemptions from registration under applicable securities laws, no secondary market may develop and an owner may not be able to resell the Series 2016 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2016 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2016 Bonds, depending on the progress of development of the lands within the Assessment Area, existing real estate and financial market conditions and other factors.

### **Inadequacy of 2016 Reserve Account**

Some of the risk factors discussed herein, which, if materialized, would result in a delay in the collection of the Series 2016 Assessments, may not adversely affect the timely payment of debt service on the Series 2016 Bonds because of the 2016 Reserve Account. The ability of the 2016 Reserve Account to fund deficiencies caused by delinquent Series 2016 Assessments is dependent on the amount, duration and frequency of such deficiencies. Moneys on deposit in the 2016 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 in the 2016 Reserve Account to make up deficiencies. If the District has difficulty in collecting the Series 2016 Assessments, the 2016 Reserve Account could be rapidly

depleted and the ability of the District to pay debt service could be materially adversely affected. In addition, during an Event of Default under the Indenture, the Trustee may withdraw moneys from the 2016 Reserve Account and such other Funds, Accounts and subaccounts created under the Indenture to pay its extraordinary fees and expenses incurred in connection with such Event of Default. If in fact the 2016 Reserve Account is accessed for any purpose, the District does not have a designated revenue source for replenishing such account. Moreover, the District may not be permitted to re-assess real property then burdened by the Series 2016 Assessments in order to provide for the replenishment of the 2016 Reserve Account. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS – 2016 Reserve Account" herein for more information.

### **Legal Delays**

If the District should commence a foreclosure action against a landowner for nonpayment of Series 2016 Assessments, such landowners and/or their mortgagees may raise affirmative defenses to such foreclosure action. Although the District expects that such affirmative defenses would likely be proven to be without merit, they could result in delays in completing the foreclosure action. In addition, the District is required under the Indenture to fund the costs of such foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the Series 2016 Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of Series 2016 Bond proceeds that can be used for such purpose.

### **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. Currently, the IRS is examining certain issues of bonds (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District ("Village Center CDD"). Village Center CDD received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum ("TAM") concluding that Village Center CDD is not a political subdivision for purposes of Section 103(a) of the Code because Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. Village Center CDD received a second TAM dated June 17, 2015 which granted relief to Village Center CDD from retroactive application of the IRS's conclusion as to a political subdivision. Village Center CDD may settle the examination of the Audited Bonds or, if the IRS determines that the interest on the Audited Bonds is not excludable from gross income, Village Center CDD could file an administrative appeal within the IRS. It is not possible to predict when the IRS's examination of the Audited Bonds will be concluded.

Although the TAMs are addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, the IRS may commence additional audits of bonds issued by other community development districts on the same basis and may take the position that similar community development districts are not political subdivisions for purposes of Section 103(a) of the Code on this basis. The United States Department of the Treasury in its 2015-2016 Priority Guidance Plan, released July 31, 2015, has further stated its intention to provide future guidance on the definition of political subdivision under Code section 103 for purposes of the tax-exempt, tax credit, and direct pay bond provisions.



On February 23, 2016, the IRS published proposed regulations providing a new definition of political subdivision for purposes of bonds the interest on which is excluded from gross income for federal tax purposes. The proposed regulations require that a political subdivision (i) have the power to exercise at least one sovereign power, (ii) be formed and operated for a governmental purpose, and (iii) have a governing body controlled by or have significant uses of its fund or assets otherwise controlled by a government unit with all three sovereign powers or by an electorate that is not controlled by an unreasonably small number of unrelated electors. On March 9, 2016, the IRS released corrections to the transition rules in the proposed regulations providing that the new definition of political subdivision will not apply to bonds issued prior to the date on which the proposed regulations are finalized. Accordingly, the proposed regulations, if finalized in their current form, would not be applicable to the Series 2016 Bonds.

It has been reported that the IRS has recently closed audits of other community development districts in Florida with no change to such districts' bonds' tax-exempt status, but has advised such districts that such districts must have public electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years and there are 250 qualified electors in the district. The current members of the Board of the District are employees of or otherwise affiliated with the Landowners and are not qualified electors. However, unlike Village Center CDD, the District 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. The Landowners will certify as to their expectations as to the timing of the transition of control of the Board of the District to Qualified Electors pursuant to the Act, and their expectations as to compliance with the Act by any members of the Board that they elects. Such certification by the Landowners does not assure that such certification shall be determinative of, or may influence the outcome of any audit by the IRS, or any appeal from such audit, that may result in an adverse ruling that the District is not a political subdivision for purposes of Section 103(a) of the Code. Further, there can be no assurance that an audit by the IRS of the Series 2016 Bonds will not be commenced. 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 2016 Bonds are advised that, if the IRS does audit the Series 2016 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 2016 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 2016 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 2016 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 2016 Bonds would adversely affect the availability of any secondary market for the Series 2016 Bonds. Should interest on the Series 2016 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2016 Bonds be required to pay income taxes on the interest received on such Series 2016 Bonds and related penalties, but because the interest rate on such Series 2016 Bonds will not be adequate to compensate Owners of the Series 2016 Bonds for the income taxes due on such interest, the value of the Series 2016 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE SERIES 2016 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2016 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2016 BONDS SHOULD EVALUATE

WHETHER THEY CAN OWN THE SERIES 2016 BONDS IN THE EVENT THAT THE INTEREST ON THE SERIES 2016 BONDS BECOMES TAXABLE AND/OR THE DISTRICT IS EVER DETERMINED TO NOT BE A POLITICAL SUBDIVISION FOR PURPOSES OF THE CODE AND/OR SECURITIES ACT (AS HEREINAFTER DEFINED).

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

Since the Series 2016 Bonds have not been and will not be registered under the Securities Act of 1933, as amended, or any state securities laws, if the District is ever deemed, by the IRS, judicially or otherwise, not to be a political subdivision for purposes of the Code, it is possible that federal or state regulatory authorities could also determine that the District is not a political subdivision for purposes of the federal and state securities laws. Accordingly, the District and purchasers of Series 2016 Bonds may not be able to rely on the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), relating to securities issued by political subdivisions. In that event the Owners of the Series 2016 Bonds would need to ensure that subsequent transfers of the Series 2016 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

### **Federal Tax Reform**

Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the internal revenue (tax) laws of the United States. In addition, the Service may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. Certain of these proposals and interpretations, if implemented or upheld, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the Series 2016 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become or be upheld as law, and if so, the effect such proposals could have upon the value of bonds such as the Series 2016 Bonds, cannot be predicted. However, it is possible that any such law or interpretation could have a material and adverse effect upon the availability of a liquid secondary market and/or the value of the Series 2016 Bonds. See also "TAX MATTERS."

### **State Tax Reform**

It is impossible to predict what new proposals may be presented regarding ad valorem tax reform and/or community development districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. On October 31, 2014, the Auditor General of the State released a 31-page report which requests legislative action to establish parameters on the amount of bonds a community development district may issue and provide additional oversight for community development district bonds. This report renews requests made by the Auditor General in 2011 that led to the Governor of the State issuing an Executive Order on January 11, 2012 (the "Executive Order") directing the Office of Policy and Budget in the Executive Office of the Governor ("OPB") to examine the role of special districts in the State. As of the date hereof, the OPB has not made any recommendations pursuant to the Executive Order nor has the Florida legislature passed any related legislation. It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the Series 2016 Bonds. It should be noted that Section 190.16(14) of the Act provides in pertinent part that "[t]he state pledges to the holders of any bonds issued under the Act that it will not limit or alter the rights of the district to levy and collect the ... assessments... and to fulfill the terms of any agreement made with the holders of such bonds ... and that it will not impair the rights or remedies of such holders."

### **Insufficient Resources or Other Factors causing Failure to Complete the 2016 Project or the Construction of Homes in the Assessment Area**

There can be no assurance, in the event the District does not have sufficient moneys on hand to complete the 2016 Project, that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the 2016 Project. Further, pursuant to the Indenture, the District will covenant to not issue or incur any debt payable in whole or in part from the 2016 Trust Estate while any Series 2016 Bonds are outstanding (other than Bonds issued to refund a portion of Outstanding Series 2016 Bonds, the issuance of which as determined by the District results in present value debt service savings). In addition, the District will covenant not to issue any other Bonds or other debt obligations secured by Special Assessments on assessable lands which are also encumbered by the Series 2016 Assessments for any capital project unless the Series 2016 Assessments have been Substantially Absorbed. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS – Additional Bonds" for more information.

Further, it is anticipated that the cost to finish the 2016 Project will exceed the net proceeds from the Series 2016 Bonds. It is anticipated that Pulte Home Corporation will complete the infrastructure necessary to develop Parcel O, pursuant to the Pulte Purchase Agreement (as defined herein), except for the Pulte Completion Requirements (see "THE DEVELOPMENT – The Builder Contracts and the Builders – Pulte Home Corporation" below); however, there can be no assurance that Pulte Home Corporation will do so. The Parcel P Landowner and the Parcel Q Landowner will enter into completion agreements at closing on the Series 2016 Bonds to complete their respective portions of the 2016 Project and any additional development infrastructure necessary to develop a sufficient number of lots to absorb their respective portions of the lien of the Series 2016 Assessments, and the Parcel O Landowner will enter into a completion agreement at the closing on the Series 2016 Bonds to complete the Pulte Completion Requirements. However, there can be no assurance that such Landowners will have sufficient resources to do so. Such obligations of the Landowners are unsecured obligations. The Parcel O Landowner and the P Landowner are special-purpose entities whose primary assets are their interest in Parcel O and Parcel P, respectively. In addition, there is the possibility that the Landowners may fail to close with the Builders pursuant to the Builder Contracts and that there will not be any homes constructed on such lands. See "THE DEVELOPMENT" herein for more information.

### **Payment of Series 2016 Assessments after Bank Foreclosure**

In the event a bank forecloses on property that is subject to the Series 2016 Assessments because of a default on the mortgage and then the bank itself fails and the Federal Deposit Insurance Corporation (the "FDIC") becomes its receiver, the FDIC 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 2016 Assessments. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

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**ESTIMATED SOURCES AND USES OF SERIES 2016 BOND PROCEEDS**

Source of Funds

Aggregate Principal Amount of Series 2016 Bonds	\$ _____
[Less: Original Issue Discount]	_____
Total Sources	\$ _____

Use of Funds

Deposit to the General Subaccount of 2016 Acquisition and Construction Account	\$ _____
Deposit to the Ambleside Boulevard Subaccount of 2016 Acquisition and Construction Account	_____
Deposit to 2016 Interest Account <sup>(1)</sup>	_____
Deposit to 2016 Reserve Account	_____
Costs of Issuance, including Underwriter's Discount <sup>(2)</sup>	_____
Total Uses	\$ _____

(1) Represents capitalized interest on the Series 2016 Bonds through and including \_\_\_\_\_, 2017.

(2) Costs of issuance includes, without limitation, legal fees and other costs associated with the issuance of the Series 2016 Bonds.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2016 Bonds:

<u>Period Ending</u> <u>November 1</u>	<u>Principal</u> <u>(Amortization)</u>	<u>Interest</u>	<u>Total Debt Service</u>
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### TOTALS

\* Includes capitalized interest through and including \_\_\_\_\_, 2017.

\*\* The final maturity of the Series 2016 Bonds.

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## THE DISTRICT

### General Information

The District, which is the issuer of the Series 2016 Bonds, is a local unit of special purpose government of the State of Florida, created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No. 15-22 of the Board of County Commissioners of the County effective on October 14, 2015 (the "Ordinance"). The District encompasses approximately 240 acres of land and is located in the unincorporated area of the County. The District is located approximately 2 miles east of Highway 301, approximately 1 mile west of Balm Riverview Road and approximately 1 mile south of Big Bend Road.

### Legal Powers and Authority

The District is an independent unit of local government created pursuant to and established in accordance with the Act. 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 of Florida. 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 pursuant to its general law charter. The District is classified as an independent district under Chapter 189, Florida Statutes.

Among other provisions, the Act gives the District's Board of Supervisors the authority to, among other things: (a) plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for, among other things, (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 waste-water management, reclamation and reuse systems or any combination thereof and to construct and operate connecting intercept 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 specifications of the county in which such district roads are located and street lights, landscaping, hardscaping and undergrounding of electric utility lines, and (iv) 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; (b) borrow money and issue bonds of the District; (c) impose and foreclose special assessments liens as provided in the Act; and (d) exercise all other powers necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act.

The Act does not empower the District to adopt and enforce any land use plans or zoning ordinances and the Act does not empower the District to grant building permits; these functions are to be performed by general purpose local governments having jurisdiction over the lands within the District.

The Act exempts all property owned by 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 lands of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the Series 2016 Bonds.

### Board of Supervisors

The governing body of the District is its Board of Supervisors (the "Board"), which is composed of five Supervisors (the "Supervisors"). The Act provides that, at the initial meeting of the landowners,

Supervisors must be elected by the landowners with the two Supervisors receiving the highest number of votes to serve for four years and the remaining Supervisors to serve for a two-year term. Three of the five Supervisors are elected to the Board every two years in November. At such election the two Supervisors receiving the highest number of votes are elected to four-year terms and the remaining Supervisor is elected to a two-year term. Until the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, or such earlier time as the Board may decide to exercise its ad valorem taxing power, the Supervisors are elected by vote of the landowners of the District. Ownership of the land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number and, for purposes of determining voting interests, platted lots shall be counted individually and rounded up to the nearest whole acre and shall not be aggregated for determining the number of voting units held). Upon the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, the Supervisors whose terms are expiring will be elected (as their terms expire) by qualified electors of the District, except as described below. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State of Florida and a citizen of the United States. At the election where Supervisors are first elected by qualified electors, two Supervisors must be qualified electors and be elected by qualified electors, both to four-year terms. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve four-year terms. If there is a vacancy on the Board, whether as a result of the resignation or removal of a Supervisor or because no elector qualifies for a seat to be filled in an election, the remaining Board members are to fill such vacancy for the unexpired term.

Notwithstanding the foregoing, if at any time the Board proposes to exercise its ad valorem taxing power, prior to the exercise of such power, it shall call an election at which all Supervisors shall be qualified electors and shall be elected by qualified electors in the District. Elections subsequent to such decision shall be held in a manner such that the Supervisors will serve four-year terms with staggered expiration dates in the manner set forth in the Act.

The Act provides that it shall not be an impermissible conflict of interest under Florida law governing public officials for a Supervisor to be a stockholder, officer or employee of a landowner or of any entity affiliated with a landowner. The Landowners currently own all of the District Lands, and all of the members of the Board have been elected by the Landowners.

The current members of the Board and the expiration of the term of each member are set forth below.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeffery S. Hills*	Chairperson	November, 2019
Gary Jernigan*	Vice-Chairperson	November, 2019
Rob Barber**	Assistant Secretary	November, 2017
Brady Lefere**	Assistant Secretary	November, 2017
Ryan Motko*	Assistant Secretary	November, 2017

\* Employee of, or affiliated with, one or more of the Landowners.

\*\* Employee of, or affiliated with, one of the Builders (as defined herein).

A majority of the members of the Board constitutes a quorum for the purposes of conducting its business and exercising its powers and for all other purposes. Action taken by the District shall be upon a vote of a majority of the members present unless general law or a rule of the District requires a greater number. All meetings of the Board are open to the public under Florida's open meeting or "Sunshine" law.

### **The District Manager and Other Consultants**

The chief administrative official of the District is the District Manager (as hereinafter defined). The Act provides that a district manager has charge and supervision of the works of the District and is responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed by the Board.

The District has retained District Management Services, LLC, a Florida limited liability company d/b/a Meritus Districts, to serve as its district manager ("District Manager"). The District Manager's office is located at 5680 W. Cypress Street, Suite A, Tampa, Florida 33607, telephone number (813) 397-5121.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Akerman LLP, Orlando, Florida, as Bond Counsel; Stantec, Inc., Tampa, Florida, as Consulting Engineer; and Straley & Robin, P.A., Tampa, Florida, as District Counsel. The Board has also retained the District Manager to serve as Methodology Consultant and Dissemination Agent for the Series 2016 Bonds.

### **No Outstanding Indebtedness**

The District has not previously issued any bonds or other debt obligations.

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## THE 2016 PROJECT

In the Report of the District Engineer dated October 23, 2015, as supplemented by the Supplemental Report of the District Engineer dated January 6, 2016 and by the Second Supplemental Report of the District Engineer dated February 17, 2016 (as supplemented, the "Engineer's Report"), the District Engineer sets forth certain public improvements to be constructed in the District, including without limitation water management and control facilities, roads, water supply facilities, sewer and wastewater management facilities, landscaping, irrigation and hardscaping in public areas, and certain amenities (collectively, the "2016 Project").

The 2016 Project includes both the master infrastructure for the District and the subdivision infrastructure for Parcels O, P and Q within the District, which are planned for 411 single-family units, and which correspond to the Assessment Area on which the Series 2016 Assessments will be levied. The 2016 Project does not include the subdivision infrastructure for the 162 single-family units currently planned for Parcel R, which is not included in the Assessment Area.

The Engineer's Report estimated the total cost to complete the entire 2016 Project to be approximately \$15,210,107, consisting of approximately \$4,922,813 in master infrastructure costs and approximately \$10,287,295 in subdivision costs for Parcels O, P and Q, as set forth in more detail below. See "APPENDIX A: ENGINEER'S REPORT" for more information regarding the 2016 Project.

	<b>Master</b>	<b>Subdivision (Parcels O, P &amp; Q)</b>	<b>Total 2016 Project</b>
Water Management and Control	\$867,143	\$3,627,993	\$4,495,136
Roads	863,700	1,398,750	2,262,450
Water Supply	234,241	465,300	699,540
Sewer and Wastewater Management	295,374	1,230,462	1,525,836
Amenities	1,500,000	--	1,500,000
Landscaping/Irrigation/Hardscaping	977,800	853,583	1,831,383
Professional Services and Fees	184,555	1,080,207	1,264,762
Contingency		1,631,000	1,631,000
<b>Total Estimated Costs</b>	<b>\$4,922,813</b>	<b>\$10,287,295</b>	<b>\$15,210,107</b>

The Landowners have entered into a series of contracts with QGS Development, Inc. (the "Contractor") to construct a portion of the 2016 Project, and the Landowners anticipate entering into additional agreements with the Contractor or other contractors for the remaining portions of the 2016 Project. The net proceeds of the Series 2016 Bonds available for the 2016 Project costs are expected to be approximately \$7.8 million. Approximately \$1.3 million has been spent toward the 2016 Project to date. See "THE DEVELOPMENT – Development Finance Plan and Status" for more information regarding the development work performed and the costs spent to date in connection with the 2016 Project.

The Landowners and/or the District will install the master infrastructure and the subdivision infrastructure for Parcels P and Q. Pulte Home Corporation, the contract purchaser of Parcel O, is expected to install the on-site subdivision infrastructure for Parcel O, other than the Pulte Completion Requirements (see "THE DEVELOPMENT – The Builder Contracts and the Builders – Pulte Home Corporation" below). The Parcel P Landowner and the Parcel Q Landowner will enter into a completion agreement at closing on the Series 2016 Bonds to complete their respective portions of the 2016 Project and any additional development infrastructure necessary to develop their respective portions of the Assessment Area. Pulte Home Corporation will not enter into a completion agreement with respect to Parcel O. The Parcel O Landowner will enter into a completion agreement at the closing on the Series 2016 Bonds to complete the Pulte Completion Requirements. See "BONDOWNERS' RISKS –

Insufficient Resources or Other Factors causing Failure to Complete the 2016 Project or the Construction of Homes in the Assessment Area." It is anticipated that the District will issue additional bonds in the future in connection with the Parcel R subdivision improvements. See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2016 BONDS – Limitations on Additional Debt" for restrictions on the District's ability to issue additional bonds.

The District Engineer has indicated that all permits necessary to develop the 2016 Project and the subdivision infrastructure improvements for the Assessment Area have been obtained or are expected to be obtained in the ordinary course. In addition to the Engineer's Report, see "THE DEVELOPMENT – Development Approvals" for a more detailed description of the entitlement and permitting status of the Development.

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## ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS

District Management Services, LLC, a Florida limited liability company d/b/a Meritus Districts (the "Methodology Consultant"), has prepared the Master Assessment Methodology Report dated October 20, 2015, as supplemented by the First Supplemental Assessment Methodology Report dated January 7, 2016 and included herein as APPENDIX E (collectively, the "Assessment Methodology"). The Assessment Methodology sets forth an overall method for allocating the Series 2016 Assessments to be levied against the lands within the District benefited by the 2016 Project and collected by the District as a result thereof. Once the final terms of the Series 2016 Bonds are determined, the Assessment Methodology will be revised to reflect such final terms. Once levied and imposed, the Series 2016 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, including the operation and maintenance assessments, and other units of government. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

The Series 2016 Bonds are payable from and secured solely by the 2016 Trust Estate, which consists primarily of the Series 2016 Assessments. The Series 2016 Assessments will be initially levied on each Parcel in the Assessment Area in the anticipated amounts set forth below, and, with respect to each Parcel, on an equal acre basis.

Parcel	Gross Acreage	Total Initial Par Amount*	Initial Par Per Gross Acre*
O	50.61	\$2,363,135	\$46,690
P	94.94	\$4,997,680	\$52,641
Q	<u>42.40</u>	<u>\$2,099,185</u>	\$49,509
<b>Total:</b>	<b>187.95</b>	<b>\$9,460,000</b>	

\* Preliminary, subject to change. Amount shown for Parcel O reflects a Landowner infrastructure contribution in the amount of \$238,000.

As properties are developed and platted within each Parcel in the Assessment Area, the Series 2016 Assessments will be assigned to the developed and platted properties within such Parcel in accordance with the Assessment Methodology. See "APPENDIX E: ASSESSMENT METHODOLOGY." Upon platting, the unit mix in the Assessment Area by Parcel is expected to be as follows:

Product	Parcel O	Parcel P	Parcel Q	Total
Single Family 50'	61	0	0	61
Single Family 60'	47	214	0	261
Single Family 70'	<u>11</u>	<u>0</u>	<u>78</u>	<u>89</u>
<b>Total</b>	<b>119</b>	<b>214</b>	<b>78</b>	<b>411</b>

Upon platting of all 411 lots planned for the Assessment Area, the estimated Series 2016 Assessments to be levied to pay debt service on the Series 2016 Bonds is set forth below along with the total Series 2016 Bonds par amount allocated per unit.

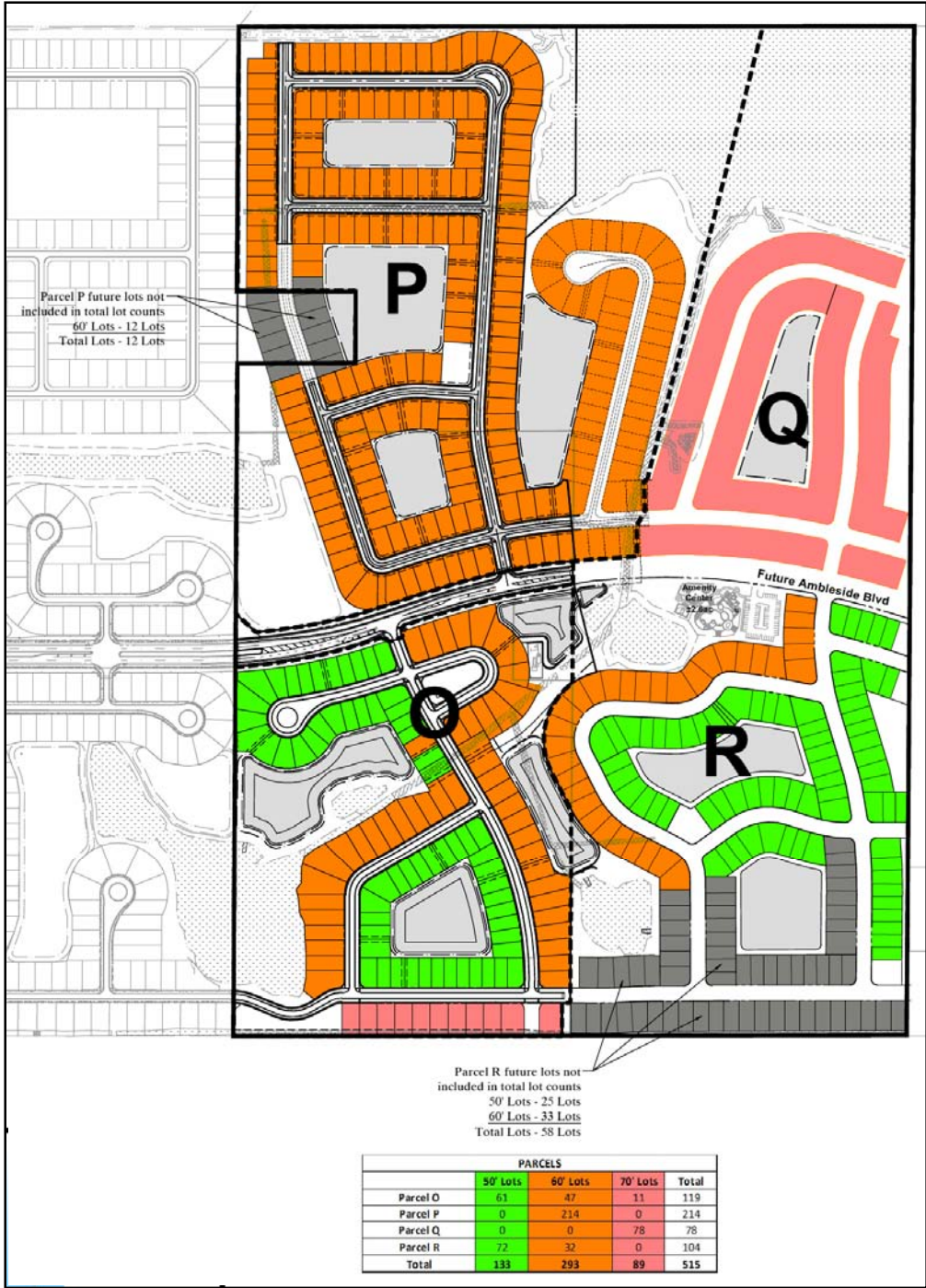
<b>Product</b>	<b>Number of Planned Units</b>	<b>Annual Series 2016 Assessment*</b>	<b>Series 2016 Bonds Total Par Per Unit*</b>
Single Family 50'	61	\$1,302.08	\$17,789
Single Family 60'	261	\$1,562.50	\$21,346
Single Family 70'	<u>89</u>	\$1,822.92	\$24,904
Total	411		

\* Preliminary, subject to change. The Series 2016 Assessments include a six percent (6%) gross up to account for fees of the Property Appraiser and Tax Collector and exclusion of the statutory early payment discount. Annual assessment levels and total par per unit as shown above reflect, (i) with respect to lots in Parcel O, the Landowner infrastructure contribution of approximately \$2,000 par per lot (or \$238,000 in the aggregate), and (ii) with respect to lots in Parcels P and Q, the pay down by the Parcel P Landowner and the Parcel Q Landowner of approximately \$2,000 par per lot (or \$584,000 in the aggregate) required to be made upon each closing on such lots under the Lennar Purchase Agreement and the LGI Purchase Agreement (defined below).

Each homeowner in the District will pay annual taxes, assessment and fees on an ongoing basis as a result of its ownership of property within the District, including local ad valorem property taxes, the maintenance and operating assessments to be levied by the District, and the homeowner association assessments to be levied by the homeowners association. The District anticipates levying assessments to cover its operation and administrative costs that will be approximately \$454 per 50-foot lot annually, approximately \$545 per 60-foot lot annually, and approximately \$636 per 70-foot lot annually, which amounts are subject to change. The land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. The total millage rate in the District is currently approximately 19.461 mills. These taxes would be payable in addition to the Series 2016 Assessments and any other assessments levied by the District and other taxing authorities. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Hillsborough County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year. See "BONDOWNERS RISKS" and "THE DEVELOPMENT – Taxes, Assessments and Fees" for more information, including proposed associations' assessments.

Set forth on the following page is a map of the District, the Parcels within the District and the planned development for each Parcel.

[Remainder of page intentionally left blank.]



\* The Parcel P "Future Lots" shown above will not be subject to the Series 2016 Assessments and are not included in the proposed lot counts described in this Limited Offering Memorandum. The Landowners are currently in negotiations to acquire the lands on which the Parcel P "Future Lots" are located, but such lands are not currently owned by the Landowners and are not included in the District or the Assessment Area. Development of the 58 lots shown above as Parcel R "Future Lots" is subject to zoning and density approvals which have not yet been obtained. The underlying lands are located within the District and are included in the lot counts for Parcel R described in this Limited Offering Memorandum. Parcel R is not within the Assessment Area.

*The information appearing below under the captions "THE DEVELOPMENT" and "THE LANDOWNERS" has been furnished by the Landowners for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the District or its counsel, or by the Underwriter or its counsel, and no persons other than the Landowners make any representation or warranty as to the accuracy or completeness of such information supplied by them.*

*The following information is provided by the Landowners as a means for the prospective bondholders to understand the anticipated development plan and risks associated with the Development. Landowners' obligations to pay the Series 2016 Assessments are no greater than the obligation of any other subsequent landowner within the District. The Landowners are not guarantors of payment on any property within the District and the recourse for the Landowners' or any subsequent landowners' failure to pay the Series 2016 Assessments is limited to their respective ownership interests in the property.*

## **THE DEVELOPMENT**

### **General**

The boundaries of the District include a total of approximately 240 acres of land located entirely within an unincorporated area in the southern portion of the County in an area known as South Riverview. The District is being developed as part of a larger single-family residential community known as South Fork (the portion of South Fork within the District being referred to herein as the "Development"). The District is located approximately 2 miles east of Highway 301 and approximately 1 mile south of Big Bend Road. Access to Interstate 75 from the Development is provided by the Big Bend Road interchange, approximately 4 miles to the northwest. U.S. 301 and Interstate 75 provide direct ten minute access to the Brandon area, which features a large concentration of employment and retail establishments including the Westfield Shoppingtown Brandon, entertainment facilities, restaurants, medical and professional services and other commercial facilities. In addition, Interstate 75 intersects with the Crosstown Expressway and Interstate 4 approximately 13 and 18 miles north of the Development, respectively. Both the Crosstown Expressway and Interstate 4 provide direct access to downtown Tampa and the Tampa International Airport/Westshore employment areas, both of which can be reached in approximately twenty minutes.

The Development is the second extension of the "South Fork" community. The original South Fork development was initiated in 2001. Following buildout of the 619 lots in the original South Fork development, the first extension – South Fork East Community Development District ("South Fork East") – was created to expand the community by approximately 757 lots. As of today, South Fork East is 100% developed with over 90% of the home sites occupied. The remaining lots in South Fork East are owned by Lennar Homes, William Ryan Homes and KB Homes, with ultimate buildout expected by early 2017.

The Development is currently planned for 573 single-family residential units. Currently all of the lands in the Development are owned by Parcel O, LLC, a Florida limited liability company (the "Parcel O Landowner"), Southfork P Development, LLC, a Florida limited liability company (the "Parcel P Landowner") and Eisenhower Property Group, LLC, a Florida limited liability company (the "Parcel Q Landowner" and, together with the Parcel O Landowner and the Parcel P Landowner, the "Landowners"). The Landowners have entered into certain Builder Contracts (as hereinafter defined) with certain Builders (as hereinafter defined) for 119 lots planned in Parcel O, 113 lots planned in Parcel P and 78 lots planned in Parcel Q of the Development. Parcel O, Parcel P and Parcel Q, which contain approximately 188 gross acres in the aggregate and are planned for 411 single-family lots, are collectively referred to herein as the "Assessment Area." Parcel R, which contains approximately 48.8 acres of land planned for 162 lots, is also located within the District but is not included in the Assessment Area.

## **Land Acquisition**

The Landowners (either directly or through their affiliated predecessors in interest) acquired their respective interests in the District Lands (including Parcel R and the amenity site, which are outside of the Assessment Area) in a series of transactions from May 2013 through November 2014 totaling approximately \$5,149,100.

Parcel O is subject to two mortgages in favor of Proverbium Holdings, LLC which secure two notes currently outstanding in the approximate principal amounts of \$872,779 and \$863,424, which loans are interest only and accrue interest at 12% until being due and payable in full on August 19, 2016 and September 1, 2016, respectively.

Parcel P is subject to a mortgage in favor of Forum Capital Partners, LLC, which secures a note evidencing an acquisition and development loan in the amount of \$5,900,000, of which approximately \$3.75 million is currently outstanding, which loan is interest only and accrues interest at 11% per annum until being due and payable on June 17, 2018.

Parcel Q is subject to a mortgage in favor of AGAMERICA AV1, LLC, securing a loan in the current outstanding principal amount of approximately \$2,000,000, which loan accrues interest at 12% and is due and payable on November 5, 2016.

## **Development Finance Plan and Status**

The Landowners and/or the District are installing the master infrastructure and the subdivision infrastructure for Parcels P and Q and selling finished lots to Lennar Homes and LGI Homes. The Developer is selling Parcel O in bulk to Pulte. See "–The Builder Contracts and the Builders" below. The costs associated with the infrastructure being installed by the Landowners and/or the District are approximately \$12.9 million. The net proceeds of the Series 2016 Bonds are expected to be approximately \$7.8 million. The remaining costs necessary to develop the lands in Parcel P and Parcel Q are expected to be funded by the Landowners. The Parcel P Landowner and the Parcel Q Landowner will enter into completion agreements at the closing on the Series 2016 Bonds to complete their respective portions of the 2016 Project. The subdivision infrastructure associated with Parcel O, except for the Pulte Completion Requirements (see "– The Builder Contracts and the Builders – Pulte Home Corporation" below) is expected to be developed by Pulte. The Parcel O Landowner will enter into a completion agreement at the closing on the Series 2016 Bonds to complete the Pulte Completion Requirements. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors causing Failure to Complete the 2016 Project or the Construction of Homes in the Assessment Area."

It is anticipated that the District will issue additional bonds in the future in connection with the subdivision improvements for Parcel R. See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2016 BONDS – Limitations on Additional Debt" for restrictions on the District's ability to issue additional bonds.

As of the date hereof, the Landowners have spent approximately \$1.3 million on land development to date. Parcels O and P have been cleared and mass graded. All of the master drainage ponds for Parcels O and P and for the first section of Ambleside Boulevard have been constructed. Development work on the 2016 Project commenced in January 2016 and is expected to be completed by the third quarter of 2017.

## **The Builder Contracts and the Builders**

### **Pulte Home Corporation**

The Parcel O Landowner has entered into an Agreement of Purchase and Sale dated November 10, 2015, as amended (the "Pulte Purchase Agreement") with Pulte Home Corporation ("Pulte"), for the bulk purchase of lands in Parcel O planned for 119 lots, consisting of sixty-one (61) 50-foot lots, forty-seven (47) 60-foot lots and eleven (11) 70-foot lots. The total purchase price under the Pulte Purchase Agreement is \$5,644,000, less (i) a land development cost credit in the amount of \$2,253,949 and (ii) certain additional credits, for a net purchase price of \$3,390,051.

Pursuant to the Pulte Purchase Agreement, Pulte has made a \$50,000 deposit. Pulte is required to make an additional deposit of \$300,000 within five business days after the end of the feasibility period, which ended March 2, 2016. Pulte will receive a credit in the amount of the deposit against the purchase price at closing. Closing under the Pulte Purchase Agreement is expected to occur within 15 calendar days from the end of the feasibility period, provided that all conditions precedent to closing have been satisfied or waived, which conditions include closing on the Series 2016 Bonds. All such conditions are expected to occur by March 2016. The Pulte Purchase Agreement imposes certain development obligations on the Parcel O Landowner and the District, including without limitation the construction of Ambleside Boulevard, the Development's Amenities (as described below) and certain other amenities described therein (including without limitation walls, entry signs, common area landscaping and hardscaping) (collectively, the "Pulte Completion Requirements"). There is a risk that Pulte may not close on or complete development of the lands in Parcel O. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors causing Failure to Complete the 2016 Project or the Construction of Homes in the Assessment Area" herein.

Pulte is a Michigan corporation that was organized on January 24, 1985, and is wholly owned by PulteGroup, Inc., a Michigan corporation ("Pulte"). Pulte stock trades on the New York Stock Exchange under the symbol PHM. Pulte is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "SEC"). The file number for Pulte is No. 1-9804. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street NW, Judiciary Plaza, Washington, DC, and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by Pulte pursuant to the requirements of the Securities Exchange Act of 1934, as amended, after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

### **Lennar Homes, LLC**

The Parcel P Landowner (through its predecessors in interest) has entered into an Agreement for the Purchase and Sale of Real Property dated August 20, 2015, as amended (as amended, the "Lennar Purchase Agreement") with Lennar Homes, LLC, a Florida limited liability company ("Lennar Homes") to purchase 113 developed 60-foot lots in Parcel P for a purchase price of \$60,000 per lot, subject to a one percent (1%) increase every three months beginning on the second closing.

Pursuant to the Lennar Purchase Agreement, Lennar Homes has made a \$678,000 deposit with the escrow agent, which is non-refundable to Lennar Homes except upon the occurrence or non-occurrence of certain events. A prorated amount of the deposit will be applied to the purchase price at each closing. Under the Lennar Purchase Agreement, Lennar Homes will purchase a minimum of twelve



lots at the initial closing, which the Parcel P Landowner expects to occur by June 2016, followed by at least 12 lots every 90 days thereafter until the eighth closing which will take down the final 29 lots. The Parcel P Landowner has certain development obligations under the Lennar Purchase Agreement, including without limitation the construction of Ambleside Boulevard. There is a risk that Lennar Homes may not close on any lots. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors causing Failure to Complete the 2016 Project or the Construction of Homes in the Assessment Area" herein.

In addition, the Lennar Purchase Agreement grants Lennar Homes a right of first refusal to purchase an additional sixty (60) 60-foot homesites in Parcel P during a period of six hundred (600) days following the initial closing under the Lennar Purchase Agreement.

Lennar Homes is wholly owned by Lennar Corp. ("Lennar Corp."). Lennar Corp. stock trades on the New York Stock Exchange under the symbol LEN. Lennar Corp. is subject to the informational requirements of the Exchange Act of 1934 and in accordance therewith files reports, proxy statements, and other information with the SEC. The file number for Lennar Corp. is No-1-11749. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by Lennar Corp. pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

### **LGI Homes**

The Parcel Q Landowner has entered into an Agreement of Sale and Purchase of Vacant, Fully-Developed Lots dated as of March 10, 2016 (the "LGI Purchase Agreement" and together with the Pulte Purchase Agreement and the Lennar Purchase Agreement, the "Builder Contracts") with LGI Homes – Florida, LLC, a Florida limited liability company ("LGI Homes" and, together with Pulte and Lennar Homes, the "Builders") for the purchase of 78 developed lots planned for Parcel Q, for a purchase price of \$4,563,000. The LGI Purchase Agreement also provides for the sale of certain additional lots, which are not within the Assessment Area and are not currently included in the District.

Pursuant to the LGI Purchase Agreement, LGI Homes is required to make a \$50,000 deposit within seven (7) business days of the effective date, with an additional deposit of \$727,000 to be made after expiration of the inspection period. Of the total deposit, approximately \$460,000 will be credited at closing against the purchase price for the 78 lots planned for Parcel Q. All deposits are refundable to LGI Homes until the expiration of the inspection period, following which time the deposits may be released to the Parcel Q Landowner at its request. If released, the deposits will be secured by a mortgage. The initial inspection period is 90 days from the date of the LGI Purchase Agreement, but is subject to extension. During the inspection period, LGI Homes may terminate the LGI Purchase Agreement for any reason, in its sole discretion. The LGI Purchase Agreement imposes certain development obligations on the Parcel Q Landowner, including without limitation the construction of the Development's Amenities (as described below) and certain amenities within Parcel Q (including without limitation walls, entry signs, common area landscaping and monuments). Closing on the 78 lots in Parcel Q is expected to take place following the later of 30 days after the expiration of the inspection period and 30 days after the delivery of a "lot completion certificate" for such lots. There is a risk that the LGI Homes may not close on any lots. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors causing Failure to Complete the 2016 Project or the Construction of Homes in the Assessment Area" herein.

LGI Homes, Inc. ("LGI"), the parent company of LGI Homes, is a Texas-based builder of housing development, with its development projects mostly focused in the southwestern region of the United States. LGI stock trades on the NASDAQ stock market under the symbol LGIH. LGI is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements, and other information with the SEC. The file number for LGI is No-001-36126. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street NW, Judiciary Plaza, Washington, DC, and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by LGI pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

NONE OF THE BUILDERS LISTED ABOVE HAVE ANY LIABILITY, NOR ARE ANY OF THE BUILDERS GUARANTEEING ANY OF THE LANDOWNERS' OBLIGATIONS WITH RESPECT TO THE 2016 PROJECT OR ITS COMPLETION OR ANY OF THE LANDOWNERS' OTHER OBLIGATIONS INCURRED IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2016 BONDS OR PAYMENT OF THE SERIES 2016 ASSESSMENTS.

### **Lot Status and Residential Product Offerings**

The following table reflects the Landowners' current expectations for the neighborhoods to be constructed in the Assessment Area along with the number of developable units, bedrooms, bathrooms, square footages, estimated purchase prices per developed lots and estimated home prices, all of which are subject to change.

<u>Product</u>	<u>Units</u>	<u>Square Feet</u>	<u>Beds/ Baths</u>	<u>Estimated Price per Developed Lot</u>	<u>Estimated Home Prices</u>
Single Family 50'	61	2,400 – 3,400	3 / 2	\$50,000	\$300,000 - \$350,000
Single Family 60'	261	2,800 – 4,000	4 / 2.5	\$60,000	\$350,000 - \$400,000
Single Family 70'	89	2,800 – 4,000	4 / 2.5	\$70,000	\$375,000 - \$425,000
Total	411				

The Landowners anticipate that each of the Builders will have their own onsite sales centers and four to six model homes per Builder completed in the second quarter of 2016. The Landowners anticipate that the homes in the Assessment Area will be absorbed by homeowners by 2020. This anticipated absorption rate is based upon estimates and assumptions made by the Landowners that are inherently uncertain, though considered reasonable by the Landowners, and are 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 Landowners. As a result, there can be no assurance such absorption rate will occur or be realized in the timeframe anticipated.

### **Development Approvals**

The District is zoned residential to permit the development of 515 single-family units and a community center.† Parcel O has received all necessary development permits and approvals. Phases 1A, 1B and 2 of Parcel P, consisting of 162 single-family units, have received all necessary development permits and approvals. Development permits and approvals for Phase 3 of Parcel P are expected to be received in the ordinary course. Development permits associated with Parcel Q are expected to be received by July 2016. In addition, the Landowners have received wetlands permits from the County's

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† The Parcel R Landowner is pursuing zoning approval for an additional 58 lots, to be located in Parcel R which is not subject to the Series 2016 Assessments.

Environmental Protection Commission and the Army Corps of Engineers, and an environmental resource conceptual permit from the Southwest Florida Water Management District. The Landowners anticipate that plats will be recorded for Phase 1 of Parcel O and Phases 1A, 1B and 2 of Parcel P in May of 2016 and that a plat will be recorded for Parcel Q in November 2016. The timing of plats for the remaining portions of the Assessment Area will be determined by the status of development within the Assessment Area.

Pursuant to the Builder Contracts and the Development's zoning approvals, the Landowners are required to construct a spine road (extension of Ambleside Boulevard) through the middle of the District to serve the Development. The Landowners anticipate that the extension of Ambleside Boulevard will be constructed in two phases, with the first phase expected to be completed in June 2016 and the second phase expected to be completed in June 2017. The extension of Ambleside Boulevard is included in the 2016 Project.

The District Engineer has indicated that all permits necessary to develop the 2016 Project and the Assessment Area improvements have been obtained or are expected to be received in the ordinary course.

See "ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS" for a map of the District which includes Parcels O, P and Q.

## **Environmental**

A Phase 1 Environmental Site Assessment dated October 4, 2013 was provided by Applied Science and Engineering LLC ("AS&E") for Parcel O along with certain lands located outside of the District. The Phase 1 Environmental Site Assessment identified one recognized environmental condition ("REC") on Parcel O: the property was used for agricultural farming until approximately 2010, and it was established that, as part of everyday operations, herbicides and pesticides had been used on Parcel O. As a part of its investigation, AS&E did not quantify or determine soil or groundwater impact, if any, associated with these materials. The Parcel O Landowner received a Limited Soil and Groundwater Sampling Report dated September 4, 2015 for Parcel O from another firm which provides that the limited soil and groundwater sampling activities provide sufficient data to conclude that Parcel O has not been adversely impacted by the historic use of the site for agricultural purposes or by a neighboring aboveground petroleum storage tank.

A Phase 1 Environmental Site Assessment dated November 5, 2013 was provided by AS&E for Parcels P, Q and R. The Phase 1 Environmental Site Assessment identified three RECs: (i) the property has been used for agricultural farming since approximately 1984, and it is known that as a part of everyday operations, herbicides and pesticides have been used and stored thereon (AS&E did not quantify or determine soil or groundwater impact, if any, associated with these materials); (ii) an abandoned diesel above ground storage tank was observed on the southeastern portion of the property (in Parcel R); and (iii) a private gun range was observed in the southeastern area of the property (in Parcel R). AS&E recommended soil and groundwater testing at the location of the diesel tank and soil sample and analyzing the lead concentration for the gun range. The Landowners expect that such testing will be performed by the Builders.

See "BONDOWNERS' RISK – Regulatory and Environmental Risks" herein for more information regarding potential environmental risks.

## Taxes, Assessments and Fees

Each homeowner in the District will pay annual taxes, assessment and fees on an ongoing basis as a result of its ownership of property within the District, including local ad valorem property taxes, the maintenance and operating assessments to be levied by the District, and the homeowner association assessments to be levied by the homeowners association. The Series 2016 Assessments will be initially levied on each Parcel in the Assessment Area in the anticipated amounts set forth below, and, with respect to each Parcel, on an equal acre basis.

<b>Parcel</b>	<b>Gross Acreage</b>	<b>Total Initial Par Amount*</b>	<b>Initial Par Per Gross Acre*</b>
O	50.61	\$2,363,135	\$46,690
P	94.94	\$4,997,680	\$52,641
Q	42.40	\$2,099,185	\$49,509
<b>Total:</b>	<b>187.95</b>	<b>\$9,460,000</b>	

\* Preliminary, subject to change. Amount shown for Parcel O reflects a Landowner infrastructure contribution in the amount of \$238,000.

Upon platting of the 411 units in the Assessment Area, the estimated Series 2016 Assessments to be levied to pay debt service on the Series 2016 Bonds is set forth below along with the total Series 2016 Bonds par amount allocated per unit.

<b>Product</b>	<b>Number of Planned Units</b>	<b>Annual Series 2016 Assessment*</b>	<b>Series 2016 Bonds Total Par Per Unit*</b>
Single Family 50'	61	\$1,302.08	\$17,789
Single Family 60'	261	\$1,562.50	\$21,346
Single Family 70'	89	\$1,822.92	\$24,904
Total	411		

\* Preliminary, subject to change. The Series 2016 Assessments include a six percent (6%) gross up to account for fees of the Property Appraiser and Tax Collector and exclusion of the statutory early payment discount. Annual assessment levels and total par per unit as shown above reflect, (i) with respect to lots in Parcel O, the Landowner infrastructure contribution of approximately \$2,000 par per lot (or \$238,000 in the aggregate), and (ii) with respect to lots in Parcels P and Q, the pay down by the Parcel P Landowner and the Parcel Q Landowner of approximately \$2,000 par per lot (or \$584,000 in the aggregate) required to be made upon each closing of such lots under the Lennar Purchase Agreement and the LGI Purchase Agreement.

The Landowners anticipate that the District will levy assessments to cover its operation and administrative costs that will be approximately \$454 per 50-foot lot annually, approximately \$545 per 60-foot lot annually, and approximately \$636 per 70-foot lot annually, which amounts are subject to change. In addition, single family residents will be required to pay homeowner's association fees for a homeowner's association which are currently estimated to be approximately \$100 per residential lot annually, respectively; which amounts are subject to change. The land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. The total millage rate in the District is currently approximately 19.461 mills. These taxes would be payable in addition to the Series 2016 Assessments and any other assessments levied by the District and other taxing authorities. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Hillsborough County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control

over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year.

### **Amenities**

It is expected that the Development will contain an approximately 2,300 square foot clubhouse with pool, open field, playground, dog park, and walking trails (collectively, the "Amenities"). Construction of the Amenities is expected to commence in June 2016 and be completed in March 2017. The estimated cost of the Amenities is approximately \$1,500,000.

### **Education**

Children residing in the Development are expected to attend Summerfield Elementary School, Eisenhower Middle School and East Bay High School, which are located within 3.5 miles, 4.5 miles and 4.4 miles away from the Development, respectively, and which received grades from the State in 2014 (the most recent year for which final grades are available) of B, B and C, respectively. The Hillsborough County School Board may change school boundaries from time to time and there is no requirement that students residing in the Development be permitted to attend the schools which are closest to the Development.

### **Utilities**

Electric utilities will be provided to the Development by Tampa Electric Company. Potable water and sanitary sewer service to the Development will be provided by the County. See "Development Approvals" for the status of approvals and certificates of capacity received for units in the Development.

### **Competition**

The Development is expected to compete with projects in the southern Hillsborough County market generally, which include Ayerworth Glen, Belmont, Carlton Lakes, Cypress Creek, DG Farms, Enclave at Ramble Creek, Forest Glenn, Hawks Point, Mirabella, Park Creek, South Fork, South Fork East, The Estuary, The Oaks at Shady Creek, Triple Creek, and Waterleaf, some of which are being developed by the Builders. The foregoing does not purport to summarize all of the existing or planned communities in the area of the Development.

## **THE LANDOWNERS**

Parcel O, LLC, a Florida limited liability company (the "Parcel O Landowner") was formed on April 4, 2013 and is managed by Jeffery "Jeff" S. Hills. The Parcel O Landowner has three members: the Parcel Q Landowner, Hills & Associates, Inc., a Florida corporation ("Hills & Associates"), and Southeast Capital, LLC, a Nevada limited liability company ("Southeast Capital") which own 40%, 40% and 20% interest in the Parcel O Landowner, respectively. Hills & Associates is wholly owned and managed by Jeff Hills. Southeast Capital is owned by Basil N. Scaglione of Park City, Utah. See "THE DEVELOPMENT – Land Acquisition" and "– The Builder Contracts and the Builders" herein for more information regarding the mortgagees and Builders. The Parcel O Landowner owns Parcel O.

Southfork P Development, LLC, a Florida limited liability company (the "Parcel P Landowner") was formed on January 6, 2016 and is managed by Jeff Hills. The sole member of the Parcel P Landowner is Hills & Associates. The Parcel P Landowner owns Parcel P.

Eisenhower Property Group, L.L.C., a Florida limited liability company (the "Parcel Q Landowner" and, together with the Parcel O Landowner and the Parcel P Landowner, the "Landowners"), owns the remaining lands in the District. The Parcel P Landowner was organized on May 18, 2004 and is wholly owned and managed by Jeff Hills' wife, Tonya Hills. The Parcel Q Landowner owns Parcel Q.

Jeff Hills is a former civil engineer and a licensed Professional Engineer in the State. While an engineer, Mr. Hills designed and managed a number of large master planned developments and communities within the Tampa Bay region including Tampa Palms, Arbor Green, Meadow Pointe, Oak Creek, Harbour Island, Rocky Pointe, and portions of Bloomingdale and Westchase.

Upon entering the development business in 2003, Mr. Hills oversaw the design, permitting and development of several projects in the Riverview and Ruskin areas of southern Hillsborough County including Shady Creek (a 147-unit single-family home residential development), Spencer Creek (a 145-unit single-family home residential development), Tanglewood Preserve (a 424-unit single-family home residential development), Mixon (a 330-unit single-family home residential development) and more recently the following communities in various phases of development: Riverview Meadows (a 188-unit single-family home residential development) and Southfork East (a 450-unit single-family home residential development), Fern Hill (a 323-unit single family residential development with amenities), Carriage Pointe Phase 2 (a 431-unit single family home residential development), and Carlton Lakes (781- unit single family residential community with enhanced amenities).

Mr. Hills is a 1993 graduate of Auburn University with a degree in Civil Engineering and a 1998 graduate of the University of South Florida with an MBA. Currently, Mr. Hills' companies own approximately 3,400 lots in southern Hillsborough County with another 2,200 under contract.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, the proposed form of which is included as Appendix B hereto, the interest on the Series 2016 Bonds is, under Section 103 of the Code (as defined below), excludable from federal gross income and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations under existing statutes, regulations, published rulings and court decisions. However, interest on the Series 2016 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the District to comply subsequent to the issuance of the Series 2016 Bonds with certain requirements of the Code, regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2016 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The District has covenanted in the Indenture to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2016 Bonds for purposes of federal income taxation. In rendering this opinion, Bond Counsel has assumed continuing compliance with such covenant.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the Series 2016 Bonds, including, among other things, restrictions relating to the use of investment of the gross proceeds of the Series 2016 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2016 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series

2016 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

### **Collateral Tax Consequences**

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should be aware that the ownership of the Series 2016 Bonds may result in collateral federal tax consequences.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2016 BONDS, AS THE CASE MAY BE, AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL OR CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

### **Other Tax Matters**

Bond Counsel is further of the opinion that the Series 2016 Bonds and interest thereon are not subject to taxation under the laws of the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in Chapter 220, Florida Statutes. Interest on the Series 2016 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2016 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2016 Bonds in their particular state or local jurisdictions.

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 2016 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 2016 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 2016 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2016 Bonds.

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

[Under the Code, the difference between the maturity amount of the Series 2016 Bonds maturing on \_\_\_\_\_, 20\_\_ through and including \_\_\_\_\_, 20\_\_ (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." For federal income tax purposes, original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded on each interest payment date (or over a shorter permitted compounding interval selected by the Owner). 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 tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds subject to the same considerations discussed above, 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. Bondholders 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.]

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

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the Series 2016 Bonds, that it will not limit or alter the rights of the issuer of such Bonds, including the District to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects, including the 2016 Project, 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.

#### **LEGALITY FOR INVESTMENT**

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

#### **SUITABILITY FOR INVESTMENT**

In accordance with applicable provisions of Florida law, the Series 2016 Bonds may initially be sold by the District only to "accredited investors" within the meaning of Chapter 517, Florida Statutes and the rules promulgated thereunder. The limitation of the initial offering to "accredited investors" does not denote restrictions on transfer in any secondary market for the Series 2016 Bonds. Investment in the Series 2016 Bonds poses certain economic risks. No dealer, broker, salesperson 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.

#### **ENFORCEABILITY OF REMEDIES**

The remedies available to the Owners of the Series 2016 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2016 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds will be qualified as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.



## **LITIGATION**

### **The District**

There is no litigation of any nature now pending or, to the knowledge of the District threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016 Bonds, or in any way contesting or affecting (i) the validity of the Series 2016 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, (ii) the pledge or application of any moneys or security provided for the payment of the Series 2016 Bonds, (iii) the existence or powers of the District or (iv) the validity of the Assessment Proceedings.

### **The Landowners**

Each of the Landowners has represented that there is no litigation of any nature now pending or, to the knowledge of such Landowner, threatened, which could reasonably be expected to have a material and adverse effect upon the ability of the Landowners to complete the development of the District or to complete the 2016 Project as described herein, or materially and adversely affect the ability of the Landowners to pay the Series 2016 Assessments imposed against the land within the District owned by the Landowners, respectively or to otherwise perform their various respective obligations described in this Limited Offering Memorandum.

## **CONTINGENT FEES**

The District has retained Bond Counsel, District Counsel, the Consulting Engineer, the Methodology Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (which has retained Trustee's counsel), with respect to the authorization, sale, execution and delivery of the Series 2016 Bonds. Except for the payment of fees to District Counsel, the Consulting Engineer and the Methodology Consultant, the payment of fees of the other professionals is each contingent upon the issuance of the Series 2016 Bonds.

## **NO RATING**

No application for a rating for the Series 2016 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2016 Bonds would have been obtained if application had been made.

## **EXPERTS**

The Engineer's Report included in APPENDIX A to this Limited Offering Memorandum has been prepared by Stantec, Inc., Tampa, Florida, the Consulting Engineer. APPENDIX A should be read in its entirety for complete information with respect to the subjects discussed therein. District Management Services, LLC d/b/a Meritus Districts, as Methodology Consultant, has prepared the Assessment Methodology set forth as APPENDIX E hereto. APPENDIX E should be read in its entirety for complete information with respect to the subjects discussed therein.

## **FINANCIAL INFORMATION**

This District will covenant in a Continuing Disclosure Agreement, the proposed form of which is set forth in APPENDIX F hereto, to provide its annual audited financial statements to certain information repositories as described in APPENDIX F, commencing with the audit for the District fiscal year ended September 30, 2016. Attached hereto as APPENDIX E is a copy of the District's most recent unaudited

financial statements for the period ending December 31, 2015. The District does not have audited financial statements because the District has only recently been established. As of the date hereof, the District does not have any significant assets or liabilities and the District has not previously issued any debt obligations. The Series 2016 Bonds are not general obligation bonds of the District and are payable solely from the 2016 Pledged Revenues.

Beginning October 1, 2015, community development districts in Florida must have a separate website with certain information as set forth in Section 189.069, F.S. Under such statute, each district must post its proposed budget and final budget and a link to the auditor general's website (and the district's audit) on a district website or the website of the municipal or county government. The District's website is <http://southfork3cdd.org/>.

### **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 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private business). The District is not and has never been in default as to principal and interest on its bonds or other debt obligations.

### **CONTINUING DISCLOSURE**

The District and the Landowners will enter into the Continuing Disclosure Agreement (the "Disclosure Agreement") in the proposed form of Appendix D, for the benefit of the Series 2016 Bondholders (including owners of beneficial interests in such Series 2016 Bonds), to provide certain financial information and operating data relating to the District and the Development by certain dates prescribed in the Disclosure Agreement (the "Reports") with the MSRB through the MSRB's EMMA system. The specific nature of the information to be contained in the Reports is set forth in "APPENDIX D: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT." Under certain circumstances, the failure of the District or the Landowners to comply with their respective obligations under the Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement would allow the Series 2016 Bondholders (including owners of beneficial interests in such Series 2016 Bonds), as applicable, to bring an action for specific performance.

Neither the District, the Parcel O Landowner nor the Parcel P Landowner have previously entered into continuing disclosure undertakings with respect to Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). The Parcel Q Landowner has not failed in the last five years to comply in all material respects with any prior undertakings to provide continuing disclosure information pursuant to Rule 15c2-12. The District and the Landowners fully anticipate satisfying all future disclosure obligations required pursuant to its Disclosure Agreement and Rule 15c2-12. District Management Services, LLC, a Florida limited liability company d/b/a Meritus Districts, will serve as Dissemination Agent for the Series 2016 Bonds.

### **UNDERWRITING**

FMSbonds, Inc. (the "Underwriter") has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2016 Bonds from the District at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Series 2016 Bonds less [original issue discount of \$\_\_\_\_\_ and] an Underwriter's discount of \$\_\_\_\_\_). The Underwriter's obligations are subject to certain conditions

precedent and the Underwriter will be obligated to purchase all of the Series 2016 Bonds if any are purchased.

The Underwriter intends to offer the Series 2016 Bonds to accredited investors at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Series 2016 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

### **VALIDATION**

Twenty-five million dollars (\$25,000,000) of special assessment revenue bonds of the District to be issued from time to time were validated by the Circuit Court of the Thirteenth Judicial Circuit of Florida on January 6, 2016. The period for appeal of the judgment of validation of such special assessment revenue bonds has expired and no appeal has been filed.

### **LEGAL MATTERS**

Certain legal matters related to the authorization, sale and delivery of the Series 2016 Bonds are subject to the approval of Akerman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel Straley & Robin, P.A., Tampa, Florida, for the Landowners by their counsel, Robert L. Barnes, Jr. P.L., Tampa, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida.

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

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**AUTHORIZATION AND APPROVAL**

The execution and delivery of this Limited Offering Memorandum has been duly authorized by the Board of Supervisors of the District.

**SOUTH FORK III COMMUNITY  
DEVELOPMENT DISTRICT**

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

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

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**South Fork III Community  
Development District**

Special Assessment Revenue  
Bonds, Series 2016

Report of the District Engineer



Prepared for:  
Board of Supervisors  
South Fork III Community  
Development District

Prepared by:  
Stantec Consulting Services Inc.  
2205 North 20th Street  
Tampa, FL 33605  
(813) 223-9500

October 23, 2015

## **1.0 INTRODUCTION**

The South Fork III Community Development District ("the District") encompasses approximately 240.16 acres within Section 15, Township 31, Range 20, Hillsborough County, Florida. The District is located on vacant land with the South Fork community located to the west, the South Cove community to the north, and vacant lands to the east and south.

See Appendix A for a Vicinity Map and Legal Description of the District.

## **2.0 PURPOSE**

The District was established by Hillsborough County Ordinance 15-22 on October 13, 2015 for the purpose of constructing and/or acquiring, maintaining, and operating all or a portion of the public improvements and community facilities within the District.

The purpose of this Report of the District Engineer is to provide a description and estimated costs of the Public Improvements and Community Facilities within Parcels O, P, Q, and R and the extension of Ambleside Boulevard through the District.

See Appendix B for the District's Overall Site Plan.

## **3.0 THE DEVELOPER AND DEVELOPMENT**

The District encompasses the Summerfield Farms General Site Development Plan (RZ 15-0245 BOCC approved March 24, 2015) and the Tom Miller # 2 Parcel General Site Development Plan (RZ 15-0244 RV BOCC approved March 24, 2015).

The property owners, Eisenhower Property Group, LLC and Parcel O LLC (collectively, the "Developer") currently plan to build 515 residential units within the District. Parcel O is planned to contain 119 single family detached units. Parcel P is planned for 208 single family detached units. Parcel Q is planned for 93 single family detached units, and Parcel R is planned for 95 single family detached units. The unit type distribution for the future phases is subject to change, depending on market conditions.

## **4.0 PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES**

The Public Improvements and Community Facilities are separated into Master Improvements, which benefit the entire 515 units, and Subdivision Improvements, which benefit each specific phase construction.



Detailed descriptions of the Proposed Public Improvements and Community Facilities are provided in the following sections.

## **MASTER PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES**

### **4.1 MASTER WATER MANAGEMENT AND CONTROL**

The design criteria for the District's Master Water Management and Control is regulated by Hillsborough County and the Southwest Florida Water Management District (SWFWMD). The water management and control plan for the District focuses on utilizing newly constructed ponds within upland areas and on-site wetlands for stormwater treatment and storage, as well as, storm sewer systems and other conveyance systems that direct runoff to the ponds and wetlands. Such Master Improvements include ponds, wetlands, and conveyance systems related to Master District Roads and lands encompassing the Master Landscaping and Irrigation and Master Amenity Center.

Master Water Management and Control has been designed in accordance with Hillsborough County and SWFWMD technical standards. The District is anticipated to own and maintain the ponds and wetlands and any conveyance systems within easements provided to the District. Hillsborough County is anticipated to own the storm sewer systems related to the Master District Roads.

### **4.2 MASTER WATER SUPPLY**

The District is located within the Hillsborough County Public Utilities service area which will provide water supply for potable water service and fire protection to the property. The Master Water Supply improvements include the extension of existing water mains within Master District Roads rights-of-way.

The Master Water Supply has been/will be designed in accordance with Hillsborough County Public Utilities technical standards. It is anticipated that Hillsborough County will own and maintain these Master Water Supply improvements.

### **4.3 MASTER DISTRICT ROADS**

Master District Roads include the extension of the Ambleside Boulevard right-of-way through the District in two (2) phases. Master District Roads include the roadway asphalt, base, and subgrade, roadway curb and gutter, and sidewalks.

Master District Roads have been/will be designed in accordance with the Hillsborough County technical standards and are anticipated to be owned and maintained by the Hillsborough County.

#### **4.4 MASTER AMENITY**

The Master Amenity includes a pool, clubhouse, playground and associated site work and interior improvements and will be owned and maintained by the District.

#### **4.5 MASTER LANDSCAPING/ HARDSCAPE/IRRIGATION**

Community entry monumentation, landscape buffering/screening and irrigation in common areas will be provided at several points throughout the District and are considered Master Landscaping/Hardscape/Irrigation.

These Master Landscaping/Hardscape/Irrigation improvements will be owned and maintained by the District.

#### **4.6 MASTER PROFESSIONAL SERVICES AND PERMITTING FEES**

Hillsborough County and SWFWMD impose fees for construction permits and plan reviews. These fees vary with the magnitude and size of the development. Additionally, engineering, surveying, and architecture services are needed for the subdivision, landscape, hardscape, and community amenity's design, permitting, and construction. As well, development/construction management services are required for the design, permitting, construction, and maintenance acceptance of the public improvements and community facilities.

Fees associated with performance and warranty financial securities covering Hillsborough County infrastructure may also be required.

These fees associated with the Master Public Improvements and Community Facilities may be funded by the District.

### **SUBDIVISION PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES**

#### **4.7 SUBDIVISION WATER MANAGEMENT AND CONTROL**

The design criteria for the Subdivision Water Management and Control is also regulated by Hillsborough County and SWFWMD. The water management and control plan for the District focuses on utilizing newly constructed ponds within upland areas and on-site wetlands for stormwater treatment and storage, as well as, storm sewer systems and other conveyance systems that direct runoff to the ponds and wetlands. The Subdivision Improvements include ponds, wetlands, and conveyance systems related to Subdivision District Roads and the remaining upland areas within Parcels O, P, Q, and R.

Subdivision Water Management and Control has been/will be designed in accordance with Hillsborough County and SWFWMD technical standards. The District is anticipated to own and maintain the ponds and wetlands and any conveyance systems within easements provided to

the District. Hillsborough County is anticipated to own the storm sewer systems related to the Subdivision District Roads.

Any excavated soil from the ponds is anticipated to remain within the development for use in building public infrastructure including roadways, landscape berming, drainage pond bank fill requirements, utility trench backfill, and filling and grading of public property.

#### **4.8 SUBDIVISION WATER SUPPLY**

The District is located within the Hillsborough County Public Utilities service area which will provide water supply for potable water service and fire protection throughout the subdivision. The Subdivision Water Supply improvements are on-site looped water mains and appurtenances located within Subdivision District Roads rights-of-way and/or easements that function together to provide service.

The Subdivision Water Supply has been/will be designed in accordance with Hillsborough County Public Utilities technical standards. Hillsborough County will own and maintain these facilities.

#### **4.9 SUBDIVISION SEWER AND WASTEWATER MANAGEMENT**

The District is located within the Hillsborough County Public Utilities service area which will provide sewer and wastewater management service to the District. The Subdivision Sewer and Wastewater Management improvements include 8" gravity sanitary sewer systems within the Subdivision District Road rights-of-way and/or easements and pumping stations that will connect to an existing force.

All Subdivision Sewer and Wastewater Management facilities have been/will be designed in accordance with the Hillsborough County Public Utilities technical standards. Hillsborough County will own and maintain these facilities.

#### **4.10 SUBDIVISION DISTRICT ROADS**

Subdivision District Roads are the community subdivision streets and include the roadway asphalt, base, and subgrade, roadway curb and gutter, and sidewalks within rights-of-way abutting common areas.

All Subdivision District Roads have been/will be designed in accordance with the Hillsborough County technical standards and will be owned and maintained by the Hillsborough County.

#### **4.11 SUBDIVISION PROFESSIONAL SERVICES AND PERMITTING FEES**

Hillsborough County and SWFWMD impose fees for construction permits and plan reviews. These fees vary with the magnitude and size of the development. Additionally, engineering, surveying,

and architecture services are needed for the subdivision, landscape, hardscape, and community amenity's design, permitting, and construction. As well, development/construction management services are required for the design, permitting, construction, and maintenance acceptance of the public improvements and community facilities.

Fees associated with performance and warranty financial securities covering Hillsborough County infrastructure may also be required.

These fees associated with Subdivision Public Improvements and Community Facilities may be funded by the District.

## **5.0 PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES COSTS**

See Appendix C for the Construction Cost Estimate of the Public Improvements and Community Facilities.

## **6.0 SUMMARY AND CONCLUSION**

The District, as outlined above, is responsible for the functional development of the lands within the District and, except as noted above in this report, such public improvements and facilities are located within the boundary of the District.

The planning and design of the District has been and will continue to be in accordance with current governmental regulatory requirements.

Items of construction cost in this report are based on our review and analysis of the construction plans for Pradera Lakes Phases 1 and 2 (now referred to as South Fork III Parcel O) and conceptual site plans for future Parcels P, Q, and R, as well as, the development and recent costs expended in similar projects of nature and size. It is our professional opinion that the estimated infrastructure costs provided herein for the development are conservative to complete the construction of the Public Improvements and Community Facilities described herein. All such infrastructure costs are public improvements or community facilities as set forth in Section 190.012(1) and (2) of the Florida Statutes.

The estimate of the construction costs is only an estimate and not a guaranteed maximum cost. The estimated cost is based on historical unit prices or current prices being experienced for on-going and similar items of work in Hillsborough County. The labor market, future costs of equipment and materials, and the actual construction process are all beyond our control. Due to this inherent possibility for fluctuation in costs, the total final cost may be more or less than this estimate.

The professional service for establishing the Construction Cost Estimate are consistent with the degree of care and skill exercised by members of the same profession under similar circumstances.

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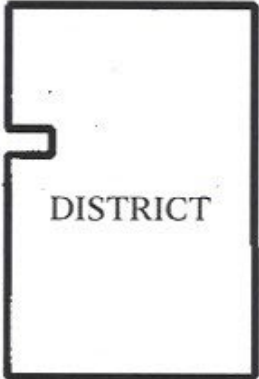
Tonja L. Stewart, P.E.  
Florida License No. 47704

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

Appendix A Vicinity Map and Legal Description of the District

**Appendix A VICINITY MAP AND LEGAL DESCRIPTION OF THE DISTRICT**

**BIG BEND ROAD**



DISTRICT

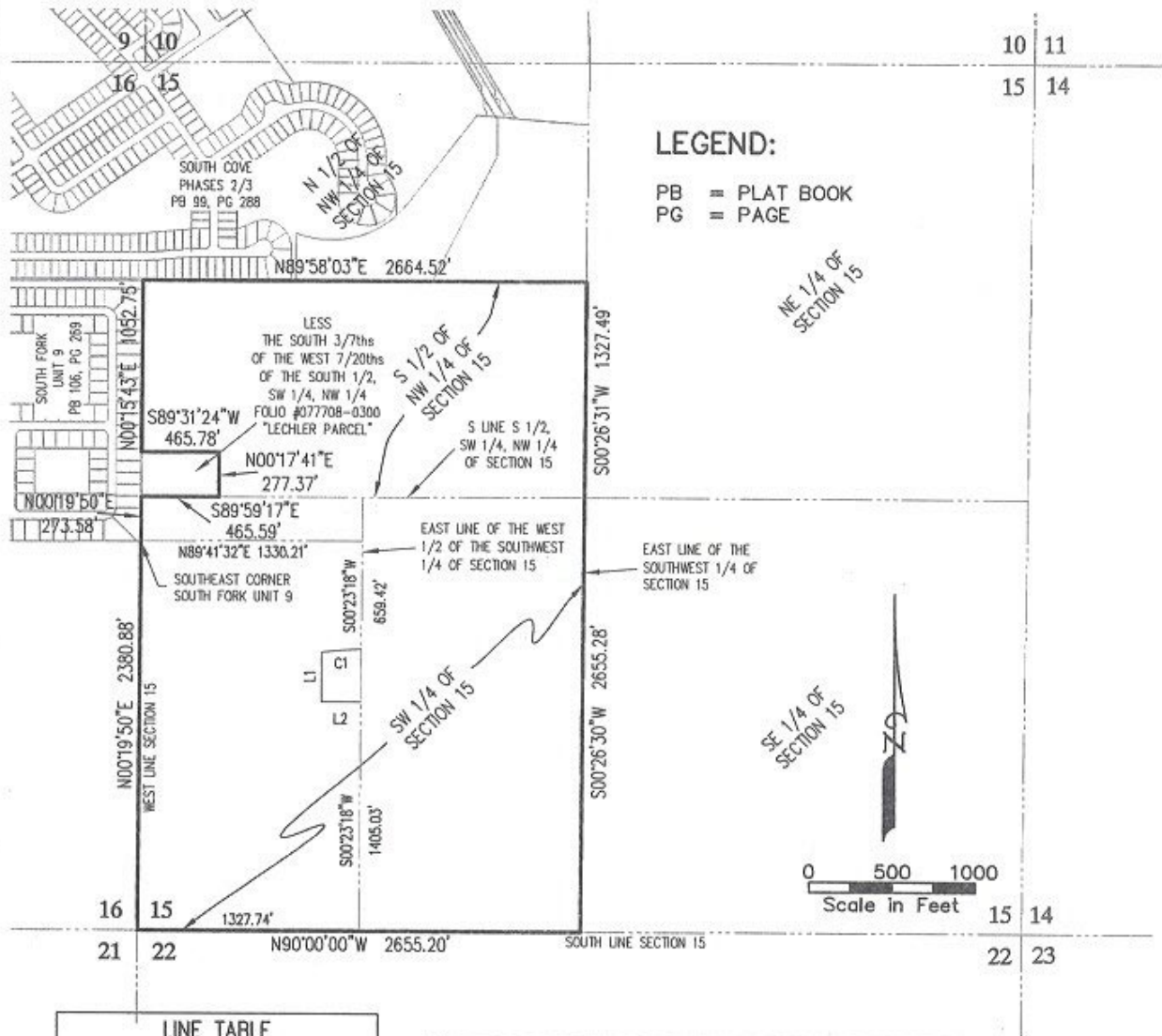
**BALM RIVERVIEW ROAD**



**BALM ROAD**

**CR 672**

THIS IS NOT A SURVEY SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST  
HILLSBOROUGH COUNTY, FLORIDA



LINE TABLE		
LINE	BEARING	LENGTH
L1	S00°23'18"W	304.09'
L2	S89°36'42"E	234.22'

CURVE TABLE					
CURVE	RADIUS	LENGTH	CHORD	BEARING	DELTA
C1	2030.00'	235.21'	235.08'	S85°29'56"W	6°38'19"

REVISION 2 - 5/20/15 LESS LECHLER PARCEL JMP  
REVISION 1 - 5/20/15 REMOVE "LESS AND EXCEPT" LABEL JMP

SKETCH AND LEGAL DESCRIPTION

SCALE 1" = 1000'	DATE 5/04/2015	JOB No. 4802-500-000		
DRAWN JMP	CHECKED GB	SECTION 15	TOWNSHIP 31S	RANGE 20E

**King**  
ENGINEERING ASSOCIATES, INC.

4921 Memorial Highway  
One Memorial Center, Suite 300  
Tampa, Florida 33634  
Phone 813 880-8881  
Fax 813 880-8882  
www.kingengineering.com  
LB #2610

CERTIFIED AS TO SKETCH AND LEGAL DESCRIPTION  
Sketch and Legal Description not valid without the signature and the original raised seal of a Florida licensed Surveyor and Mapper.

*Greg Baksis*

GREG BAKSIS  
PROFESSIONAL SURVEYOR AND MAPPER  
STATE OF FLORIDA # LS6956  
CERTIFICATE OF AUTHORIZATION No. LB 2610

Q:\SURVEY\4802\500\000\CAD\Basedata\Sketch&Legal\Pradera CDD Limits S&L-REV2.dwg, May 20, 2015 2:39 PM, King Engineering Associate Inc.



THIS IS NOT A SURVEY

### LEGAL DESCRIPTION:

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 15 AND THE SOUTHWEST 1/4 OF SECTION 15, LESS THE SOUTH 3/7ths OF THE WEST 7/20ths OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SAID NORTHWEST 1/4 OF SECTION 15, ALL LYING AND BEING IN TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA.

TOTAL SUBJECT PROPERTY CONTAINING 240.155 ACRES.

### SURVEYOR'S NOTES:

1. NO INSTRUMENTS OF RECORD REFLECTING EASEMENTS, RIGHTS-OF-WAY, AND OR OWNERSHIP WERE FURNISHED TO OR PURSUED BY THE UNDERSIGNED.
2. UNLESS IT BEARS THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER THIS DRAWING, SKETCH, PLAT OR MAP IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT VALID.
3. THIS IS A SKETCH AND LEGAL DESCRIPTION ONLY, NOT A FIELD SURVEY.
4. BEARINGS ARE BASED ON THE WEST LINE OF SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA BEING NORTH 00°19'50" EAST, AS SHOWN HEREON.
5. DISTANCES SHOWN HEREON ARE IN US FEET.

### SKETCH AND LEGAL DESCRIPTION

**King**  
ENGINEERING ASSOCIATES, INC.

4921 Memorial Highway  
One Memorial Center, Suite 300  
Tampa, Florida 33634  
Phone 813 880-8881  
Fax 813 880-8882  
www.kingengineering.com  
LB #2610

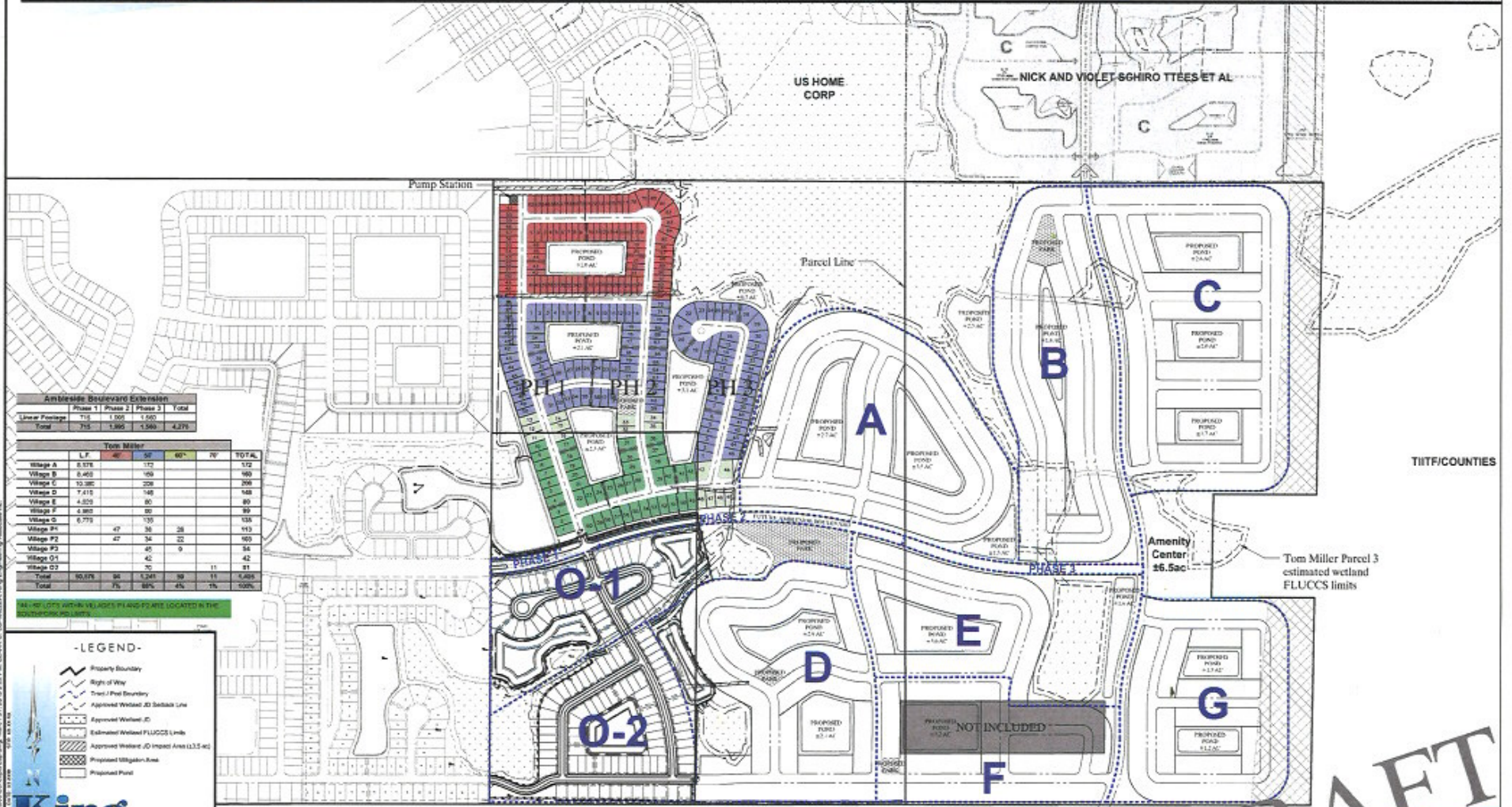
**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

Appendix B overall site plan and general site development plans

**Appendix B OVERALL SITE PLAN AND GENERAL SITE DEVELOPMENT PLANS**

# TOM MILLER

## CONCEPTUAL SITE PLAN



**Amberle Boulevard Extension**

Linear Footage	Phase 1	Phase 2	Phase 3	Total
Total	715	1,900	1,560	4,175

Tom Miller					
	LP	60'	70'	80'	TOTAL
Village A	8,576	112	112	160	8,960
Village B	8,463	109	109	160	8,841
Village C	12,282	228	228	268	12,996
Village D	7,415	148	148	168	7,879
Village E	4,820	80	80	80	5,060
Village F	4,887	80	80	80	5,127
Village G	6,773	130	130	138	7,171
Village P1	47	36	36	36	155
Village P2	47	34	32	32	145
Village P3	45	45	0	0	90
Village O1	42	42	0	0	84
Village O2	70	70	11	11	151
<b>Total</b>	<b>50,878</b>	<b>80</b>	<b>1,241</b>	<b>39</b>	<b>1,405</b>
	<b>7%</b>	<b>88%</b>	<b>4%</b>	<b>1%</b>	<b>100%</b>

**-LEGEND-**

- Property Boundary
- Right of Way
- Trust / Pool Boundary
- Approved Wetland ID Symbol Line
- Approved Wetland ID
- Estimated Wetland FLUCCS Limits
- Approved Wetland ID Impact Area (L3.5-AC)
- Proposed Utility Lines
- Proposed Pond

**King**  
CONSULTING ASSOCIATES, INC.

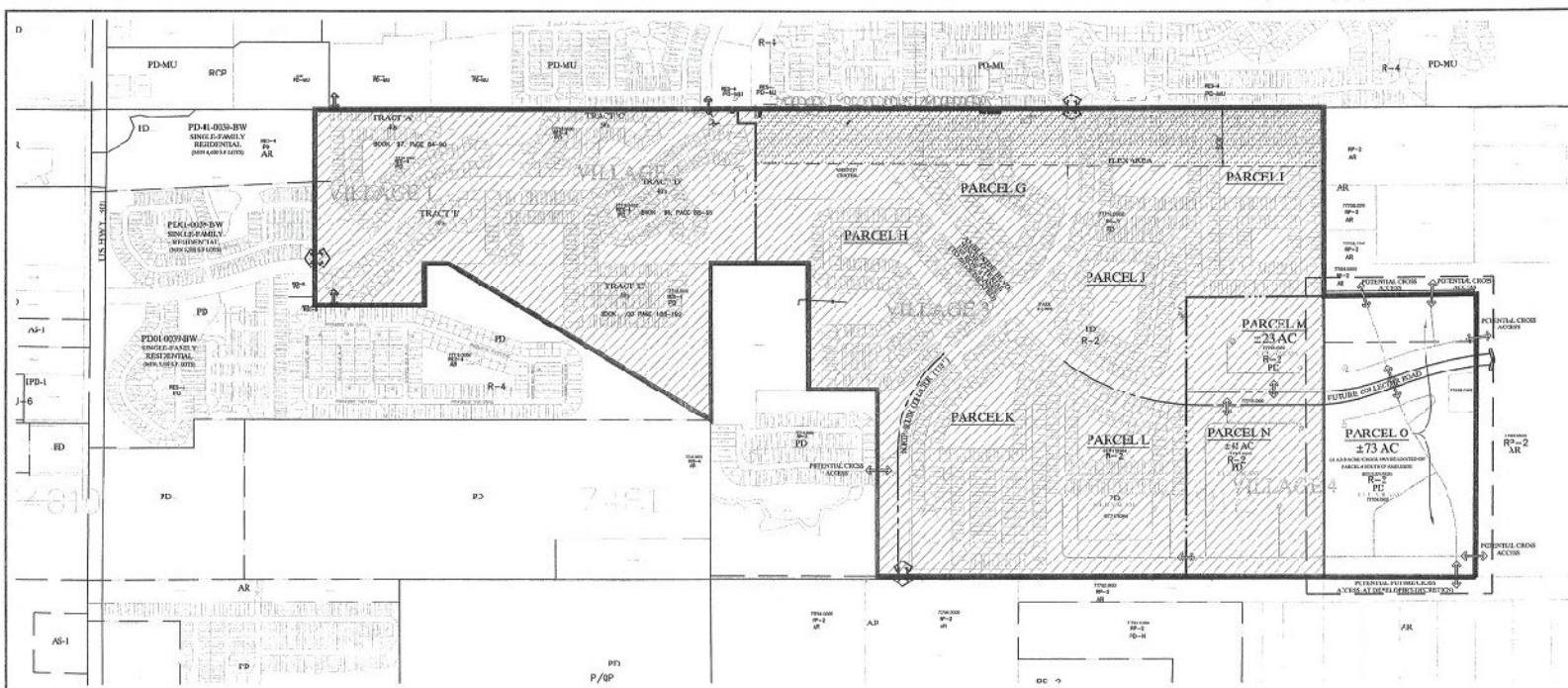
Jacksonville, Florida - 904.834.8755  
 Miami, Florida - 305.867.9090  
 Sarasota, Florida - 813.258.6800  
 Tampa, Florida - 813.890.8881  
 Dallas, Texas - 972.462.4921  
 Houston, Texas - 281.868.9196  
[www.kingconsulting.com](http://www.kingconsulting.com)

# HILLSBOROUGH COUNTY

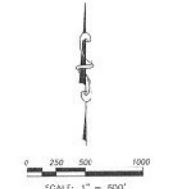
GRAPHIC REPRESENTATIONS ARE GENERAL IN NATURE AND SHOULD BE USED FOR PLANNING PURPOSES ONLY



7/15/10



VICINITY MAP  
SECTION 16 & 17, TOWNSHIP 31S, RANGE 20E  
HILLSBOROUGH COUNTY, FLORIDA  
FOLIO # 77715.0030, 77715.0040,  
77715.0420, 77715.0500, 7771A.0600,  
77709.3000



- LEGEND:**
- Property Lines
  - Conventional Roadway Configuration
  - PPS Area
  - Approx Parcel Boundaries
  - WET-LAND SETBACK
  - Approximate Wetland Line
  - Flex Wetland Area (100 AC)
  - Not Included in PPS
  - Project Access Locator
  - Interior Classification
  - Zoning District
  - Future Land Use Designation
  - Folio Number

15-0245

RECEIVED  
MAR 5 2015  
Development Services  
Department

RES-4  
7715.0000  
Folio Number

# GENERAL SITE DEVELOPMENT PLAN SUMMERFIELD FARMS HILLSBOROUGH COUNTY, FLORIDA

PREPARED FOR:  
EISENHOWER PROPERTY GROUP, L.L.C.  
2801 W DUSCH BLVD, SUITE 102  
TAMPA, FLORIDA 33618

PREPARED BY:

**King**  
ENGINEERING ASSOCIATES, INC.  
4921 Memorial Highway  
One Memorial Center, Suite 300  
Tampa, Florida 33634  
Phone 813 880-8881  
Fax 813 880-8882  
www.kingengr.com  
Licensing Licenses #2610

NO.	DATE	DESCRIPTION	BY	CHKD.
3	03/25/10	CERTIFIED SITE PLAN	JAL	4082-000-0000
2	12/18/10	MINOR MODIFICATION TO ZONING P515-3245	JAL	10/8/20-3
1	06/28/10	CERTIFIED SITE PLAN	JAL	10/8/20-3
MS			APP	CCL

**NOTES:**

- Current zoning: P2(051950) 1,201 single family dwelling units  
Proposed Village II Addition: 278 single family dwelling units  
138 Acres ± 2DU/Acre 278 Dwelling Units  
Flex Provision: RES 4 to RES 2 gives a 2 unit per acre credit.  
Flex area on plan 56.9 ac. (56.9 ac. x 2 unit/acre credit = 113 units)  
Duty = 1,050 Single Family Dwelling units allowed
- Summary: Current zoning (1,296 DU) + Village I Addition (278 DU) + Flex credit (113 DU) = 1,685 Single Family Dwelling units allowed
- Total acreage: ± 622.1 Ac (Village 1, 2, 3 = 465.92 ac)  
(Village 4 = 126.00 ac)  
(Tract E = 31.07 ac)
- The western portion of the project is comprised of Village 1 & 2. Each village will include two lot sizes and meet the following minimum standards for lot size, setbacks, and coverage:

	AS-D	0.8-2
SIZE:	4,430 SF (40' x 110')	3,500 SF (37' x 107')
WIDTH:	40'	37'
FRONT SETBACK:	10'	20'
SIDE SETBACK:	5'	5'
REAR SETBACK:	20'	20'
BUILDING HEIGHT:	12'	12'
COVERAG:	20%	60%

- The western portion of the project is comprised of Village 3 and Village 4. Village 3 and 4 will meet the following minimum standards for lot size, setbacks, and coverage:

	M/TS
SIZE:	5,500 SF (50' x 110')
WIDTH:	50'
FRONT SETBACK:	10'
SIDE SETBACK:	5'
REAR SETBACK:	20'
CORNER WARE:	12'
BUILDING HEIGHT:	25'
COVERAG:	60%

- Portable Water and Storage Disposal by Hillsborough County.
- The entire project lies within flood zones "A" and "X" per F.E.M.A. Flood Community Panel No. 12012130150 and 1201120200.

- Project street shown are approximate and subject to change during permitting and approval of the Transportation Department.
- Project shall be designed in accordance with the Land Development Code for stormwater, transportation, water and wastewater requirements.
- Proposed residential adjacent to existing nonresidential industrial; no buffers required.
- Proposed residential adjacent to existing nonresidential industrial; no buffers required.

**TRACT E ADDITION:**

1. Current zoning: AR  
2. TOTAL ACREAGE: ± 31.07 Ac (Tract E)  
3. RPP: 5300 SF (50' x 110')  
WIDTH: 50'  
FRONT SETBACK: 20'  
SIDE SETBACK: 5'  
REAR SETBACK: 20'  
BUILDING HEIGHT: 12'  
COVERAG: 60%

**LEGAL DESCRIPTION**

Beginning tract of land lying within Sections 16 and 17 of Township 31 North, Range 20 East, Hillsborough County, Florida, more particularly described as follows:  
Beginning at a point, said point being on the north-south dividing line between Sections 16 and 17 of Township 31 North, Range 20 East of Hillsborough County Florida, said point also being on a westerly extension of the authority boundary line of a town known as Meadowbrook at Summerfield, Unit 1, as recorded in Plat Book 6, at Page 23 of the Public Records of said Hillsborough County; thence with said extension line, and along the southerly boundary line of said lands and plat, also extending past said point NSP9021E, a distance of 1182.00 feet, more or less, to the southeast corner of Meadowbrook at Summerfield, Unit 1, as recorded in Plat Book 15, at Page 22 of aforesaid public records, thence NSP9262E, a distance of 2,778.00 feet, more or less to a point on the north-south dividing line of Section 16 and Section 17 of Township 31 North, Range 20 East aforesaid, thence with said north-south dividing line S00002E, a distance of 1680.00 feet, thence departing said line S89°31'24"W, a distance of 1140.51 feet, thence S00°08'52"W a distance of 2351.39 feet, more or less, to the so-called boundary line of said Section 16, thence with said southerly boundary line S89°31'24"W, a distance of 1090.33 feet, thence departing said line S00°22'05"W, a distance of 1060.00 feet, more or less, thence S89°51'14"W, a distance of 600.00 feet, thence NSP7228"W, a distance of 1075.00 feet, thence S89°46'11"W, along the north-south line between said Section 16 and said Section 17 a distance of 350.00 feet to a total of 2339.43 feet; thence S00°17'11"E, a distance of 300.00 feet, thence S89°46'11"W, a distance of 9000.00 feet, thence NSP1711"W, a distance of 1680.00 feet to a vein or lands now or formerly owned by LCH Properties, Inc.; thence with said southerly boundary line and the southerly boundary line of lands now or formerly owned by U.S. Home Corporation, S89°46'11"W, a distance of 756.36 feet, thence continue with the southerly boundary line of said U.S. Home Corporation lands and the southerly boundary line of lands known as Summerfield Village II, Tract 1, NSP3942E, a distance of 2681.22 feet to the point of beginning.  
Containing 451922 Acres, more or less.

**TRACT E ADDITION**

A section of the Northeast 1/4 of the Southeast 1/4 and the Northeast 1/4 of the Southeast 1/4 of Section 17, Township 31 North, Range 20 East, Hillsborough County, Florida, being more particularly described as follows:  
Begin at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of said Section 17, thence S89°06'29"W, a distance of 101.00 feet to the Point of Beginning, thence NSP9422"W, a distance of 2512.32 feet to a point on the north boundary line of the Northeast 1/4 of the Southeast 1/4 of said Section 17, thence NSP9221E, along the north boundary of the southeast 1/4 of said Section 17, a distance of 218.19 feet to the Northeast corner of the Northeast 1/4 of the Southeast 1/4 of said Section 17, thence S89°06'29"E, along the East boundary line of the Northeast 1/4 of the Southeast 1/4 of said Section 17, a distance of 125.52 feet to the POINT OF BEGINNING.  
Containing 31.0724 Acres (± 31.0724 square feet) more or less.

**NOTE:**  
THIS IS A PRELIMINARY LAYOUT AND IS FOR ILLUSTRATIVE PURPOSES ONLY. THE LATEST AVAILABLE ORIGINALLY HAS BEEN UTILIZED. HOWEVER, KING MAKES NO GUARANTEES ON ITS ACCURACY. THE CONCEPT SHOWN IS SUBJECT TO CHANGE BASED ON FINAL ENGINEERING, PERMITS REVIEW, ENVIRONMENTAL, AND GOVERNMENTAL, AGENCIES.

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

Appendix C Construction Cost Estimate of Public Improvements and Community Facilities

**Appendix C CONSTRUCTION COST ESTIMATE OF PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES**

CONSTRUCTION COST ESTIMATE OF THE PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES  
 SOUTH FORK COMMUNITY DEVELOPMENT DISTRICT  
 October 23, 2015

ITEMS	DESCRIPTION			TOTAL
		MASTER	SUBDIVISION	
1	Water Management and Control	\$867,143	\$4,448,796	\$5,315,939
2	Roads	\$863,700	\$1,715,205	\$2,578,905
3	Water Supply	\$234,241	\$570,570	\$804,811
4	Sewer and Wastewater Management	\$295,374	\$1,418,347	\$1,713,721
5	Community Amenities	\$1,500,000		\$1,500,000
9	Landscaping/Irrigation/Hardscaping	\$977,800	\$1,046,699	\$2,024,499
10	Professional Services and Fees	\$184,555	\$1,270,832	\$1,455,387
11	Contingency		\$2,000,000	\$2,000,000
	<b>TOTAL</b>	\$4,922,813	\$12,470,449	
	<b>GRAND TOTAL</b>			<b>\$17,393,262</b>

**South Fork III Community  
Development District**

Supplemental Report of the  
District Engineer



Prepared for:  
Board of Supervisors  
South Fork III Community  
Development District

Prepared by:  
Stantec Consulting Services Inc.  
2205 North 20th Street  
Tampa, FL 33605  
(813) 223-9500

January 6, 2016



## 1.0 INTRODUCTION AND THE DEVELOPMENT

A Report of the District Engineer, dated October 23, 2015, was approved by the Board of Supervisors on the same date. The Report stated that the Developer planned to build 515 residential units within the District which would encompass Parcels O, P, Q, and R. Since the approval of the Report, Parcel R has been removed from the current list of Public Improvements and Community Facilities resulting in a reduction of the currently proposed number of units to 420.

## 2.0 REVISED PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES COSTS FOR 420 UNITS

ITEMS	DESCRIPTION			TOTAL
		MASTER	SUBDIVISION	
1	Water Management and Control	\$867,143	\$3,627,993	\$4,495,136
2	Roads	\$863,700	\$1,398,750	\$2,262,450
3	Water Supply	\$234,241	\$465,300	\$699,540
4	Sewer and Wastewater Management	\$295,374	\$1,230,462	\$1,525,836
5	Community Amenities	\$1,500,000		\$1,500,000
9	Landscaping/Irrigation/Hardscaping	\$977,800	\$853,583	\$1,831,383
10	Professional Services and Fees	\$184,555	\$1,080,207	\$1,264,762
11	Contingency		\$1,631,000	\$1,631,000
	<b>TOTAL</b>	\$4,922,813	\$10,287,295	
	<b>GRAND TOTAL</b>			<b>\$15,210,107</b>

---

Tonja L. Stewart, P.E.  
Florida License No. 47704

**South Fork III Community  
Development District**

Second Supplemental Report of  
the District Engineer



Prepared for:  
Board of Supervisors  
South Fork III Community  
Development District

Prepared by:  
Stantec Consulting Services Inc.  
2205 North 20th Street  
Tampa, FL 33605  
(813) 223-9500

February 17, 2016

## 1.0 INTRODUCTION AND THE DEVELOPMENT

A Report of the District Engineer, dated October 23, 2015, was approved by the Board of Supervisors on the same date, and a Supplemental Report of the District Engineer was issued on January 6, 2016 which updated the scope of the proposed Public Improvements and Community Facilities. This purpose of this Report is to update the unit count within Parcels O, P, and Q. The new unit count, based on new development plans, is 411. The Public Improvements and Community Facilities Costs have not changed since the January 6, 2016 Supplemental Report since the scope of the infrastructure is the same.

## 2.0 PUBLIC IMPROVEMENTS AND COMMUNITY FACILITIES COSTS FOR 411 UNITS

ITEMS	DESCRIPTION			
		MASTER	SUBDIVISION	TOTAL
1	Water Management and Control	\$867,143	\$3,627,993	\$4,495,136
2	Roads	\$863,700	\$1,398,750	\$2,262,450
3	Water Supply	\$234,241	\$465,300	\$699,540
4	Sewer and Wastewater Management	\$295,374	\$1,230,462	\$1,525,836
5	Community Amenities	\$1,500,000		\$1,500,000
9	Landscaping/Irrigation/Hardscaping	\$977,800	\$853,583	\$1,831,383
10	Professional Services and Fees	\$184,555	\$1,080,207	\$1,264,762
11	Contingency		\$1,631,000	\$1,631,000
	<b>TOTAL</b>	\$4,922,813	\$10,287,295	
	<b>GRAND TOTAL</b>			<b>\$15,210,107</b>

  
\_\_\_\_\_  
Tonja E. Stewart, P.E.  
Florida License No. 47704

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**APPENDIX B**

**PROPOSED FORMS OF INDENTURES**

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**MASTER TRUST INDENTURE**

between

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

and

**U.S. BANK NATIONAL ASSOCIATION**

As Trustee

Dated as of March 1, 2016

relating to

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

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**THIS MASTER TRUST INDENTURE**, dated as of March 1, 2016 (the "Master Indenture"), by and between SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT (together with its permitted successors and assigns, the "Issuer"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and U.S. Bank National Association, a national banking association authorized to accept and execute the trusts herein set forth (said banking corporation and any bank or trust company becoming successor trustee under this Master Indenture and all Supplemental Indentures (as hereinafter defined) being hereinafter referred to as the "Trustee");

**WITNESSETH:**

**WHEREAS**, the Issuer is a local unit of special purpose government duly organized and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and established by Ordinance No. 15-22 of Hillsborough County, Florida effective on October 14, 2015, for the purpose, among other things, of financing and managing the acquisition and construction, maintenance, and operation of public infrastructure and other public facilities within and without the boundaries of the premises to be governed by the Issuer; and

**WHEREAS**, the premises governed by the Issuer are located entirely within unincorporated Hillsborough County, Florida (the "County") (herein, the "District Lands"); and

**WHEREAS**, the Issuer has determined to undertake, in one or more stages, the acquisition and construction of certain public infrastructure and facilities pursuant to the Act for the special benefit of certain District Lands (as further described within the applicable Supplemental Indenture, each herein defined as the "Project"); and

**WHEREAS**, the Issuer proposes to finance the cost of acquisition and construction of the Project by the issuance of one or more series of Bonds (as herein defined) pursuant to this Master Indenture.

**NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH**, that to provide for the issuance of Bonds (as hereinafter defined) under this Master Indenture, as supplemented from time to time by one or more Supplemental Indentures (as hereinafter defined), the security and payment of the principal, redemption or purchase price thereof (as the case may be) and interest thereon, any reimbursement due to a Credit Facility Issuer (hereinafter defined), if any, for any drawing on its Credit Facility (hereinafter defined), as required under the terms of the corresponding Credit Facility Agreement (hereinafter defined), the rights of the Owners of the Bonds of a Series (as hereinafter defined) and the performance and observance of all of the covenants contained herein and in said Bonds and in any Credit Facility Agreement for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Bonds of a Series by the Owners thereof, from time to time, the issuance by any Credit Facility Issuer of its Credit Facility, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer hereby assigns, transfers, sets over and pledges to the Trustee and grants a lien on all of the right, title and interest of the Issuer in and to the Pledged Revenues (hereinafter defined) as security for the payment of the principal, redemption or purchase price of (as the case may be) and interest on

Bonds of a Series issued hereunder and any reimbursement due to any Credit Facility Issuer for any drawing on its Credit Facility issued with respect to any such Bonds, as required under the terms of the corresponding Credit Facility Agreement, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

**ARTICLE I  
DEFINITIONS**

In this Master Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) terms defined in the recitals hereto shall have the same meaning throughout this Master Indenture and all Supplemental Indentures, and in addition, the following terms shall have the meanings specified below:

"Account" shall mean any account established pursuant to this Master Indenture and all Supplemental Indentures.

"Act" shall mean the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended from time to time, and any successor statute thereto.

"Annual Budget" shall mean the Issuer's budget of current operating and maintenance expenses for the Project for a Fiscal Year, as the same may be amended from time to time, adopted in accordance with the provisions hereof.

"Arbitrage Certificate" shall mean the certificate of the Issuer delivered at the time of issuance of a Series of Bonds setting forth the expectations of the Issuer with respect to the use of the proceeds of such Series and also containing certain covenants of the Issuer in order to achieve compliance with the Code relating to the tax-status of the Bonds.

"Authorized Denomination" shall mean, unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, a denomination of \$5,000 and integral multiples of \$5,000 in excess thereof.

"Beneficial Owner" shall mean the Person treated as the owner of Bonds for federal income tax purposes while the Bonds are registered in the name of Cede & Co., as the nominee of DTC. The Trustee is authorized to recognize the Beneficial Owners of a Series of Bonds for purposes of approvals, consents or other actions taken hereunder or under a Supplemental Indenture if beneficial ownership is proven to the satisfaction of the Trustee.

"Board" shall mean the Board of Supervisors of the Issuer.

"Bonds" shall mean the South Fork III Community Development District Special Assessment Revenue Bonds, issued in one or more Series pursuant to the provisions of this Master Indenture and Bonds subsequently issued to refund all or a portion of such aforementioned Bonds. If the Issuer determines to issue bond anticipation notes to be secured in whole or in part by a lien on the net proceeds of Bonds to be issued under this Master Indenture, the term "Bonds" shall apply to such short-term notes but only to the extent the Supplemental Indenture relating to such bond anticipation notes so provides.

"Bond Counsel" shall mean Akerman LLP and any other Counsel of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and their political subdivisions.

"Bondholder," "Holder of Bonds," "Holder," "Bondowner" or "Owner" or any similar term shall mean any Person or Persons who shall be the registered owner of any Outstanding Bond or Bonds, as evidenced on the Bond Register of the Issuer kept by the Registrar.

"Bond Redemption Fund" shall mean the Fund so designated which is established pursuant to Section 6.06 hereof.

"Bond Register" shall have the meaning specified in Section 2.04 of this Master Indenture.

"Business Day" shall mean any day other than a Saturday or Sunday or legal holiday or a day on which the office of the Issuer, or corporate office of the Trustee, the Registrar or any Paying Agent is closed, or a day on which the New York Stock Exchange is closed.

"Certified Public Accountant" shall mean a Person, who shall be Independent, appointed by the Board, actively engaged in the business of public accounting and duly certified as a certified public accountant under the laws of the State.

"Certified Resolution" or "Certified Resolution of the Issuer" shall mean a copy of one or more resolutions certified by the Secretary or an Assistant Secretary of the Issuer, under its seal, to have been duly adopted by the Board and to be in full force and effect as of the date of such certification.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Completion Date" shall have the meaning given to such term in Section 5.01 of this Master Indenture.

"Consultant" shall mean a Person, who shall be Independent, appointed by the Board, qualified to pass upon questions relating to municipal entities and having a favorable reputation for skill and experience in the financial affairs of municipal entities.

"Consultant's Certificate" shall mean a certificate or a report prepared in accordance with then applicable professional standards duly executed by a Consultant.

"Consulting Engineer" shall mean the Independent engineer or engineering firm or corporation at the time employed by the Issuer under the provisions of Section 9.19 of this Master Indenture to perform and carry out duties imposed on the Consulting Engineer by this Master Indenture and any Supplemental Indentures. The Independent engineer or engineering firm or corporation at the time serving as the engineer to the Issuer may serve as Consulting Engineer under this Master Indenture and any Supplemental Indentures.



“Continuing Disclosure Agreement” shall mean a Continuing Disclosure Agreement, of the Issuer, and any other obligated party under the Rule, in connection with the issuance of one or more Series of Bonds hereunder, pursuant to the requirements of the Rule.

“Cost” or “Costs,” in connection with a Project or any portion thereof, shall mean all expenses which are properly chargeable thereto under Generally Accepted Accounting Principles or which are incidental to the planning, financing, acquisition, construction, reconstruction, equipping and installation thereof, including, without limiting the generality of the foregoing:

- (a) expenses of determining the feasibility or practicability of acquisition, construction, or reconstruction of a Project;
- (b) cost of surveys, estimates, plans, and specifications;
- (c) cost of improvements;
- (d) engineering, architectural, fiscal, legal, accounting and other professional and advisory expenses and charges;
- (e) cost of all labor, materials, machinery, and equipment (including, without limitation, (i) amounts payable to contractors, builders and materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the Issuer and its employees, materials and supplies purchased by the Issuer and permits and licenses obtained by the Issuer);
- (f) cost of all lands, properties, rights, easements, and franchises acquired;
- (g) financing charges;
- (h) creation of initial reserve and debt service funds;
- (i) working capital;
- (j) interest charges incurred or estimated to be incurred on money borrowed prior to and during construction and acquisition and for such reasonable period of time after completion of construction or acquisition as the Board may determine and as approved by Bond Counsel;
- (k) the cost of issuance of Bonds, including, without limitation, advertisements and printing;
- (l) the cost of any election held pursuant to the Act and all other expenses of issuance of bonds;
- (m) the discount, if any, on the sale or exchange of Bonds;
- (n) amounts required to repay temporary or bond anticipation loans made to finance any costs permitted under the Act;

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which the entity providing such facility agrees to provide funds to make payment of the principal of and interest on the Bonds. Notwithstanding anything to the contrary contained in this Master Indenture, the Bonds may be issued without a Credit Facility; the decision to provide a Credit Facility in respect of any Bonds shall be within the absolute discretion of the Board.

“Credit Facility Agreement” shall mean any agreement pursuant to which a Credit Facility Issuer issues a Credit Facility.

“Credit Facility Issuer” shall mean the issuer or guarantor of any Credit Facility.

“Debt Service Fund” shall mean the Fund so designated which is established pursuant to Section 6.04 hereof.

“Debt Service Requirements,” with reference to a specified period, shall mean:

- (a) interest payable on the Bonds during such period, subject to reduction for amounts held as capitalized interest in the Funds and Accounts established under this Master Indenture and any Supplemental Indentures; and
- (b) amounts required to be paid into any mandatory sinking fund account with respect to the Bonds during such period; and
- (c) amounts required to pay the principal of the Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

For any Bonds that bear interest at a variable rate, the interest payable for a specified period shall be determined as if such Bonds bear interest at the maximum rate provided for in the applicable Supplemental Indenture and if no maximum rate is provided for in the Supplemental Indenture, the maximum rate shall be 10.00% per annum.

“Debt Service Reserve Fund” shall mean the Fund so designated which is established pursuant to Section 6.05 hereof.

“Debt Service Reserve Insurance Policy” shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited to the credit of the Debt Service Reserve Fund or any Account or subaccount therein in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation of the issuer thereof. The issuer thereof shall be a municipal bond insurer whose obligations ranking *pari passu* with its obligations under such policy, bond or other evidence of insurance are rated at the time of deposit of such policy, bond or other evidence of insurance to the credit of the Debt Service Reserve Fund or any Account or subaccount therein in one of the three (3) highest rating categories of either Moody’s or S&P, unless otherwise approved by the Credit Facility Issuer, if any, who has issued a Credit Facility with respect to the Bonds.

“Debt Service Reserve Letter of Credit” shall mean the irrevocable, transferable letter or line of credit, if any, deposited for the credit of the Debt Service Reserve Fund or any Account or subaccount therein in lieu of or in partial substitution for cash or securities on deposit therein,

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(o) costs of prior improvements performed by the Issuer in anticipation of the Project;

(p) 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 other dispute;

(q) 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;

(r) payments, contributions, dedications, and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any District purpose;

(s) administrative expenses;

(t) taxes, assessments and similar governmental charges during construction or reconstruction of the Project;

(u) expenses of Project management and supervision;

(v) costs of effecting compliance with any and all governmental permits relating to the Project;

(w) such other expenses as may be necessary or incidental to the acquisition, construction, or reconstruction of the Project or to the financing thereof; and

(x) any other “cost” or expense as provided by the Act.

In connection with the refunding or redeeming of any Bonds, “Cost” includes, without limiting the generality of the foregoing, the items listed in (d), (k), (l) and (m) above, and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the Issuer or any other Person who has paid the same in addition to direct payment of Costs.

“Counsel” shall mean an attorney-at-law or law firm (who may be counsel for the Issuer) not unsatisfactory to the Trustee.

“County” shall mean Hillsborough County, Florida.

“Credit Facility” shall mean any credit enhancement mechanism such as an irrevocable letter of credit, a surety bond, a policy of municipal bond insurance, a corporate or other guaranty, a purchase agreement, a credit agreement or deficiency agreement or other similar facility applicable to the Bonds, as established pursuant to a Supplemental Indenture, pursuant to

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which letter or line of credit constitutes an unconditional senior obligation of the issuer thereof. The issuer of such letter or line of credit shall be a banking association, bank or trust company or branch thereof whose senior debt obligations ranking *pari passu* with its obligations under such letter or line of credit are rated at the time of deposit of the letter or line of credit to the credit of the Debt Service Reserve Fund or any Account or subaccount therein in one of the two highest rating categories of both Moody’s and S&P, unless otherwise approved by the Credit Facility Issuer, if any, who has issued a Credit Facility with respect to the Bonds.

“Debt Service Reserve Requirement” shall mean, for each Series of Bonds, unless a different requirement (which requirement may be \$0) shall be specified in a Supplemental Indenture, an amount equal to the lesser of (i) the maximum annual Debt Service Requirements for the Outstanding Bonds of such Series, (ii) 125% of the average annual Debt Service Requirements for the Outstanding Bonds of such Series, and (iii) 10% of the original proceeds (within the meaning of the Code) of the Bonds of such Series.

“Defeasance Securities” shall mean, to the extent permitted by law, (a) cash or (b) non-callable Government Obligations.

“Developer Funding Agreement” shall mean, if applicable, one or more developer capital funding agreements between the Issuer and the applicable developer entity, pursuant to which the developer entity agrees to advance, from time to time, sufficient moneys (taking into account proceeds from the applicable Series of Bonds) for cost of issuance or to complete the Project. Any obligation on the part of the Issuer to repay such advances shall be subordinate to the payment of the Bonds.

“District Lands” or “District” shall mean the premises governed by the Issuer.

“District Manager” shall mean the then District Manager or acting District Manager of the Issuer.

“Event of Default” shall mean any of the events described in Section 10.02 hereof.

“Fiscal Year” shall mean the period of twelve (12) months beginning October of each calendar year and ending on September 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding September 30; or such other consecutive twelve-month period as may hereafter be established pursuant to a Certified Resolution as the fiscal year of the Issuer for budgeting and accounting purposes as authorized by law.

“Fitch” shall mean Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

“Fund” shall mean any fund established pursuant to this Master Indenture.

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“Generally Accepted Accounting Principles” shall mean those accounting principles applicable in the preparation of financial statements of municipalities.

“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.

“Indenture” shall mean, with respect to any Series of Bonds, this Master Indenture as supplemented by the Supplemental Indenture pursuant to which such Series of Bonds is issued.

“Independent” shall mean a Person who is not a member of the Issuer’s Board, an officer or employee of the Issuer or any developer, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Issuer’s Board, or an officer or employee of the Issuer; provided, however, that the fact that such Person is retained regularly by or regularly transacts business with the Issuer or any developer shall not make such Person an employee within the meaning of this definition.

“Interest Account” shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

“Interest Payment Date” shall mean, unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, each May 1 and November 1 commencing on the date specified in the Certified Resolution of the Issuer or in the Supplemental Indenture pursuant to which a Series of Bonds is issued.

“Interest Period” shall mean the period from and including any Interest Payment Date to and excluding the next succeeding Interest Payment Date; provided, however, that upon final payment of any Bond at maturity or upon redemption or mandatory purchase, the Interest Period shall extend to, but not include, the date of such final payment.

“Investment Securities” shall mean and include any of the following securities, if and to the extent that such securities are legal investments for funds of the Issuer:

(i) Government Obligations;

(ii) obligations of any of the following agencies: Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Farmers Home Administration; Student Loan Marketing Association; Federal Home Loan Mortgage Corporation.

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

(iv) commercial paper rated in the top two rating category by both Moody’s and S&P at the time of purchase;

(v) municipal securities issued by any state or commonwealth of the United States or political subdivision thereof or constituted authority thereof including, but not limited to, municipal corporations, school districts and other special districts, the interest on which is exempt from federal income taxation under Section 103 of the Code and rated A- or higher by Moody’s, Fitch or S&P at the time of purchase;

(vi) 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 both Moody’s and S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and obligations of any of the following agencies: Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Farmers Home Administration; Student Loan Marketing Association; Federal Home Loan Mortgage Corporation and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody’s and S&P at the time of purchase;

(vii) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly by the provider 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 at the direction by the Issuer 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 Indenture shall contain the following additional provisions:

1) Failure to maintain the requisite collateral percentage will require the Issuer or the Trustee to liquidate the collateral as provided above;

2) The Holder of the Collateral, as hereinafter defined, shall have possession of the collateral or the collateral shall have been transferred to the Holder of the Collateral, in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

3) The repurchase agreement shall state and an opinion of Counsel in form and in substance satisfactory to 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);

4) 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;

5) 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;

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

7) The Issuer and the Trustee shall receive the opinion of Counsel (which opinion shall be addressed to the Issuer and the Trustee and shall be in form and substance satisfactory to the Trustee) 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;

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

9) The interest with respect to the repurchase transaction shall be payable at the times and in the amounts necessary in order to make funds available when required under an applicable Supplemental Indenture.

10) 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;

11) 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

12) The collateral delivered or transferred to the Issuer, 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;

(viii) investment agreements with a bank, insurance company or other financial institution, or the subsidiary of a bank, insurance company or other financial institution if the parent guarantees the investment agreement, which bank, insurance company, financial institution or parent has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated in the highest short-term rating category by Moody’s or S&P (if the term of such agreement does not exceed 365 days), or has an unsecured, uninsured and unguaranteed obligation (or claims paying ability) rated by Aa2 or better by Moody’s and AA or better by S&P or Fitch, 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 unsecured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

1) interest is paid on any date interest is due on the Bonds (not more frequently than quarterly) at a fixed rate (subject to adjustments for yield restrictions required by the Code) during the entire term of the agreement;

2) moneys invested thereunder may be withdrawn without penalty, premium, or charge upon not more than two days’ notice unless otherwise specified in a Supplemental Indenture;

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

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

5) in the event of a suspension, withdrawal, or downgrade below Aa3, AA- or AA- by Moody’s, S&P or Fitch, respectively, the

provider shall notify the Trustee within five (5) days of such downgrade event and the provider shall at its option, within ten (10) business days after notice is given to the Trustee take any one of the following actions:

6) collateralize the agreement at levels, sufficient to maintain an "AA" rated investment from S&P or Fitch and an "Aa2" from Moody's with a market to market approach, or

7) assign the agreement to another provider, as long as the minimum rating criteria of "AA" rated investment from S&P or Fitch and an "Aa2" from Moody's with a market to market approach; or

8) have the agreement guaranteed by a provider which results in a minimum rating criteria of an "AA" rated investment from S&P or Fitch and an "Aa2" from Moody's with a market to market approach; or

9) repay all amounts due and owing under the agreement.

10) In the event the provider has not satisfied any one of the above conditions within three (3) days of the date such conditions apply, then the agreement shall provide that the Trustee shall be entitled to withdraw the entire amount invested plus accrued interest without penalty or premium.

(ix) 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, at the time of purchase, rated A- or better by at least two (2) of the following rating agencies: Moody's, S&P or Fitch or AA- or better by either S&P or Fitch or Aa- by Moody's;

(x) 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, at the time of purchase, is rated at least "AA" by S&P (without regard to gradation) or at least "Aa" by Moody's (without regard to gradation);

(xi) negotiable or non-negotiable certificates of deposit, savings accounts, deposit accounts, money market deposits or banking arrangements issued by or with any financial institution subject to state or federal regulation provided that the full principal amount is insured by the Federal Deposit Insurance Corporation ("FDIC") (including the FDIC's Savings Association Insurance Fund); and

(xii) other investments permitted by Florida law and directed by the Issuer.

Under all circumstances, the Trustee shall be entitled to request, receive and rely upon an Officer's Certificate from the Issuer setting forth that any investment directed by the Issuer is permitted under the Indenture.

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"Issuer" shall mean the South Fork III Community Development District.

"Major Non-Recurring Expense" shall mean the cost of major replacement or reconstruction of the Project, or any part thereof, the cost of major repairs, renewals or replacements, the provision of a reserve for the payment of insurance premiums not due on an annual or more frequent basis, and the cost of studies, surveys, estimates and investigations in connection with any of the foregoing.

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of the applicable Series of Bonds then Outstanding.

"Master Indenture" shall mean, this Master Trust Indenture dated as of March 1, 2016 by and between the Issuer and the Trustee, as amended and or supplemented in accordance with the provisions of Article XIII hereof.

"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 shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

"Officers' Certificate" or "Officer's Certificate" shall mean a certificate, duly executed by a Responsible Officer and delivered to the Trustee.

"Outstanding," in connection with a Series of Bonds, shall mean, as of the time in question, all Bonds of such Series authenticated and delivered under the Indenture, except:

(a) all Bonds theretofore cancelled or required to be cancelled under Section 2.07 hereof;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Defeasance Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XIV hereof, shall have been or shall concurrently be deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article II hereof.

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding of a Series have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds of such Series which are known by the Trustee to be held by or on behalf of the Issuer shall be disregarded for the purpose of any such determination, unless all of the Bonds of such Series are held by or on behalf of the Issuer; provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 11.09 hereof.

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"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Paying Agent" shall mean initially, U.S. Bank National Association and thereafter any successor thereto appointed in accordance with Section 11.20 of this Master Indenture.

"Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, governmental body, political subdivision, municipality, municipal authority or any other group or organization of individuals.

"Pledged Revenues" shall mean, unless otherwise provided by Supplemental Indenture with respect to a Series of Bonds, with respect to each Series of Bonds Outstanding, (a) all revenues received by the Issuer from Special Assessments levied and collected on all or a portion of the District Lands, with respect to the Project or portion thereof financed by such Series of Bonds, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Special Assessments or from the issuance and sale of tax certificates with respect to such Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture allocated to such Series of Bonds; provided, however, that Pledged Revenues shall not include any moneys transferred to the Rebate Fund, or investment earnings thereon.

"Prepayment" shall mean the payment by any owner of Property of the amount of Special Assessments encumbering its property, in whole or in part, prior to its scheduled due date.

"Project" shall mean with respect to any Series of Bonds, the design, acquisition, construction equipping and/or improvement of certain public infrastructure and public facilities; and related incidental costs, all as more specifically described in the Supplemental Indenture relating to such Series of Bonds; provided that the Project shall specially benefit all of the District Lands on which Special Assessments to secure such Series of Bonds have been levied.

"Property Appraiser" shall mean the property appraiser of the County.

"Property Appraiser and Tax Collector Agreement" shall mean the Property Appraiser and Tax Collector Agreement described in Section 9.04 hereof.

"Rebate Fund" shall mean the Fund so designated, which is established pursuant to Section 6.11 of this Master Indenture.

"Record Date" shall mean, as the case may be, the applicable Regular or Special Record Date.

"Redemption Price" shall mean the principal amount of any Bond of a Series plus the applicable premium, if any, payable upon redemption thereof pursuant to the Indenture.

"Registrar" shall mean initially U.S. Bank National Association, which entity shall have the responsibilities set forth in Section 2.04 of this Master Indenture, and thereafter any successor thereto appointed in accordance with Section 11.20 of this Master Indenture.

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"Regular Record Date" shall mean the fifteenth day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

"Regulatory Body" shall mean and include (a) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America, (b) the State, any political subdivision thereof and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the State, (c) the County and any department, agency or instrumentality heretofore or hereafter created, designated or established by the County, and (d) any other public body, whether federal, state or local or otherwise having regulatory jurisdiction and authority over the Issuer.

"Responsible Officer" shall mean any member of the Board or any other officer of the Issuer, including the Secretary or other person designated by Certified Resolution of the Issuer, a copy of which shall be on file with the Trustee, to act for any of the foregoing, either generally or with respect to the execution of any particular document or other specific matter.

"Revenue Fund" shall mean the Fund so designated which is established pursuant to Section 6.03 hereof.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"S&P" shall mean Standard & Poor's Ratings Services, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer and acceptable to the Trustee.

"Series" shall mean all of the Bonds authenticated and delivered at one time on original issuance and pursuant to any Certified Resolution of the Issuer authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable 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 Issuer upon original issuance. Two or more Series or sub-Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Indenture. As may be provided by subsequent proceedings of the Issuer, one or more Series of Bonds or sub-Series of Bonds, whether issued at the same time or not, may be separately secured by Special Assessments imposed pursuant to separate assessment proceedings. Such Bonds or sub-Series of Bonds which are secured by separate Special Assessments will not be issued as parity bonds even if issued at the same time.

"Sinking Fund Account" shall mean the Account so designated, established as a separate account within the Debt Service Fund pursuant to Section 6.04 hereof.

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"Special Assessments" shall mean (a) the net proceeds derived from the levy and collection of "special assessments," as provided for in Sections 190.011(14) and 190.022 of the Act against District Lands that are subject to assessment as a result of a particular Project or any portion thereof, and (b) the net proceeds derived from the levy and collection of "benefit special assessments," as provided for in Section 190.021(2) of the Act, against the lands within the District that are subject to assessment as a result of a particular Project or any portion thereof, and in the case of both "special assessments" and "benefit special assessments," including the interest and penalties on such assessments, pursuant to all applicable provisions of the Act and Chapter 170, Florida Statutes, and Chapter 197, Florida Statutes (and any successor statutes thereto), including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax certificates with respect to such assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser pursuant to the Property Appraiser and Tax Collector Agreement. "Special Assessments" shall not include "special assessments" levied and collected by the Issuer under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the Issuer under Section 190.021(3) of the Act.

"Special Record Date" shall mean such date as shall be fixed for the payment of defaulted interest on the Bonds in accordance with Section 2.01 hereof.

"State" shall mean the State of Florida.

"Supplemental Indenture" and "indenture supplemental hereto" shall mean any indenture amending or supplementing this Master Indenture which may be entered into in accordance with the provisions of this Master Indenture.

"Tax Collector" shall mean the tax collector of the County.

The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the form of Bond), refer to the entire Master Indenture.

Every "request," "requisition," "order," "demand," "application," "notice," "statement," "certificate," "consent," or similar action hereunder by the Issuer shall, unless the form or execution thereof is otherwise specifically provided, be in writing signed by the Responsible Officer of the Issuer.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa.

[END OF ARTICLE I]

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shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

The Trustee is hereby constituted and appointed as Paying Agent for the Bonds.

Section 2.02 Execution. The Bonds shall be executed by the manual or facsimile signature of the Chairperson or Vice Chairperson of the Issuer, and the corporate seal of the Issuer shall appear thereon (which may be in facsimile) and shall be attested by the manual or facsimile signature of its Secretary or Assistant Secretary. Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee, notwithstanding that one or both of the officers of the Issuer whose signatures appear on such Bonds shall have ceased to hold office at the time of issuance or authentication or shall not have held office at the date of the Bonds.

Section 2.03 Authentication. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

Section 2.04 Registration and Registrar. The Trustee is hereby constituted and appointed as the Registrar for the Bonds. The Registrar shall act as registrar and transfer agent for the Bonds. The Issuer shall cause to be kept at an office of the Registrar a register (herein sometimes referred to as the "Bond Register" or "Register") in which, subject to the provisions set forth in Section 2.08 below and such other regulations as the Issuer and Registrar may prescribe, the Issuer shall provide for the registration of the Bonds and for the registration of transfers and exchanges of such Bonds. The Trustee shall notify the Issuer in writing of the specific office location (which may be changed from time to time, upon similar notification) at which the Bond Register is kept.

Section 2.05 Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the Issuer shall execute and the Trustee shall thereupon authenticate and deliver a new Bond of like Series, tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of such mutilated Bond for cancellation, and the Issuer and the Trustee may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee; and if such evidence shall be satisfactory

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## ARTICLE II THE BONDS

Section 2.01 Amounts and Terms of Bonds; Details of Bonds. The Issuer is hereby authorized to issue in one or more Series pursuant to the terms and conditions of this Master Indenture, its obligations to be known as "South Fork III Community Development District Special Assessment Revenue Bonds, Series [to be designated]" (the "Bonds"). The Bonds shall be issued in Authorized Denominations unless otherwise provided in a Supplemental Indenture and within each Series shall be numbered consecutively from R-1 and upwards. All Bonds shall be issued only upon satisfaction of the conditions set forth in Article III hereof; and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in such request.

Each Bond shall be dated, shall have such Interest Payment Dates, shall bear interest from such date or dates and at such rate or rates until the maturity thereof, payable on such Interest Payment Dates, and shall be stated to mature (subject to the right of prior redemption), all as provided in, or pursuant to, a Supplemental Indenture.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender on the respective dates of payment thereof for the payment of public and private debts. Unless otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, the principal of all Bonds shall be payable at the designated corporate trust office of the Paying Agent upon the presentation and surrender of such Bonds as the same shall become due and payable.

Except to the extent otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, interest on any Bond is payable on any Interest Payment Date by check or draft mailed on the Interest Payment Date to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date, at his address as it appears on the Bond Register. The Bonds shall bear interest from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid or if interest has not been paid then from the Dated Date of the Bonds. Any interest on any Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register. The foregoing notwithstanding, but subject to the procedures set forth in Section 2.11 hereof, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000

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to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver a new Bond of like Series, tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee, pay to the Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.05 shall constitute an additional contractual obligation of the Issuer, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Master Indenture and applicable Supplemental Indenture equally and proportionately with any and all other Bonds of such same Series duly issued hereunder and under such Supplemental Indenture.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

Section 2.06 Temporary Bonds. Pending preparation of definitive Bonds, or by agreement with the original purchasers of all Bonds, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds of substantially the tenor recited above. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds. So long as Cede & Co., or any other nominee of DTC is the registered Owner of the Bonds, the definitive Bonds shall be in typewritten form.

Section 2.07 Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the Registrar or the Paying Agent to, and cancelled and destroyed by, the Trustee in accordance with its retention policy then in effect.

Section 2.08 Registration, Transfer and Exchange. As provided in Section 2.04 hereof, the Issuer shall cause a Bond Register in respect of the Bonds to be kept at the designated office of the Registrar.

Upon surrender for registration of transfer of any Bond at the designated office of the Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.08, the Issuer shall execute and the Trustee (or Registrar as described in Section 2.03 and Section 2.04 hereof) shall authenticate and deliver, in the name of the designated transferees,

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one or more new Bonds of a like aggregate principal amount and of the same Series and maturity.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of a like aggregate principal amount and of the same Series and maturity, upon surrender of the Bonds to be exchanged at any such office of the Registrar. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or Registrar as described in Section 2.03 and Section 2.04 hereof) shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the Issuer, evidencing the same debt and entitled to the same benefits under this Master Indenture and applicable Supplemental Indenture as the Bonds of such Series surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing.

Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the Issuer nor the Registrar on behalf of the Issuer shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

**Section 2.09 Persons Deemed Owners.** The Issuer, the Trustee, any Paying Agent, or the Registrar shall deem and treat the person in whose name any Bond is registered as the absolute Owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, any Paying Agent or the Registrar) for the purpose of receiving payment of or on account of the principal or Redemption Price of and interest on such Bond, and for all other purposes, and the Issuer, the Trustee, any Paying Agent, and the Registrar shall not be affected by any notice to the contrary. All such payments so made to any such Owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Bond.

**Section 2.10 Limitation on Incurrence of Certain Indebtedness.** The Issuer will not issue Bonds of any Series secured by a parity lien on the same Pledged Revenues pledged to any Series of Outstanding Bonds, provided that the Issuer may enter into agreements with issuers of Credit Facilities which involve liens on Pledged Revenues on a parity with that of the Bonds or portion thereof which is supported by such Credit Facilities.

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terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer elects to discontinue the book-entry only system in conformity with the requirements of DTC, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Bonds may be exchanged for an equal aggregate principal amount of Bonds in other Authorized Denominations and of the same maturity and Series upon surrender thereof at the designated corporate trust office of the Trustee.

[END OF ARTICLE II]

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**Section 2.11 Qualification for The Depository Trust Company.** To the extent provided in a Supplemental Indenture or authorized and directed by a Resolution of the Issuer authorizing the issuance of a Series of Bonds, the Trustee shall be authorized to enter into agreements with The Depository Trust Company, New York, New York ("DTC") and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, teletype or other similar means of communication.

So long as there shall be maintained a book-entry-only system with respect to a Series of Bonds, the following provisions shall apply:

Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, each Series of Bonds shall initially be registered in the name of Cede & Co. as nominee for DTC, which will act initially as securities depository for the Bonds and so long as the Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, such Bonds shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Bonds ("Beneficial Owners").

Principal and interest on the Bonds registered in the name of Cede & Co. prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

The Bonds registered in the name of Cede & Co. shall initially be issued in the form of one fully registered Bond for each maturity of each Series registered in the name of Cede & Co. and shall be held in such form until maturity. Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Bonds, through DTC Participants and Indirect Participants.

**DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE BONDS, ANY NOTICES TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICES TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO BENEFICIAL OWNERS.**

The Issuer and the Trustee, if appropriate, shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be

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### ARTICLE III ISSUE OF BONDS

**Section 3.01 Issue of Bonds.** Subject to the provisions of Section 2.01 hereof, the Issuer may issue one or more Series of Bonds hereunder and under Supplemental Indentures from time to time for the purpose of financing the Cost of acquisition or construction of a Project or to refund all or a portion of a Series of Bonds (and to pay the costs of the issuance of such Bonds and to pay the amounts required to be deposited with respect to such Bonds in the Funds and Accounts established under the Indenture). In connection with the issuance of a Series of Bonds the Trustee shall, at the request of the Issuer, authenticate the Bonds and deliver or cause them to be authenticated and delivered, as specified in the request, but only upon receipt of:

1) a Certified Resolution of the Issuer (a) approving a Supplemental Indenture under which the Series of Bonds are to be issued; (b) providing the terms of the Bonds and directing the payments to be made into the Funds and Accounts in respect thereof as provided in Article VI hereof; (c) authorizing the execution and delivery of the Series of Bonds to be issued; and (d) if the purpose is to effectuate a refunding, authorizing the redemption, if any, of the Bonds to be refunded and the defeasance thereof, and the execution and delivery of an escrow agreement, if applicable, and other matters contained in Section XIV hereof;

2) a written opinion or opinions of Counsel to the Issuer, addressed to the Trustee substantially to the effect that (a) the Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the Issuer will be valid obligations of the Issuer entitled to the benefit of the trust created hereby and will be enforceable in accordance with their terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity; (b) based on certificate of Issuer Engineer, the Issuer has good right and lawful authority under the Act to undertake the Project, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body; (c) this Master Indenture and the applicable Supplemental Indenture has been duly and validly authorized, approved, and executed by the Issuer; (d) the issuance of the Series of Bonds has been duly authorized and approved by the Board; (e) that the Special Assessment proceedings have been taken in accordance with Florida law and that the Issuer has taken all action necessary to levy and impose the Special Assessments; (f) that the Special Assessments are legal, valid, and binding liens upon the property against which the Special Assessments are made, coequal with the lien of all state, county, Issuer and municipal ad valorem taxes and superior in priority to all other liens, titles and claims against said property then existing or thereafter created, until paid; and (g) this Master Indenture and the applicable Supplemental Indenture (assuming due authorization, execution and delivery by the Trustee) constitutes a binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms except as enforcement

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thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity (clause (b) shall not apply in the case of the issuance of a refunding Series of Bonds);

3) for any Series of Bonds issued to finance the Cost of acquisition or construction of a Project, a Consulting Engineer's certificate addressed to the Issuer and the Trustee in connection with the issuance of Bonds any proceeds of which will be used to finance Costs of a Project setting forth the estimated cost of the Project, and in the case of an acquisition by the Issuer of all or a portion of the Project that has been completed, stating, substantially to the effect that in the signer's opinion, (a) that the portion of the Project improvements to be acquired from the proceeds of such Bonds have been completed in accordance with the plans and specifications therefor; (b) the Project improvements are constructed in a sound workmanlike manner and in accordance with industry standards; (c) the purchase price to be paid by the Issuer for the Project improvements is no more than the lesser of (i) the fair market value of such improvements and (ii) the actual Cost of construction of such improvements; and (d) the plans and specifications for the Project improvements have been approved by all Regulatory Bodies required to approve them (specifying such Regulatory Bodies) or such approval can reasonably be expected to be obtained;

4) a copy of the Supplemental Indenture for such Bonds, certified by the Secretary or Assistant Secretary of the Issuer as being a true and correct copy thereof;

5) the proceeds of the sale of such Bonds together with any required equity deposit by any developer entity or any other legally available moneys;

6) any Credit Facility authorized by the Issuer in respect to such Bonds;

7) one or more Certified Resolutions of the Issuer relating to the levy of Special Assessments in respect of the Project, and evidencing that the Issuer has undertaken and, to the extent then required under applicable law, completed all necessary proceedings, including, without limitation, the approval of assessment rolls, the holding of public hearings, the adoption of resolutions and the establishment of all necessary collection procedures, in order to levy and collect Special Assessments upon the District Lands in an amount sufficient to pay the Debt Service Requirement on the Bonds to be issued;

8) an executed opinion of Bond Counsel;

9) a written direction of the Issuer to the Trustee to authenticate and deliver such Bonds;

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#### ARTICLE IV CONSTRUCTION OR ACQUISITION OF PROJECT

Section 4.01 Project to Conform to Plans and Specifications: Changes. The Issuer will proceed to complete any Project or portion thereof for which any Series of Bonds is being issued in accordance with the plans and specifications therefor, as such plans and specifications may be amended from time to time, and subject to the specific requirements of the Supplemental Indenture for such Series of Bonds.

Section 4.02 Compliance Requirements. The Issuer will comply with all present and future laws, acts, rules, regulations, orders and requirements lawfully made and applicable in fact to any acquisition or construction hereby undertaken and shall obtain all necessary approvals under federal, state and local laws, acts, rules and regulations necessary for the construction or acquisition, completion and operation of any Project or portion thereof for which any Series of Bonds is being issued and shall complete any Project or portion thereof in conformity with such approvals, laws, rules and regulations.

[END OF ARTICLE IV]

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10) a copy of a Final Judgment of validation and a Certificate of No Appeal with respect to the Bonds that are subject to validation or an opinion of Counsel that the Bonds are not subject to validation;

11) in the case of the issuance of a refunding Series of Bonds, an Officer's Certificate of the Issuer or a report of an accounting or similar firm stating (a) the Bonds to be refunded; (b) any other amounts available for such purpose; (c) that the proceeds of the issue plus the other amounts, if any, stated to be available for the purpose will be sufficient to refund the Bonds to be refunded in accordance with the refunding plan and in compliance with Article XIV of this Master Indenture, including, without limitation, to pay the Costs of issuance of such Bonds, and (d) that notice of redemption, if applicable, of the Bonds to be refunded has been duly given or that provision has been made therefor, as applicable;

12) in the case of the issuance of a refunding Series of Bonds, a written opinion of Bond Counsel to the effect that the issuance of such Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds issued pursuant to the Indenture (to the extent that upon original issuance thereof such Bonds were issued as Bonds the interest on which is excludable from gross income for federal income tax purposes); and

13) such other documents, certifications and opinions as shall be required by the Supplemental Indenture, by the Participating Underwriter or the initial purchaser of a Series of Bonds or by the Issuer or the Trustee upon advice of counsel.

At the option of the Issuer, any or all of the matters required to be stated in the Certified Resolution described in (1) above may instead be stated in a Supplemental Indenture, duly approved by a Certified Resolution of the Issuer. Execution of a Series of the Bonds by the Issuer shall be conclusive evidence of satisfaction of conditions precedent, set forth in this Article, as to the Issuer.

[END OF ARTICLE III]

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#### ARTICLE V ACQUISITION AND CONSTRUCTION FUND

Section 5.01 Acquisition and Construction Fund. The Trustee shall establish an Acquisition and Construction Fund into which shall be deposited the proceeds from each Series of Bonds issued under the Indenture (unless otherwise specified herein or in the applicable Supplemental Indenture for a Series of Bonds) and from which Costs may be paid as set forth herein and in the applicable Supplemental Indenture. Unless otherwise specified in the applicable Supplemental Indenture, a separate Series Account shall be established in the Acquisition and Construction Fund with respect to each Series of Bonds issued hereunder and the proceeds of each Series of Bonds (other than Bonds issued to refund all or a portion of the Bonds) shall be deposited into the corresponding Series Account in the Acquisition and Construction Fund. The amounts in any Series Account of the Acquisition and Construction Fund, until applied as hereinafter provided, shall be held for the security of the Series of Bonds hereunder in respect of which such Series Account was established. Separate subaccounts within any Series Account of the Acquisition and Construction Fund shall be maintained by the Trustee in respect of each Series of Bonds upon request of the Issuer whenever, in the opinion of the Issuer, it is appropriate to have a separate accounting in respect of the Costs of any designated portion of the Project including, but not limited to, a costs of issuance subaccount. Payments shall be made from the appropriate Series Account of the Acquisition and Construction Fund to pay any unpaid Costs of Issuance of the Series of Bonds in question, including without limitation, legal, engineering, and consultants' fees and to pay amounts to be reimbursed to the Issuer for Costs advanced, and thereafter to pay Costs of planning, financing, acquisition, construction, reconstruction, equipping and installation of the Project or portion thereof.

(a) Deposits. In addition to the deposit of amounts received by the Trustee on the date of issuance of each Series of Bonds, the Issuer shall pay or cause to be paid to the Trustee, per deposit into the Series Account of the Acquisition and Construction Fund, as promptly as practicable, the following amounts:

(i) Subject to the provisions of Section 9.22 hereof, payments made to the Issuer from the sale, lease or other disposition of the Project or any portion thereof; and

(ii) Subject to the provisions of Section 9.12 hereof, the balance of insurance proceeds with respect to the loss or destruction of the Project or any portion thereof; and

Amounts in the applicable Series Account of the Acquisition and Construction Fund shall be applied to pay the Cost of the Project or a portion thereof, as applicable, pertaining to the Series of Bonds in question; provided, however, that if any amounts remain in the Series Account of the Acquisition and Construction Fund after the Completion Date (as defined in paragraph (c) below) of the Project or portion thereof pertaining to the Series of Bonds in question, and if such amounts are not reserved for payment of any remaining part of the Cost of the Project, such amounts shall be transferred to the applicable Series Account of the Bond Redemption Fund for application to the redemption of Bonds of the Series to which such proceeds relate, as set forth in Section 6.06 hereof or in the applicable Supplemental Indenture.

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(b) *Disbursements.* Unless provided otherwise in a Supplemental Indenture, all payments from the Acquisition and Construction Fund shall be paid in accordance with the provisions of this subsection. Moneys in the appropriate Series Account of 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 this subsection (b). Before any such payment shall be made, the Issuer shall file with the Trustee a fully executed requisition, signed by a Responsible Officer and, except for payments of cost of issuance, a certificate of the Consulting Engineer signed by a Consulting Engineer. Upon receipt of each such requisition and accompanying certificate, the Trustee shall promptly withdraw from the appropriate Series Account of the Acquisition and Construction Fund and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. All requisitions and certificates received by the Trustee pursuant to this Section 5.01 shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the Issuer, the Consulting Engineer, the Owner of any Bonds, and the agents and representatives thereof.

(c) *Completion of Project.* On the date of completion of the Project or if sufficient moneys are retained in the appropriate Series Account of the Acquisition and Construction Fund, to complete the Cost of the Project, in either case, as evidenced by the delivery to the Trustee of a Certificate of the Consulting Engineer and adoption of a resolution by the Board accepting the Project as provided by Section 170.09, Florida Statutes, as amended (the "Completion Date"), the balance in the appropriate Series Account of the Acquisition and Construction Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Project shall be transferred by the Trustee to, and deposited in, the applicable Series Account of the Bond Redemption Fund and applied as provided in Section 6.06 hereof and in the applicable Supplemental Indenture.

[END OF ARTICLE V]

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Supplemental Indenture pursuant to which a Series of Bonds is issued, except as otherwise provided in a Supplemental Indenture, for the benefit of the specific Series of Bonds and any Series issued on a parity therewith and, unless expressly otherwise provided in said Supplemental Indenture, shall not apply to Bonds Outstanding hereunder issued under any other indenture supplemental hereto or if separately secured by separate Special Assessments. Unless provided otherwise by Supplemental Indenture, all moneys, including, without limitation, proceeds of a Series of Bonds, on deposit to the credit of the Funds and Accounts established hereunder and under a Supplemental Indenture (except for moneys transferred to the Rebate Fund) shall be pledged to the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series of Bonds issued hereunder and under such Supplemental Indenture, and any Series issued on a parity therewith.

Section 6.03 *Revenue Fund.* The Trustee is hereby authorized and directed to establish a Revenue Fund and pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder, into which the Trustee shall immediately deposit any and all Special Assessments received from the levy thereof on the District Lands or any portion thereof (other than Prepayments) and any amounts received as the result of any foreclosure, sale of tax certificates or other remedial action for nonpayment of Special Assessments for the payment of the related Series of Bonds and other payments required hereunder or under the applicable Supplemental Indenture (unless such Special Assessments and/or other payments are specifically designated by the Issuer pursuant to a Supplemental Indenture for deposit into the Rebate Fund or any other Fund or Account established hereunder or under a Supplemental Indenture) and each Series Account therein 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. The Trustee shall transfer from amounts on deposit in the Series Account in the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority unless other times and/or other priorities are established in a Supplemental Indenture with respect to a Series of Bonds:

FIRST, upon receipt but no later than the Business Day preceding the first May 1 for which there is an insufficient amount from Bond proceeds (or investment earnings thereon) on deposit in the applicable Series Interest Account of the Debt Service Fund to be applied to the payment of interest on the Bonds of a Series due on the next succeeding May 1, and no later than the Business Day next preceding each May 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Interest Account of the Debt Service Fund, an amount equal to the interest on the related Series of Bonds becoming due on the next succeeding May 1, less any amount on deposit in such Interest Account not previously credited;

SECOND, beginning on the date set forth in the related Supplemental Indenture, and no later than the Business Day next preceding each May 1, as designated in the applicable Supplemental Indenture thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Principal Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series maturing on the next succeeding principal payment date, less any amount on deposit in the applicable Series Principal Account not previously credited;

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## ARTICLE VI SPECIAL ASSESSMENTS; APPLICATION THEREOF TO FUNDS AND ACCOUNTS

Section 6.01 *Special Assessments; Lien of Indenture on Pledged Revenues.* The Issuer hereby covenants that it shall levy Special Assessments, and, unless provided otherwise with respect to a Series of Bonds, evidence and certify the same to the Tax Collector or shall cause the Property Appraiser to certify the same on the tax roll to the Tax Collector for collection by the Tax Collector and enforcement by the Tax Collector or the Issuer, pursuant to the Act, Chapter 170 or Chapter 197, Florida Statutes, or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on Bonds issued and Outstanding hereunder.

The Issuer shall within five (5) Business Days of the receipt thereof, pay to the Trustee for deposit in the Series Account of the Revenue Fund established under Section 6.03 hereof all Special Assessments received by the Issuer from the levy thereof on the District Lands subject to assessments for the payment of the related Series of Bonds; provided, however, that amounts received as prepayments of Special Assessments shall be deposited directly into the applicable Series Account within the Bond Redemption Fund established hereunder or in any account thereof established pursuant to the applicable Supplemental Indenture. The Issuer shall notify the Trustee at the time of deposit of any amounts received as prepayments of Special Assessments and shall identify the related Series of Bonds. If necessary, the Issuer shall direct the landowner making such prepayment to specify what Series of Bonds such prepayments relate.

There are hereby pledged for the payment of the principal or Redemption Price of and interest on all Bonds of each Series issued and Outstanding under the Indenture and all reimbursements due to any Credit Facility Issuer for any drawing with respect to such Series of Bonds on its Credit Facility, including, without limitation, interest thereon, as required under the terms of the applicable Credit Facility Agreement, the Pledged Revenues; provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Pledged Revenues securing such Series of Bonds, the Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and any Bonds issued on a parity therewith and shall not secure any other Bonds or Series of Bonds. The Pledged Revenues shall immediately be subject to the lien and pledge of the Indenture without any physical delivery hereof or further act; provided, however, that the lien and pledge of the Indenture shall not apply to any moneys transferred by the Trustee to the Rebate Fund. The foregoing notwithstanding, to the extent provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, such Series of Bonds may be made payable from and secured by less than all of the Pledged Revenues, and any one or more of the provisions of this Master Indenture may be made inapplicable to such Series of Bonds, all as more specifically provided in the corresponding Supplemental Indenture; provided, however, that any such provisions shall apply only to the particular Series of Bonds authorized by such Supplemental Indenture and shall not affect in any manner whatsoever any Outstanding Series of Bonds.

Section 6.02 *Funds and Accounts Relating to the Bonds.* The Funds and Accounts specified in this Article VI shall be established under this Master Indenture and each

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THIRD, on parity with the payments provided in Second above, beginning on the date set forth in the related Supplemental Indenture, and no later than the Business Day next preceding each May 1, as so designated in the applicable Supplemental Indenture thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series subject to mandatory sinking fund redemption on the next succeeding mandatory sinking fund redemption date, less any amount on deposit in the applicable Series Sinking Fund Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding the first November 1 for which there remains an insufficient amount from Bond proceeds (or investment earnings thereon) on deposit in the applicable Series Interest Account to be applied to the payment of interest on the Bonds of a Series due on the next succeeding November 1, and no later than the Business Day next preceding each November 1 thereafter while Bonds of such Series issued under the Indenture remain Outstanding, to the applicable Series Interest Account of the Debt Service Fund, an amount equal to the interest on the Bonds of such Series becoming due on the next succeeding November 1, less any amount on deposit in the applicable Series Interest Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Account of the Debt Service Reserve Fund, if any, an amount equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement;

SIXTH, subject to the following paragraph, the balance of any moneys remaining in a Series Account of the Revenue Fund after making the foregoing deposits shall, subject to application as provided by one or more Supplemental Indentures, remain therein, unless pursuant to any Arbitrage Certificate it is necessary to make a deposit in the Rebate Fund, in which case, the Issuer shall direct the Trustee to make such deposit thereto.

Unless otherwise provided in the applicable Supplemental Indenture, the Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the Issuer, withdraw any moneys held for the credit of the Revenue Fund which are not otherwise required to be deposited pursuant to this Section and deposit such moneys as directed to the credit of the applicable Series Account of the Bond Redemption Fund in accordance with the provisions hereof. Notwithstanding the foregoing, if pursuant to any Arbitrage Certificate it is necessary to make a deposit in the Rebate Fund, the Issuer shall direct the Trustee to make such deposit thereto. Prepayments pledged to a particular Series of Bonds shall be deposited directly into the applicable Series Account of the Bond Redemption Fund as provided herein.

Section 6.04 *Debt Service Fund.* The Trustee is hereby authorized and directed to establish a Debt Service Fund which shall consist of amounts deposited therein by the Trustee and any other amounts the Issuer may pay to the Trustee for deposit therein with respect to the

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related Series of Bonds. The Debt Service Fund 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. The Trustee shall establish within the Debt Service Fund pursuant to a Supplemental Indenture, a Series Principal Account, a Series Interest Account and, if applicable, a Series Sinking Fund Account for each Series of Bonds and a Series Capitalized Interest Account, which accounts shall be separate and apart from all other Funds and Accounts established under the Indenture and from all other moneys of the Trustee.

The Trustee at all times shall make available to any Paying Agent the funds in the Series Principal Account and the Series Interest Account of the Debt Service Fund to pay the principal of the applicable Series of Bonds as they mature upon surrender thereof and the interest on the applicable Series of Bonds as it becomes payable, respectively. When a Series of Bonds is redeemed, the amount, if any, in the Debt Service Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption.

The Trustee shall apply moneys in the Series Sinking Fund Account in the Debt Service Fund for purchase or redemption of the applicable Series of Bonds in amounts and maturities set forth in the Supplemental Indenture. Whenever Bonds of a Series are to be purchased out of such Series Sinking Fund Account, if the Issuer shall notify the Trustee that the Issuer wishes to arrange for such purchase, the Trustee shall comply with the Issuer's arrangements provided they conform to the Indenture.

Except to the extent otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, purchases and redemptions out of the Series Sinking Fund Account shall be made as follows:

(a) The Trustee shall apply the amounts required to be transferred to the Series Sinking Fund Account (less any moneys applied to the purchase of Bonds of the applicable Series pursuant to the next sentence hereof) on the mandatory sinking fund redemption date in each of the years set forth in the Supplemental Indenture to the redemption of Bonds of the related Series in the amounts, manner and maturities and on the dates set forth in the Supplemental Indenture, at a Redemption Price of 100% of the principal amount thereof. At the written direction of the Issuer, the Trustee shall apply moneys from time to time available in the Series Sinking Fund Account to the purchase of Bonds of the applicable Series which mature in the aforesaid years, at prices not higher than the principal amount thereof, in lieu of redemption as aforesaid, provided that firm purchase commitments can be made before the notice of redemption would otherwise be required to be given. In the event of purchases at less than the principal amount thereof, the difference between the amount in the Series Sinking Fund Account representing the principal amount of the Bonds so purchased and the purchase price thereof (exclusive of accrued interest) shall be transferred to the related Series Interest Account of the Debt Service Fund.

(b) Accrued interest on purchased or redeemed Bonds of a Series shall be paid from the related Series Interest Account of the Debt Service Fund.

(c) In lieu of paying the Debt Service Requirements necessary to allow any mandatory redemption of Bonds of a Series from the related Series Sinking Fund Account, the

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Bonds due to a decrease in the then applicable Debt Service Reserve Requirement for any other reason, the excess amount shall, as directed by the terms of the applicable Supplemental Indenture, be transferred from the Series Account of the Debt Service Reserve Fund to the applicable Series Account or Subaccount as provided in the Supplemental Indenture.

Whenever for any reason on an Interest Payment Date, principal payment date or mandatory redemption date with respect to a related Series of Bonds secured by a Series Account of the Debt Service Reserve Fund the amount in the related Series Interest Account, the related Series Principal Account or the related Series Sinking Fund Account, as the case may be, is insufficient to pay all amounts payable on such Series of Bonds therefrom on such payment dates, the Trustee shall, without further instructions, transfer the amount of any such deficiency from the related Series Account of the Debt Service Reserve Fund into the related Series Interest Account, the related Series Principal Account and the related Series Sinking Fund Account, as the case may be, with priority to the related Series Interest Account and then, proportionately according to the respective deficiencies therein, to the related Series Principal Account and the related Series Sinking Fund Account, to be applied to pay the Series of Bonds secured by the Series Account of the Debt Service Reserve Fund.

Notwithstanding the foregoing, in lieu of the required deposits into the related Series Account of the Debt Service Reserve Fund, the Issuer may cause to be deposited into the Series Account of the Debt Service Reserve Fund a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit, either in lieu of any cash amount required to be deposited therein in connection with the issuance of any Series of Bonds or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Series Account of the Debt Service Reserve Fund, which Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date or principal payment date on which a deficiency exists which cannot be remedied by moneys in any other Fund or Account held pursuant to the Indenture and available for such purpose. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, if any such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit is substituted for moneys on deposit in the Series Account of the Debt Service Reserve Fund, or if at any time there are excess moneys in the Series Account of the Debt Service Reserve Fund, the excess moneys in the Series Account of the Debt Service Reserve Fund shall be transferred to and deposited in the related Series Account or Subaccount of the Revenue Fund. If a disbursement is made from a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit, the Issuer shall be obligated to either reinstate the maximum limits of such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit immediately following such disbursement or to deposit into the Series Account of the Debt Service Reserve Fund, as provided in the Indenture for restoration of withdrawals from the Series Account of the Debt Service Reserve Fund, funds in the amount of the disbursement made under such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit.

In the event that upon the occurrence of any deficiency in a Series Interest Account, a Series Principal Account or a Series Sinking Fund Account, if the Series Account of the Debt Service Reserve Fund is then funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, the Trustee shall, on an Interest Payment Date or principal

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Issuer may present to the Trustee Bonds of such Series purchased by the Issuer pursuant to subparagraph (a) above and furnished for such purposes; provided, however, that no Bonds of such Series so purchased shall be credited towards the Debt Service Requirements in respect of the mandatory redemption of Bonds of such Series for which notice of redemption has been given pursuant to Section 8.02 of this Master Indenture. Any Bond so purchased shall be presented to the Trustee for cancellation. In such event, the Debt Service Requirements with respect to the Bonds of a Series for the period in which the purchased Bonds are presented to the Trustee shall, for all purposes hereunder, be reduced by an amount equal to the aggregate principal amount of any such Bonds so presented.

Section 6.05 Debt Service Reserve Fund. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund and, if applicable, pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder. The Debt Service Reserve Fund and each Series Account therein shall be held by the Trustee solely for the benefit of each related Series of Bonds or sub-Series, as determined by the applicable Supplemental Indenture; provided, however, that notwithstanding anything to the contrary contained in this Master Indenture, the Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Fund is not applicable and no account therein shall secure such Series of Bonds. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and 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. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, on the date of issuance and delivery of a Series of Bonds an amount of Bond proceeds or equity equal to the Debt Service Reserve Requirement in respect of such Series of Bonds, calculated as of the date of issuance and delivery of such Series of Bonds, shall be deposited in the related Series Account of the Debt Service Reserve Fund. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, and as long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such Series of Bonds, earnings on investments in the Series Account of the Debt Service Reserve Fund shall, prior to the Completion Date of a Project, be transferred to the applicable Acquisition and Construction Account of the Acquisition and Construction Fund, and after the Completion Date, shall be transferred to the related Series Account of the Revenue Fund. Otherwise, earnings on investments in each Series Account of the Debt Service Reserve Fund shall be retained therein until applied as set forth herein. If made applicable in a Supplemental Indenture, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement as a result of an optional prepayment by the owner of a lot or parcel of land of Special Assessments against such lot or parcel or a mandatory true-up payment, which Special Assessments are pledged for the payment and security of such Series of Bonds, the excess amount shall, as directed by the terms of the applicable Supplemental Indenture, be transferred from the Series Account or Subaccount of the Debt Service Reserve Fund to the applicable Series Account of the Bond Redemption Fund established for such Series of Bonds and shall constitute a credit against such optional prepayment or true-up payment. If made applicable in the Supplemental Indenture with respect to a Series of Bonds, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of

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payment date or mandatory redemption date to which such deficiency relates, draw upon the Debt Service Reserve Letter of Credit or cause to be paid under the Debt Service Reserve Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, and any corresponding reimbursement or other agreement governing the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy; provided, however, that if at the time of such deficiency the Series Account of the Debt Service Reserve Fund is only partially funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, prior to drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Series Account of the Debt Service Reserve Fund to remedy the deficiency in accordance with the second paragraph of this Section 6.05 and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as provided in this sentence. Amounts drawn on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, shall be applied as set forth in the second paragraph of this Section 6.05. Any amounts drawn under a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy.

Section 6.06 Bond Redemption Fund. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, the Trustee is hereby authorized and directed to establish a Bond Redemption Fund and pursuant to a Supplemental Indenture a Series Account within the Bond Redemption Fund for each Series of Bonds issued hereunder into which shall be deposited, moneys in the amounts and at the times provided in Sections 5.01, 6.01, 6.03, 6.05 and 9.12(c) of this Master Indenture. The Series Account within the Bond Redemption Fund shall constitute an irrevocable trust fund to be applied solely as set forth in the applicable Supplemental Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under such Indenture and from all other moneys of the Trustee. All earnings on investments held in the Series Account within the Bond Redemption Fund shall be retained therein and applied as set forth below.

Moneys in the Series Account within the Bond Redemption Fund (including all earnings on investments held in the Series Account within the Bond Redemption Fund) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, (except for amounts resulting from prepayments of Special Assessments, which shall be applied as provided in the next paragraph) make such deposits into the Rebate Fund created and established under this Master Indenture as the Issuer may direct in accordance with an arbitrage rebate agreement, such moneys thereupon to be used solely for the purposes specified in said arbitrage rebate agreement. Any moneys so transferred from the Series Account within the Bond Redemption Fund to the Rebate Fund shall thereupon be free from the lien and pledge of the related Indenture;

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SECOND, to be used to call for redemption pursuant to clause (b) of Section 8.01 hereof an amount of Bonds of the applicable Series equal to the amount of money transferred to the Series Account within the Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the direction of a Responsible Officer, to call for redemption on each Interest Payment Date or other date on which Bonds of the applicable Series are subject to optional redemption pursuant to Section 8.01(a) hereof such amount of Bonds of the applicable Series taking into account any redemption premium, as may be practicable; provided, however, that not less than Five Thousand Dollars (\$5,000) principal amount of Bonds of the applicable Series shall be called for redemption at one time.

Any such redemption shall be made in accordance with the provisions of Article VIII of this Master Indenture and the applicable provisions of the related Supplemental Indenture. The Issuer shall pay all expenses in connection with such redemption.

Section 6.07 Drawings on Credit Facility. With respect to Bonds in respect of which there has been issued a Credit Facility, the Trustee shall draw on the Credit Facility, in accordance with the provisions for drawing under such Credit Facility, and within the requisite time period, all as set forth in the Credit Facility Agreement or the Supplemental Indenture.

Section 6.08 Procedure When Funds Are Sufficient to Pay All Bonds of a Series. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, if at any time the moneys held by the Trustee in the Funds (other than the moneys in the Rebate Fund) and Accounts hereunder and under a Supplemental Indenture and available therefor are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds of a Series then Outstanding under such Indenture to maturity or prior redemption, together with any amounts due the Issuer and the Trustee, Paying Agent, Registrar and Credit Facility Issuer, if any, the Trustee, at the direction of the Issuer, shall apply the amounts in the Series Funds and Series Accounts to the payment of the aforesaid obligations and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

Section 6.09 Certain Moneys to Be Held for Series Bondowners Only. Each Series of Bonds issued pursuant to this Master Indenture and the related Supplemental Indenture shall be secured by Pledged Revenues, as set forth herein, and otherwise may be secured by such additional Funds and Accounts and other security (including, but not limited to, Credit Facilities) established by the pertinent Supplemental Indenture. Moneys and investments in the various Funds and Accounts created under a Supplemental Indenture expressly and solely for the benefit of the Series of Bonds issued under such Supplemental Indenture shall be held in trust by the Trustee for the benefit of the Holders of, and Credit Facility Issuer with respect to, Bonds of that Series only.

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Section 6.10 Unclaimed Moneys. In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Trustee in default with respect to any covenant in this Master Indenture, any Supplemental Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, shall, if so directed by the Issuer, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

Section 6.11 Rebate Fund. The Trustee is hereby authorized and directed to establish a Rebate Fund. Unless provided otherwise in a Supplemental Indenture, the Trustee shall transfer monies from the applicable Series Account in the Revenue Fund and deposit the same to the Rebate Fund, and shall make payments therefrom at the times and in the amounts required to comply with the covenants in the applicable Arbitrage Certificate, as directed by the Issuer. If so directed by the Issuer, the Trustee shall create one or more Series Accounts within the Rebate Fund relating to one or more particular Series of Bonds.

[END OF ARTICLE VI]

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## ARTICLE VII SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS

Section 7.01 Deposits and Security Therefor. Unless otherwise as provided in the Supplemental Indenture with respect to a Series of Bonds, all moneys received by the Trustee under a Supplemental Indenture for deposit in any Fund or Account established under this Master Indenture or such Supplemental Indenture shall be considered trust funds, shall not be subject to lien or attachment, except for the lien created by this Master Indenture and the related Supplemental Indenture, and shall be deposited with the Trustee, until or unless invested or deposited as provided in Section 7.02 hereof. All deposits of moneys received by the Trustee under this Master Indenture or such Supplemental Indenture (whether original deposits under this Section 7.01 or deposits or redeposits in time accounts under Section 7.02) shall, to the extent not insured, and to the extent permitted by law, be fully secured as to both principal and interest earned, by Investment Securities of the types set forth in the definition of Investment Securities and the provisions thereof. If at any time the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may deposit such moneys with any other depository which is authorized to receive them and the deposits of which are insured by the Federal Deposit Insurance Corporation (including the FDIC Savings Association Insurance Fund). All deposits in any other depository in excess of the amount covered by insurance (whether under this Section 7.01 or Section 7.02 as aforesaid) shall, to the extent permitted by law, be fully secured as to both principal and interest earned, in the same manner as required herein for deposits with the Trustee. Such security shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000.

Section 7.02 Investment or Deposit of Funds. Except to the extent otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in the Series Accounts in the Debt Service Fund and any Series Account within the Bond Redemption Fund created under any Supplemental Indenture only in Government Obligations and securities described in subparagraphs (iv), (v), (vi), (vii) or (xi) of the definition of Investment Securities. Except to the extent otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in any Series Account of the Debt Service Reserve Fund in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, subject to Section 6.05 of this Master Indenture and unless otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, any interest

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and other income so received shall be deposited in the related Series Account of the Revenue Fund. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund.

Absent specific instructions as aforesaid, or absent a standing written direction from the Issuer for the investment of such moneys, then the Trustee shall not be responsible or liable for keeping the moneys invested. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the Issuer or otherwise, including that set forth in the first sentence of this paragraph. The Trustee may make any investments permitted by the provisions of this section through its own bond department or investment department.

Section 7.03 Valuation of Funds. The Trustee shall value the assets in each of the Funds and Accounts established hereunder or under any Supplemental Indenture 45 days prior to each Interest Payment Date, 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 Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder or under any Supplemental Indenture, 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.

[END OF ARTICLE VII]

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**ARTICLE VIII  
REDEMPTION AND PURCHASE OF BONDS**

Section 8.01 Redemption Dates and Prices. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, the Bonds of a Series may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the Issuer, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and in the related Supplemental Indenture.

(a) Optional Redemption. Bonds of a Series may be subject to optional redemption at the direction of the Issuer, at the times and upon payment of the purchase price as provided in the related Supplemental Indenture.

(b) Extraordinary Mandatory Redemption in Whole or in Part. Except as otherwise provided in a Supplemental Indenture with respect to Bonds of the related Series, Bonds of a Series are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, (i) from moneys deposited into the related Series Account within the Bond Redemption Fund following the prepayment of Special Assessments on any portion of the District Lands; (ii) when sufficient moneys are on deposit in the related Series Funds and Accounts (other than moneys in the Rebate Fund and any other excluded Fund or Account as provided in a Supplemental Indenture with respect to a Series of Bonds) to pay and redeem all Outstanding Bonds of a Series and accrued interest thereon to the redemption date in addition to all amounts owed to Persons under the related Indenture; (iii) if made applicable in the Supplemental Indenture with respect to a Series of Bonds, from moneys in excess of the Debt Service Reserve Requirement for a Series of Bonds in the applicable Series Account of the Debt Service Reserve Fund transferred to the Series Account within the Bond Redemption Fund pursuant to Section 6.05 hereof; (iv) from excess moneys transferred from the Series Account of the Revenue Fund to the Series Account within the Bond Redemption Fund in accordance with Section 6.03 of this Master Indenture; (v) if the following is made applicable by the terms of a Supplemental Indenture, from moneys, if any, on deposit in the Series Account within the Bond Redemption Fund pursuant to Section 9.12(c) hereof following condemnation or the sale of any portion of the District Lands benefited by a Project to a governmental entity under threat of condemnation by such governmental entity or the damage or destruction of all or substantially all of the Project when such moneys are not to be used pursuant to 9.12(c) to repair, replace or restore the Project; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable; or (vi) from amounts transferred to the Series Account of the Bond Redemption Fund from the Series Account of the Acquisition and Construction Fund in accordance with Section 5.01(c) hereof.

(c) Mandatory Sinking Fund Redemption. Bonds of a Series may be subject to mandatory sinking fund redemption at a Redemption Price of 100% of the principal amount

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(d) if less than all Outstanding Bonds of a Series to be redeemed or purchased, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed or purchased;

(e) that on the redemption or purchase date the Redemption Price or purchase price will become due and payable upon surrender of each such Bond or portion thereof called for redemption or purchase, and that interest thereon shall cease to accrue from and after said date; and

(f) the place where such Bonds are to be surrendered for payment of the redemption or purchase price, which place of payment shall be a corporate trust office of the Trustee.

If at the time of mailing of notice of an optional redemption or purchase, the Issuer shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem or purchase all the Bonds called for redemption or purchase, such notice shall state that the redemption is conditional and is subject to the deposit of the redemption or purchase moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited.

If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the Redemption Price and accrued interest on the Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed randomly from among all such Bonds called for redemption on such date, and among different maturities of Bonds in the same manner as the initial selection of Bonds to be redeemed, and from and after such redemption date, interest on the Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Bonds not been called for redemption.

The notices required to be given by this Section 8.02 shall state that no representation is made as to correctness or accuracy of the CUSIP numbers listed in such notice or printed on the Bonds.

Section 8.03 Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds of a Series so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the related Indenture and shall not be deemed to be Outstanding under the provisions of the related Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Trustee or Paying Agent to or upon the order of the Owners of the Bonds called for redemption

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thereof plus accrued interest to the redemption date, in the years and amounts set forth in a Supplemental Indenture.

In connection with such mandatory sinking fund redemption of Bonds, amounts shall be transferred from the applicable Series Account of the Revenue Fund to the Series Sinking Fund Account of the Debt Service Fund, all as more particularly described in Section 6.03 hereof.

The principal amounts of scheduled Sinking Fund Installments shall be reduced as specified by the Issuer or as provided in Section 8.04 hereof by any principal amounts of the Bonds redeemed pursuant to Section 8.01(a) and (b) hereof or purchased pursuant to Section 6.04 hereof.

Upon any redemption of Bonds other than in accordance with scheduled Sinking Fund Installments, the Issuer shall cause to be recalculated and delivered to the Trustee revised Sinking Fund Installments recalculated so as to amortize the Outstanding principal amount of Bonds of such Series in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Bonds of such Series. The Sinking Fund Installments as so recalculated shall not result in an increase in the aggregate of the Sinking Fund Installments for all Bonds of such Series in any year. In the event of a redemption or purchase occurring less than forty-five (45) days prior to a date on which a Sinking Fund Installment is due, the foregoing recalculation shall not be made to Sinking Fund Installments due in the year in which such redemption or purchase occurs, but shall be made to Sinking Fund Installments for the immediately succeeding and subsequent years.

Section 8.02 Notice of Redemption and of Purchase. Except where otherwise required by a Supplemental Indenture, when required to redeem or purchase Bonds of a Series under any provision of the related Indenture or directed to do so by the Issuer, the Trustee shall cause notice thereof, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds of such Series for which notice was duly mailed in accordance with this Section 8.02. The Issuer shall, when it is directing the Trustee to mail such notice, provide written direction to the Trustee at least forty-five (45) days (unless the Trustee agrees to a shorter period) prior to the date on which the Trustee is required to send notice hereunder. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Bonds of such Series Outstanding which shall be called for redemption or purchase and shall include, without limitation, the following additional information:

(a) the redemption or purchase date;

(b) the redemption or purchase price;

(c) CUSIP numbers, to the extent applicable, and any other distinctive numbers and letters;

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upon surrender of such Bonds. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which redemption is to be made or by the Issuer, or as specified in a Supplemental Indenture.

Section 8.04 Partial Redemption of Bonds. Except to the extent otherwise provided in a Supplemental Indenture, if less than all of a Series of Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of the Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(a), such redemption shall be effectuated by redeeming Bonds of such Series of such maturities in such manner as shall be specified by the Issuer in writing, subject to the provisions of Section 8.01 hereof. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(b), such redemption shall be effectuated by redeeming Bonds of such Series pro rata among the maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose, with the portion to be redeemed from each maturity being equal to the product of the aggregate principal amount of Bonds of such Series to be redeemed multiplied times a fraction the numerator of which is the principal amount of the Series of Bonds of such maturity outstanding immediately prior to the redemption date and the denominator of which is the aggregate principal amount of all Bonds of such Series outstanding immediately prior to the redemption date.

[END OF ARTICLE VIII]

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**ARTICLE IX  
COVENANTS OF THE ISSUER**

Section 9.01 Power to Issue Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Bonds, to adopt and execute this Master Indenture and to pledge the Pledged Revenues for the benefit of the Bonds of a Series and any Credit Facility Issuer, except to the extent otherwise provided in a Supplemental Indenture. The Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Bonds of a Series and any Credit Facility Issuer with respect to such Series. The Bonds and the provisions of this Master Indenture and any Supplemental Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by this Master Indenture and any Supplemental Indenture and all the rights of the Bondholders and any Credit Facility Issuer under this Master Indenture and any Supplemental Indenture against all claims and demands of all other Persons whomsoever.

Section 9.02 Payment of Principal and Interest on Bonds. The payment of the principal or Redemption Price of and interest on all of the Bonds of a Series issued under the related Indenture shall be secured forthwith equally and ratably by a first lien on and pledge of the Pledged Revenues, except to the extent otherwise provided in a Supplemental Indenture; and Pledged Revenues in an amount sufficient to pay the principal or Redemption Price of and interest on the Bonds of a Series authorized by the related Indenture are hereby irrevocably pledged to the payment of the principal or Redemption Price of and interest on the Bonds of a Series authorized under the related Indenture, as the same become due and payable. The Issuer shall promptly pay the interest on and the principal or Redemption Price of every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of the Pledged Revenues.

THE BONDS AUTHORIZED UNDER THIS MASTER INDENTURE AND THE RELATED SUPPLEMENTAL INDENTURE AND THE OBLIGATIONS EVIDENCED THEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER, INCLUDING, WITHOUT LIMITATION, THE PROJECT OR ANY PORTION THEREOF IN RESPECT OF WHICH ANY SUCH BONDS ARE BEING ISSUED, OR ANY PART THEREOF, BUT SHALL CONSTITUTE A LIEN ONLY ON THE PLEDGED REVENUES AS SET FORTH IN THIS MASTER INDENTURE AND ANY SUPPLEMENTAL INDENTURE. NOTHING IN THE BONDS AUTHORIZED UNDER THIS MASTER INDENTURE AND ANY SUPPLEMENTAL INDENTURE SHALL BE CONSTRUED AS OBLIGATING THE ISSUER TO PAY THE BONDS OR THE REDEMPTION PRICE THEREOF OR THE INTEREST THEREON EXCEPT FROM THE PLEDGED REVENUES, OR AS PLEDGING THE FAITH AND CREDIT OF THE ISSUER, THE COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF, OR AS OBLIGATING THE ISSUER, THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, DIRECTLY OR INDIRECTLY OR CONTINGENTLY, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

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delinquent in the payment of any Special Assessment, then such Special Assessment shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deeds as regards such delinquent Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of law, then upon the delinquency of any Special Assessment the Issuer shall, to the extent permitted by law, or Board determines in best interest to directly collect, utilize any other method of enforcement, including, without limitation, declaring the entire unpaid balance of such Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law.

Section 9.06 Sale of Tax Certificates and Issuance of Tax Deeds; Foreclosure of Special Assessment Liens. If the Special Assessments levied and collected under the Uniform Method described in Section 9.04 are delinquent, then the applicable procedures for issuance and sale of tax certificates and tax deeds for nonpayment shall be followed in accordance with Chapter 197, Florida Statutes and related statutes. Alternatively, if the Uniform Method is not utilized, and if any property shall be offered for sale for the nonpayment of any Special Assessment, and no person or persons shall purchase the same for an amount at least equal to the full amount due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), the property may then be purchased by the Issuer, to the extent the Issuer has available funds, for an amount equal to the balance due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), and the Issuer shall thereupon receive in its corporate name or in a special purpose entity created by the District, the title to the property for the benefit of the Registered Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, shall have the power and shall use its best efforts to lease or sell such property and deposit all of the net proceeds of any such lease or sale into the related Series Account of the Revenue Fund. Not less than ten (10) days prior to the filing of any foreclosure action or any sale of tax deed as herein provided, the Issuer shall cause written notice thereof to be mailed to the Trustee of the Series of Bonds secured by such delinquent Special Assessments. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to such Trustee. The Issuer, either through its own actions or actions caused to be done through the Trustee, agrees that it shall be required to take the measure provided by law for sale of property acquired by it as trustee for the Registered Owners within thirty (30) days after the receipt of the request therefor signed by the Registered Owners of at least fifty percent (50%) of the aggregate principal amount of all Outstanding Bonds of the Series payable from Special Assessments assessed on such property. If directed by the Beneficial Owners of a majority of the Bonds Outstanding or if the Trustee or the Issuer shall so elect, the Issuer and the Trustee may place title of property received upon foreclosure or deed in lieu of foreclosure into a special purpose entity controlled by the Trustee or such other entity acceptable to the Beneficial Owners of a majority of the Bonds of a Series so effected by such foreclosure, for the benefit of the Registered Owners.

Section 9.07 Books and Records with Respect to Special Assessments. In addition to the books and records required to be kept by the Issuer pursuant to the provisions of Section 9.15 hereof, the Issuer shall keep books and records for the collection of the Special Assessments on

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Section 9.03 Special Assessments; Re-Assessments.

(a) The Issuer shall levy Special Assessments, and, unless the Issuer collects the Special Assessments directly under the conditions set forth herein, evidence and certify the same to the Tax Collector or shall cause the Property Appraiser to certify the same on the tax roll to the Tax Collector for collection by the Tax Collector and enforcement by the Tax Collector or the Issuer pursuant to the Act, Chapter 170 or Chapter 197, Florida Statutes, or any successor statutes, as applicable, and Section 9.04 hereof, to the extent and in an amount sufficient to pay Debt Service Requirements on all Outstanding Bonds.

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

Section 9.04 Method of Collection. Unless otherwise provided in the applicable Supplemental Indenture, Special Assessments shall be collected by the Issuer in accordance with the provisions of the Act and Chapter 197, Florida Statutes, or any successor statutes thereto, as applicable, in accordance with the terms of this Section. Except as stated in the next succeeding sentence, the Issuer shall use the uniform method for the levy, collection and enforcement of Special Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes thereto (the "Uniform Method"), and to do all things necessary to continue to use the Uniform Method or a comparable alternative method afforded by Section 197.3631, Florida Statutes. Notwithstanding the foregoing, the Issuer shall not use the Uniform Method to collect Special Assessments levied against District Lands should the District determine that another method of collection is in the best interest of the District. The Issuer shall enter into or maintain in effect one or more written agreements with the Property Appraiser and the Tax Collector, either individually or jointly (together, the "Property Appraiser and Tax Collector Agreement") in order to effectuate the provisions of this Section. The Issuer shall ensure that any such Property Appraiser and Tax Collector Agreement remains in effect for at least as long as the final maturity of Bonds Outstanding under this Indenture. To the extent that the Issuer is legally prevented from collecting Special Assessments pursuant to the Uniform Method, it is not required to collect Special Assessments pursuant to the Uniform Method in accordance with the provisions of this Section 9.04 or the Board determines that using the Uniform Method is not in the best interest of the District, the Issuer shall then collect and enforce Special Assessments pursuant to any available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto.

Section 9.05 Delinquent Special Assessments. Subject to the provisions of Section 9.04 hereof, if the owner of any lot or parcel of land assessed for a particular Project shall be

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the District Lands, which such books, records and accounts shall be kept separate and apart from all other books, records and accounts of the Issuer. The District Manager or the District Manager's designee, at the end of each Fiscal Year, shall prepare a written report setting forth the collections received, the number and amount of delinquencies, the proceedings taken to enforce collections and cure delinquencies and an estimate of time for the conclusion of such legal proceedings.

Section 9.08 Deposit of Special Assessments. The Issuer covenants to cause any Special Assessments collected or otherwise received by it to be deposited with the Trustee within five (5) Business Days after receipt thereof for deposit into the related Series Account of the Revenue Fund (except that amounts received as prepayments of Special Assessments shall be designated by the Issuer as such upon delivery to the Trustee and shall be deposited directly into the related Series Account within the Bond Redemption Fund).

Section 9.09 Construction to be on District Lands. Except for certain off-site improvements which are or may be outside the District Lands and are required in order for the District Lands to be developed, the Issuer covenants that no part of the Project will be constructed on, over or under lands other than (i) lands good and marketable title to which is owned by the Issuer or other appropriate entity in fee simple, (ii) lands on, over or under which the Issuer or other appropriate entity shall have acquired perpetual easements for the purposes of the Project, or (iii) lands, including public streets and highways, the right to the use and occupancy of which for such purposes shall be vested in the Issuer or other appropriate entity by law or by valid franchises, licenses, easements or rights of way or other legally effective permissions or approval.

Section 9.10 Operation, Use and Maintenance of Project. The Issuer shall establish and enforce reasonable rules and regulations governing the use of the Project owned by the Issuer, and the operation thereof, such rules and regulations to be adopted in accordance with the Act, and the Issuer shall operate, use and maintain the Project owned by the Issuer in accordance with the Act and all other applicable federal and State laws, rules and regulations; the Issuer shall maintain and operate the Project owned by the Issuer in an efficient and economical manner, shall at all times maintain the same in good repair and in sound operating condition and shall make all necessary repairs, renewals and replacements.

Section 9.11 Observance of and Compliance with Valid Requirements. The Issuer shall pay all municipal or governmental charges lawfully levied or assessed upon any Project or any part thereof or upon any revenues when the same shall become due, and the Issuer shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to each Project. The Issuer shall not, except as otherwise permitted in Section 9.22 of this Article, create or suffer to be created any lien or charge upon any Project or upon Pledged Revenues, except the lien and charge of the Bonds on the Pledged Revenues.

Section 9.12 Public Liability and Property Damage Insurance; Maintenance of Insurance; Use of Insurance and Condemnation Proceeds.

(a) Except as otherwise provided in subsection (d) of this Section, the Issuer will carry or cause to be carried, in respect of each Project, comprehensive general liability

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insurance (covering bodily injury and property damage) issued by one or more insurance companies authorized and qualified to do business under the laws of the State, in such amounts as is customary for similar operations, or as is more specifically set forth below.

(b) At all times, to the extent commercially available, the Issuer shall maintain a practical insurance program, with reasonable terms, conditions, provisions and costs which the District Manager determines will afford adequate protection against loss caused by damage to or destruction of any component of any Project owned by the Issuer. Limits for such coverage will be subject to the Consulting Engineer's recommendations. The Issuer shall also, at all times, maintain a practical comprehensive general liability insurance program with respect to any Project for such coverage, with such reasonable terms, conditions, provisions and costs as the District Manager determines will afford adequate protection against bodily injury and property damage.

All insurance policies of the Issuer relating to any Project shall be carried with companies authorized to do business in the State, with a Best rating of no less than "A" as to management and Class "V" as to financial strength; provided, however, that if, in the opinion of the District Manager, adequate insurance protection under reasonable terms, conditions, provisions and cost cannot be purchased from an insurance company with the above-designated ratings, then the District Manager, on behalf of the Issuer, may secure such insurance protection as the Issuer determines to be in its best interests and otherwise consistent with this Master Indenture and any Supplemental Indenture; provided further, however, that the Issuer may act as a self-insurer in accordance with the requirements of subsection (d) hereof. All policies providing the insurance coverages required by this Section shall designate the Issuer as the loss-payee and shall be made payable to the Issuer.

(c) All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of any Project or any part thereof are hereby pledged by the Issuer as security for the related Series of Bonds and shall be deposited at the option of the Issuer, but subject to the limitations hereinafter described, either (i) into the Acquisition and Construction Fund, and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) if so provided in the applicable Supplemental Indenture into the related Series Account within the Bond Redemption Fund for the purpose of purchasing or redeeming Bonds according to the provisions set forth in Article VIII hereof. The Issuer shall not be entitled to deposit insurance proceeds or condemnation awards into the separate fund described above in clause (i) of this paragraph (and such proceeds and awards shall be deposited directly into the related Series Account within the Bond Redemption Fund pursuant to clause (ii) of this paragraph) unless there shall have been filed with the Issuer within a reasonable time after the damage, destruction or condemnation (A) a certificate from the Consulting Engineer that the proceeds of the insurance or condemnation awards deposited into such separate fund, together with other funds available for such purposes, will be sufficient to repair, rebuild, replace or restore such property to substantially the same condition as it was in prior to its damage, destruction or condemnation (taking into consideration any changes, alterations and modifications that the Issuer may desire), (B) an opinion from the Consulting Engineer that the Project can be repaired, rebuilt, replaced or restored within two (2) years following the damage, destruction or condemnation thereof and

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related Supplemental Indenture and no contract or contracts shall be entered into or any action taken by the Issuer or the Trustee which will be inconsistent with the provisions of this Master Indenture and the related Supplemental Indenture.

Section 9.15 Books and Records. The Issuer shall keep proper books of records and accounts in accordance with Generally Accepted Accounting Principles (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to any Project, and which, together with all other books and records of the Issuer, including, without limitation, insurance policies, relating to any Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

Section 9.16 Observance of Accounting Standards. The Issuer covenants that all the accounts and records of the Issuer relating to the Project will be kept according to Generally Accepted Accounting Principles consistently applied and consistent with the provisions of this Master Indenture and any Supplemental Indenture.

Section 9.17 Employment of Certified Public Accountant. The Issuer shall employ or cause to be employed as required a Certified Public Accountant to perform accounting and auditing functions and duties required by the Act and this Master Indenture and any Supplemental Indenture.

Section 9.18 Establishment of Fiscal Year, Annual Budget. The Issuer has established a Fiscal Year beginning October 1 of each year and ending September 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established.

On or before the first day of each Fiscal Year the Issuer shall adopt a final Annual Budget with respect to the Project for such Fiscal Year for the payment of anticipated operating and maintenance expenses and shall supply a copy of such budget promptly upon the approval thereof to any Bondholders who shall have so requested in writing and shall have filed their names and addresses with the Secretary of the Board for such purpose. The Issuer may at any time adopt an amended or supplemental Annual Budget for the remainder of the current Fiscal Year, and when such amended or supplemental Annual Budget is approved it shall be treated as the official Annual Budget under this Master Indenture and any Supplemental Indenture. Copies of such amended or supplemental Annual Budget shall be mailed by the Issuer to any Bondholders who shall have so requested in writing and shall have filed their names and addresses with the Secretary of the Board for such purpose.

Section 9.19 Employment of Consulting Engineer; Consulting Engineer's Report.

The Issuer shall, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by this Master Indenture and any Supplemental Indenture, employ one or more Independent engineers or engineering firms or corporations having a statewide and favorable reputation for skill and experience in such work.

Copies of such annual report shall be mailed by the Issuer to any Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose.

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(C) an opinion of the Consulting Engineer that, in each of the three (3) Fiscal Years following completion of such repair, rebuilding, replacement or restoration, the Issuer will be in compliance with its obligations hereunder. If the certificate described in clause (A) of this paragraph is not rendered because such proceeds or awards are insufficient for such purposes, the Issuer may deposit any other legally available funds in such separate fund in an amount required to enable the Consulting Engineer to render its certificate. If the insurance proceeds or condemnation awards deposited in such separate fund are more than sufficient to repair the damaged property or to replace the destroyed or taken property, the balance thereof remaining shall be deposited to the credit of the related Series Account in the Revenue Fund.

(d) The Issuer shall be entitled to provide all or a portion of the insurance coverage required by subsections (a) and (b) of this Section through Qualified Self Insurance, provided that the requirements hereinafter set forth in this subsection (d) are satisfied. "Qualified Self Insurance" means insurance maintained through a program of self insurance or insurance maintained with a company or association in which the Issuer has a material interest or of which the Issuer has control, either singly or with others.

Prior to participation in any plan of Qualified Self Insurance not currently in effect, the Issuer shall deliver to the Trustee a certificate of compliance executed by the District Manager to the effect that (A) the proposed Qualified Self Insurance plan will provide the coverage required by subsections (a) and (b) of this Section, and (B) the proposed Qualified Self Insurance plan provides for the creation of actuarially sound reserves.

Each plan of Qualified Self Insurance shall be in written form, shall provide that upon the termination of such plan reserves will be established or insurance acquired in amounts adequate to cover any potential retained liability in respect of the period of self insurance, and shall be reviewed annually by the District Manager or registered actuary who shall deliver to the Issuer a report on the adequacy of the reserves established thereunder in light of claims made. If the District Manager or registered actuary determines that such reserves are inadequate in light of the claims made, he shall make recommendations as to the amount of reserves that should be established and maintained, and the Issuer shall comply with such recommendations.

(e) Copies of all recommendations and approvals made by the Consulting Engineer under the provisions of this Section shall be filed with the District Manager.

Section 9.13 Collection of Insurance Proceeds. Copies of all insurance policies referred to in Section 9.12 of this Article shall be available at the offices of the Issuer at all reasonable times to the inspection of the Holders of the Bonds and their agents and representatives duly authorized in writing. The Issuer covenants that it will take such action as may be necessary to demand, collect and sue for any insurance money which may become due and payable under any policy of insurance required under this Master Indenture or any Supplemental Indenture, whether such policy is payable to the Issuer or to the Trustee. The Trustee is hereby authorized in its own name to demand, collect, sue and receive any insurance money which may become due and payable under any policies payable to it.

Section 9.14 Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided in this Master Indenture and the

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Section 9.20 Audit Reports. The Issuer covenants that, within the time period mandated by applicable state law, it will cause an audit to be made by a Certified Public Accountant covering all receipts and moneys then on deposit with or in the name of the Trustee or the Issuer and any security held therefor and any investments thereof. Copies of such audit reports shall be filed with the District Manager and the Secretary of the Board, and mailed by said Secretary to the Consulting Engineer and to all Bondholders who shall have filed their names and addresses with him for such purpose.

Section 9.21 Reserved.

Section 9.22 Covenant Against Sale or Encumbrance; Exceptions. The Issuer covenants that, (a) except for those improvements comprising any Project that are to be conveyed by the Issuer to the City, the County, the State Department of Transportation or another governmental entity and (b) except as in this Section permitted, it will not sell, lease or otherwise dispose of or encumber any Project, or any part thereof. Subject to the provisions of Section 9.28 hereof, the Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of a Series of Bonds or from Pledged Revenues if the District Manager shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the related Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of, or at the written direction of the Issuer shall be deposited to the credit of the related Series Account in the Revenue Fund.

Upon any sale of property relating to the Project, the aggregate of which in any thirty (30) day period exceeds Fifty Thousand Dollars (\$50,000) under the provisions of this Section, the Issuer shall provide written notice to the Trustee of the property so sold and the amount and disposition of the proceeds thereof.

Subject to obtaining an opinion of Bond Counsel that such action will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes, the Issuer may lease or grant easements, franchises or concessions for the use of any part of the Project not incompatible with the maintenance and operation thereof, if the Consulting Engineer shall approve such lease, easement, franchise or concession in writing, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements, franchises or concessions) shall be deposited as received to the credit of related Series Account in the Revenue Fund.

Section 9.23 No Loss of Lien on Pledged Revenue. The Issuer shall not do or omit to do, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Pledged Revenues or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee under any arbitrage rebate agreement.

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Section 9.24 Compliance With Other Contracts and Agreements. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements which the Issuer enters into in connection with the Project and the issuance of the Bonds.

Section 9.25 Issuance of Additional Obligations. Except as otherwise provided herein and in the applicable Supplemental Indenture the Issuer shall not issue any obligations other than the Bonds payable from Pledged Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from Pledged Revenues.

Section 9.26 Extension of Time for Payment of Interest Prohibited. The Issuer shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under this Master Indenture and any Supplemental Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

Section 9.27 Further Assurances. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Master Indenture and any Supplemental Indenture.

Section 9.28 Use of Bond Proceeds to Comply with Internal Revenue Code. The Issuer covenants to the Holders of the Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Bonds issued hereunder, the interest on which is intended to be excluded from gross income for federal income tax purposes ("Tax-Exempt Bonds") which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code sections and related regulations throughout the term of such Tax-Exempt Bonds. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in any Arbitrage Certificate executed in connection with the issuance of each Series of Tax-Exempt Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Tax-Exempt Bonds.

Section 9.29 Corporate Existence and Maintenance of Properties. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the Issuer shall maintain its corporate existence as a local unit of special-purpose government under the Act and shall provide for or otherwise require all Projects, and all parts thereof owned by the Issuer to be (a) continuously operated, repaired, improved and maintained as shall be necessary to provide

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#### ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.01 Events of Default and Remedies. Except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default and remedies with respect to each Series of Bonds shall be as set forth in this Master Indenture.

Section 10.02 Events of Default Defined. Each of the following shall be an "Event of Default" under the Indenture, with respect to a Series of Bonds:

(a) if payment of any installment of interest on any Bond of such Series is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of any Bond of such Series is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the Issuer, for any reason, fails in, or is rendered incapable of, fulfilling its obligations under the Indenture or under the Act, which may be determined solely by the Majority Owners of the applicable Bonds; or

(d) if the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or

(e) if the Issuer defaults in the due and punctual performance of any other covenant in the Indenture or in any Bond of such Series issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Majority Owners of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) written notice shall have been received by the Trustee from a Credit Facility Issuer securing Bonds of such Series that an event of default has occurred under the Credit Facility Agreement, or there shall have been a failure by said Credit Facility Issuer to make said Credit Facility available or to reinstate the interest component of said Credit Facility in accordance with the terms of said Credit Facility, to the extent said notice or failure is established as an event of default under the terms of a Supplemental Indenture; or

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adequate service to the lands benefited thereby; and (b) in compliance with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any competent public authority.

Section 9.30 Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Master Indenture and any Supplemental Indenture, failure of the Issuer or the Developer (if obligated pursuant to the Continuing Disclosure Agreement) to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Bonds of a Series and receipt of indemnity to its satisfaction, shall) or any Holder of the Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Section 9.30. For purposes of this Section, "Beneficial Owner" means 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 Bonds for federal income tax purposes.

[END OF ARTICLE IX]

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(g) if at any time the amount in the Debt Service Reserve Fund or any Account therein is less than the Debt Service Reserve Requirement as a result of the Trustee withdrawing an amount therefrom to satisfy the Debt Service Reserve Requirement on the Bonds of any Series and such amount has not been restored within thirty (30) days of such withdrawal.

Section 10.03 No Acceleration; Redemption. No Series of Bonds issued under this Master Indenture shall be subject to acceleration. Upon an Event of Default, no optional redemption or extraordinary mandatory redemption of the Bonds pursuant to Article VIII hereof shall occur unless all of the Bonds of the Series where an Event of Default has occurred will be redeemed or if 100% of the Holders of such Series of Bonds agree to such redemption.

Section 10.04 Legal Proceedings by Trustee. If any Event of Default with respect to a Series of Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Bonds of such Series and receipt of indemnity to its satisfaction shall, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to carry out any agreements with, or for the benefit of, the Bondholders of the Bonds of such Series and to perform its or their duties under the Act;

(b) bring suit upon the Series of Bonds;

(c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds of such Series;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds of such Series; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing such Series of Bonds.

Section 10.05 Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, then the Issuer, the Trustee, the Paying Agent and the Bondholders shall be restored to their former positions and rights hereunder as though no such proceeding had been taken.

Section 10.06 Bondholders May Direct Proceedings. The Holders of a majority in aggregate principal amount of the Outstanding Bonds of a Series then subject to remedial proceedings under this Article X shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

Section 10.07 Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of the applicable Series shall have requested the Trustee, in writing, to

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exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Section 10.08 Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and a Series of Bonds may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds of such Series.

Section 10.09 Remedies Not Exclusive. Except as limited under Section 15.01 of this Master Indenture, no remedy contained in the Indenture with respect to a Series of Bonds is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 10.10 Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article X may be exercised from time to time and as often as may be deemed expedient.

Section 10.11 Application of Moneys in Event of Default. Any moneys held by the Trustee or received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article X with respect to a Series of Bonds shall be applied in the following order of priority:

(a) to the payment of the fees and costs of the Trustee and Paying Agent incurred in connection with actions taken under this Article X with respect to such Series of Bonds, including counsel fees and any disbursements of the Trustee and the Paying Agent, and to the payment of any other unpaid fees owed to the Trustee.

(b) unless the principal of all of the Bonds of such Series shall have become or shall have been declared due and payable then:

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, 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 preference or priority of one installment of interest over any other installment; and

SECOND: to payment to the persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on such Bonds on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any preference or

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priority of one such Bond of a Series over another or of any installment of interest over another.

If the principal of all Bonds of a Series shall have become or shall have become due and payable, to the payment of principal or Redemption Price (as the case may be) and interest then owing on the Bonds of such Series and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal or Redemption Price and interest ratably, without preference or priority of one Bond of such Series over another or of any installment of interest over any other installment of interest.

Any surplus remaining after the payments described above shall be paid to the Issuer or to the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

For purposes of the application of moneys described above, to the extent payments of principal of and interest on a Series of Bonds shall have been made under a Credit Facility relating thereto, the Credit Facility Issuer shall be entitled to moneys in the related Series Accounts in the Debt Service Fund in accordance with the agreement pursuant to which such Credit Facility has been issued (but subject to subsection (a) hereof and Section 11.04 hereof) and the Certified Resolution of the Issuer authorizing the issuance of such Bonds to which such Credit Facility relates.

Section 10.12 Trustee and Bondholders Entitled to all Remedies under Act. It is the purpose of this Article to provide, subject to the provisions hereof, such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article X shall apply to and be binding upon any receiver appointed in accordance with Section 10.12 hereof.

Section 10.13 Credit Facility Issuer's Rights Upon Events of Default. Anything in the Indenture to the contrary notwithstanding, if any Event of Default, other than Events of Default described in Section 10.02(a) or (b) hereof, has occurred and is continuing while a Credit Facility securing all or a portion of such Bonds of a Series Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture, or exercising any trust or power conferred on the Trustee by the Indenture. Said direction shall be controlling to the extent the direction of Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer shall have no rights under this Section.

[END OF ARTICLE X]

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## ARTICLE XI

### THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

Section 11.01 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 XI, to all of which the parties hereto and the Bondholders and any Credit Facility Issuer agree. The Trustee shall act as Trustee under this Master Indenture. Subject to the provisions of Section 11.03 hereof, the Trustee shall have only such duties as are expressly set forth herein, and no duties shall be implied on the part of the Trustee.

Section 11.02 No Responsibility for Recitals. The recitals, statements and representations in this Master Indenture or in the Bonds, save only the Trustee's Certificate of Authentication, if any, upon the Bonds, have been made by the Issuer and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof.

Section 11.03 Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Indenture and any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct.

Section 11.04 Compensation and Indemnity. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, and shall, to the extent permitted by law, indemnify and hold the Trustee harmless against any liabilities which it may incur in the proper exercise and performance of its powers and duties hereunder, except with respect to its own willful misconduct or negligence. If the Issuer defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys held by it or coming into its hands but exclusive of the Rebate Fund and moneys from a drawing on any Credit Facility, which right of payment shall be prior to the right of the holders of the Bonds. The Trustee shall promptly provide a statement of any moneys the Trustee has deducted in amounts owing to it. The provision for indemnity shall survive the termination of this Master Indenture and any Supplemental Indenture and, as to any Trustee, its removal or resignation as Trustee. No provision of this Master Indenture shall require the Trustee to expend or risk its own funds.

Section 11.05 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 Issuer to require or effect or renew insurance or to report or file claims of loss thereunder.

Section 11.06 Notice of Default; Right to Investigate. The Trustee shall give written notice by first-class mail to registered Holders of a Series of Bonds of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 11.07 being defined to include the events specified as "Events of Default" in Article X hereof, but not including any notice or periods of grace provided for therein); provided

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that, except in the case of a default in payment of principal or interest or Redemption Price, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders. The Trustee shall not be deemed to have notice of any default other than a payment default under this Master Indenture and any Supplemental Indenture or a notification by a Credit Facility Issuer of a default under its Credit Facility, unless notified in writing of such default by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of a Series. The Trustee may, however, at any time require of the Issuer 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 Issuer, an investigation into the affairs of the Issuer.

Section 11.07 Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, unless it is requested in writing to do so by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds which are or would be, upon the taking of such action, subject to remedial proceedings under Article X of this Master Indenture if in its opinion such action may tend to involve expense or liability, and unless it is also furnished with indemnity satisfactory to it. The Trustee shall have no liability for actions taken at the direction of a majority in principal amount of the Outstanding Bonds subject to remedial action.

Section 11.08 Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed, signed or given by the persons purporting to be authorized (which in the case of the Issuer shall be a Responsible Officer) or to have been prepared and furnished pursuant to any of the provisions of this Master Indenture and any Supplemental Indenture; 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 11.09 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 Bondholders may be entitled to take with like effect as if the Trustee were not a party to this Master Indenture and any Supplemental Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under this Master Indenture and any Supplemental Indenture, it shall eliminate the conflict or resign as Trustee.

Section 11.10 Construction of Ambiguous Provisions. The Trustee may construe any ambiguous or inconsistent provisions of this Master Indenture and any Supplemental Indenture, and except as otherwise provided in Article XIII of this Master Indenture, any construction by the Trustee shall be binding upon the Bondholders. The Trustee shall give prompt notice to the Issuer of any intention to make such construction.

Section 11.11 Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Master Indenture and all Supplemental Indentures by written resignation filed with the Secretary of the Issuer not less than sixty (60) days before the date

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when such resignation is to take effect. Notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register and to any Paying Agent, Registrar and Credit Facility Issuer, if any, 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 ninety (90) 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. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

Section 11.12 Removal of Trustee. The Trustee may be removed at any time by either (a) the Issuer, if no default exists under this Master Indenture or any Supplemental Indenture, or (b) an instrument or concurrent instruments in writing, executed by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding and filed with the Issuer. A photographic copy of any instrument or instruments filed with the Issuer under the provisions of this paragraph, duly certified by a Responsible Officer, shall be delivered promptly by the Issuer to the Trustee and to any Paying Agent, Registrar and Credit Facility Issuer, if any.

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 Issuer or the Holders of not less than a majority of the aggregate principal amount of the Bonds then Outstanding.

Section 11.13 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 Issuer shall appoint a successor and shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register, and to the Paying Agent, Registrar, Credit Facility Issuer, if any, and any rating agency that shall then have in effect a rating on any of the Bonds. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Master Indenture prior to the date specified in the notice of resignation or removal as the date when such resignation or removal was to take effect, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding may appoint a successor Trustee.

Section 11.14 Qualification of Successor. A successor Trustee shall be a bank or trust company with trust powers, having a combined net capital and surplus of at least \$75,000,000.

Section 11.15 Instruments of Succession. Except as provided in Section 11.16 hereof, any successor Trustee shall execute, acknowledge and deliver to the Issuer 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,

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designating, and accompanied by an instrument or appointment by the Issuer of, such 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 Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

Section 11.20 Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or 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 Registrar, as the case may be, and a successor shall be appointed by the Issuer; and in case at any time the Paying Agent or Registrar shall resign, then a successor shall be appointed by the Issuer. After any such appointment, notice of such appointment shall be given by the Issuer to the predecessor Paying Agent or Registrar, the successor Paying Agent or Registrar, the Trustee, the Credit Facility Issuer, if any, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. Any new Paying Agent or Registrar so appointed shall immediately, and without further act, supersede the predecessor Paying Agent or Registrar.

Section 11.21 Qualifications of Successor Paying Agent or Registrar. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (i) authorized by law to perform all the duties imposed upon it by this Master Indenture and all Supplemental Indentures and (iii) capable of meeting its obligations hereunder, and (b) shall have a combined net capital and surplus of at least \$75,000,000.

Section 11.22 Judicial Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall resign and no appointment of a successor Paying Agent or Registrar shall be made pursuant to the foregoing provisions of this Master Indenture prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent or Registrar may forthwith apply to a court of competent jurisdiction for the appointment of a successor Paying Agent or Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Paying Agent or Registrar. Notice of such appointment shall be given by the Successor Registrar or Paying Agent to the Issuer, the Trustee, the Credit Facility Issuer, if any, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. In the absence of such an appointment, the Trustee shall become the Registrar or Paying Agent, or and shall so notify the Issuer, any rating agency that shall have issued a rating on the Bonds, and all Bondholders.

Section 11.23 Acceptance of Duties by Successor Paying Agent or Registrar. Any successor Paying Agent or Registrar 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 Registrar herein. Upon request of such Paying Agent or Registrar, except as provided in Section 11.24 hereof, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such

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powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after deducting all amounts owed to the Trustee, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument or instruments prepared by the Issuer transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except for its rights to indemnify under Section 11.04 hereof.

Section 11.16 Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation which shall have purchased substantially all of the bond administration business of the corporate trust department shall be the successor Trustee under this Master Indenture and all Supplemental Indentures, without the execution or filing of any paper or any further act on the part of the parties hereto, 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 11.14 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article XI. The Trustee may not resign as the Paying Agent or the Registrar without resigning as Trustee.

Section 11.17 Extension of Rights and Duties of Trustee to Paying Agent and Registrar. The provisions of Sections 11.02, 11.03, 11.04, 11.08, 11.09 and 11.10 hereof are hereby made applicable to the Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or Registrar, hereby enters into and agrees to comply with the covenants and agreements of this Master Indenture and all Supplemental Indentures applicable to the Paying Agent and Registrar, respectively.

Section 11.18 Resignation of Paying Agent or Registrar. The Paying Agent or Registrar may resign and be discharged of the duties created by this Master Indenture and all Supplemental Indentures 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 Issuer, the Trustee, and any rating agency that shall then have in effect a rating on any of the Bonds, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation not less than three (3) weeks prior to such resignation date to the Bondholders, mailed to their addresses as such appear in the Bond Register. Such resignation shall take effect on the date specified in such instrument and notice, but only if a successor Paying Agent or Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Registrar. If the successor Paying Agent or Registrar shall not have been appointed within a period of ninety (90) days following the giving of notice, then the Paying Agent or Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent or Registrar as provided in Section 11.22 hereof.

Section 11.19 Removal of Paying Agent or Registrar. The Paying Agent or Registrar may be removed at any time prior to any Event of Default by the Issuer by filing with the Paying Agent or Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by the Issuer appointing a successor, or an instrument or instruments in writing

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predecessor Paying Agent or Registrar and such predecessor Paying Agent or Registrar shall pay over and deliver to the successor Paying Agent or Registrar all moneys and other assets at the time held by it hereunder.

Section 11.24 Successor by Merger or Consolidation. Any corporation into which any Paying Agent or Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent or Registrar hereunder shall be a party, or any corporation which shall have purchased substantially all of the bond administration business of the corporate trust department shall be the successor Paying Agent or Registrar under this Master Indenture and all Supplemental Indentures without the execution or filing of any paper or any further act on the part of the parties thereto, anything in this Master Indenture or any Supplemental Indenture to the contrary notwithstanding.

[END OF ARTICLE XI]

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**ARTICLE XII  
ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS**

Section 12.01 Acts of Bondholders; Evidence of Ownership of Bonds. Any action to be taken by Bondholders may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondholders in person or by an agent appointed in writing. The fact and date of the execution by any person of any such instrument may be provided by acknowledgment before a notary public or other officer empowered to take acknowledgments or by an affidavit of a witness to such execution. Any action by the Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered by the Issuer, Trustee, Paying Agent or Registrar in pursuance thereof.

[END OF ARTICLE XII]

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this section, the security provisions hereunder or under any Supplemental Indenture, which may only be amended by approval of the Owners of all Bonds then Outstanding to be so amended.

Section 13.03 Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any supplemental indenture or amendment permitted by this Article XIII and in so doing is entitled to require and to rely on a written opinion of Counsel, at the expense of the Issuer, that such supplemental indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

[END OF ARTICLE XIII]

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**ARTICLE XIII  
AMENDMENTS AND SUPPLEMENTS**

Section 13.01 Amendments and Supplements Without Bondholders' Consent. This Master Indenture and any Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by a Certified Resolution of the Issuer filed with the Trustee, for one or more of the following purposes:

(a) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;

(b) for any purpose not inconsistent with the terms of the related Indenture, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of the related Indenture, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;

(c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of any Project to the State, the County, or any department, agency or branch thereof, or any other unit of government of the State, provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders;

(d) to make such changes as may be deemed necessary or desirable as determined by the District in order to provide for the issuance of a Series of Bonds to refund a portion of a Series of Bonds or for the completion of a Project financed with such Series of Bonds, on a parity with the Outstanding Bonds of such Series;

(e) to make any change in connection with the issuance of a new Series of Bonds if such change affects only such Series of Bonds; and

(f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190 and 197, Florida Statutes, so long as, in the opinion of counsel to the Issuer, such changes either: (i) do not have a material adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, that they nevertheless are required to be made as a result of such amendments.

Section 13.02 Amendments With Bondholders' Consent. Subject to the provisions of Section 13.01 hereof, this Master Indenture and any Supplemental Indenture may be amended from time to time by a Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding in the case of the Master Indenture, and of the Series of Bonds then Outstanding and secured by such Supplemental Indenture in the case of an amendment of a Supplemental Indenture including, but not limited to, any material amendment to the Special Assessments and related proceedings which secure a Series of Bonds; provided that with respect to (a) the interest payable upon any Bonds, (b) the dates of maturity or redemption provisions of any Bonds, (c) this Article XIII and (d) except as otherwise provided in

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**ARTICLE XIV  
DEFEASANCE**

Section 14.01 Defeasance. When interest on, and principal or Redemption Price (as the case may be) of, the Bonds of a Series or any portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in a Certified Resolution of the Issuer (the "Escrow Agent") moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys, remaining uninvested, will provide sufficient moneys to fully pay (i) such Bonds of a Series or portion thereof to be defeased, and (ii) any other sums payable hereunder by the Issuer, the right, title and interest of the Trustee with respect to such Bonds of a Series or portion thereof to be defeased shall thereupon cease, the lien of the Indenture on the Pledged Revenues, and the Funds and Accounts established under the Indenture shall be defeased and discharged, and the Trustee, on demand of the Issuer, shall release the Indenture as to such Bonds of a Series or portion thereof to be so defeased and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Series Funds and Accounts upon the defeasance in whole of all of the Bonds of a Series.

Section 14.02 Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds of a Series becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 14.01 hereof, interest on such Bonds of a Series shall cease to accrue on such date of maturity or prior redemption and all liability of the Issuer with respect to such Bonds of a Series shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 8.02 hereof, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the Issuer shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the Bond Register, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds of a Series. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Owners. At the time of the deposit referred to above, there shall be delivered to the Escrow Agent a verification from a firm of independent certified public accountants or other qualified independent consultant stating that the principal of and interest on the Defeasance Securities, together with the stated amount of any cash remaining

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on deposit with the Escrow Agent, will be sufficient without reinvestment to pay the remaining principal of, redemption premium, if any, and interest on such defeased Bonds.

Money so deposited with the Escrow Agent which remains unclaimed three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Escrow Agent in default with respect to any covenant in the Indenture or the Bonds of the Series contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Escrow Agent, before making payment to the Issuer, shall, if so directed by the Issuer, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

[END OF ARTICLE XIV]

ARTICLE XV  
MISCELLANEOUS PROVISIONS

Section 15.01 Limitations on Recourse. No personal recourse shall be had for any claim based on this Master Indenture or any Supplemental Indenture or the Bonds against any member of the Board of the Issuer, officer, employee or agent, past, present or future, of the Issuer or of any successor body as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

The Bonds of each Series are payable solely from the Pledged Revenues, and any other moneys held by the Trustee under the Indenture for such purpose. There shall be no other recourse under the Bonds, the Indenture or otherwise, against the Issuer or any other property now or hereafter owned by it.

Section 15.02 Payment Dates. In any case where an Interest Payment Date or the maturity date of the Bonds or the date fixed for the redemption of any Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

Section 15.03 No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Bonds and the Credit Facility Issuers, if any.

Section 15.04 Illegal Provisions Disregarded. If any term of Master Indenture or any Supplemental Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining provisions or the application of such terms or provisions to Persons and situations other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision hereof and thereof shall be valid and enforced to the fullest extent permitted by law.

Section 15.05 Substitute Notice. If for any reason it shall be impossible to make duplication of any notice required hereby in a newspaper or newspapers, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 15.06 Notices. Any notice, demand, direction, request or other instrument authorized or required by this Master Indenture or any Supplemental Indenture to be given to or filed with the Issuer or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture or any Supplemental Indenture if and when personally delivered and receipted for, or if mailed by first class mail, addressed as follows:

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(a) As to the Issuer -

South Fork III Community Development District  
c/o District Manager  
5680 W. Cypress Street, Suite A  
Tampa, Florida 33607

(b) As to the Trustee -

U.S. Bank National Association  
225 E. Robinson Street, Suite 250  
Orlando, FL 32801

Any of the foregoing may, by notice sent to each of the others, designate a different or additional address to which notices under this Master Indenture or any Supplemental Indenture are to be sent.

All documents received by the Trustee under the provisions of this Master Indenture or any Supplemental Indenture and not required to be redelivered shall be retained in its possession, subject at all reasonable times to the inspection of the Issuer, any Consultant, any Bondholder and the agents and representatives thereof as evidence in writing.

Section 15.07 Controlling Law. This Master Indenture and all Supplemental Indentures shall be governed by and construed in accordance with the laws of the State.

Section 15.08 Successors and Assigns. All the covenants, promises and agreements in this Master Indenture and all Supplemental Indentures contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 15.09 Headings for Convenience Only. The table of contents and descriptive headings in this Master Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 15.10 Counterparts. This Master Indenture and any Supplemental Indentures may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 15.11 Appendices and Exhibits. Any and all appendices or exhibits referred to in and attached to this Master Indenture are hereby incorporated herein and made a part hereof for all purposes.

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IN WITNESS WHEREOF, South Fork III Community Development District has caused this Master Indenture to be executed by the Chairperson of its Board and its corporate seal to be hereunto affixed, attested by the Secretary or Assistant Secretary of its Board and U.S. Bank National Association has caused this Master Indenture to be executed by one of its authorized signatories, all as of the day and year first above written.

SOUTH FORK III COMMUNITY  
DEVELOPMENT DISTRICT

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairperson, Board of Supervisors

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary, Board of Supervisors

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee, Paying Agent and Registrar

By: \_\_\_\_\_  
Title: Vice President

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

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**FIRST SUPPLEMENTAL TRUST INDENTURE**  
**BETWEEN**  
**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**  
**AND**  
**U.S. BANK NATIONAL ASSOCIATION**  
**AS TRUSTEE**

**Dated as of March 1, 2016**

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**FIRST SUPPLEMENTAL TRUST INDENTURE**

THIS **FIRST SUPPLEMENTAL TRUST INDENTURE** (the "First Supplemental Indenture") dated as of March 1, 2016, from **SOUTH FORK III 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 within the State of Florida.

**WHEREAS**, the District has entered into a Master Trust Indenture dated as of March 1, 2016 (the "Master Indenture"), with the Trustee to secure the issuance of its South Fork III Community Development District Special Assessment Revenue Bonds (the "Bonds"), issuable in one or more Series from time to time; and

**WHEREAS**, pursuant to Resolutions 2016-24 and 2016-29 adopted by the Board of the District on October 23, 2015 and January 7, 2016, respectively (collectively, the "Bond Resolution"), the District has authorized the issuance of its not exceeding \$\_\_\_\_\_ South Fork III Community Development District Special Assessment Revenue Bonds, in one or more Series, and authorized the execution and delivery of the Master Indenture to secure the issuance of the Bonds; and

**WHEREAS**, the Bonds were validated by the Circuit Court of the Thirteenth Judicial Circuit of the State of Florida in and for Hillsborough County, Florida in a final judgment rendered on January 11, 2016, and the appeal period from such final judgment has expired with no appeal being taken; and

**WHEREAS**, the District has not previously issued any Bonds; and

**WHEREAS**, the Board of the District has duly adopted resolutions pursuant to Sections 170.03, 170.07 and 170.08, Florida Statutes, defining assessable property to be benefited by the 2016 Project (hereinafter defined), defining the portion of the Cost of the 2016 Project with respect to which Series 2016 Assessments (hereinafter defined) will be imposed and the manner in which such Series 2016 Assessments shall be levied against such benefited property within the District, directing the preparation of an assessment roll calling for a public hearing of the District at which owners of property to be subject to the Series 2016 Assessments may be heard as to the propriety and advisability of undertaking the 2016 Project, as to the cost thereof, the manner of payment therefor, and the amount to be assessed against each property improved by the 2016 Project, and stating the intent of the District to issue the Series 2016 Bonds (as herein defined) secured by such Series 2016 Assessments to finance the costs of the acquisition and construction of the 2016 Project and the Board of the District has duly adopted a resolution, following a public hearing conducted in accordance with the Act, to fix and establish the Series 2016 Assessments and the benefited property (collectively the "Assessment Resolution"); and

**WHEREAS**, pursuant to the Bond Resolution, the District has authorized the issuance, sale and delivery of its \$\_\_\_\_\_ South Fork III Community Development District Special Assessment Revenue Bonds, Series 2016 (the "Series 2016 Bonds") as a Series of Bonds under the Master Indenture and authorized the execution and delivery of this First Supplemental

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Indenture (collectively with the Master Indenture, the "Indenture") to secure the issuance of the Series 2016 Bonds and to set forth the terms of the Series 2016 Bonds; and

**WHEREAS**, the District will apply the proceeds of the Series 2016 Bonds to: (i) finance the Cost of acquisition, construction, installation and equipping of the 2016 Project which 2016 Project is further described in **Exhibit A** hereto (hereinafter, the "2016 Project"); (ii) pay certain costs associated with the issuance of the Series 2016 Bonds; (iii) to pay a portion of the interest accruing on the Series 2016 Bonds; and (iv) fund the 2016 Reserve Account as herein provided; and

**WHEREAS**, the execution and delivery of the Series 2016 Bonds and of this First Supplemental Indenture have been duly authorized by the Board of the District and all things necessary to make the Series 2016 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this First Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the 2016 Trust Estate (as hereinafter defined) have been done;

**NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS FIRST 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 2016 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 2016 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 First Supplemental Indenture and in the Series 2016 Bonds: (a) has executed and delivered this First Supplemental Indenture and (b) does hereby, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in interest the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture, the revenues derived by the District from the Series 2016 Assessments levied and imposed pursuant to the Assessment Proceedings as the same may be amended from time to time (the "2016 Pledged Revenues") and the Funds and Accounts (except for the 2016 Rebate Account and the 2016 Cost of Issuance Account) established hereby (the "2016 Pledged Funds" and collectively with the "2016 Pledged Revenues," the "2016 Trust Estate") which shall comprise the Trust Estate securing only the Series 2016 Bonds;

**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 trust and to it and its assigns forever;

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"Ambleside Project" shall mean those improvements to Ambleside Boulevard and the improvements consisting of the Subdivision Amenities as such terms are defined in the Parcel O Project Funding and Completion Agreement dated the date of issuance of the Series 2016 Bonds between the District and the Parcel O Landowner (as defined below).

"Amortization Installments" shall mean the moneys required to be deposited in the Sinking Fund Account within the Debt Service Fund for the purpose of redeeming and paying when due any Term Bonds.

"Assessment Interest" shall mean the interest on Series 2016 Assessments received by the District which is pledged to the Series 2016 Bonds, other than Delinquent Assessment Interest.

"Assessment Principal" shall mean the principal amount of Series 2016 Assessments received by the District which are pledged to the Series 2016 Bonds, other than Delinquent Assessment Principal and Prepayment Principal.

"Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2016 Assessments, including the Assessment Resolution and any supplemental proceedings undertaken by the District with respect to the Series 2016 Assessments.

"Beneficial Owner" shall mean the owners from time to time of the Series 2016 Bonds for federal income tax purposes.

"Bond Depository" shall mean the securities depository existing from time to time under Section 201 hereof.

"Bond Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds Series 2016 Bonds as securities depository.

"Collateral Assignment" shall mean that certain [Collateral Assignment and Assumption of Development Rights Relating to the 2016 Project] and dated the initial delivery date of the Series 2016 Bonds, between the District and the Landowners, as amended from time to time.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement dated the date of issuance and delivery of the Series 2016 Bonds, among the District and the Developer and joined in by the Trustee and Disclosure Representative (as defined therein), as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Deferred Costs" shall mean Costs of the 2016 Project which have not been paid from the General Subaccount of the 2016 Acquisition and Construction Account 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 has become obligated to pay for Costs of the 2016 Project from the Deferred Costs Subaccount in the 2016 Acquisition and Construction Account.

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**IN TRUST NEVERTHELESS**, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Master Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the Series 2016 Bonds issued or to be issued under and secured by this First Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any Series 2016 Bond over any other Series 2016 Bond by reason of priority in their issue, sale or execution;

**PROVIDED HOWEVER**, that if the District, its successors or assigns, shall well and duly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the Series 2016 Bonds or any Series 2016 Bond secured and Outstanding under this First Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the Series 2016 Bonds and this First 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 First 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 provision of the Master Indenture and this First Supplemental Indenture, then upon such final payments, this First Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all Series 2016 Bonds or any Series 2016 Bond of a particular maturity, otherwise this First Supplemental Indenture shall remain in full force and effect;

**THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH**, and it is expressly declared, that all Series 2016 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 First Supplemental Indenture), including this First 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 2016 Bonds, as follows:

**ARTICLE I  
DEFINITIONS**

Section 101. **Definitions.** All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (i) expressly given a different meaning herein or (ii) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

"Acquisition Agreement" shall mean any document, including any and all amendments thereto, pursuant to which the Landowners or either one conveys to the District any portion of the 2016 Project.

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"Delinquent Assessment Interest" shall mean Assessment Interest deposited with the Trustee after the date on which such Assessment Interest has become due and payable in accordance with applicable law or proceedings of the District.

"Delinquent Assessment Principal" shall mean Assessment Principal deposited with the Trustee after the date on which such Assessment Principal has become due and payable in accordance with applicable law or proceedings of the District.

"Developer" shall mean Parcel O, LLC, a Florida limited liability company.

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

"Interest Payment Date" shall mean each May 1 and November 1, commencing November 1, 2016.

"Landowners" shall mean collectively the Developer and Eisenhower Property Group, L.L.C., a Florida limited liability company.

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of the Series 2016 Bonds then Outstanding.

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

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

"Prepayment Principal" shall mean the excess amount of Assessment Principal received by the District over the Assessment Principal then due, but shall not include Delinquent Assessment Principal. Prepayment Principal shall not include the proceeds of any refunding bonds.

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

"Series 2016 Assessments" shall mean the Special Assessments levied against properties within the District specially benefited by the 2016 Project all as described in the Assessment Proceedings.

"Substantially Absorbed" means the date at least 90% of the principal portion of the Series 2016 Assessments have been assigned to residential units that have received certificates of occupancy.

"Term Bonds" shall mean the Series 2016 Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments.

"2016 Investment Obligations" shall mean those obligations described under the definition of "Investment Securities" in the Master Indenture.

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"2016 Reserve Account Requirement" shall mean the maximum annual Debt Service Requirement for the Series 2016 Bonds as of the time of any such calculation provided, however, that on and after the date on which the Series 2016 Assessments have been Substantially Absorbed as evidenced by a certificate to such effect delivered to the Trustee from a Responsible Officer on which the Trustee may conclusively rely, the 2016 Reserve Account Requirement shall mean 50% of the maximum annual Debt Service Requirement for the Series 2016 Bonds.

## ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF SERIES 2016 BONDS

Section 201. Authorization of Series 2016 Bonds: Book-Entry Only Form. The Series 2016 Bonds are hereby authorized to be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purposes enumerated in the recitals hereto. The Series 2016 Bonds shall be substantially in the form set forth as **Exhibit B** to this First Supplemental Indenture. Each Series 2016 Bond shall bear the designation "2016" and be numbered consecutively from 1 upwards.

The Series 2016 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2016 Bond for each maturity of Series 2016 Bonds. Upon initial issuance, the ownership of such Series 2016 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding Series 2016 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 2016 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the Series 2016 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 2016 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 2016 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Series 2016 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such Series 2016 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2016 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2016 Bond, for the purpose of registering transfers with respect to such Series 2016 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2016 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payment shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and

interest on the Series 2016 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 2016 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions therein with respect to Record Dates, the words "Cede & Co." in this First 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 2016 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 2016 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 2016 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Beneficial Owners shall designate, in accordance with the provisions hereof.

Section 202. Terms of Series 2016 Bonds. The Series 2016 Bonds shall be issued as \_\_\_\_\_ ( ) Term Bonds as set forth below and shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

\$\_\_\_\_\_, \_\_\_\_% Term Bond due November 1, \_\_\_\_\_

\$\_\_\_\_\_, \_\_\_\_% Term Bond due November 1, \_\_\_\_\_

\$\_\_\_\_\_, \_\_\_\_% Term Bond due November 1, \_\_\_\_\_

Section 203. Dating; Interest Accrual. Each Series 2016 Bond shall be dated \_\_\_\_\_, 2016. Each Series 2016 Bond shall also bear its date of authentication. Each Series 2016 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 2016 Bond has been paid, in which event such Series 2016 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2016 Bonds, in which event such Series 2016 Bond shall bear interest from its date. Interest on the Series 2016 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2016, and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 204. Denominations. The Series 2016 Bonds shall be issued in Authorized Denominations.

Section 205. Paying Agent. The District appoints the Trustee as Paying Agent for the Series 2016 Bonds.

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Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the Series 2016 Bonds.

Section 207. Conditions Precedent to Issuance of Series 2016 Bonds. In addition to complying with the requirements set forth in Section 3.01 of the Master Indenture in connection with the issuance of the Series 2016 Bonds, all the Series 2016 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 Assessment Proceedings;
- (b) Executed originals of the Master Indenture and this First Supplemental Indenture;

(c) A Bond Counsel opinion substantially to the effect that: (i) the Indenture has been duly authorized and executed by the District and constitutes a valid and binding obligation of the District; (ii) the Series 2016 Bonds have been duly authorized, executed and delivered by the District and are valid and binding special obligations of the District, payable solely from the sources provided therefor in the Indenture; (iii) the interest on the Series 2016 Bonds is excludable from gross income for federal income tax purposes; and (iv) the Series 2016 Bonds and the interest paid thereon are exempt from all taxes imposed by the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes on corporations and other entities, as defined therein.

(d) An opinion of Counsel to the District substantially to the effect that: (i) the District has been duly established and validly exists as a community development district under the Act, (ii) the District has good right and lawful authority under the Act to undertake the 2016 Project being financed with the proceeds of the Series 2016 Bonds, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body having lawful jurisdiction in order to undertake the 2016 Project, (iii) all proceedings undertaken by the District with respect to the Series 2016 Assessments have been in accordance with Florida law, (iv) the District has taken all action necessary to levy and impose the Series 2016 Assessments, and (v) the Series 2016 Assessments are legal, valid and binding liens upon the property against which such Series 2016 Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid;

(e) A certificate of a Responsible Officer to the effect that, upon the authentication and delivery of the Series 2016 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this First Supplemental Indenture;

(f) An Engineers' Certificate or Engineers' Certificates certifying as to the accuracy of the information set forth in the District Engineer's Report regarding the 2016 Project; and

(g) A certified copy of the final judgment of validation together with a certificate of no appeal.

Delivery to the Trustee of the proceeds from the issuance of the Series 2016 Bonds shall constitute satisfactory proof of the delivery of the items described above.

Section 208. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provisions of the Indenture, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may and, at the request of any Participating Underwriter (as defined in Rule 15c2-12 of the Securities and Exchange Commission) or the Holders of at least 25% aggregate principal amount of Outstanding Series 2016 Bonds, and receipt of indemnity satisfactory to the Trustee shall, or any such Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section.

## ARTICLE III REDEMPTION AND PURCHASE OF SERIES 2016 BONDS

The Series 2016 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as **Exhibit B** to this First Supplemental Indenture. Series 2016 Bonds may be purchased as provided in Article VIII of the Master Indenture. If at the time of mailing the notice of any redemption, the District shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem all the Series 2016 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

## ARTICLE IV DEPOSIT OF SERIES 2016 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF

Section 401. Establishment of Accounts.

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee the following accounts:

(i) a 2016 Acquisition and Construction Account and therein a General Subaccount, a Deferred Costs Subaccount and an Ambleside Boulevard Subaccount; and

(ii) a 2016 Costs of Issuance Account;

(b) There are hereby established within the Debt Service Fund held by the Trustee a 2016 Sinking Fund Account, and a 2016 Interest Account;

(c) There is hereby established within the Bond Redemption Fund a 2016 Prepayment Account;

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(d) There is hereby established within the Debt Service Reserve Fund held by the Trustee a 2016 Reserve Account, which account shall be held for the benefit of all of the Series 2016 Bonds without distinction as to Series 2016 Bonds and without privilege or priority of one Series 2016 Bond over another; and

(e) There is hereby established within the Revenue Fund held by the Trustee a 2016 Revenue Account.

Section 402. Use of 2016 Bond Proceeds. Following the Trustee's receipt of the items set forth in Section 3.01 of the Master Indenture and Section 207 hereof; the net proceeds of sale of the Series 2016 Bonds, \$ \_\_\_\_\_ (face amount of Series 2016 Bonds less underwriter's discount of \$ \_\_\_\_\_ and less original issue deposit of \$ \_\_\_\_\_), shall be delivered to the Trustee by the District and be applied as follows:

(a) \$ \_\_\_\_\_, representing the initial 2016 Reserve Account Requirement, shall be deposited to the 2016 Reserve Account;

(b) \$ \_\_\_\_\_, representing costs of issuance relating to the Series 2016 Bonds, shall be deposited to the credit of the 2016 Costs of Issuance Account;

(c) \$ \_\_\_\_\_, shall be deposited to the 2016 Interest Account; and

(d) \$ \_\_\_\_\_ of the proceeds of the Series 2016 Bonds shall be deposited to the credit of the Ambleside Boulevard Subaccount in the 2016 Acquisition and Construction Account; and

(e) \$ \_\_\_\_\_ of the proceeds of the Series 2016 Bonds remaining after the deposits above shall be deposited to the credit of the General Subaccount in the 2016 Acquisition and Construction Account.

Section 403. 2016 Acquisition and Construction Account.

(a) Amounts on deposit in the 2016 Acquisition and Construction Account shall be applied to pay the Costs of the 2016 Project including Deferred Costs upon compliance with the requirements of the requisition provisions set forth in Section 5.01(b) of the Master Indenture. Costs of the Ambleside Project shall be paid from the Ambleside Boulevard Subaccount provided that upon such time as the Ambleside Boulevard Subaccount has been depleted, costs of the Ambleside Project shall thereafter be paid from the General Subaccount. Costs of the 2016 Project (not inclusive of the Ambleside Project or Deferred Costs) shall solely be paid from the General Subaccount.

(b) The District shall notify the Trustee in writing, from time to time, of the amount of any Deferred Costs which have accrued and are unpaid. The Trustee shall be entitled to conclusively rely on the information contained in such certificate, and, in the absence of any such certificate, the Trustee shall conclusively presume that there are no accrued and unpaid Deferred Costs. Anything herein or in the Master Indenture to the contrary notwithstanding, so long as there are Deferred Costs due as evidenced by such certificate of the District, the Trustee shall deposit into the Deferred Costs Subaccount in the 2016 Acquisition and Construction

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Account, from the first legally available sources of the District. Any surplus in the 2016 Reserve Account (other than any surplus resulting from investment earnings which shall be applied as provided below) shall be deposited into the 2016 Prepayment Account provided that if the Trustee does not have knowledge of an Event of Default, any excess in the 2016 Reserve Account on the date on which the Trustee is notified the Series 2016 Assessments have been Substantially Absorbed will be deposited to the Deferred Costs Subaccount in the 2016 Acquisition and Construction Account in accordance with Section 403(b) hereof and to the extent any excess is not so deposited shall be deposited to the 2016 Prepayment Account.

All earnings on investments in the 2016 Reserve Account shall be deposited to the 2016 Reserve Account provided no deficiency exists in the 2016 Reserve Account and if a deficiency does exist earnings shall remain on deposit in the 2016 Reserve Account until the deficiency is cured. Such Account shall consist only of cash and 2016 Investment Obligations.

Notwithstanding the foregoing on the earliest date on which there is on deposit in the 2016 Reserve Account, sufficient monies, taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2016 Bonds, together with accrued interest on such Series 2016 Bonds to the earliest date of redemption, then the Trustee shall transfer to the 2016 Prepayment Account the amount on deposit in the 2016 Reserve Account to pay and redeem all of the Outstanding 2016 Bonds on the earliest such date.

The District may provide that the difference between the amounts on deposit in the 2016 Reserve Account and the 2016 Reserve Account Requirement shall be an amount covered by obtaining bond insurance or a surety bond issued by a municipal bond insurer, rated at the time of initial deposit to the 2016 Reserve Account in one of the two highest categories (at least AA by S&P or at least Aa by Moody's without reference to gradations) by one of such nationally recognized rating agencies (the "Reserve Account Credit Instrument"). At any time after the issuance of the Series 2016 Bonds, the District may withdraw any or all of the amount of money on deposit in the 2016 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 transferred to the Deferred Costs Subaccount to the extent the District informs the Trustee there are unfunded Deferred Costs and the balance shall be deposited to the 2016 Prepayment Account.

Section 406. Application of Prepayment Principal: 2016 Prepayment Account. All Prepayment Principal shall upon receipt by the Trustee be deposited to the 2016 Prepayment Account. At the time the District deposits Prepayment Principal with the Trustee it shall notify the Trustee in writing as to the amount of Prepayment Principal. Amounts on deposit in the 2016 Prepayment Account shall be applied to the extraordinary mandatory redemption of the Series 2016 Bonds in the manner prescribed in the form of Series 2016 Bonds as set forth in **Exhibit B** hereto.

Section 407. Tax Covenants and Rebate Account. The District shall comply with the Arbitrage Certificate (including deposits to and payments from the 2016 Rebate Account) included as part of the closing transcript for the Series 2016 Bonds, as amended and supplemented from time to time in accordance with its terms. Amounts in the 2016 Rebate

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Account the amounts to be transferred thereto pursuant to Section 405 hereof, which amounts shall be held separate and apart from other amounts on deposit in the 2016 Acquisition and Construction Account, including amounts on deposit in the General Subaccount and the Ambleside Boulevard Subaccount. Except as provided in the immediately preceding sentence and in Section 402(d) above all amounts being deposited to the 2016 Acquisition and Construction Account shall be deposited to the General Subaccount. Amounts in the Deferred Costs Subaccount shall, if the Trustee does not have knowledge of an Event of Default, be paid over to the District, upon requisition by the District, to be used solely to pay Deferred Costs. The District shall provide written notice to the Trustee when there are no further Deferred Costs at which time the Deferred Costs Subaccount shall be closed and any amounts then on deposit in the Deferred Costs Subaccount shall applied as provided in (d) below. The Trustee shall have no liability to any third party for payment of Deferred Costs.

(c) Any amounts on deposit in the Ambleside Boulevard Subaccount on the Completion Date of the Ambleside Project and after retaining the amount, if any, of all remaining unpaid Costs of the Ambleside Project set forth in the Engineers' Certificate establishing such Completion Date, shall be transferred to and deposited in the General Subaccount in the 2016 Acquisition and Construction Account.

(d) Any balance remaining in the 2016 Acquisition and Construction Account after the Completion Date and after retaining the amount, if any, of all remaining unpaid Costs of the 2016 Project set forth in the Engineers' Certificate establishing such Completion Date, shall be transferred to and deposited in the 2016 Prepayment Account in the Bond Redemption Fund and applied to the extraordinary mandatory redemption of the Series 2016 Bonds in the manner prescribed in the form of Series 2016 Bond set forth as **Exhibit B** hereto.

Section 404. Costs of Issuance Account. There shall be deposited in the 2016 Costs of Issuance Account \$ \_\_\_\_\_ which shall, at the written direction of a Responsible Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2016 Bonds. Any amounts on deposit in the 2016 Costs of Issuance Account ninety (90) days after the date of initial delivery of the Series 2016 Bonds, for which the District has not provided a pending requisition, shall be transferred over and deposited into the 2016 Acquisition and Construction Account and used for the purposes permitted therefor.

Section 405. 2016 Reserve Account. Amounts on deposit in the 2016 Reserve Account except as provided elsewhere in the Master Indenture or in this First Supplemental Indenture shall be used only for the purpose of making payments into the 2016 Interest Account and the 2016 Sinking Fund Account to pay the Series 2016 Bonds, without distinction as to Series 2016 Bonds and without privilege or priority of one Series 2016 Bond over another, when due when the moneys on deposit in such Accounts and available therefor are insufficient.

The Trustee, on or before the fiftieth day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each February 1, May 1, August 1 or November 1, after taking into account all payments and transfers made as of such date, shall compute the value of the 2016 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 the 2016 Reserve

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Account shall be directed by the District for investment only in Government Obligations. To the extent any amounts in the 2016 Rebate Account are not needed to comply with the Arbitrage Certificate, such amounts shall be transferred as directed by the District to any other fund or account created hereunder.

Section 408. Establishment of 2016 Revenue Account in Revenue Fund; Application of Series 2016 Accounts and Investment Earnings.

(a) Except as otherwise provided herein, amounts on deposit in the 2016 Revenue Account shall be applied in accordance with Section 6.03 of the Master Indenture. Except as otherwise provided herein, the Series 2016 Assessments will be collected as provided in Section 9.04 of the Master Indenture. Following an Event of Default, the Majority Owners may direct the District as to the collection method for the Series 2016 Assessments provided such method complies with Florida law. The District covenants to assess, levy, and enforce the payment of the Series 2016 Assessments at times and in amounts as shall be necessary in order to pay, when due, Debt Service Requirements on the Series 2016 Bonds and to pay or cause to be paid the proceeds of such Series 2016 Assessments as received to the Trustee for deposit to the 2016 Revenue Account.

(b) Upon deposit of the revenues from the Series 2016 Assessments including the interest thereon with the Trustee, the District shall provide the Trustee a written accounting setting forth the amounts of such Series 2016 Assessments in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

(i) Assessment Interest which shall be deposited into the 2016 Interest Account;

(ii) Assessment Principal, which shall be deposited into the 2016 Sinking Fund Account;

(iii) Prepayment Principal which shall be deposited into the 2016 Prepayment Account;

(iv) Delinquent Assessment Principal shall first be applied to restore the amount of any withdrawal, from the 2016 Reserve Account to pay the principal of Series 2016 Bonds to the extent that less than the 2016 Reserve Account Requirement is on deposit in the 2016 Reserve Account, and, the balance, if any, shall be deposited into the 2016 Sinking Fund Account;

(v) Delinquent Assessment Interest shall first be applied to restore the amount of any withdrawal, from the 2016 Reserve Account to pay the interest of Series 2016 Bonds to the extent that less than the 2016 Reserve Account Requirement is on deposit in a 2016 Reserve Account, and, the balance, if any, shall be deposited into the 2016 Interest Account;

(vi) The balance shall be deposited in the 2016 Revenue Account.

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(c) On each March 15, June 15, September 15 and December 15 (or if such March 15, June 15, September 15 or December 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the 2016 Prepayment Account and, if the balance therein is greater than zero, shall transfer from the 2016 Revenue Account for deposit into such Prepayment Account, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of Series 2016 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Account in accordance with the provisions for extraordinary redemption of Series 2016 Bonds as set forth in **Exhibit B** hereto. All interest due in regard to such prepayments shall be paid from the 2016 Interest Account or, if insufficient amounts are on deposit in the 2016 Interest Account to pay such interest then from the 2016 Revenue Account.

(d) On any date required by the Arbitrage Certificate, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2016 Revenue Account to the 2016 Rebate Account established for the Series 2016 Bonds in the Rebate Fund, and the Arbitrage Certificate the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Arbitrage Certificate. To the extent insufficient moneys are on deposit in the 2016 Revenue Account to make the transfer provided for in the immediately preceding sentence the District shall deposit with the Trustee from available moneys of the District the amount of any such insufficiency.

(e) Anything herein or in the Master Indenture to the contrary notwithstanding, amounts on deposit in all of the Funds and Accounts held as security for the Series 2016 Bonds shall be invested only in 2016 Investment Obligations, and further, earnings on investments in the 2016 Acquisition and Construction Accounts and 2016 Cost of Issuance Account shall be retained as realized, in such Accounts and used for the purpose of such Accounts. Earnings on investments in the 2016 Revenue Account, 2016 Sinking Fund Account, the 2016 Interest Account and the 2016 Prepayment Account in the Bond Redemption Fund shall be deposited, as realized, to the credit of the 2016 Revenue Account and used for the purpose of such Account.

Earnings on investments in the 2016 Reserve Account shall be disposed of as provided in Section 405 hereof.

#### ARTICLE V CONCERNING THE TRUSTEE

Section 501. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this First Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture as modified by this First Supplemental Indenture.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this First Supplemental Indenture by the District or for the recitals contained herein, all of which are made solely by the District.

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status of the residential units and the Series 2016 Assessments and in the absence of receipt of such certificate, may assume Substantial Absorption has not occurred.

#### Section 604. Additional Matters Relating to Delinquent Assessments.

(a) Notwithstanding anything herein or in the Master Indenture to the contrary, the following provisions shall apply with respect to the Series 2016 Assessments and Series 2016 Bonds: If any property shall be offered for sale for the nonpayment of any Series 2016 Assessments, and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2016 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the District, after receiving the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2016 Outstanding, specifying whether the District is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the Series 2016 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 2016 Bonds. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, shall have the power to and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the 2016 Revenue Account. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the Series 2016 Bonds within sixty (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the Series 2016 Outstanding. The District may pay costs associated with any actions taken by the District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture, provided such action does not adversely impact the tax-exempt status of the interest on the Series 2016 Bonds.

(b) Notwithstanding anything to the contrary herein or in the Master Indenture, the District acknowledges and agrees that (i) upon failure of any property owner to pay when due any installment of Series 2016 Assessments that are billed directly by the District, that the entire Series 2016 Assessments levied on the property for which such installment of Series 2016 Assessments is due and unpaid, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and, with the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2016 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 brought the necessary legal proceedings for the foreclosure of liens of the delinquent Series 2016 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 as now provided by law in suits to foreclose mortgages.

Section 605. Additional Matters Relating to Series 2016 Assessments and Assessment Proceedings. The District covenants and agrees that upon the occurrence and continuance of an Event of Default with respect to the Series 2016 Bonds, it will take such actions to enforce the

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Section 503. Trustee's Duties. Except as otherwise expressly stated in this First Supplemental Indenture, nothing contained herein shall limit the rights, benefits, privileges, protection and entitlements inuring to the Trustee under the Master Indenture, including, particularly, Article XI thereof, all of which shall apply to the actions of the Trustee under this First Supplemental Indenture.

Section 504. 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 sanctions 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.

#### ARTICLE VI MISCELLANEOUS

Section 601. Confirmation of Master Indenture. As supplemented by this First Supplemental Indenture, the Master Indenture is in all respect ratified and confirmed, and this First 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 First Supplemental Indenture and to the Series 2016 Bonds issued hereunder. To the extent of any conflicts between the terms and provisions of the Master Indenture and this First Supplemental Indenture the terms and provisions hereof shall control.

Section 602. Additional Covenant Regarding 2016 Assessments. In addition, and not in limitation of, the covenants contained elsewhere in this First Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the 2016 Assessments, including the assessment methodology, prepared by Meritus Districts (the "Report"), and to levy the 2016 Assessments and any required true up payments as set forth in the Report, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2016 Bonds, when due. The District also agrees that it shall not amend the Report in any material manner without the written consent of the Majority Owners.

Section 603. Limitation on Additional Debt. Other than Bonds issued to refund a portion of Outstanding Series 2016 Bonds, the issuance of which as determined by the District results in present value debt service savings, the District shall not, while any Series 2016 Bonds are outstanding, issue or incur any debt payable in whole or in part from the 2016 Trust Estate. In addition, the District covenants not to issue any other Bonds or other debt obligations secured by Special Assessments on assessable lands which are also encumbered by the Series 2016 Assessments for any capital project unless the Series 2016 Assessments have been Substantially Absorbed. The District may issue Bonds or other debt obligations secured by Special Assessments on assessable lands not encumbered by the Series 2016 Assessments without limitation except as limited by the documents pursuant to which such Bonds or debt are issued. The Trustee and the District may rely on a certificate from the District Manager regarding such

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remedial provisions of the Indenture, the provisions for the collection of delinquent Assessments that are directly billed and collected by the District, as well as delinquent direct billed operation and maintenance assessments, and the provisions for the foreclosure of liens of delinquent assessments that are directly billed and collected by the District, as well as delinquent direct billed operation and maintenance assessments, all in a manner consistent with the Master Indenture and this First Supplemental Indenture. All Series 2016 Assessments that are billed and collected directly by the District shall be due and payable by the applicable landowner no later than thirty (30) days prior to each Interest Payment Date and shall become delinquent thereafter.

#### Section 606. Additional Matters Relating to Events of Default.

In addition to the events set forth in Section 10.02 of the Master Indenture, each of the following events shall be an Event of Default with respect to the Series 2016 Bonds, notwithstanding anything to the contrary in the Master Indenture:

Any portion of the Series 2016 Assessments pledged to the Series 2016 Bonds shall have become delinquent and, as the result thereof, the Indenture authorizes the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in 2016 Reserve Account to pay the Debt Service Requirements on the Series 2016 Bonds (regardless of whether the Trustee does or does not actually withdraw such funds from the 2016 Reserve Account to pay the Debt Service Requirements on the Series 2016 Bonds) (the foregoing being referred to as a "2016 Reserve Account Event") unless within sixty (60) days from the 2016 Reserve Account Event the District has either paid to the Trustee (i) the amounts, if any, withdrawn from the 2016 Reserve Account or (ii) the portion of the Delinquent Assessment Principal and Delinquent Assessment Interest giving rise to the 2016 Reserve Account Event are no longer delinquent Assessments; and

More than fifteen percent (15%) of the operation and maintenance Assessments that are directly billed by the District and levied by the District on tax parcels subject to the Series 2016 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. The District shall give written notice to the Trustee of the occurrence of such event not later than 10 days after the end of the sixty day period referred to in the preceding sentence. The Trustee shall not be deemed to have knowledge of the occurrence of such an Event of Default absent notice thereof from the District.

#### Section 607. Provisions relating to Bankruptcy or Insolvency of Landowner.

(a) The provisions of this Section 607 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 Series 2016 Assessments pledged to the Series 2016 Bonds Outstanding (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").

(b) The District acknowledges and agrees that, although the Series 2016 Bonds were issued by the District, the Owners of the Series 2016 Bonds are categorically the

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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:

(i) the District hereby agrees that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2016 Bonds Outstanding, prior to 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 Proceedings or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding, the Outstanding Series 2016 Bonds or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2016 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);

(ii) 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 other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding, the Series 2016 Bonds Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee;

(iii) the District hereby agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2016 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);

(iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise 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 2016 Assessments relating to the Series 2016 Bonds Outstanding, 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

(v) 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 Proceedings or take any other action in such Proceedings, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding 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 2016 Assessments pledged to the Series 2016 Bonds Outstanding, (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.

(c) 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 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 consents with respect to the Series 2016 Assessments relating to the Series 2016 Bonds Outstanding 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 (b)(iv) or (b)(v) above.

Section 608. Assignment of Collateral Assignment.

The District hereby assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of the Series 2016 Bonds. Such assignment shall not be considered an assumption by the Trustee of any obligations thereunder.

Section 609. Third Party Beneficiaries. This First Supplemental Indenture shall inure solely to the benefit of the District, the Trustee and the Holders from time to time of the Series 2016 Bonds, and shall create no rights in any other person or entity.

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**EXHIBIT "A"**

Description of the 2016 Project

IN WITNESS WHEREOF, SOUTH FORK III Community Development District has caused these presents to be signed in its name and on its behalf by its Chairperson, 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 signatory.

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

[SEAL]

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

ATTEST:

By: \_\_\_\_\_  
Secretary

**PUBLIC IMPROVEMENTS CONSTITUTING ASSESSABLE IMPROVEMENTS WITHIN THE MEANING OF CHAPTER 190, FLORIDA STATUTES, INCLUDING BUT NOT LIMITED TO:**

**DISTRICT AND OFFSITE ROADS,  
WATER MANAGEMENT AND CONTROL FACILITIES,  
RECREATIONAL FACILITIES  
WATER AND SEWER FACILITIES,  
LANDSCAPING, IRRIGATION AND SIGNAGE IN COMMON AREAS  
ALL AS PROVIDED IN THE REPORT OF DISTRICT ENGINEER STANTEC CONSULTING SERVICES, INC., DATED FEBRUARY 17, 2016 AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME.**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Vice President

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EXHIBIT "B"

Form of the Series 2016 Bonds

See Attached

No. 2016R-1

\$ \_\_\_\_\_

United States of America
State of Florida
SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2016

Interest Rate: \_\_\_\_\_%
Maturity Date: November 1, \_\_\_\_\_, 2016
Dated Date: \_\_\_\_\_
CUSIP: \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED \_\_\_\_\_ THOUSAND AND NO/100 DOLLARS

THE SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT HAS ESTABLISHED A BOOK ENTRY SYSTEM OF REGISTRATION FOR THIS SERIES 2016 BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE INDENTURE, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), WILL BE THE REGISTERED OWNER AND WILL HOLD THIS SERIES 2016 BOND ON BEHALF OF EACH BENEFICIAL OWNER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, EACH BENEFICIAL OWNER OF THIS SERIES 2016 BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED OWNER OF THIS SERIES 2016 BOND, MAY BE TREATED AS THE OWNER OF IT FOR ALL PURPOSES.

UNLESS THIS SERIES 2016 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, WITH RESPECT TO ANY SERIES 2016 BOND REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT, a community development district duly created 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 Series 2016 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

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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 November 1, 2016, 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) and/or (b) of Section 10.02 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the Registered Owner of this Bond. Any payment of principal, or Redemption Price or interest shall be made only in accordance with standard DTC practices. Interest on this Bond will be computed on the basis of a 360-day year of twelve 30 day months.

This Bond is one of a duly authorized issue of bonds of the District designated "Special Assessment Revenue Bonds, Series 2016" (the "Series 2016 Bonds") issuable under and governed by the terms of a Master Trust Indenture, dated as of March 1, 2016 (the "Master Indenture"), between the District and U.S. Bank National Association as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Indenture, dated as of March 1, 2016 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as supplemented by the Supplemental Indenture is hereafter referred to as the "Indenture"). The Series 2016 Bonds are issued in an aggregate principal amount of \$ \_\_\_\_\_ for the purposes of (i) financing the Cost of acquiring, constructing and equipping certain assessable improvements (the "2016 Project"); (ii) paying certain costs associated with the issuance of the Series 2016 Bonds; (iii) paying a portion of the interest to accrue on the Series 2016 Bonds; and (iv) making a deposit into the 2016 Reserve Account for the benefit of all of the Series 2016 Bonds.

NEITHER THIS SERIES 2016 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 SERIES 2016 BOND AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON 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 2016 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE

INDENTURE, OR THE SERIES 2016 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2016 PLEDGED REVENUES AND THE 2016 PLEDGED FUNDS PLEDGED TO THE SERIES 2016 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Series 2016 Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This Series 2016 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, SOUTH FORK III Community Development District has caused this Series 2016 Bond to bear the signature of the Chairperson of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary of its Board of Supervisors.

SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT

(SEAL)

By: \_\_\_\_\_
Chairperson, Board of Supervisors

ATTEST:

By: \_\_\_\_\_
Secretary to Board of Supervisors

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**CERTIFICATE OF AUTHENTICATION**

This Series 2016 Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION  
as Registrar**

By: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Date of Authentication:

This Series 2016 Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, as amended, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the designated office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of 2016 Bonds, the collection, receipt 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 Series 2016 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of the 2016 Pledged Revenues (as defined in the Indenture), the terms and conditions under which the Series 2016 Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Registered Owners and Beneficial Owners of the Series 2016 Bonds, and, by the acceptance of this Series 2016 Bond, the Registered Owner and Beneficial Owners hereof assents to all of the provisions of the Indenture. Terms not otherwise defined herein shall have the meaning ascribed to them in the Indenture. The Series 2016 Bonds are equally and ratably secured by the 2016 Trust Estate, without preference or priority of one Series 2016 Bond over another.

The Series 2016 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"). This Series 2016 Bond is transferable by the Registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee as Bond Registrar (the "Bond Registrar"), upon surrender of this Series 2016 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 Series 2016 Bond or Series 2016 Bonds, in the same aggregate principal amount and of the same maturity as the Series 2016 Bond or Series 2016 Bonds transferred, will be issued to the transferee. At the designated corporate trust office of the Bond Registrar in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Series 2016 Bonds may be exchanged for an equal aggregate principal amount of Series 2016 Bonds of the same maturity and series, in Authorized Denominations and bearing interest at the same rate or rates.

The District has established a book-entry system of registration for the Series 2016 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this Series 2016 Bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Series 2016 Bond shall be deemed to have agreed to such arrangement.

Optional Redemption

The Series 2016 Bonds are subject to redemption at the option of the District prior to maturity, in whole or in part, on any date on or after November 1, \_\_\_\_\_ at the Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

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Mandatory Redemption

The Series 2016 Bonds maturing November 1, \_\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2016 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Amortization Installment</u> \$
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\*Maturity

The Series 2016 Bonds maturing November 1, \_\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2016 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Amortization Installment</u> \$
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\*

\*Maturity

The Series 2016 Bonds maturing November 1, \_\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2016 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, on November 1 of the years and in the principal amounts set forth below.

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<u>Year</u>	<u>Amortization Installment</u> \$
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\*

\*Maturity

Any Series 2016 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 2016 Bonds.

Upon redemption or purchase of the Series 2016 Bonds (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so that Debt Service on the Series 2016 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2016 Bonds.

Extraordinary Mandatory Redemption

The Series 2016 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Redemption Date, and if in part on a pro rata basis calculated by the District determined by the ratio of the Outstanding principal amount of each maturity of the Series 2016 Bonds treating for such purposes each Amortization Installment as a maturity divided by the aggregate principal amount of Outstanding Series 2016 Bonds and as otherwise provided in the Indenture, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, if and to the extent that any one or more of the following shall have occurred:

(i) On or after the Date of Completion of the 2016 Project by application of moneys transferred from the 2016 Acquisition and Construction Account to the 2016 Prepayment Account in accordance with the terms of the Indenture; or

(ii) Amounts are deposited into the 2016 Prepayment Account from the prepayment of Series 2016 Assessments and from amounts deposited into the 2016 Prepayment Subaccount from other sources; or

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(iii) When the amount on deposit in the 2016 Reserve Account, together with other moneys available therefor are sufficient to pay and redeem all the Series 2016 Bonds then Outstanding as provided in the Supplemental Indenture.

Except as otherwise provided in the Indenture, if less than all of the Series 2016 Bonds subject to redemption shall be called for redemption, the particular such Series 2016 Bonds or portions of such Series 2016 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of Series 2016 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to each Registered Owner of Series 2016 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 2016 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 2016 Bonds or such portions thereof on such date, interest on such Series 2016 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2016 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 2016 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent.

The Owner of this Series 2016 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any Series 2016 Bond which remain unclaimed for three (3) years after the date when such Series 2016 Bond has become due and payable, either at its stated maturity date or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for three (3) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Series 2016 Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Trustee or Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee funds or Defeasance Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Series 2016 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of such Series 2016 Bonds as to the 2016 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.

{36571723;5}

B-8

This Series 2016 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 Series 2016 Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

{36571723;5}

B-9

**CERTIFICATE OF VALIDATION**

This Series 2016 Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court in and for Hillsborough County, Florida, rendered on January 11, 2016.

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

**[FORM OF ABBREVIATIONS FOR SERIES 2016 BONDS]**

The following abbreviations, when used in the inscription on the face of the within Series 2016 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM as tenants in common
- TEN ENT as tenant by the entireties
- JT TEN as joint tenants with the right of survivorship and not as tenants in common
- UNIFORM TRANS MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_ under Uniform Transfers to Minors Act \_\_\_\_\_ (State)

Additional abbreviations may also be used though not in the above list.

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series 2016 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the said Series 2016 Bond on the books of the District, with full power of substitution in the premises.

Date: \_\_\_\_\_

Social Security Number of Employer \_\_\_\_\_

Identification Number of Transferee: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Series 2016 Bond in every particular without alteration or any change whatever.

By: \_\_\_\_\_  
Authorized Signatory

{36571723;5}

B-10

{36571723;5}

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**APPENDIX C**

**PROPOSED FORM OF APPROVING OPINION  
OF BOND COUNSEL**

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Akerman LLP  
420 South Orange Avenue  
Suite 1200  
Orlando, Florida 32801  
Tel: 407.423.4000  
Fax: 407.843.6610

Upon delivery of the 2016 Bonds in definitive form, Akerman LLP,  
Bond Counsel, proposes to render its opinion with respect to such  
2016 Bonds in substantially the following form:

\_\_\_\_\_, 2016

Board of Supervisors  
South Fork III Community Development District

§ \_\_\_\_\_  
**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2016**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by South Fork III Community Development District (the “Issuer”) of its Special Assessment Revenue Bonds, Series 2016 (the “2016 Bonds”), pursuant to the Constitution and laws of the State of Florida, including particularly the Uniform Community Development District Act of 1980, Chapter 190, *Florida Statutes*, as amended (the “Act”). The 2016 Bonds are being issued pursuant to the Act, Ordinance No. 15-22 of Hillsborough County, Florida, Resolutions 2016-24 and 2016-29 adopted by the Board of Supervisors of the District (the “Board”) on October 23, 2015 and January 7, 2016 respectively (collectively, the “Resolution”) and a Master Trust Indenture dated as of March 1, 2016 (the “Master Indenture”), as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2016 (the “Supplemental Indenture,” and together with the Master Indenture, the “Indenture”), between the District and U.S. Bank National Association, as trustee (the “Trustee”) (collectively, the “Indenture”). Any capitalized undefined term used herein shall have the same meaning as such term has under the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and other certifications of officials furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of even date herewith of Straley & Robin, Counsel to the Issuer, on which we have relied, as to the due creation and valid existence of the Issuer and the due execution and delivery of the Indenture by the Issuer.

We have also relied upon all findings in the final judgment rendered by the Circuit Court in and for Hillsborough County, Florida on January 11, 2016 which final judgment among other matters validated the 2016 Bonds. Reference is also made to the opinion of even date herewith of counsel to the Trustee, on which we have relied, as to the due authorization and execution of the Indenture by the Trustee and of the enforceability of the Indenture against the Trustee.

In addition to the foregoing, we have examined and relied upon such other agreements, certificates, documents and opinions submitted to us, including certifications and representations of public officials and other officers and representatives of the various parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such agreements, certificates, documents, representations and opinions submitted to us and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of the signatures on all documents and instruments, the authenticity of documents submitted as originals, the conformity to originals of documents submitted as copies and the legal capacity of all natural persons.

The scope of our engagement in relation to the issuance of the 2016 Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein.

This opinion should not be construed as offering material or 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 2016 Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2016 Bonds. In addition, we have not been engaged to and, therefore, do not express any opinion as to compliance by the Issuer with any federal or state statute, regulation or ruling with respect to the sale and distribution of the 2016 Bonds.

Neither the 2016 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the Issuer within the meaning of the Constitution and laws of Florida. The 2016 Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a lien upon any property of the Issuer other than as provided in the Indenture. No owner of the 2016 Bonds or any other person shall ever have the right, directly or indirectly, to require or compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay the principal of or interest and premium, if any, on the 2016 Bonds or to pay any other amounts required to be paid pursuant to the Indenture or the 2016 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 upon the foregoing, we are of the opinion that:

1. The Issuer has been duly created and validly exists as a community development district under the Act.

2. The Indenture has been duly authorized and executed by the Issuer and constitutes a valid and binding obligation of the Issuer. The Indenture creates the valid pledge which it purports to create of the 2016 Trust Estate in the manner and to the extent provided therein.

3. The 2016 Bonds have been duly authorized, executed and delivered by the Issuer and are valid, binding, and enforceable special obligations of the Issuer, payable solely from the sources provided therefore in the Indenture.

4. The interest on the 2016 Bonds is under Section 103 of the Code (as defined below) excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations but is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinions set forth in the immediately preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"), that must be met or satisfied in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure of the Issuer to comply with such requirements may cause the inclusion of interest on the 2016 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2016 Bonds. Other provisions of the Code may give rise to adverse federal income tax consequences to particular holders of the 2016 Bonds. The scope of this opinion is limited to the matters addressed above and we express no opinion regarding other federal tax consequences arising with respect to the 2016 Bonds.

In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the 2016 Bonds in order that interest on the 2016 Bonds not be included in gross income for federal income tax purposes.

5. Pursuant to the Act, the 2016 Bonds and the interest paid thereon are exempt from all taxes imposed by the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes.

It is to be understood that the rights of the owners of the 2016 Bonds and the enforceability of the 2016 Bonds and the Indenture may be subject to (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other similar statutes, rules, regulations, or other laws affecting the enforcement of creditor's rights and remedies generally and (b) the unavailability of, or limitation on the availability of, a particular right or remedy (whether in a proceeding in equity or at law).

Our opinions expressed herein are predicated upon present law, (and interpretations thereof) facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws (and interpretations thereof), facts or circumstances change after the date hereof.

Very truly yours,

**AKERMAN LLP**



**APPENDIX D**

**PROPOSED FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement"), dated as of March \_\_\_, 2016, is executed and delivered by the **SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT** (the "District" or the "Issuer"), **SOUTHFORK P DEVELOPMENT, LLC**, a Florida limited company, **PARCEL O, LLC**, a Florida limited liability company, and **EISENHOWER PROPERTY GROUP, LLC**, a Florida limited liability company (collectively, the "Landowners"), and **DISTRICT MANAGEMENT SERVICES, LLC**, a Florida limited liability company d/b/a **MERITUS DISTRICTS** (the "Dissemination Agent") in connection with the issuance of \$\_\_\_\_\_ original aggregate principal amount of South Fork III Community Development District (Hillsborough County, Florida) Special Assessment Revenue Bonds, Series 2016 (the "Bonds"). The Bonds are being issued pursuant to the Master Trust Indenture dated as of March 1, 2016 (the "Master Indenture"), as supplemented and amended by the First Supplemental Trust Indenture dated as of March 1, 2016 (the "First Supplement" and together with the Master Indenture, the "Indenture"), between the District and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Orlando, Florida, as trustee (the "Trustee"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual promises and other considerations contained herein, the District, the Landowner and the Dissemination Agent covenant and agree as follows:

**Section 1. Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the District, the Landowners and the Dissemination Agent for the benefit of the Beneficial Owners (as defined herein) of the Bonds and to assist the Participating Underwriter (as defined herein) of the Bonds in complying with the Rule (as defined herein). The District has 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, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the District or other Obligated Person to provide additional information, the District and each other Obligated Person 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.

**Section 2. Definitions.** Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture. The following capitalized terms as used in this Disclosure Agreement shall have the following meanings:

"Annual Filing Date" means the date set forth in Section 3(a) hereof by which the Annual Report is to be filed with each Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Assessment Area" shall mean that portion of the District lands subject to Special Assessments.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Audited Financial Statements Filing Date" means the date set forth in Section 3(a) hereof by which the Audited Financial Statements are to be filed with each Repository if the same are not included as part of the Annual Report.

"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 Bonds for federal income tax purposes.

"Business Day" means any day other than (a) a Saturday, Sunday or a day on which banks located in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business, and (b) a day on which the New York Stock Exchange is closed.

"Disclosure Representative" shall mean (i) as to the Issuer, the District Manager or its designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent; and (ii) as to each entity comprising an Obligated Person (other than the Issuer), the individuals executing this Disclosure Agreement on behalf of such entity or such person(s) as such entity shall designate in writing to the Dissemination Agent from time to time as the person(s) responsible for providing Information to the Dissemination Agent.

"Dissemination Agent" shall mean the Issuer or an entity appointed by the Issuer to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 8 hereof. District Management Services, LLC, a Florida limited liability company, doing business as Meritus Districts, 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.

"EMMA" means the Electronic Municipal Market Access System for municipal securities disclosures located at <http://emma.msrb.org/>.

"EMMA Compliant Format" shall mean a format for any document provided to the MSRB (as hereinafter defined) which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

"Limited Offering Memorandum" shall mean that Limited Offering Memorandum dated \_\_\_\_\_, 2016, prepared in connection with the issuance of the Bonds.

"Listed Event" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person(s)" shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the District, and for purposes of this Disclosure Agreement, the Landowners and their affiliates for so long as such Landowners or their respective affiliates, successors or assigns (excluding residential homebuyers who are end users) are the owners of District lands responsible for payment of at least 20% of the Special Assessments.

"Participating Underwriter" shall mean FMSbonds, Inc.

"Quarterly Filing Date" shall mean for the quarter ending (i) March 31, each May 1; (ii) June 30, each August 1; (iii) September 30, each November 1; and (iv) December 31, each February 1 of the following year. The first Quarterly Filing Date shall be August 1, 2016.

"Quarterly Report" shall mean any Quarterly Report provided by any Obligated Person (other than the District) pursuant to, and as described in, Section 5 of this Disclosure Agreement.

"Repository" shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal at <http://emma.msrb.org>. As used herein, "Repository" shall include the State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC (as hereinafter defined) under the Securities Exchange Act of 1934, as the same has been and may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"Special Assessments" shall mean the non-ad valorem Series 2016 Assessments pledged to the payment of the Bonds pursuant to the Indenture.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule.

### **Section 3. Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than one hundred and eighty (180) days after the close of the Issuer's Fiscal Year (the "Annual Filing Date"), commencing with the Annual Report for the

Fiscal Year ended September 30, 2016. 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 4 of this Disclosure Agreement; provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report, and may be submitted in accordance with State law, which currently requires such Audited Financial Statements to be provided up to, but no later than, nine (9) months after the close of the District's Fiscal Year (the "Audited Financial Statements Filing Date"). The District shall, or shall cause the Dissemination Agent to, provide to the Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty (30) days after same becomes available, but in no event later than the Annual Filing Date or Audited Financial Statements Filing Date, if applicable. 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 6.

(b) If on the fifteenth (15th) day prior to each Annual Filing Date or the Audited Financial Statements Filing Date if not included as part of the Annual Report, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements if not included as part of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by email) to remind the District of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report and/or Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the District will not be able to file the Annual Report and/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 6(a)(xv) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received (i) an Annual Report by 12:00 noon on the first (1<sup>st</sup>) Business Day following the Annual Filing Date for the Annual Report or (ii) Audited Financial Statements by 12:00 noon on the first (1<sup>st</sup>) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 6(a)(xv) shall have occurred and the District irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Filing Date the name, address and filing requirements of the Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the District stating that the Annual Report or Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all Repositories with which it was filed.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

**Section 4. Content of Annual Reports.**

(a) Each Annual Report shall contain Annual Financial Information with respect to the District, including:

(i) The amount of Special Assessments levied in the Assessment Area for the most recent prior Fiscal Year.

(ii) The amount of Special Assessments collected in the Assessment Area from the property owners during the most recent prior Fiscal Year.

(iii) If available, the amount of delinquencies greater than one hundred fifty (150) days and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Special Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold for lands within the Assessment Area, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for the Bonds. The District shall provide any Bondholder with this information more frequently than annually within thirty (30) days of the written request of the Bondholder.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest to be paid on the Bonds in the current Fiscal Year.

(viii) The most recent Audited Financial Statements of the District.

(ix) In the event of any amendment or waiver of a provision of this Disclosure Agreement, a description of such amendment or waiver in the next Annual Report, which in each case 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. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(b) and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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 (unless Audited Financial Statements are being delivered more than 180 days after the close of the Issuer's Fiscal Year pursuant to Section 3(a) hereof). Any or all of the items listed above may be incorporated by reference from other documents, including limited offering memorandums and official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final limited offering memorandum or official statement, it must be available from the

MSRB. The District shall clearly identify each such other document so incorporated by reference.

(b) The District and each Obligated Person agree to supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, each Obligated Person 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, an Obligated Person or others as thereafter disseminated by the Dissemination Agent.

(c) 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.

**Section 5. Quarterly Reports.**

(a) Each Obligated Person (other than the District), or the Landowners on behalf of any other Obligated Person that fails to execute an Assignment (as hereinafter defined), shall provide an electronic copy of the Quarterly Report to the Dissemination Agent no later than fifteen (15) days prior to the Quarterly Filing Date. Promptly upon receipt of an electronic copy of the Quarterly Report, but in any event within ten (10) days after receipt thereof, the Dissemination Agent shall provide a Quarterly Report to the Repository.

(b) Each Quarterly Report shall contain the following information to the extent available:

(i) The number and type of lots in the Assessment Area subject to Special Assessments;

(ii) The number and type of lots planned for the Assessment Area;

(iii) The number and type of lots owned within the Assessment Area by the Obligated Person;

(iv) The number and type of lots platted within the Assessment Area;

(v) The number and type of lots in the Assessment Area owned by the Obligated Person under contract with a home builder and closed with a home builder and, in each case, the name of such builder;

(vi) The number and type of homes under construction and the number and type of homes constructed in the Assessment Area by the Obligated Person;

(vii) The number and type of homes under contract with homebuyers within the Assessment Area;



(viii) The number and type of homes closed with homebuyers (i.e., delivered to end users) within the Assessment Area;

(ix) Any change to the number or type of lots planned to be developed in the Assessment Area by the Obligated Person;

(x) Materially adverse changes or determinations to permits/approvals for the development of the Assessment Area which necessitate changes to the land use plans of any Obligated Person; and

(xi) The occurrence of any new or modified mortgage debt on land owned by the Obligated Person in the Assessment Area, including the amount, interest rate and terms of repayment.

(c) If an Obligated Person sells, assigns or otherwise transfers ownership of real property in the Assessment Area to a third party (a "Transferee"), which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a "Transfer"), the transferor Obligated Person hereby agrees to use its best efforts to contractually obligate such third party to agree to comply with the disclosure obligations of an Obligated Person 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 (an "Assignment"). The transferor Obligated Person shall notify the District and the Dissemination Agent in writing of any Transfer within five (5) Business Days of the occurrence thereof. Nothing herein shall be construed to relieve the Landowners from their obligations hereunder, except to the extent a written Assignment from a Transferee is obtained and delivered to the Dissemination Agent and then only to the extent of such Assignment.

(d) If the Dissemination Agent has not received a Quarterly Report from each Obligated Person that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first (1<sup>st</sup>) Business Day following each Quarterly Filing Date, a Listed Event described in Section 6(a)(xv) shall have occurred and the District and each Obligated Person hereby direct the Dissemination Agent to send a notice to the Repository in substantially the form attached as Exhibit A, with a copy to the District. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Filing Date.

**Section 6. Reporting of Significant Events.**

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following Listed Events:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on the Debt Service Reserve Fund 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 Bond holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or any Obligated Person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District or any 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 District or any Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District or any Obligated Person);

(xiii) Consummation of a merger, consolidation, or acquisition involving the District or any Obligated Person or the sale of all or substantially all of the assets of the District or any 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 the Trustee, if material; and

(xv) Failure to provide (A) any Annual Report or Audited Financial Statement as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 4(a) of this Disclosure Agreement, or (B) any Quarterly Report as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 5(b) of this Disclosure Agreement, which failure shall, in all cases, be deemed material under federal securities laws.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the above subsection (a) Listed 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 its occurrence, with the exception of

the Listed Event described in Section 6(a)(xv), which notice will be given in a timely manner. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below. Such notice shall identify the Listed Event that has occurred, include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10<sup>th</sup>) Business Day after the occurrence of the Listed Event or such shorter period as required by this Disclosure Agreement).

(c) Each Obligated Person shall notify the District of the occurrence of a Listed Event described in subsections (a)(x), (xii), (xiii) or (xv) above as to such Obligated Person within five (5) Business Days after the occurrence of the Listed Event so as to enable the District to comply with its obligations under this Section 6.

(d) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with each Repository.

**Section 7. Termination of this Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

**Section 8. Dissemination Agent.** Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the Issuer or the Dissemination Agent, the Issuer 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 Holders 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 Issuer 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 District Management Services, LLC. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of District Management Services, LLC. District Management Services, LLC may terminate its role as Dissemination Agent at any time upon delivery of written notice to the District and each Obligated Person.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the District, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Notwithstanding the above provisions of this Section 9, no amendment to the provisions of Section 5(b) hereof may be made without the consent of each Obligated Person, if any.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment and/or waiver in the next Annual 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. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as

for a Listed Event under Section 6(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 10. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default.** In the event of a failure of the District, any Obligated Person, the Disclosure Representative 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 Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any beneficial owner of a bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District, any Obligated Person, the Disclosure Representative or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any Obligated Person shall not be deemed a default by the District hereunder and 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 Disclosure Representative, any Obligated Person, or the Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement between the District, the Obligated Persons and such Dissemination Agent. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. The District, each Obligated Person and the Disclosure Representative covenant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District, each Obligated Person and the Disclosure Representative acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, the Obligated Person(s), 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 Obligated Person(s) or the Disclosure Representative as thereafter disseminated by the Dissemination Agent. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA Compliant Format.

**Section 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the District, the Disclosure Representative, the Obligated Person(s), the Dissemination Agent, the Trustee, the Participating Underwriter and the Beneficial Owners of the Bonds (the Dissemination Agent, 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.

**Section 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts and by PDF signatures, each of which shall be considered an original and all of which shall constitute but one and the same instrument.

**Section 15. Tax Roll and Budget.** Upon request, the District, through its District Manager if applicable, agrees to provide the Dissemination Agent, the Trustee or any Bondholder with a certified copy of the most recent tax roll provided to the Hillsborough County Tax Collector and the District's most recent adopted budget.

**Section 16. Governing Law.** This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law and venue shall be in Hillsborough County, Florida.

**Section 17. Trustee Cooperation.** The District represents that the Dissemination Agent is a bona fide agent of the District and the District instructs the Trustee to deliver to the Dissemination Agent at the expense of the District, any information or reports the Dissemination Agent requests in writing.

**Section 18. 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 any entity comprising an Obligated Person 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 hereunder Obligated Persons shall be bound or benefited by this Disclosure Agreement.

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**IN WITNESS WHEREOF**, the undersigned have executed this Disclosure Agreement as of the date and year set forth above.

**SOUTH FORK III COMMUNITY DEVELOPMENT DISTRICT**

ATTEST:

\_\_\_\_\_  
Assistant Secretary

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

Consented to and agreed to by:  
**DISTRICT MANAGEMENT SERVICES, LLC**, as District Manager

**EISENHOWER PROPERTY GROUP, LLC**, a Florida limited liability company, as an Obligated Person

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**SOUTHFORK P DEVELOPMENT, LLC**, a Florida limited liability company, as an Obligated Person

By: \_\_\_\_\_  
Name:  
Title:

**PARCEL O, LLC**, a Florida limited liability company, as an Obligated Person

By: \_\_\_\_\_  
Name:  
Title:

**DISTRICT MANAGEMENT SERVICES, LLC**, a Florida limited liability company, as Dissemination Agent

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and agreed to for purposes of Sections 11, 13  
and 17 only:

**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE [ANNUAL REPORT][AUDITED FINANCIAL STATEMENTS][QUARTERLY REPORT]**

Name of Issuer: South Fork III Community Development District

Name of Bond Issue: \$\_\_\_\_\_ original aggregate principal amount of South Fork III Community Development District (Hillsborough County, Florida) Special Assessment Revenue Bonds, Series 2016 (the "Bonds")

Obligated Person(s): South Fork III Community Development District;  
\_\_\_\_\_

Date of Issuance: March \_\_, 2016

CUSIP Numbers: \_\_\_\_\_; \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the [Issuer][Obligated Person] has not provided an [Annual Report] [Audited Financial Statements] [Quarterly Report] with respect to the above-named Bonds as required by Section [3][5] of the Continuing Disclosure Agreement dated March \_\_, 2016. The [Issuer][Obligated Person] has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] [Quarterly Report] will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_

\_\_\_\_\_, as Dissemination Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

cc: Issuer  
Obligated Person  
Trustee



## **APPENDIX E**

### **ASSESSMENT METHODOLOGY**

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2015



# **SOUTH FORK III**

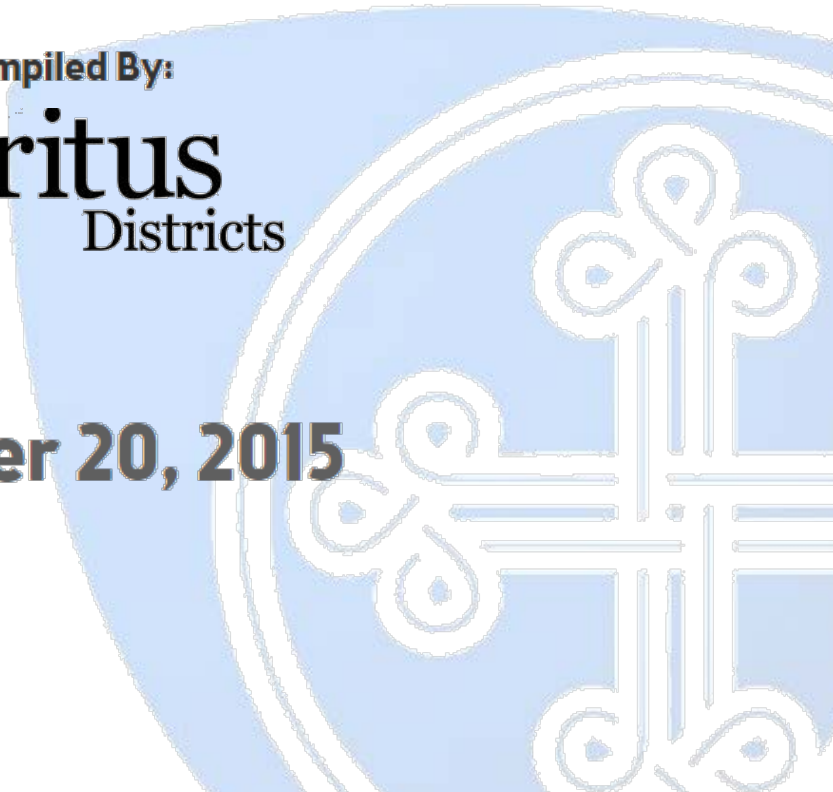
**COMMUNITY DEVELOPMENT DISTRICT**

## **MASTER ASSESSMENT METHODOLOGY REPORT**

Compiled By:

**Meritus**  
Districts

**October 20, 2015**



**MASTER ASSESSMENT  
METHODOLOGY REPORT**

**SOUTH FORK III  
COMMUNITY DEVELOPMENT DISTRICT**

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**October 20, 2015**

## **I. REPORT OBJECTIVE**

This Master Assessment Methodology Report (the “Master Report”) details the basis of the benefit allocation and assessment methodology to support the financing plan relating to the South Fork III Community Development District (the “District”). Those lands are generally described in the Engineer’s Report (herein defined) and outlined further in Exhibit A of this Master Report. The objective of this Master Report is to:

1. Identify the District’s Capital Improvement Program (“CIP”) for the entire project to be financed, constructed and/or acquired by the District and define the benefits to properties within the District;
2. Determine a fair and equitable method of spreading the associated costs to the benefiting properties within the District and ultimately to the individual units therein; and
3. Provide a basis for the placement of a lien on the assessable lands within the District that benefit from the CIP, as outlined by the Engineer’s Report, dated October 23, 2015 (the “Engineer’s Report”).

The basis of benefit received by District properties relates directly to the proposed CIP. It is the District’s CIP that will create the public infrastructure that enables District properties to be developed and improved. Without these public improvements, which include district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric lines, professional/permitting fees, and public amenities, the development of District properties could not be undertaken within the current legal development standards. The main objective of this Master Report is to establish a basis on which to quantify and allocate the special benefit provided by the CIP to the District. A detailed allocation methodology and finance plan will be utilized to equitably distribute CIP costs upon the District properties based upon the level of benefit received.

This Master Report outlines the proposed financing structure and assessment methodology for the bonds to be issued by the District and identifies the maximum long term assessment and short term assessment associated with the current CIP. The District will issue Special Assessment Bonds (the “Bonds”), in one or more series consisting of various amounts of principal debt and maturities to finance the construction and/or acquisition of all or a portion of the CIP. It is anticipated that the methodology consultant will prepare individual supplemental reports providing an allocation methodology for the imposition and collection of long-term special assessments, on a first platted, first assigned basis, levied in connection with the proposed improvements to be constructed and/or acquired the District upon those properties which benefit from the improvements.

The methodology consultant may also distribute supplemental reports, as necessary, in connection with updates and/or revisions to the finance plan. Supplemental reports will be created to stipulate amended terms, interest rates, developer contributions, issuance costs, and will detail the resulting changes in the level of funding allocated to the various trust accounts and subaccounts. The Bonds will be repaid from and secured by non-ad valorem assessments levied on those properties benefiting from the improvements within the District. Non-ad valorem assessments will be levied each year to

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provide the funding necessary to remit debt service on the Bonds, and to fund operations and maintenance costs related to the capital improvements maintained by the District.

In summary, this Master Report will determine the benefit, apportionment and financing structure for the Bonds to be issued by the District in accordance with Chapters 170, 190, and 197, Florida Statutes, as amended, to establish a basis for the levying and collecting of special assessments based on the benefits received and is consistent with our understanding and experience with case law on this subject.

## **II. DISTRICT OVERVIEW**

The District encompasses 240.155 +/- acres as located in Hillsborough County, Florida, within Section 15, Township 31, Range 20 East. The primary developer of the Properties is Parcel O, LLC (the “Developer”), who has created the overall development plan as outlined and supported by the Engineer’s Report. The development plan for the District contemplates four parcels (Parcel O, Parcel P, Parcel Q and Parcel R) (the “Parcels”) consisting of 515 single family lots. The public improvements as described in the Engineer’s Report include district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric lines, professional/permitting fees, and public amenities.

## **III. PROPOSED IMPROVEMENTS**

The District and Developer are undertaking the responsibility of providing the public infrastructure necessary to develop the District’s CIP. As designed, the CIP is an integrated system of facilities. Each infrastructure facility works as a system to provide special benefit to District lands. The potable water and sewer facilities are an example of a system that provides benefit to all units. As a system of improvements, all private landowners of property within the District benefit the same from the first few feet of pipe as they do from the last few feet. The same principal can be applied to the storm water management system; as an interrelated facility which, by its design and interconnected control structures, provides a consistent level of protection to the entire development program, and thus all landowners within the District.

## **IV. FINANCING**

The District intends to finance all or a portion of the CIP through the issuance of tax exempt bonds. These bonds may be issued in one or more series. A number of items comprise the estimated bond size requirements. These items may include, but are not limited to, capitalized interest, a debt service reserve, underwriter’s discount, issuance costs, and rounding. A portion of construction costs required to complete the CIP may be funded through a private funding source or contributions.

For purposes of the Master Report, allowances have been made for capitalized interest, a debt service reserve, underwriter’s discount, issuance costs and rounding as shown on Table 4. As the finance plan is implemented the methodology consultant will issue supplemental report(s) which outline the provisions specific to each bond issue. The supplemental report(s) will detail the terms, interest rates, and costs associated with each bond series, including any

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Developer contributions. The supplemental report(s) will also detail the level of funding allocated to the construction/acquisition account, the capitalized interest account, the debt service reserve account, as well as the underwriter's discount, and issuance costs. Additionally, the supplemental report(s) will apply the principles set forth in the Master Report to determine the specific assessments required to repay the amounts being borrowed against the current development program.

#### **V. ALLOCATION METHODOLOGY**

The cost and benefit of the improvements constructed and/or acquired by the District is allocated to each property within the District is based on the estimated special benefit received. This method of benefit allocation is based on the special benefit received from infrastructure improvements relative to the property's use and size in comparison to other properties within the District. According to F.S. 170.02, the methodology by which valid special assessments are allocated to specifically benefited property must be determined and adopted by the governing body of the District. This alone gives the District latitude in determining how special assessments will be allocated to specifically benefited properties. The CIP benefit and special assessment allocation rationale is detailed below and provides a mechanism by which these costs, based on a determination of the estimated level of benefit conferred by the CIP, are apportioned to the assessable lands within the District for levy and collection. The allocation of benefits and assessments associated with the development program are demonstrated on Tables 5. The Developer may choose to pay down all or a portion of the long term assessments on an individual lot basis, thereby reducing the annual debt service assessment associated with the Bonds applicable to the lots paid down.

**EQUIVALENT ASSESSMENT UNITS (EAU) ALLOCATION:** District roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric lines, professional/permitting fees, and public amenities benefit all properties within the District. The level of relative benefit can be compared through the use of defining "equivalent" units of measurement by product type to compare dissimilar development product types. This is accomplished through determining an estimate of the relationship between the product types, based on a relative benefit received by each product type from the system of capital improvements. The use of equivalent assessment unit methodologies is well established throughout the State as a fair and reasonable proxy for estimating the benefit received by development units. The costs associated with the CIP are derived from the Engineer's Report and outlined within Table 1 of this Master Report.

#### **VI. DETERMINATION OF SPECIAL ASSESSMENT**

There are three main requirements for valid special assessments. The first requirement demands that the improvements to benefited properties, for which special assessments are levied, be implemented for an approved and assessable purpose (F.S. 170.01). As a second requirement, special assessments can only be levied on those properties specially benefiting from the improvements (F.S. 170.01). Thirdly, the special assessments allocated to each benefited property cannot exceed the proportional benefit to each parcel (F.S. 170.02).

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The District's CIP contains a "system of improvements" including the funding, construction and/or acquisition of district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric lines, professional/permitting fees, and public amenities; all of which are considered to be for an approved and assessable purpose (F.S. 170.01) which satisfies the first requirement for a valid special assessment, as described above. Additionally, the improvements will result in all properties within the District receiving a direct and specific benefit, thereby making those properties legally subject to assessments (F.S. 170.01), which satisfies the second requirement, above. Finally, the specific benefit to the properties is equal to or exceeds the cost of the assessments levied on the benefited properties (F.S. 170.02), which satisfies the third requirement, above.

The first requirement for determining the validity of a special assessment is plainly demonstrable; eligible improvements are found within the list provided in F.S. 170.01. However, the second and third requirements for a valid special assessment require a more analytical examination. As required by F.S. 170.02, and described in the preceding section entitled "Allocation Methodology," this approach involves identifying and assigning value to specific benefits being conferred upon the various benefitting properties, while confirming the value of these benefits exceed the cost of providing the improvements. These special benefits include, but are not limited to, the added use of the property, added enjoyment of the property, probability of decreased insurance premiums and the probability of increased marketability and value of the property. The development program contains a mix of single family home sites. The method of apportioning benefit to the planned product mix can be related to development density and intensity where it "equates" the estimated benefit conferred to a specific single-family unit type. This is done to implement a fair and equitable method of apportioning benefit.

The second and third requirements are the key elements in defining a valid special assessment. A reasonable estimate of the proportionate special benefits received from the CIP is expressed in terms of EAU Factor in Table 2. For this Master Report, the District's single family units are assessed by product type, with each unit within its product type receiving the same EAU Factor.

The determination has been made that the duty to pay the non-ad valorem special assessments is valid based on the special benefits imparted upon the property. These benefits are derived from the acquisition and/or construction of the District's CIP. The allocation of responsibility for payment of the bond debt within the District has been apportioned according to reasonable estimates of the special benefits provided consistent with each land use category. Accordingly, no acre or parcel of property within the boundary of the properties will be assessed for the payment of any non-ad valorem special assessment greater than the determined special benefit particular to that Parcel of the District.

Property within the District that currently is not, or upon future development, will not be subject to the special assessments include publicly owned (State/County/City/CDD) tax-exempt parcels such as: lift stations, road rights-of-way, waterway management systems, common areas, and certain lands/amenities owned by HOA(s). To the extent it is

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later determined that a property no longer qualifies for an exemption, assessments will be apportioned and levied based on an EAU factor proportionate to lot product average square footage.

## **VII. ASSIGNMENT OF ASSESSMENTS**

This section sets out the manner in which special assessments will be assigned to the land within the District.

It is useful to consider three distinct states or conditions of development within a community. The initial condition is the “undeveloped state.” At this point the infrastructure may or may not be installed but none of the units in the development program have been platted. This condition exists when the infrastructure program is financed prior to any development. While the land is in an “undeveloped state,” special assessments will be assigned on an equal acre basis across all of the gross acreage within each Parcel, relative to the separate and independent special assessment lien levied against it as identified within Exhibit “A” of this Master Report. Debt will not be solely assigned to properties within each Parcel which have development rights, but will and may be assigned to undevelopable properties to ensure integrity of development plans, rights and entitlements.

The second condition is “on-going development”. At this point, if not already in place, the installation of infrastructure has begun. Additionally, the development program has started to take shape. As lands subject to special assessments within each Parcel are platted and fully-developed, they are assigned specific assessments in relation to the estimated benefit that each unit receives from the CIP, with the balance of the debt assigned on a per acre basis as described in the preceding paragraph. Therefore each fully-developed, platted unit would be assigned a par debt assessment as set forth in Tables 5. It is not contemplated that any unassigned debt would remain once all of the lots associated with the improvements are platted and fully-developed; if such a condition was to occur, the true-up provisions in section VIII of this Master Report would be applicable.

The third condition is the “completed development state.” In this condition the entire development program for the District has been platted and the total par value of the Bonds has been assigned as specific assessments to each of the platted lots within each Parcel of the District.

## **VIII. TRUE-UP MODIFICATION**

During the construction period of phases of development, it is possible that the number of residential units built may change, thereby necessitating a modification to the per unit allocation of assessment principal. In order to ensure the District’s debt does not build up on the unplatted land, the District shall apply the following test as outlined within this “true up methodology”.

The debt per acre remaining on the unplatted land within each Parcel of the District is never allowed to increase above its ceiling debt per developable acre. The ceiling level of debt per acre is calculated as the total amount of debt for each bond issue divided by the number of developable acres encumbered by those bonds. Thus, every time the test is applied, the

debt encumbering the remaining un-platted developable acres must remain equal to or lower than the ceiling level of debt per developable acre per Parcel as established by Exhibit A.

True-up tests shall be performed upon the acceptance of each recorded plat submitted to subdivide developed lands within the District. If upon the completion of any true-up analyses it is found the debt per developable acre exceeds the established maximum ceiling debt per developable acre, or there is not sufficient development potential in the remaining acreage of a Parcel within the District to produce the densities required to adequately service Bond debt, the District would require the immediate remittance of a density reduction payment, plus accrued interest as applicable, in an amount sufficient to reduce the remaining debt per acre to the ceiling amount per developable acre and to allow the remaining acreage to adequately service bond debt upon development. The final test shall be applied at the platting of 100% of the development units within each Parcel of the District.

True-up payment provisions may be suspended if the landowner can demonstrate, to the reasonable satisfaction of the District and bondholders, that there is sufficient development potential in the remaining acreage within the District to produce the densities required to adequately service Bond debt. The Developer and District will enter into a true-up agreement to evidence the obligations described in this Section VIII.

All assessments levied run with the land and it is the responsibility of the District to enforce the true-up provisions and collect any required true-up payments due. The District will not release any liens on property for which true-up payments are due, until provision for such payment has been satisfactorily made.

# SOUTH FORK III

## COMMUNITY DEVELOPMENT DISTRICT

**TABLE 1. INFRASTRUCTURE COSTS**

TOTAL INFRASTRUCTURE COST DETAIL <sup>(1)</sup>			
DESCRIPTION	MASTER COSTS	SUBDIVISION	GRAND TOTAL
Water Management and Control	\$867,143.00	\$4,448,796.00	\$5,315,939.00
Roads	\$863,700.00	\$1,715,205.00	\$2,578,905.00
Water Supply	\$234,241.00	\$570,570.00	\$804,811.00
Sewer and Wastewater Management	\$295,374.00	\$1,418,347.00	\$1,713,721.00
Community Amenities	\$1,500,000.00	\$0.00	\$1,500,000.00
Landscaping/Irrigation/Hardscaping	\$977,800.00	\$1,046,699.00	\$2,024,499.00
Professional Service and Fees	\$184,555.00	\$1,270,832.00	\$1,455,387.00
Contingency	\$0.00	\$2,000,000.00	\$2,000,000.00
<b>TOTAL</b>	<b>\$4,922,813.00</b>	<b>\$12,470,449.00</b>	<b>\$17,393,262.00</b>

TOTAL INFRASTRUCTURE COST DETAIL					
MASTER COSTS	PARCEL O	PARCEL P	PARCEL Q	PARCEL R	GRAND TOTAL
<b>\$4,922,813.00</b>	<b>\$2,545,213.00</b>	<b>\$4,345,351.00</b>	<b>\$1,821,665.00</b>	<b>\$3,758,220.00</b>	<b>\$17,393,262.00</b>

**TABLE 2. DEVELOPMENT PROGRAM**

Product Type	Planned Assessable Units	Equivalent Assessment Unit (EAU) Weighting Factor	Assessment Total EAUs
Single Family 50'	292	1.00	292.0
Single Family 60'	223	1.20	267.6
	<b>515</b>		<b>559.6</b>

<sup>(1)</sup> Per Engineer's Report dated October 23, 2015

**TABLE 3. CAPITAL IMPROVEMENT PLAN**

<b>CAPITAL IMPROVEMENT PLAN</b>	<b>FUNDING NEEDS</b>
South Fork Parcel O	\$2,545,213.00
South Fork Parcel P	\$4,345,351.00
South Fork Ambleside Drive Phase 1	\$1,393,604.00
South Fork Ambleside Drive Phase 2	\$2,029,209.00
South Fork Amenity Center	\$1,500,000.00
South Fork Parcel Q	\$1,821,665.00
South Fork Parcel R	\$3,758,220.00
<b>CAPITAL IMPROVEMENT NEEDS FOR DEVELOPMENT WITHIN ASSESSMENT AREA</b>	<b>\$17,393,262.00</b>
<b>Net Proceeds From Long Term A Bonds</b>	<b>\$17,393,262.00</b>
<b>Amount required from private contributions or other sources to complete</b>	<b>\$0.00</b>

**TABLE 4. BOND FINANCING**

<b><u>SPECIAL ASSESSMENT REVENUE BONDS</u></b>		
( <sup>1</sup> ) Coupon Rate		6.00%
Term (Years)		31
Principal Amortization Installments		30
<b>ISSUE SIZE</b>		<b>\$20,825,000</b>
Construction Fund		\$17,393,262
( <sup>1</sup> ) Capitalized Interest (Months)	12	\$1,249,500
Debt Service Reserve Fund		\$1,512,834
Underwriter's Discount	2.50%	\$520,625
+ Premium / - Discount		\$0
Cost of Issuance		\$150,000
Rounding		(\$1,221)
<b><u>ANNUAL ASSESSMENT</u></b>		
Annual Debt Service (Principal plus Interest)		\$1,512,834
( <sup>2</sup> ) Collection Costs and Discounts @ 8%		\$131,551
<b>TOTAL ANNUAL ASSESSMENT</b>		<b>\$1,644,385</b>

(<sup>1</sup>) Interest Rate and Capitalized Interest Period are not final and subject to change.

(<sup>2</sup>) Collection Costs and Discounts are fees associated with the placement of the assessments on the County Tax Roll.

**TABLE 5. ASSESSMENT ALLOCATION**

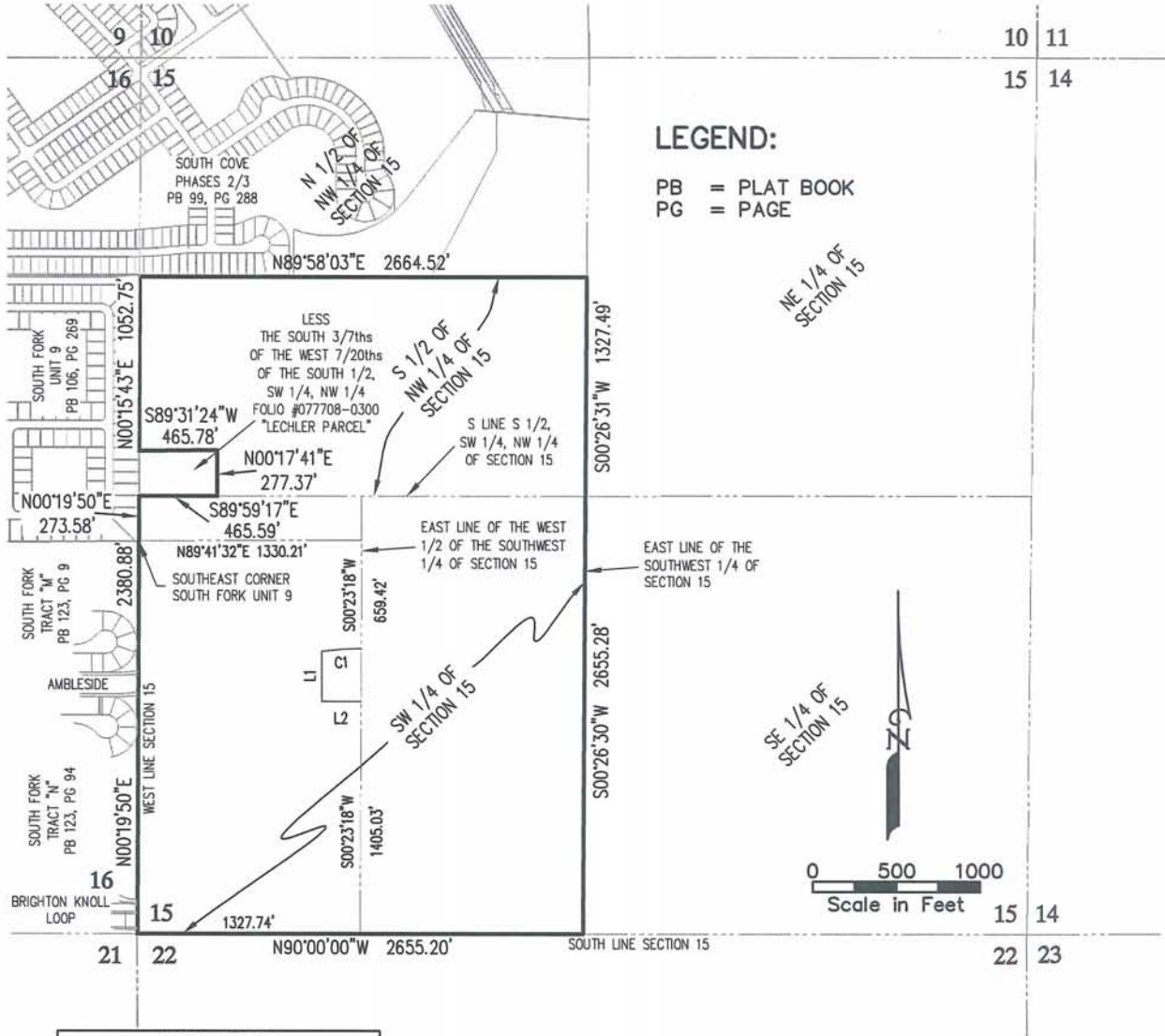
Product Type	Planned Units	EAU Value	Per Product		Per Unit	
			Total Principal	Total Annual Assessment	Total Principal	Total Annual Assessment
Single Family 50'	292	1.00	\$10,866,512	\$858,042	\$37,214.08	<b>\$2,938.50</b>
Single Family 60'	223	1.20	\$9,958,488	\$786,343	\$44,656.90	<b>\$3,526.20</b>
	<b>515</b>		<b>\$20,825,000</b>	<b>\$1,644,385</b>		

EXHIBIT "A"

Prior to platting, the debt associated with the Capital Improvement Plan will initially be allocated to each developable acre within the District on a per acre basis. Upon platting, the principal and long term assessment levied on each benefited property will be allocated to platted lots and the remaining un-platted developable acres in accordance with the assessment methodology.

<u>Assessment Roll</u>					
TOTAL ASSESSMENT:		<u>\$20,825,000.00</u>			
ANNUAL ASSESSMENT:		<u>\$1,644,384.60</u>		(30 Installments)	
TOTAL DEVELOPABLE ACRES +/-:		<u>197.000</u>			
PER PARCEL ASSESSMENTS					
<u>Landowner Name, Parcel ID &amp; Address</u>	<u>Developable Acres</u>	<u>Total Assessment Per Developable Acre</u>	<u>Annual Assessment Per Developable Acre</u>	<u>Total Par Debt</u>	<u>Total Annual Assessment</u>
<b>PARCEL O</b>					
PARCEL O, LLC FOLIO: 077709.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	43.80	\$97,031.96	\$7,662.51	\$4,250,000.00	\$335,618.15
<b>PARCEL P</b>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	76.50	\$94,836.60	\$7,490.05	\$7,255,000.00	\$572,988.85
<b>PARCEL Q</b>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	29.50	\$103,220.34	\$8,142.69	\$3,045,000.00	\$240,209.30
<b>PARCEL R</b>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	47.20	\$132,944.92	\$10,499.33	\$6,275,000.00	\$495,568.29
Totals:	<u>197.000</u>			<u>\$20,825,000.00</u>	<u>\$1,644,384.60</u>

THIS IS NOT A SURVEY SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST  
HILLSBOROUGH COUNTY, FLORIDA



LINE TABLE		
LINE	BEARING	LENGTH
L1	S00°23'18"W	304.09'
L2	S89°36'42"E	234.22'

CURVE TABLE					
CURVE	RADIUS	LENGTH	CHORD	BEARING	DELTA
C1	2030.00'	235.21'	235.08'	S85°29'56"W	6°38'19"

REVISION 3 - 10/23/15 SF III GB  
 REVISION 2 - 5/20/15 LESS LECHLER PARCEL JMP  
 REVISION 1 - 5/20/15 REMOVE "LESS AND EXCEPT" LABEL JMP

SOUTH FORK III CDD

SKETCH AND LEGAL DESCRIPTION

SCALE 1" = 1000'	DATE 5/04/2015	JOB No. 4802-500-000		
DRAWN JMP	CHECKED GB	SECTION 15	TOWNSHIP 31S	RANGE 20E

**King**  
ENGINEERING ASSOCIATES, INC.

4921 Memorial Highway  
One Memorial Center, Suite 300  
Tampa, Florida 33634  
Phone 813 880-8881  
Fax 813 880-8882  
www.kingengineering.com  
LB #2610

CERTIFIED AS TO SKETCH AND LEGAL DESCRIPTION  
 Sketch and Legal Description not valid without the signature and the  
 original raised seal of a Florida licensed Surveyor and Mapper.

*Greg Baksis*  
GREG BAKSIS

PROFESSIONAL SURVEYOR AND MAPPER  
 STATE OF FLORIDA # LS6956  
 CERTIFICATE OF AUTHORIZATION No. LB 2610

C:\SURVEY\4802\500\000\CAD\Basedata\Sketch&Legal\SF3 CDD Limits S&L-REV3.dwg, October 23, 2015 3:16 PM, King Engineering Associate Inc.

THIS IS NOT A SURVEY

**LEGAL DESCRIPTION:**

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 15 AND THE SOUTHWEST 1/4 OF SECTION 15, LESS THE SOUTH 3/7ths OF THE WEST 7/20ths OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SAID NORTHWEST 1/4 OF SECTION 15, ALL LYING AND BEING IN TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA.

TOTAL SUBJECT PROPERTY CONTAINING 240.155 ACRES.

**SURVEYOR'S NOTES:**

1. NO INSTRUMENTS OF RECORD REFLECTING EASEMENTS, RIGHTS-OF-WAY, AND OR OWNERSHIP WERE FURNISHED TO OR PURSUED BY THE UNDERSIGNED.
2. UNLESS IT BEARS THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER THIS DRAWING, SKETCH, PLAT OR MAP IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT VALID.
3. THIS IS A SKETCH AND LEGAL DESCRIPTION ONLY, NOT A FIELD SURVEY.
4. BEARINGS ARE BASED ON THE WEST LINE OF SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA BEING NORTH 00°19'50" EAST, AS SHOWN HEREON.
5. DISTANCES SHOWN HEREON ARE IN US FEET.

SOUTH FORK III CDD

SKETCH AND LEGAL DESCRIPTION

**King**  
ENGINEERING ASSOCIATES, INC.

4921 Memorial Highway  
One Memorial Center, Suite 300  
Tampa, Florida 33634  
Phone 813 880-8881  
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LB #2610



**2016**



# **SOUTH FORK III**

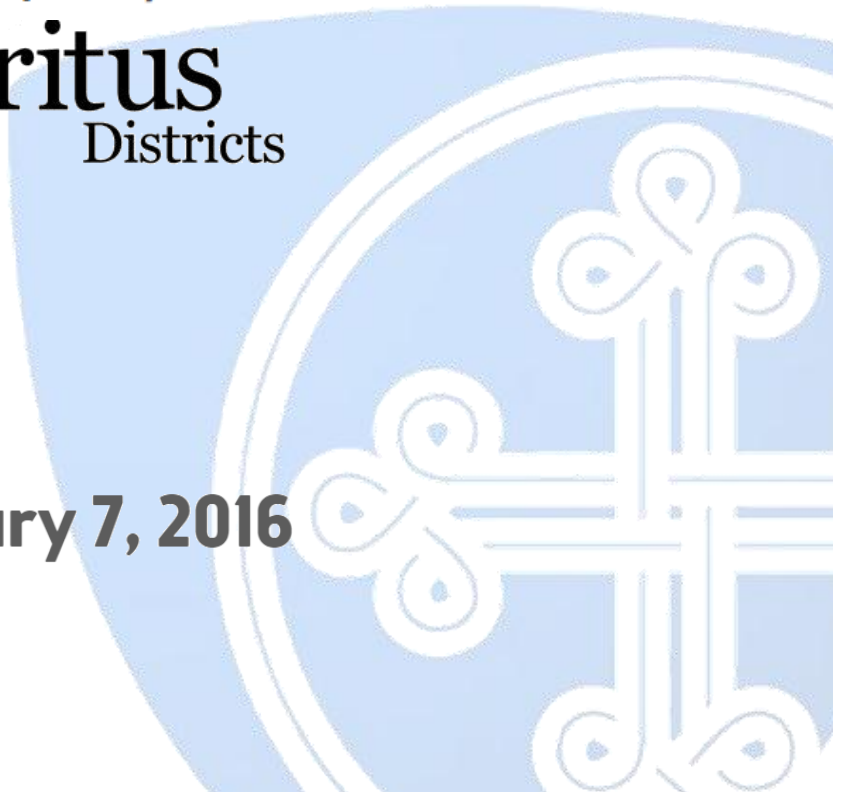
## **COMMUNITY DEVELOPMENT DISTRICT**

### **First Supplemental Assessment Methodology Report**

Compiled By:

**Meritus**  
Districts

**January 7, 2016**



**First Supplemental Assessment  
Methodology Report**

# SOUTH FORK III

## COMMUNITY DEVELOPMENT DISTRICT

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**January 7, 2016**

## **I. REPORT OBJECTIVE**

This First Supplemental Assessment Methodology Report (the “First Supplemental Report”) serves to update and amend the basis of benefit allocation and assessment methodology to support the financing plan relating to the South Fork III Community Development District (the “District”) as initially described in the Master Assessment Methodology Report (the “Master Report”) dated October 20, 2015. Those lands within the District are generally defined in the Engineer’s Report (as defined below) and further described in Exhibit A of this First Supplemental Report. The objective of this First Supplemental Report is to:

1. Identify the District’s Capital Improvement Program (“CIP”) for the entire project to be financed, constructed and/or acquired by the District and define the benefits to properties within the District;
2. Determine a fair and equitable method of spreading the associated costs to the benefiting properties within the District and ultimately to the individual units therein; and
3. Provide a basis for the placement of a lien on the assessable lands within the District that benefit from the CIP, as outlined by the Report of the District’s Engineer, dated October 23, 2015 as supplemented and amended January 6, 2016 and further supplemented and amended February 17, 2016 (the “Engineer’s Report”).

The basis of benefit received by District properties relates directly to the proposed CIP. It is the District’s CIP that will create the public infrastructure that enables District properties to be developed and improved. Without these public improvements, which include district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric, professional/permitting fees, public amenities and contingency funding, the development of District properties could not be undertaken within the current legal development standards. The main objective of this First Supplemental Report is to further refine, update and amend the Master Report, which established a basis on which to quantify and allocate the special benefit provided by the CIP to the District. A detailed allocation methodology and finance plan, in a manner concurrent with the Master Report, will be utilized to equitably distribute CIP upon properties within the District based upon the level of benefit received. This First Supplemental Report will outline the latest proposed financing structure and assessment methodology for the Bonds (as defined below) to be issued by the District, consistent with the maximum long term assessment associated with the CIP as defined by the Master Report. The methodology consultant will distribute supplemental report(s), as necessary, in connection with any further updates and/or revisions to the current finance plan. Supplemental reports will be created to stipulate amended terms, interest rates, developer contributions, issuance costs, and will detail the resulting changes in the level of funding allocated to the various trust accounts and subaccounts.

The District will issue Special Assessment Revenue Bonds (the “Bonds”) to finance the construction and/or acquisition of a portion of the CIP, which will provide special benefit to all developable parcels within the District. The Bonds will be repaid from and secured by non-ad valorem assessments levied on those properties benefiting from the improvements within the District. Non-ad valorem assessments will be collected each year to provide the funding necessary to adequately service Bond debt, and to fund operations and maintenance costs related to the capital improvements maintained by the District.

---

In summary, this First Supplemental Report will determine the benefit, apportionment and financing structure for the Bonds to be issued by the District in accordance with Chapters 170, 190, and 197, Florida Statutes, as amended, to establish a basis for the levying and collecting of special assessments based on the benefits received and is consistent with our understanding and experience with case law on this subject.

## **II. DISTRICT OVERVIEW**

The District encompasses 240.155 +/- acres and is located in Hillsborough County, Florida, within Section 15, Township 31, Range 20 East. The primary developer of the properties is Southfork P Development, LLC and Pulte Homes, LLC (herein collectively the “Developer”), who has created the overall development plan as outlined and supported by the Engineer’s Report. The District’s CIP contemplates the development of four parcels (Parcel O, Parcel P, Parcel Q and Parcel R), consisting of 585 single family lots, in two phases. The first phase of development includes improvements providing benefit to Parcel O, Parcel P and Parcel Q (the “Parcels”), the collective area of which spans 187.953 +/- acres and contains a planned product mix of 411 single family units. This First Supplemental Report will be specific to the first phase of development within the District. The public improvements as described in the Engineer’s Report include district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric lines, professional/permitting fees, and public amenities.

## **III. PROPOSED IMPROVEMENTS**

The District and Developer are undertaking the responsibility of providing the public infrastructure necessary to develop the District’s CIP. As designed, the CIP is an integrated system of facilities. Each infrastructure facility works as a system to provide special benefit to District lands. The potable water and sewer facilities are an example of a system that provides benefit to all units. As a system of improvements, all private landowners of property within the District benefit the same from the first few feet of pipe as they do from the last few feet. The same principal can be applied to the storm water management system; as an interrelated facility which, by its design and interconnected control structures, provides a consistent level of protection to the entire development program, and thus all landowners within the District.

The District Engineer has identified the infrastructure, and respective costs, to be acquired and/or constructed as part of the CIP. The CIP includes district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric, professional/permitting fees, public amenities and contingency funding. The total cost of the CIP is estimated to be approximately \$15,210,107 and is generally described within Tables 1 and 3 of this First Supplemental Report with further detail provided in the Engineer’s Report.

## **IV. FINANCING**

The District intends to finance all or a portion of the CIP through the issuance of tax exempt bonds. These bonds may be issued in one or more series. A number of items comprise the estimated bond size requirements. These items may include, but are not limited to, capitalized interest, a debt service reserve, underwriter’s discount, and issuance costs. A portion of construction costs required to complete the CIP may be funded through a private funding source or contributions.

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For purposes of the First Supplemental Report, allowances have been made for capitalized interest, a debt service reserve, underwriter's discount, issuance costs and rounding as shown on Table 4. As the finance plan is implemented the methodology consultant may issue supplemental report(s) which outline the provisions specific to each bond issue. The supplemental report(s) will detail the terms, interest rates, and costs associated with each bond series, including any Developer contributions. The supplemental report(s) will also detail the level of funding allocated to the construction/acquisition account, the capitalized interest account, the debt service reserve account, as well as the underwriter's discount, and issuance costs. Additionally, the supplemental report(s) will apply the principles set forth in the Master Report to determine the specific assessments required to repay the amounts being borrowed against the current development program.

#### **V. ALLOCATION METHODOLOGY**

The cost and benefit of the improvements constructed and/or acquired by the District is allocated to each property within the District based on the estimated special benefit received. This method of benefit allocation is based on the special benefit received from infrastructure improvements relative to the property's use and size in comparison to other properties within the District. According to F.S. 170.02, the methodology by which valid special assessments are allocated to specifically benefited property must be determined and adopted by the governing body of the District. This alone gives the District latitude in determining how special assessments will be allocated to specifically benefited properties. The CIP benefit and special assessment allocation rationale is detailed below and provides a mechanism by which these costs, based on a determination of the estimated level of benefit conferred by the CIP, are apportioned to lands within the District for levy and collection. The allocation of benefits and assessments associated with the development program are demonstrated within Table 5. The Developer may choose to pay down all or a portion of the assessments on an individual lot basis, thereby reducing the annual debt service assessment associated with the Bonds applicable to the lots which have been paid down.

EQUIVALENT ASSESSMENT UNITS (EAU) ALLOCATION: District roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric, professional/permitting fees, public amenities and contingency funding benefit all properties within the District. The level of relative benefit can be compared through the use of defining "equivalent" units of measurement by product type to compare dissimilar development product types. This is accomplished by determining an estimate of the relationship between the product types, based on a relative benefit received by each product type from the system of capital improvements. The use of equivalent assessment unit methodologies is well established throughout the State as a fair and reasonable proxy for estimating the benefit received by development units.

The costs associated with the CIP are derived from the Engineer's Report and outlined within Table 1 of this First Supplemental Report.

---

## **VI. DETERMINATION OF SPECIAL ASSESSMENT**

There are three main requirements for valid special assessments. The first requirement demands that the improvements to benefited properties, for which special assessments are levied, be implemented for an approved and assessable purpose (F.S. 170.01). As a second requirement, special assessments can only be levied on those properties specially benefiting from the improvements (F.S. 170.01). Thirdly, the special assessments allocated to each benefited property cannot exceed the proportional benefit to each parcel (F.S. 170.02).

The District's CIP contains a "system of improvements" including the funding, construction and/or acquisition district roads, water management control, sewer and wastewater management, water supply, landscape/hardscape, undergrounding of electric, professional/permitting fees, public amenities and contingency funding; all of which are considered to be for an approved and assessable purpose (F.S. 170.01) which satisfies the first requirement for a valid special assessment, as described above. Additionally, the improvements will result in all properties within the District receiving a direct and specific benefit, thereby making those properties legally subject to assessments (F.S. 170.01), which satisfies the second requirement, above. Finally, the specific benefit to the properties is equal to or exceeds the cost of the assessments levied on the benefited properties (F.S. 170.02), which satisfies the third requirement, above.

The first requirement for determining the validity of a special assessment is plainly demonstrable; eligible improvements are found within the list provided in F.S. 170.01. However, ensuring compliance with the second and third requirements for a valid special assessment require a more analytical examination. As required by F.S. 170.02, and described in the preceding section entitled "Allocation Methodology," this approach involves identifying and assigning value to specific benefits being conferred upon the various benefitting properties, while confirming the value of these benefits exceed the cost of providing the improvements. These special benefits include, but are not limited to, the added use of the property, added enjoyment of the property, probability of decreased insurance premiums and the probability of increased marketability and value of the property. The development program contains a mix of single family home sites. The method of apportioning benefit to the planned product mix can be related to development density and intensity where it "equates" the estimated benefit conferred to a specific single-family unit type. This is done to implement a fair and equitable method of apportioning benefit.

The second and third requirements are the key elements when establishing a valid special assessment. A reasonable estimate of the proportionate special benefits received from the CIP is expressed in terms of EAU Factor in Table 2. For this First Supplemental Report, the District's single family units are assessed by product type, with each unit within its product type receiving the same EAU Factor.

The determination has been made that the duty to pay the non-ad valorem special assessments is valid based on the special benefits imparted upon the property. These benefits are derived from the acquisition and/or construction of the District's CIP. The allocation of responsibility for payment of the bond debt within the District has been apportioned according to reasonable estimates of the special benefits provided consistent with each land use category. Accordingly, no acre or parcel of property within the boundary of the District will be assessed for the payment of any non-ad valorem special assessment greater than the determined special benefit particular to that Parcel of the District.

---

Property within the District that currently is not, or upon future development, will not be subject to the special assessments include publicly owned (State/County/City/CDD) tax-exempt parcels such as: lift stations, road rights-of-way, waterway management systems, common areas, and certain lands/amenities owned by HOA(s). To the extent it is later determined that a property no longer qualifies for an exemption, assessments will be apportioned and levied based on an EAU factor proportionate to lot product average square footage.

## **VII. ASSIGNMENT OF ASSESSMENTS**

This section sets out the manner in which special assessments will be assigned to the land within the District. The assignment of special assessment liens within this First Supplemental Report are specific to those lands referred to as Parcel O, Parcel P and Parcel Q within the Master Report and more fully described within Exhibit B of this First Supplemental Report. District lands designated as Parcel R within the Master Report will not be encumbered by the Bonds, but may be subject to separate special assessments liens resulting from the issuance of additional debt, the assignment of which will be outlined in a future supplemental report.

It is useful to consider three distinct states or conditions of development within a community. The initial condition is the “undeveloped state.” At this point the infrastructure may or may not be installed but none of the units in the development program have been platted. This condition exists when the infrastructure program is financed prior to any development. While the land is in an “undeveloped state,” special assessments will be assigned on an equal acre basis across all of the gross acreage within each Parcel, relative to the separate and independent special assessment lien levied against it as identified within Exhibit “A” of this First Supplemental Report. Debt will not be solely assigned to properties within each Parcel which have development rights, but will and may be assigned to undevelopable properties to ensure integrity of development plans, rights and entitlements.

The second condition is “on-going development”. At this point, if not already in place, the installation of infrastructure has begun. Additionally, the development program has started to take shape. As lands subject to special assessments within each Parcel are platted and fully-developed, they are assigned specific assessments in relation to the estimated benefit that each unit receives from the CIP, with the balance of the debt assigned on a per acre basis as described in the preceding paragraph. Therefore each fully-developed, platted unit would be assigned a par debt assessment as set forth in Tables 5. It is not contemplated that any unassigned debt would remain once all of the lots associated with the improvements are platted and fully-developed; if such a condition was to occur, the true-up provisions in section VIII of this First Supplemental Report would be applicable.

The third condition is the “completed development state.” In this condition the entire development program for the District has been platted and the total par value of the Bonds has been assigned as specific assessments to each of the platted lots within each Parcel of the District.

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### **VIII. TRUE-UP MODIFICATION**

During the construction period of phases of development, it is possible that the number of residential units built may change, thereby necessitating a modification to the per unit allocation of assessment principal. In order to ensure the District's debt does not build up on the unplatted land, the District shall apply the following test as outlined within this "true up methodology".

The debt per acre remaining on the unplatted land within each Parcel of the District is never allowed to increase above its ceiling debt per developable acre. The ceiling level of debt per acre is calculated as the total amount of debt for each bond issue divided by the number of developable acres encumbered by those bonds. Thus, every time the test is applied, the debt encumbering the remaining un-platted developable acres must remain equal to or lower than the ceiling level of debt per developable acre per Parcel as established by Exhibit A.

True-up tests shall be performed upon the acceptance of each recorded plat submitted to subdivide developed lands within the District. If upon the completion of any true-up analyses it is found the debt per developable acre exceeds the established maximum ceiling debt per developable acre, or there is not sufficient development potential in the remaining acreage of a Parcel within the District to produce the densities required to adequately service Bond debt, the District would require the immediate remittance of a density reduction payment, plus accrued interest as applicable, in an amount sufficient to reduce the remaining debt per acre to the ceiling amount per developable acre and to allow the remaining acreage to adequately service bond debt upon development. The final test shall be applied at the platting of 100% of the development units within each Parcel of the District.

True-up payment provisions may be suspended if the landowner can demonstrate, to the reasonable satisfaction of the District and bondholders, that there is sufficient development potential in the remaining acreage within the District to produce the densities required to adequately service Bond debt. The Developer and District will enter into a true-up agreement to evidence the obligations described in this Section VIII.

All assessments levied run with the land and it is the responsibility of the District to enforce the true-up provisions and collect any required true-up payments due. The District will not release any liens on property for which true-up payments are due, until provision for such payment has been satisfactorily made.

---



# SOUTH FORK III

## COMMUNITY DEVELOPMENT DISTRICT

**TABLE 1. INFRASTRUCTURE COSTS**

<b>TOTAL INFRASTRUCTURE COST DETAIL <sup>(1)</sup></b>					
<b>DESCRIPTION</b>	<b>MASTER COSTS</b>	<b>PARCEL O</b>	<b>PARCEL P</b>	<b>PARCEL Q</b>	<b>GRAND TOTAL</b>
Water Management and Control	\$867,143.00	\$1,027,931.35	\$1,796,720.34	\$803,341.31	\$4,495,136.00
Roads	\$863,700.00	\$396,312.50	\$692,714.29	\$309,723.21	\$2,262,450.00
Water Supply	\$234,241.00	\$131,835.00	\$230,434.29	\$103,030.71	\$699,541.00
Sewer and Wastewater Management	\$295,374.00	\$348,630.90	\$609,371.66	\$272,459.44	\$1,525,836.00
Community Amenities	\$1,500,000.00	\$0.00	\$0.00	\$0.00	\$1,500,000.00
Landscaping/Irrigation/Hardscaping	\$977,800.00	\$241,848.52	\$422,726.82	\$189,007.66	\$1,831,383.00
Professional Service and Fees	\$184,555.00	\$306,058.65	\$534,959.66	\$239,188.69	\$1,264,762.00
Contingency	\$0.00	\$462,116.67	\$807,733.33	\$361,150.00	\$1,631,000.00
<b>TOTAL</b>	<b>\$4,922,813.00</b>	<b>\$2,914,732.58</b>	<b>\$5,094,660.38</b>	<b>\$2,277,901.04</b>	<b>\$15,210,107.00</b>

**TABLE 2. DEVELOPMENT PROGRAM**

	<b>EAU Value</b>	<b>Parcel O</b>	<b>Parcel P</b>	<b>Parcel Q</b>	<b>TOTAL UNITS</b>	<b>TOTAL EAUs</b>
Single Family 50'	1.00	61	0	0	61	61.00
Single Family 60'	1.20	47	214	0	261	313.20
Single Family 70'	1.40	11	0	78	89	124.60
		<b>119</b>	<b>214</b>	<b>78</b>	<b>411</b>	<b>498.80</b>

<sup>(1)</sup> Per Engineer's Report (as defined within this First Supplemental Report). Projected infrastructure costs are apportioned to each Parcel based on EAU values and represent a distribution based on the total subdivision costs found in table 2.0 of the Engineer's Report.

**TABLE 3. CAPITAL IMPROVEMENT PLAN**

<b>CAPITAL IMPROVEMENT PLAN</b>	<b>FUNDING NEEDS</b>
Water Management and Control	\$4,495,136.00
Roads	\$2,262,450.00
Water Supply	\$699,540.00
Sewer and Wastewater Management	\$1,525,836.00
Community Amenities	\$1,500,000.00
Landscaping/Irrigation/Hardscaping	\$1,831,383.00
Professional Service and Fees	\$1,264,762.00
Contingency	\$1,631,000.00
<b>CAPITAL IMPROVEMENT NEEDS FOR DEVELOPMENT WITHIN ASSESSMENT AREA</b>	<b>\$15,210,107.00</b>
Net Proceeds From Long Term A Bonds	<b>\$7,870,231.17</b>
Amount required from private contributions or other sources to complete	<b>\$7,339,875.83</b>

**TABLE 4. BOND FINANCING**

<b><u>SPECIAL ASSESSMENT REVENUE BONDS</u></b>		
( <sup>1</sup> ) Coupon Rate		5.50%
Term (Years)		31
Principal Amortization Installments		30
<b>ISSUE SIZE</b>		<b>\$9,460,000</b>
Construction Fund		\$7,870,231
( <sup>1</sup> ) Capitalized Interest (Months)	13	\$563,480
Debt Service Reserve Fund		\$610,511
Cost of Issuance		\$412,783
Rounding		\$2,996
<b><u>ANNUAL ASSESSMENT</u></b>		
Annual Debt Service (Principal plus Interest)		\$650,693
( <sup>2</sup> ) Collection Costs and Discounts @ 6%		\$41,534
<b>TOTAL ANNUAL ASSESSMENT</b>		<b>\$692,226</b>

(<sup>1</sup>) Interest Rate and Capitalized Interest Period are not final and subject to change.

(<sup>2</sup>) Collection Costs and Discounts are fees associated with the placement of the assessments on the County Tax Roll.

**TABLE 5. ASSESSMENT ALLOCATION**

<b>PARCEL O -- LONG TERM ASSESSMENT ALLOCATION ASSIGNMENT</b>						
<b>Product Type</b>	<b>Planned Units</b>	<b>EAU Value</b>	<b>Per Product</b>		<b>Per Unit</b>	
			<b>Total Principal</b>	<b>Total Annual Assessment</b>	<b>Total Principal</b>	<b>Total Annual Assessment</b>
Single Family 50'	61	1.00	\$1,085,475	\$79,427	\$17,794.67	<b>\$1,302.08</b>
Single Family 60'	47	1.20	\$1,003,621	\$73,438	\$21,353.64	<b>\$1,562.50</b>
Single Family 70'	11	1.40	\$274,039	\$20,052	\$24,912.63	<b>\$1,822.92</b>
	<b>119</b>		<b>\$2,363,135</b>	<b>\$172,917</b>		

<b>PARCEL P -- LONG TERM ASSESSMENT ALLOCATION ASSIGNMENT</b>						
<b>Product Type</b>	<b>Planned Units</b>	<b>EAU Value</b>	<b>Per Product</b>		<b>Per Unit</b>	
			<b>Total Principal</b>	<b>Total Annual Assessment</b>	<b>Total Principal</b>	<b>Total Annual Assessment</b>
Single Family 60'	214	1.20	\$4,997,680	\$365,703	\$23,353.64	<b>\$1,708.89</b>
	<b>214</b>		<b>\$4,997,680</b>	<b>\$365,703</b>		

<b>PARCEL Q -- LONG TERM ASSESSMENT ALLOCATION ASSIGNMENT</b>						
<b>Product Type</b>	<b>Planned Units</b>	<b>EAU Value</b>	<b>Per Product</b>		<b>Per Unit</b>	
			<b>Total Principal</b>	<b>Total Annual Assessment</b>	<b>Total Principal</b>	<b>Total Annual Assessment</b>
Single Family 70'	78	1.40	\$2,099,185	\$153,607	\$26,912.63	<b>\$1,969.31</b>
	<b>78</b>		<b>\$2,099,185</b>	<b>\$153,607</b>		

EXHIBIT "A"

While the land is in an "undeveloped state," as defined within Section VII of this Supplemental Report, special assessments will be assigned on an equal acre basis across all of the gross acreage within each Parcel, relative to the separate and independent special assessment lien levied against it.

<u>Assessment Roll</u>					
TOTAL ASSESSMENT:		<u>\$9,460,000.00</u>			
ANNUAL ASSESSMENT:		<u>\$649,479.17</u>	(30 Installments)		
TOTAL GROSS ACRES +/-:		<u>187.953</u>			
<u>PER PARCEL ASSESSMENTS</u>					
<u>Landowner Name, Parcel ID &amp; Address</u>	<u>Gross Acres</u>	<u>Total Par Debt Per Gross Acre</u>	<u>Annual Assessment Per Gross Acre</u>	<u>Total Par Debt</u>	<u>Total Annual Assessment</u>
<u>PARCEL O</u>					
PARCEL O, LLC FOLIO: 077709.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	50.61	\$46,689.85	\$3,416.41	\$2,363,134.89	\$172,916.50
<u>PARCEL P</u>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	94.94	\$52,640.66	\$3,851.96	\$4,997,679.91	\$365,703.41
<u>PARCEL Q</u>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	42.40	\$49,509.08	\$3,622.80	\$2,099,185.20	\$153,606.53
<b>Totals:</b>	<u>187.953</u>			<u>\$9,460,000.00</u>	<u>\$692,226.44</u>

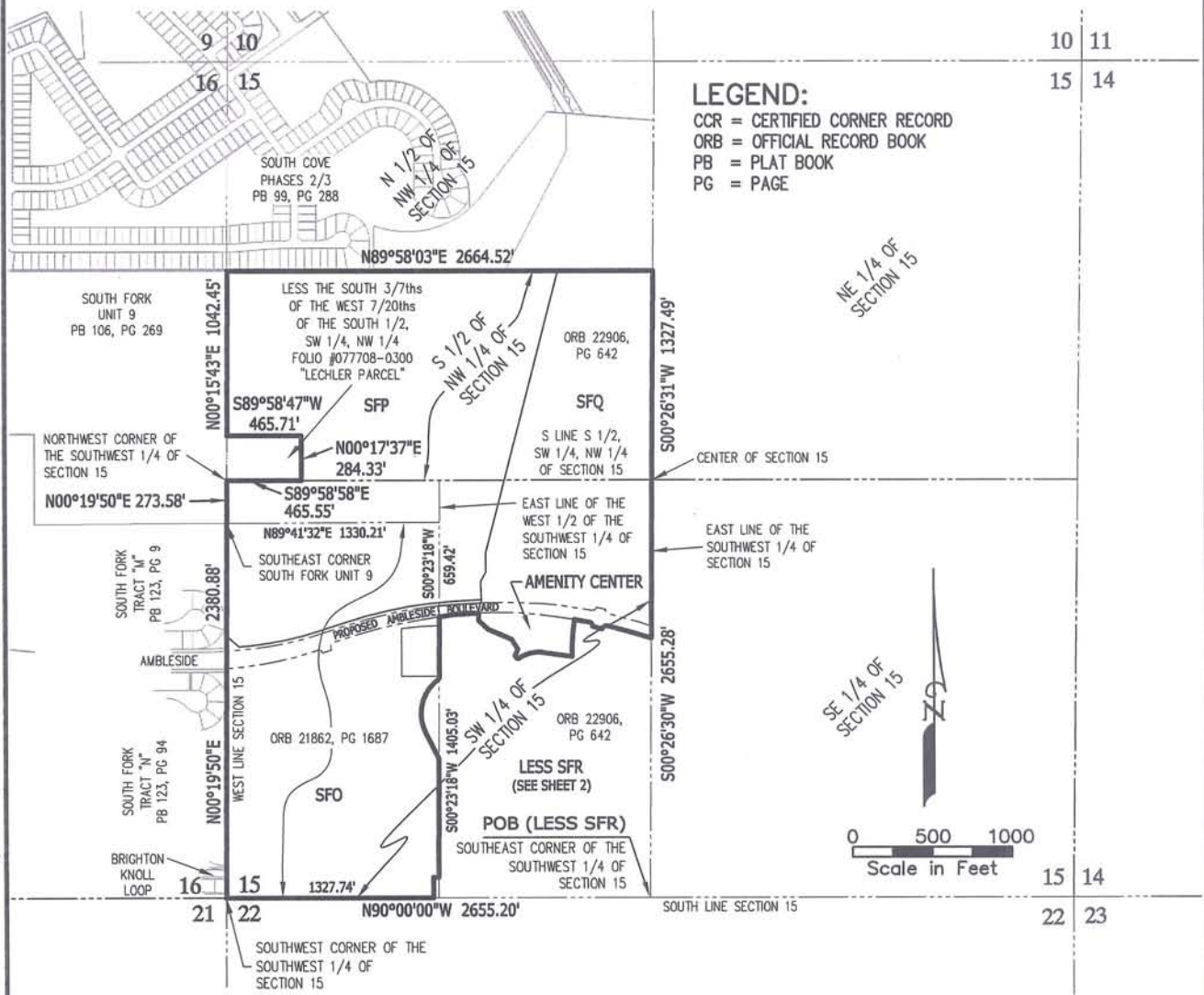
EXHIBIT "A"

Prior to platting, the debt associated with the Capital Improvement Plan will initially be allocated to each developable acre within the District on a per acre basis. Upon platting, the principal and long term assessment levied on each benefited property will be allocated to platted lots and the remaining un-platted developable acres in accordance with the assessment methodology.

<u>Assessment Roll</u>					
TOTAL ASSESSMENT:		<u>\$9,460,000.00</u>			
ANNUAL ASSESSMENT:		<u>\$649,479.17</u>	(30 Installments)		
TOTAL DEVELOPABLE ACRES +/-:		<u>149.800</u>			
<u>PER PARCEL ASSESSMENTS</u>					
<u>Landowner Name, Parcel ID &amp; Address</u>	<u>Developable Acres</u>	<u>Total Par Debt Per Developable Acre</u>	<u>Annual Assessment Per Developable Acre</u>	<u>Total Par Debt</u>	<u>Total Annual Assessment</u>
<u>PARCEL O</u>					
PARCEL O, LLC FOLIO: 077709.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	43.80	\$53,952.85	\$3,947.87	\$2,363,134.89	\$172,916.50
<u>PARCEL P</u>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	76.50	\$65,329.15	\$4,780.44	\$4,997,679.91	\$365,703.41
<u>PARCEL Q</u>					
EISENHOWER PROPERTY GROUP LLC FOLIO: 077705.0000 111 S ARMENIA AVE STE 201 TAMPA, FL 33609-3337	29.50	\$71,158.82	\$5,207.00	\$2,099,185.20	\$153,606.53
<b>Totals:</b>	<u>149.800</u>			<u>\$9,460,000.00</u>	<u>\$692,226.44</u>

EXHIBIT "B"

THIS IS NOT A SURVEY SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST  
HILLSBOROUGH COUNTY, FLORIDA



C:\SURVEY\4802\500\000\CAD\Basedata\Sketch&Legal\SF3 CDD Limits S&L-Less SFR.dwg, January 8, 2016 8:22 AM, King Engineering Associate Inc.

SOUTH FORK III CDD

EISENHOWER PROPERTY GROUP, LLC/PARCEL O, LLC

SCALE 1" = 1000'	DATE 01/07/2016	JOB No. 4802-500-000		
DRAWN DAF	CHECKED GB	SECTION 15	TOWNSHIP 31S	RANGE 20E

**King**  
ENGINEERING ASSOCIATES, INC.

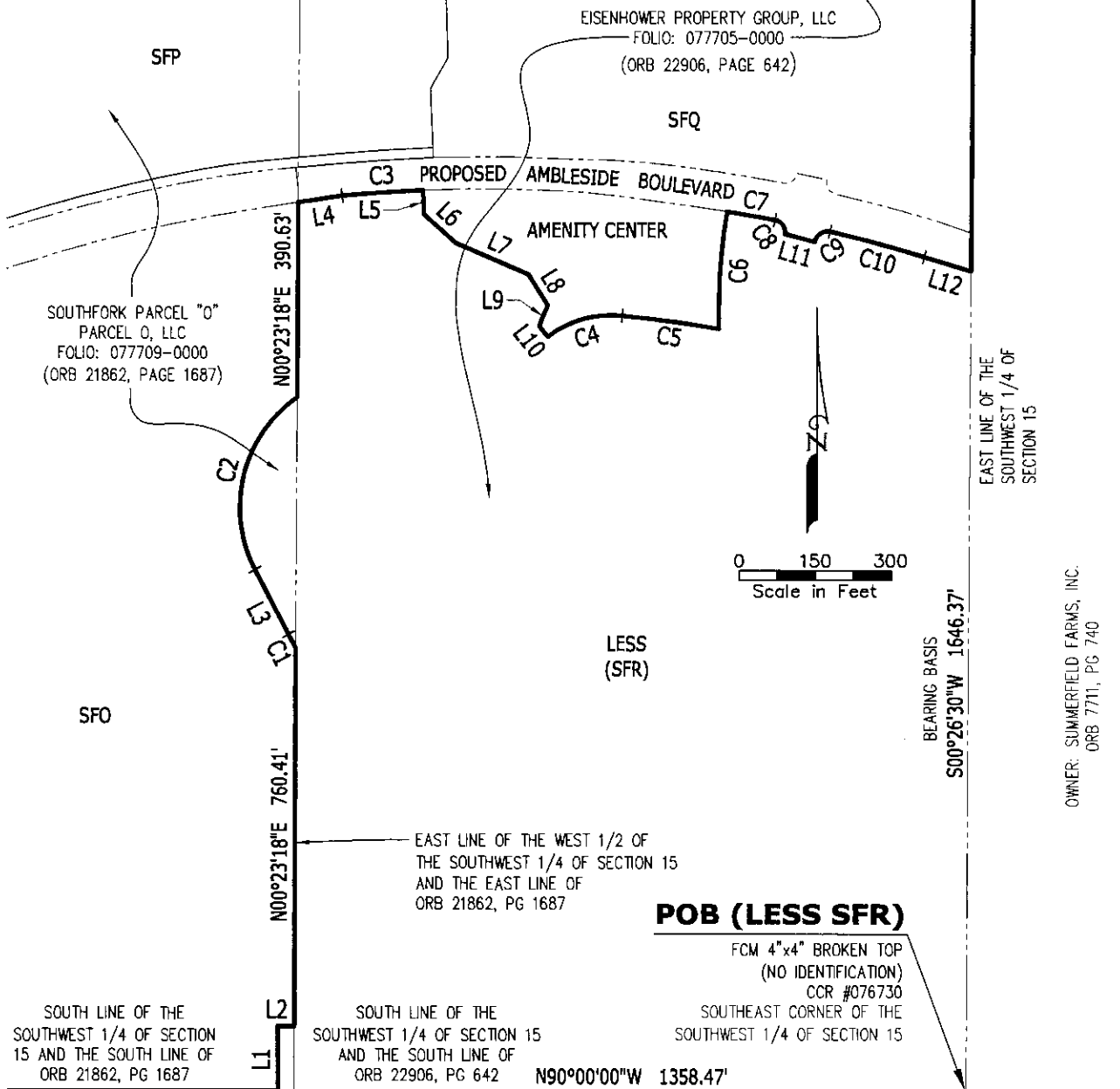
4921 Memorial Highway  
 One Memorial Center, Suite 300  
 Tampa, Florida 33634  
 Phone 813 880-8881  
 Fax 813 880-8882  
 www.kingengineering.com  
 LB #2610

CERTIFIED AS TO SKETCH AND LEGAL DESCRIPTION  
 Sketch and Legal Description not valid without the signature and the  
 original raised seal of a Florida licensed Surveyor and Mapper.

*Greg Baksis*  
 GREG BAKSIS  
 PROFESSIONAL SURVEYOR AND MAPPER  
 STATE OF FLORIDA # LS6956  
 CERTIFICATE OF AUTHORIZATION No. LB 2610

EXHIBIT "B"

THIS IS NOT A SURVEY



C:\SURVEY\4802500\000\CAD\Basedata\Sketch&Legal\F3 CDD Limits S&L-Less SFR.dwg, January 8, 2016 8:23 AM, King Engineering Associate Inc.

OWNER: SUMMERFIELD FARMS, INC.  
ORB 7711, PG 740

EAST LINE OF THE  
SOUTHWEST 1/4 OF  
SECTION 15

BEARING BASIS  
S00°26'30"W 1646.37'

**POB (LESS SFR)**

FCM 4"x4" BROKEN TOP  
(NO IDENTIFICATION)  
CCR #076730  
SOUTHEAST CORNER OF THE  
SOUTHWEST 1/4 OF SECTION 15

TAMPA ELECTRIC COMPANY  
FOLIO: 077798-0000

SOUTH FORK III CDD

EISENHOWER PROPERTY GROUP, LLC/PARCEL O, LLC

**King**  
ENGINEERING ASSOCIATES, INC.

4921 Memorial Highway  
One Memorial Center, Suite 300  
Tampa, Florida 33634  
Phone 813 880-8881  
Fax 813 880-8882  
www.kingengineering.com  
LB #2610

EXHIBIT "B"

THIS IS NOT A SURVEY

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°00'00"W	130.00'
L2	S90°00'00"E	31.89'
L3	N27°03'22"W	162.28'
L4	N80°55'51"E	87.99'
L5	S02°19'41"E	48.39'
L6	S47°25'02"E	86.37'
L7	S66°27'24"E	156.04'
L8	S31°23'05"E	70.67'
L9	S22°19'34"W	44.78'
L10	S37°57'09"E	27.90'
L11	S74°21'07"E	60.52'
L12	S72°46'32"E	96.12'

CURVE TABLE					
CURVE	LENGTH	RADIUS	DELTA	BEARING	CHORD
C1	12.40'	450.00'	1°34'44"	N27°50'44"W	12.40'
C2	388.74'	275.00'	80°59'33"	N13°26'25"E	357.17'
C3	160.45'	2,968.00'	3°05'51"	N86°07'24"E	160.43'
C4	156.42'	205.00'	43°43'02"	N73°54'22"E	152.65'
C5	193.66'	2,728.00'	4°04'03"	S82°12'05"E	193.62'
C6	235.17'	1,150.00'	11°43'00"	N03°53'59"E	234.76'
C7	95.94'	2,962.00'	1°51'21"	S79°45'23"E	95.94'
C8	38.04'	25.00'	87°11'06"	S35°14'10"E	34.48'
C9	41.63'	25.00'	95°25'13"	N55°36'46"E	36.99'
C10	192.94'	2,962.00'	3°43'56"	S74°48'39"E	192.91'

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SOUTH FORK III CDD

EISENHOWER PROPERTY GROUP, LLC/PARCEL O, LLC

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Tampa, Florida 33634  
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LB #2610



EXHIBIT "B"

THIS IS NOT A SURVEY

LEGAL DESCRIPTION:

THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF SECTION 15 AND THE SOUTHWEST 1/4 OF SECTION 15, LESS THE SOUTH 3/7ths OF THE WEST 7/20ths OF THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF SAID NORTHWEST 1/4 OF SECTION 15, ALL LYING AND BEING IN TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA.

LESS

(SFR)

A PORTION OF THOSE LANDS DESCRIBED IN OFFICIAL RECORD BOOK 21862, PAGE 1687 AND OFFICIAL RECORD BOOK 22906, PAGE 642 OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, BEING A TRACT OF LAND LYING IN THE SOUTHWEST 1/4 OF SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA; THENCE NORTH 90°00'00" WEST, ALONG THE SOUTH LINE OF THE SOUTHWEST 1/4 OF SECTION 15, SAME BEING THE SOUTH LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORD BOOK 22906, PAGE 642 AND OFFICIAL RECORD BOOK 21862, PAGE 1687 OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA, RESPECTIVELY, A DISTANCE OF 1,358.47 FEET; THENCE, LEAVING SAID SOUTH LINE, NORTH 00°00'00" WEST, A DISTANCE OF 130.00 FEET; THENCE SOUTH 90°00'00" EAST, A DISTANCE OF 31.89 FEET TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION 15, SAME ALSO BEING THE EAST LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORD BOOK 21862, PAGE 1687 OF THE PUBLIC RECORDS OF HILLSBOROUGH COUNTY, FLORIDA; THENCE NORTH 00°23'18" EAST, ALONG SAID EAST LINE, A DISTANCE OF 760.41 FEET TO A POINT ON A NON-TANGENT CURVE TO THE RIGHT; THENCE, LEAVING SAID EAST LINE, NORTHWESTERLY 12.40 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 450.00 FEET, A CENTRAL ANGLE OF 01°34'44", AND A CHORD BEARING AND DISTANCE OF NORTH 27°50'44" WEST 12.40 FEET; THENCE NORTH 27°03'22" WEST, A DISTANCE OF 162.28 FEET TO A POINT ON A CURVE TO THE RIGHT; THENCE NORTHERLY 388.74 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 275.00 FEET, A CENTRAL ANGLE OF 80°59'33", AND A CHORD BEARING AND DISTANCE OF NORTH 13°26'25" EAST 357.17 FEET TO A POINT OF INTERSECTION WITH SAID EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 15; THENCE, ALONG SAID EAST LINE, NORTH 00°23'18" EAST, A DISTANCE OF 390.63 FEET; THENCE, LEAVING SAID EAST LINE, NORTH 80°55'51" EAST, A DISTANCE OF 87.99 FEET TO A POINT ON A NON-TANGENT CURVE TO THE RIGHT; THENCE EASTERLY 160.45 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 2,968.00 FEET, A CENTRAL ANGLE OF 03°05'51", AND A CHORD BEARING AND DISTANCE OF NORTH 86°07'24" EAST 160.43 FEET; THENCE SOUTH 02°19'41" EAST, A DISTANCE OF 48.39 FEET; THENCE SOUTH 47°25'02" EAST, A DISTANCE OF 86.37 FEET; THENCE SOUTH 66°27'24" EAST, A DISTANCE OF 156.04 FEET; THENCE SOUTH 31°23'05" EAST, A DISTANCE OF 70.67 FEET; THENCE SOUTH 22°19'34" WEST, A DISTANCE OF 44.78 FEET; THENCE SOUTH 37°57'09" EAST, A DISTANCE OF 27.90 FEET TO A POINT ON A NON-TANGENT CURVE TO THE RIGHT; THENCE EASTERLY 156.42 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 205.00 FEET, A CENTRAL ANGLE OF 43°43'02", AND A CHORD BEARING AND DISTANCE OF NORTH 73°54'22" EAST 152.65 FEET TO A POINT OF COMPOUND CURVE TO THE RIGHT; THENCE EASTERLY 193.66 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 2,728.00 FEET, A CENTRAL ANGLE OF 04°04'03", AND A CHORD BEARING AND DISTANCE OF SOUTH 82°12'05" EAST 193.62 FEET TO A POINT ON A NON-TANGENT CURVE TO THE RIGHT; THENCE NORTHERLY 235.17 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 1,150.00 FEET, A CENTRAL ANGLE OF 11°43'00", AND A CHORD BEARING AND DISTANCE OF NORTH 03°53'59" EAST 234.76 FEET TO A POINT ON A NON-TANGENT CURVE TO THE RIGHT; THENCE EASTERLY 95.94 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 2,962.00 FEET, A CENTRAL ANGLE OF 01°51'21", AND A CHORD BEARING AND DISTANCE OF SOUTH 79°45'23" EAST 95.94 FEET TO A POINT OF COMPOUND CURVE TO THE RIGHT; THENCE SOUTHEASTERLY 38.04 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 87°11'06", AND A CHORD BEARING AND DISTANCE OF SOUTH 35°14'10" EAST 34.48 FEET; THENCE SOUTH 74°21'07" EAST, A DISTANCE OF 60.52 FEET TO A POINT ON A NON-TANGENT CURVE TO THE RIGHT; THENCE NORTHEASTERLY 41.63 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 25.00 FEET, A CENTRAL ANGLE OF 95°25'13", AND A CHORD BEARING AND DISTANCE OF NORTH 55°36'46" EAST 36.99 FEET TO A POINT OF COMPOUND CURVE TO THE RIGHT; THENCE EASTERLY 192.94 FEET ALONG THE ARC OF SAID CURVE, HAVING A RADIUS OF 2,962.00 FEET, A CENTRAL ANGLE OF 03°43'56", AND A CHORD BEARING AND DISTANCE OF SOUTH 74°48'39" EAST 192.91 FEET; THENCE SOUTH 72°46'32" EAST, A DISTANCE OF 96.12 FEET TO A POINT OF INTERSECTION WITH THE EAST LINE OF SAID SOUTHWEST 1/4 OF SECTION 15; THENCE SOUTH 00°26'30" WEST, ALONG SAID EAST LINE OF THE SOUTHWEST 1/4 OF SECTION 15, A DISTANCE OF 1,646.37 FEET TO THE POINT OF BEGINNING.

CONTAINING 187.953 ACRES.

SURVEYOR'S NOTES:

- 1. NO INSTRUMENTS OF RECORD REFLECTING EASEMENTS, RIGHTS-OF-WAY, AND OR OWNERSHIP WERE FURNISHED TO OR PURSUED BY THE UNDERSIGNED.
2. UNLESS IT BEARS THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER THIS DRAWING, SKETCH, PLAT OR MAP IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT VALID.
3. THIS IS A SKETCH AND LEGAL DESCRIPTION ONLY, NOT A FIELD SURVEY.
4. BEARINGS ARE BASED ON THE EAST LINE OF THE SOUTHWEST 1/4 OF SECTION 15, TOWNSHIP 31 SOUTH, RANGE 20 EAST, HILLSBOROUGH COUNTY, FLORIDA BEING SOUTH 00°26'30" WEST, AS SHOWN HEREON.
5. DISTANCES SHOWN HEREON ARE IN US FEET.

SOUTH FORK III CDD

EISENHOWER PROPERTY GROUP, LLC/PARCEL O, LLC



4921 Memorial Highway
One Memorial Center, Suite 300
Tampa, Florida 33634
Phone 813 880-8881
Fax 813 880-8882
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LB #2610

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**APPENDIX F**  
**DISTRICT'S FINANCIAL STATEMENTS**

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# South Fork III Community Development District

Financial Statements  
(Unaudited)

Period Ending  
December 31, 2015



Meritus Corporation  
5680 West Cypress Street ~ Suite A ~ Tampa, Florida 33607  
Phone (813) 873-7300 ~ Fax (813) 873-7070

**South Fork III Communitiy Development District**

Balance Sheet  
As of 12/31/2015

*(In Whole Numbers)*

**General Fund**

Assets

Cash-Operating Account	3,250
Total Assets	<u>3,250</u>

Liabilities

Accounts Payable	28,792
Total Liabilities	<u>28,792</u>

Fund Equity & Other Credits

Fund Balance-Unreserved	<u>(25,542)</u>
-------------------------	-----------------

Total Liabilities & Fund Equity	<u>3,250</u>
---------------------------------	--------------

## South Fork III Community Development District

Statement of Revenues and Expenditures

From 11/1/2015 Through 12/31/2015

(Whole Numbers)

	<u>Total Budget - Original</u>	<u>Current Period Actual</u>	<u>Total Budget Variance - Original</u>	<u>Percent Total Budget Remaining - Original</u>
<b>Revenues</b>				
Interest Earnings				
Interest Earnings	0	0	(0)	0%
Contributions & Donations From Private				
<b>Resources</b>				
Developer Contributions	254,120	3,000	251,120	99%
<b>Total Revenues</b>	<b>254,120</b>	<b>3,000</b>	<b>251,120</b>	<b>99%</b>
<b>Expenditures</b>				
<b>Financial &amp; Administrative</b>				
District Manager	36,000	14,130	21,870	61%
District Engineer	12,000	3,000	9,000	75%
Disclosure Report	8,000	0	8,000	100%
Trustees Fees	8,800	0	8,800	100%
Financial Advisory Fees	0	4,675	(4,675)	0%
Auditing Services	8,000	0	8,000	100%
Postage, Phone, Faxes, Copies	1,600	25	1,575	98%
Public Officials Insurance	3,040	0	3,040	100%
Legal Advertising	1,600	2,222	(622)	-39%
Bank Fees	400	0	400	100%
Dues, Licenses & Fees	280	0	280	100%
Office Supplies	400	33	367	92%
Website Administration	0	(26)	26	0%
<b>Legal Counsel</b>				
District Counsel	16,000	4,643	11,357	71%
<b>Electric Utility Services</b>				
Electric Utility Services	40,000	0	40,000	100%
<b>Garbage/Solid Waste Control Services</b>				
Garbage Collection	800	0	800	
<b>Water-Sewer Combination Services</b>				
Water Utility Services	4,000	0	4,000	
<b>Other Physical Environment</b>				
Waterway Management Program	12,400	0	12,400	100%
Property & Casualty Insurance	11,200	0	11,200	100%
Club Facility Maintenance	12,000	0	12,000	100%
Landscape Maintenance - Contract	40,000	0	40,000	100%

## South Fork III Community Development District

Statement of Revenues and Expenditures

From 11/1/2015 Through 12/31/2015

(In Whole Numbers)

	<b>Total Budget - Original</b>	<b>Current Period Actual</b>	<b>Variance - Original</b>	<b>Budget Remaining -</b>
Landscape Maintenance - Other	12,000	0	12,000	100%
Plant Replacement Program	4,000	0	4,000	100%
Irrigation Maintenance	5,600	0	5,600	100%
Pool Maintenance	16,000	0	16,000	100%
Miscellaneous Landscape	0	(160)	160	0%
<b>Total Expenditures</b>	<b>254,120</b>	<b>28,542</b>	<b>225,578</b>	<b>89%</b>
Excess Of Revenues Over (Under)	0	(25,542)	25,542	10%



**South Fork III Community Development District  
Reconcile Cash Accounts**

**Summary**

**Cash Account: 10101 Cash-Operating Account**

**Reconciliation ID: 12/31/15**

**Reconciliation Date: 12/31/2015**

**Status: Locked**

Book Balance	3,250.04
Less Outstanding Checks/Vouchers	0.00
Plus Deposits in Transit	0.00
Plus or Minus Other Cash Items	0.00
Plus or Minus Suspense Items	0.00
	<hr/>
Reconciled Bank Balance	3,250.04
Balance Per Books	3,250.04
	<hr/>
Unreconciled Difference	0.00
	<hr/> <hr/>

SUNTRUST BANK  
 PO BOX 305183  
 NASHVILLE TN 37230-5183

Page 1 of 2  
 66/E00/0175/0 /42

12/31/2015  
 0000

Account  
 Statement



SOUTH FORK III CDD  
 5680 W CYPRESS ST STE A  
 TAMPA FL 33607-1775

Questions? Please call  
 1-800-786-8787

EFFECTIVE 3/1/2016: FOR CLIENTS USING NON-SUNTRUST ATMS LOCATED IN THE U.S.  
 THE FEE IS CHANGING FROM \$2.50 TO \$3.00 PER WITHDRAWAL, BALANCE INQUIRY  
 OR TRANSFER. THIS FEE DOES NOT APPLY TO SIGNATURE ADVANTAGE ACCOUNTS.  
 FOR MORE INFORMATION CALL 800.SUNTRUST.

Account Summary	Account Type	Account Number	Statement Period
	BUSINESS ANALYSIS INT CHECK		12/21/2015 - 12/31/2015

Description	Amount	Description	Amount
Beginning Balance	\$ .00	Average Balance	\$3,250.02
Deposits/Credits	\$3,250.04	Average Collected Balance	\$3,205.02
Checks	\$ .00	Number of Days in Statement Period	11
Withdrawals/Debits	\$ .00	Annual Percentage Yield Earned	.23%
Ending Balance	\$3,250.04	Interest Paid Year to Date	\$.04

Deposits/ Credits	Date	Amount	Serial #	DEPOSIT	Date	Amount	Serial #
	12/30	3,250.00					
	12/31	.04					
Deposits/Credits: 2				Total Items Deposited: 3			

Balance Activity History	Date	Balance	Collected Balance	Date	Balance	Collected Balance
	12/21	.00	.00	12/31	3,250.04	3,250.04
	12/30	3,250.00	3,160.00			

