

In the opinion of Bond Counsel (hereinafter defined), under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Series 2012 Bonds (hereinafter defined) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of certain corporations' alternative minimum taxable income. See "TAX MATTERS" herein regarding certain other tax considerations. Bond Counsel is further of the opinion that the Series 2012 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.

\$12,345,000
MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
(LEE COUNTY, FLORIDA)
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2012

Dated: Date of Delivery

Due: May 1, as shown below

The Miromar Lakes Community Development District Capital Improvement Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), are being issued by the Miromar Lakes Community Development District (the "District" or "Issuer") only in fully registered form, without coupons, in denominations of \$5,000 and integral multiples thereof. The Series 2012 Bonds will bear interest at the fixed rates set forth below, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable semi-annually on each May 1 and November 1, commencing November 1, 2012. The Series 2012 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC") of New York, New York. Purchases of beneficial interests in the Series 2012 Bonds will be made only in book-entry form. Accordingly, principal of and interest on the Series 2012 Bonds will be paid from the Series 2012 Pledged Revenues (as hereinafter defined) by U.S. Bank National Association, Fort Lauderdale, Florida, 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 in a Series 2012 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 2012 Bond. See "DESCRIPTION OF THE SERIES 2012 BONDS - Book-Entry System" herein.

The Series 2012 Bonds are being issued to: (i) currently refund and redeem all of outstanding principal amount of the Series 2000A Bonds (as hereinafter defined), (ii) pay certain costs associated with the issuance of the Series 2012 Bonds, and (iii) make a deposit into the Series 2012 Reserve Account for the benefit of all of the Series 2012 Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES" herein.

The Issuer is a local unit of special purpose government of the State of Florida (the "State"), created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and was established by Lee County, Florida (the "County") on September 19, 2000, by Ordinance No. 00-17, as amended by Ordinance No. 10-22 adopted by the County on April 17, 2010 (collectively, the "Ordinance"). The Series 2012 Bonds are being issued pursuant to the Act, Resolution No. 2000-12 and Resolution No. 2001-7 adopted by the Board of Supervisors (the "Board") of the District on September 19, 2000 and November 21, 2000, respectively (collectively, the "Bond Resolution") and a Master Trust Indenture, dated as of December 1, 2000, as supplemented by a Third Supplemental Trust Indenture dated as of September 1, 2012 (collectively the "Indenture"), by and between the District and the Trustee. The Series 2012 Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived from the non-ad valorem special assessments (the "Series 2012 Assessments") levied and collected upon certain lands within the District specially benefited by the Series 2000 Project (as hereinafter defined), including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2012 Assessments or from the issuance and sale of tax certificates with respect to any unpaid Series 2012 Assessments, and all moneys on deposit in the Funds and Accounts created under the Indenture, other than moneys transferred to the Series 2012 Rebate Account of the Rebate Fund and interest earnings thereon (collectively, the "Series 2012 Pledged Revenues"). Series 2012 Pledged Revenues do 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. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2012 BONDS" herein.

The Series 2012 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption prior to maturity. See "DESCRIPTION OF THE SERIES 2012 BONDS - Redemption Provisions" herein.

NEITHER THE SERIES 2012 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 2012 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 AUTHORIZING THE ISSUANCE OF THE SERIES 2012 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2012 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2012 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2012 PLEDGED REVENUES AND THE SERIES 2012 PLEDGED FUNDS PLEDGED TO THE SERIES 2012 BONDS, ALL AS PROVIDED IN THE INDENTURE.

The Series 2012 Bonds involve a degree of risk (See "BOWNERS' RISKS" herein) and are not suitable for all investors (See "SUITABILITY FOR INVESTMENT" herein). The Series 2012 Bonds are not credit enhanced or rated and no application has been made for a rating with respect to the Series 2012 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2012 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

Term Bonds

\$4,630,000 – 4.875% Series 2012 Term Bond due May 1, 2022, Price 98.300 CUSIP # 604710AD5*
\$7,715,000 – 5.375% Series 2012 Term Bond due May 1, 2032, Price 99.096 CUSIP # 604710AE3*

The Series 2012 Bonds are offered for delivery when, as and if issued by the District and subject to the receipt of the approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Coleman, Yovanovich & Koester, P.A., Naples, Florida and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. It is expected that the Series 2012 Bonds will be delivered in book-entry form through the facilities of DTC on or about September 18, 2012.

FMSbonds, Inc.

Dated: August 28, 2012

* 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.

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

Timothy Byal, Chairperson
Michael Hendershot, Vice-Chairperson
Alan Refkin, Assistant Secretary
Burnett W. Donoho, Assistant Secretary
Dr. David Herring, Assistant Secretary

DISTRICT MANAGER

JPWard & Associates, LLC
Ft. Lauderdale, Florida

DISTRICT COUNSEL

Coleman, Yovanovich & Koester, P.A.
Naples, Florida

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

UNDERWRITER'S COUNSEL

GrayRobinson, P.A.
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 2012 Bonds and there shall be no offer, solicitation, or sale of the Series 2012 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 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, the Development (as hereinafter defined) or the Series 2000 Project (as hereinafter defined) since the date hereof.

The Series 2012 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 2012 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 of Florida nor any other political subdivisions thereof have guaranteed or passed upon the merits of the Series 2012 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 control. Because the District 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.

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LIMITED OFFERING MEMORANDUM

\$12,345,000

**MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
(LEE COUNTY, FLORIDA)
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2012**

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 Miromar Lakes Community Development District (the "District") of its \$12,345,000 Capital Improvement Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds").

PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON THE SERIES 2012 BONDS. THE SERIES 2012 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. THE SERIES 2012 BONDS ARE BEING OFFERED INITIALLY ONLY TO "ACCREDITED INVESTORS" WITHIN THE MEANING OF CHAPTER 517, FLORIDA STATUTES, AND THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES PROMULGATED THEREUNDER. SEE "SUITABILITY FOR INVESTMENT" AND "BONDOWNERS' RISKS" HEREIN.

The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act") and was established by Lee County, Florida (the "County") on September 19, 2000 by Ordinance No. 00-17, as amended by Ordinance No. 10-22 adopted by the County on April 17, 2010 (collectively, the "Ordinance"). The District was established for the purpose of financing the acquisition and construction of and managing the maintenance and operation of certain community development services and facilities within and without its boundaries. For more complete information about the District, its Board of Supervisors and the District Manager, see "THE DISTRICT" herein.

The Series 2012 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of December 1, 2000 (the "Master Indenture"), as supplemented by a Third Supplemental Trust Indenture dated as of September 1, 2012 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture") by and between the District and U.S. Bank National Association, as trustee (the "Trustee") and Resolution No. 2000-12 and Resolution No. 2001-7 adopted by the Board of Supervisors (the "Board") of the District on September 19, 2000 and November 21, 2000 (collectively, the "Bond Resolution"). 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 A – COPY OF MASTER TRUST INDENTURE AND FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE" hereto.

The Series 2012 Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived from the non-ad valorem special assessments (the "Series 2012 Assessments") levied and collected upon certain lands within the District specially benefited by the Series 2000 Project (as hereinafter defined), and all moneys on deposit in the Funds and Accounts created under the Indenture, other than moneys transferred to the Series 2012 Rebate Account of the Rebate Fund and interest earnings thereon (collectively the "Series 2012 Pledged Revenues"). Series 2012 Pledged

Revenues do 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 Refunded Bonds (as defined herein) were validated by a Final Judgment of the Twelfth Judicial Circuit in and for the County, issued November 6, 2000 and the period during which an appeal could be taken from that judgment expired with no appeal having been filed.

The District contains a total of approximately 994 acres of land (the “District Lands”) and is located in an unincorporated area of the County. Located within the District is the Miromar Lakes Beach and Golf Club (the “Development”). For more information regarding the District and the Development, see “THE DISTRICT” and “THE DEVELOPMENT” herein.

The District was created for the purpose of delivering certain community development services and facilities within and outside its jurisdiction, and has previously determined to design, acquire and construct certain public infrastructure improvements associated with the development of the Development within the District, including, but not limited to, water and sewer facilities, stormwater management, landscaping, and other related improvements (the “Infrastructure Improvements”). The Infrastructure Improvements serve the residents of the Development.

The Series 2012 Bonds are being issued to: (i) currently refund and redeem all of outstanding principal amount of the Series 2000A Bonds (as hereinafter defined), (ii) pay certain costs associated with the issuance of the Series 2012 Bonds, and (iii) make a deposit into the Series 2012 Reserve Account for the benefit of all of the Series 2012 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Series 2012 Bonds are not a suitable investment for all investors. See “SUITABILITY FOR INVESTMENT” and “BONDOWNERS’ RISKS” herein. Prospective investors in the Series 2012 Bonds are invited to visit the District, ask questions of representatives of the District and to request documents, instruments and information which may not necessarily be referred to, summarized or described herein. Therefore, prospective investors should utilize the information appearing in this Limited Offering Memorandum within the context of and in conjunction with availability of such additional information and the sources thereof. Prospective investors may request such additional information and arrange to visit the District as described under the caption “SUITABILITY FOR INVESTMENT” herein.

In the Indenture, the District covenants that it shall not issue any obligations other than the Series 2012 Bonds payable from the Series 2012 Pledged Revenues, other than refunding bonds issued in the manner provided in the Master Indenture, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge payable from the Series 2012 Pledged Revenues. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2012 BONDS” herein.

The District previously issued its \$14,530,000 Capital Improvement Revenue Bonds, Series 2000A (the “Series 2000A Bonds”) its \$27,395,000 Capital Improvement Revenue Bonds, Series 2000B (the “Series 2000B Bonds,” and, together with the Series 2000A Bonds, the “Series 2000 Bonds”) and its \$27,560,000 Capital Improvement Revenue Bonds, Series 2003A (the “Series 2003A Bonds”) to finance certain Infrastructure Improvements in the District. The principal amount of the Series 2000A Bonds outstanding as of the date hereof is \$12,365,000, the principal amount of the Series 2000B Bonds outstanding as of the date hereof is \$0, and the principal amount of the Series 2003A Bonds outstanding as of the date hereof is \$25,060,000. The Series 2000A Bonds are secured by special assessments (the “Series 2000 Assessments”) levied on certain of the District Lands benefitted by the Series 2000 Project (as hereinafter defined). See “THE DEVELOPMENT – Debt Service Collection History” for information regarding the history of the District’s Series 2000 Assessments’ collections. The Series 2003A Bonds are secured by special assessments levied on certain of the District Lands which lands are separate and

distinct from the District Lands benefitted by the Series 2000 Project and currently subject to the levy of the Series 2000 Assessments. The Series 2012 Bonds will be secured by the Series 2012 Assessments levied upon the same District Lands upon which the Series 2000A Assessments are currently levied upon. The District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2012 Assessments without the consent of the Owners of the Series 2012 Bonds and the District currently imposes and expects to continue to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2012 Assessments, on the same lands upon which the Series 2012 Assessments are imposed, to fund the maintenance and operation of the District. See “BONDOWNERS’ RISKS” herein.

The District has covenanted in the Indenture to comply with the continuing disclosure requirements contained in Securities and Exchange Commission Rule 15c2-12. See “CONTINUING DISCLOSURE” herein and “APPENDIX C – PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto.

There follows in this Limited Offering Memorandum a brief description of the District and the Development, and summaries of the terms of the Series 2012 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 documents and statute, and all references to the Series 2012 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. A copy of the Master Indenture and the form of the Third Supplemental Indenture appear as APPENDIX A hereto.

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

PLAN OF REFUNDING

The District intends to use the proceeds of the Series 2012 Bonds to refund the District’s existing Series 2000A Bonds (the “Refunded Bonds”), which are outstanding as of the date hereof in the principal amount of \$12,365,000, in order to achieve a debt service savings for the District. A more detailed description of the use of proceeds of the Series 2012 Bonds is included herein under “ESTIMATED SOURCES AND USES OF FUNDS.”

To effect the refunding of the Refunded Bonds, the District will enter into an escrow deposit agreement (the “Escrow Agreement”) with U.S. Bank National Association, as escrow agent (the “Escrow Agent”). Pursuant to the terms of the Escrow Agreement, the District will deposit with the Escrow Agent and the Escrow Agent will irrevocably deposit to a special trust fund created under the Escrow Agreement (the “Escrow Deposit Trust Fund”) a portion of the proceeds of the Series 2012 Bonds, which such Series 2012 Bond proceeds will be held uninvested in cash. Such Series 2012 Bond proceeds on deposit in the Escrow Deposit Trust Fund are expected to be sufficient to pay the principal of, redemption premium, and interest on the Refunded Bonds on the earliest date upon which the Refunded Bonds may be redeemed after closing. Upon execution and delivery of the Escrow Agreement, the direction to give certain notices as required under the Indenture with respect to the Refunded Bonds and the deposit of such proceeds into the Escrow Deposit Trust Fund, all as provided in the Escrow Agreement, in reliance on the verification report of Causey Demgen & Moore Inc., independent certified public accountants, described under “VERIFICATION OF MATHEMATICAL COMPUTATIONS” in this Official Statement, the Refunded Bonds will no longer be Outstanding under the documents governing the issuance of the Refunded Bonds and the Owners of the Refunded Bonds shall be restricted exclusively to the funds so deposited in the Escrow Deposit Trust Fund for any claims of whatsoever nature with respect to the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

AMOUNTS HELD UNDER THE ESCROW AGREEMENT WILL NOT BE AVAILABLE TO PAY PRINCIPAL AND INTEREST ON THE SERIES 2012 BONDS.

DESCRIPTION OF THE SERIES 2012 BONDS

General Description

The Series 2012 Bonds are issuable only as fully registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof.

The Series 2012 Bonds will be dated the date of their initial issuance and delivery, and will bear interest at the fixed rates per annum set forth on the cover page hereof from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to November 1, 2012, in which case from the date of initial delivery. Interest on the Series 2012 Bonds will be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

The Series 2012 Bonds will mature, subject to the redemption provisions set forth below, on the dates and in the amounts set forth on the inside cover page hereof.

The Series 2012 Bonds will be initially issued in the form of a separate single fully registered certificate for each maturity of the Series 2012 Bonds. Upon initial issuance, the ownership of the Series 2012 Bonds will be registered in the registration books of the District kept by the Bond Registrar in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) of New York, New York, the initial bond depository. See “DESCRIPTION OF THE SERIES 2012 BONDS - Book-Entry System” herein.

During the period for which Cede & Co. is registered owner of the Series 2012 Bonds, any notices to be provided to any registered owner will be provided to Cede & Co. DTC shall be responsible for providing notices to DTC Participants (as hereinafter defined) and DTC Participants shall be responsible for providing notices to Indirect Participants (as hereinafter defined), and DTC Participants and Indirect Participants shall be responsible for providing notices to Beneficial Owners (as hereinafter defined).

The Indenture provides that the District, the Trustee, the Bond Registrar and the Paying Agent shall deem and treat the person in whose name any Series 2012 Bond is registered as the absolute Owner thereof for the purpose of receiving payment of or on account of the principal or redemption price of and interest on such Series 2012 Bond, and for all other purposes, and the District, 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 the order of such Owner, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable with respect to any such Series 2012 Bond.

U.S. Bank National Association is initially serving as the Trustee, Registrar and Paying Agent for the Series 2012 Bonds.

Redemption Provisions

Optional Redemption

The Series 2012 Bonds maturing on or before May 1, 2022 are not subject to redemption at the option of the District. The Series 2012 Bonds maturing on or after May 1, 2023 are subject to redemption prior to maturity on or after May 1, 2022 at the option of the District in whole on any date or in part on any Interest Payment Date (less than all Series 2012 Bonds to be selected by lot), at the Redemption Price of the principal amount being redeemed, together with accrued interest to the date of redemption and without premium.

Mandatory Sinking Fund Redemption

The Series 2012 Bonds maturing on May 1, 2022 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2012 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
2013	\$365,000
2014	390,000
2015	405,000
2016	425,000
2017	450,000
2018	470,000
2019	495,000
2020	515,000
2021	545,000
2022*	570,000

* Maturity

The Series 2012 Bonds maturing on May 1, 2032 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2012 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
2023	\$600,000
2024	635,000
2025	670,000
2026	700,000

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
2027	740,000
2028	780,000
2029	825,000
2030	870,000
2031	920,000
2032*	975,000

* Maturity

The above mandatory sinking fund amounts are subject to recalculation, as provided in the Indenture, as the result of the redemption of the Series 2012 Bonds other than in accordance with scheduled mandatory sinking fund redemptions so as to re-amortize the remaining Outstanding principal of the Series 2012 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term thereof.

Extraordinary Mandatory Redemption

The Series 2012 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole or in part on a Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption from amounts transferred to the Series 2012 Prepayment Subaccount of the Series 2012 Redemption Account in accordance with the terms of the Indenture, and, on the date on which the amount on deposit in the Series 2012 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2012 Bonds then Outstanding, including accrued interest thereon. The Indenture defines “Redemption Date” to mean, in the event that the Series 2012 Bonds are to be redeemed in part, any Interest Payment Date, and, in the event that the Series 2012 Bonds are to be redeemed as a whole, any date.

Notice of Redemption

Notice of each redemption of Series 2012 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of Series 2012 Bonds to be redeemed at the address of such registered Owner recorded on the bond registrar maintained by the Bond Registrar.

Purchase of Series 2012 Bonds

The Trustee may, at the written request of the District, apply moneys from time to time available in the Series 2012 Principal Account, for the payment of principal of any Serial Bonds, and the Series 2012 Sinking Fund Account, for the payment of principal of any Term Bonds, to the purchase of Series 2012 Bonds, at prices not higher than the highest Redemption Price for the Series 2012 Bond being purchased.

Book-Entry System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 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 Series 2012 Bond certificate will be issued for each Series 2012 Bond, each in the aggregate principal amount of such issue, 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 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 highest 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.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 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 2012 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 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012 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 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 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 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the

Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2012 Bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 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 2012 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 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 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2012 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 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 nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, 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 2012 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2012 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2012 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system information has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2012 BONDS

General

NEITHER THE SERIES 2012 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 2012 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 AUTHORIZING THE ISSUANCE OF THE SERIES 2012 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2012 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2012 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2012 PLEDGED REVENUES AND THE SERIES 2012 PLEDGED FUNDS PLEDGED TO THE SERIES 2012 BONDS, ALL AS PROVIDED IN THE INDENTURE.

The principal of and interest on the Series 2012 Bonds are equally and ratably secured by a pledge of and a first line upon the Series 2012 Trust Estate which consists of the Assessments levied and collected by the District with respect to property specifically benefitted by the Series 2000 Project (the "Series 2012 Assessments"), including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2012 Assessments or from the issuance and sale of tax certificates with respect to such Series 2012 Assessments and all moneys on deposit in the Funds and Accounts created under the Indenture (other than moneys transferred to the Series 2012 Rebate Account of the Rebate Fund and interest earnings thereon). The Series 2012 Trust Estate does 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 Series 2012 Assessments consist of the non-ad valorem special assessments imposed and levied by the District against certain lands within the District specially benefitted by the Series 2000 Project or any portion thereof, pursuant to Section 190.022 of the Act, resolutions of the District adopted prior to delivery of the Series 2012 Bonds, as amended and supplemented from time to time (collectively, the "Assessment Resolutions") and assessment proceedings conducted by the District (together with the Assessment Resolutions, the "Assessment Proceedings"). 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 2012 Assessments will constitute a lien against the land as to which the Series 2012 Assessments are imposed. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

As set forth in the Indenture, the Series 2012 Assessments are levied, in an amount corresponding to the debt service on the Series 2012 Bonds, on the basis of benefit received within the District as a result of the Series 2000 Project and designated as such in the methodology report relating thereto. See "THE DEVELOPMENT – Taxes, Assessments and Fees" herein for the amount of 2012 Special Assessments by unit type. See also "ASSESSMENT METHODOLOGY" herein and APPENDIX D hereto for more information regarding the assessment methodology.

The District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2012 Assessments without the consent of the Owners of the Series 2012 Bonds. Additionally, the District currently imposes and expects to continue to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2012 Assessments, on the same lands upon which the Series 2012 Assessments are imposed, to fund the maintenance and operation of the District. See "BONDOWNERS' RISKS" herein.

Additional Bonds

In the Indenture, the District covenants and agrees that it shall not issue any obligations other than the Series 2012 Bonds payable from Series 2012 Pledged Revenues, other than refunding bonds issued in the manner provided in the Master Indenture, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from the Series 2012 Pledged Revenues. However, the District may issue bonds and other obligations under the provisions of one or more separate indentures, which may be payable from and be served by “special assessments” and/or “benefit special assessments” as provided for in the Act against the District Lands that are subject to the Series 2012 Assessments, the lien of which “special assessments” and/or “special benefit assessments” on the District Lands shall be on a parity and of equity with the lien of the Series 2012 Assessments. Further the lien of the Series 2012 Assessments overlaps and is co-equal with the lien of other assessments which may be imposed by the County, the State of Florida or other units of local government having assessment powers within the District and also to the lien of county, district and municipal taxes. See “BONDOWNERS’ RISKS” herein regarding taxes and other obligations of equal dignity and status with the Series 2012 Assessments.

Series 2012 Reserve Account

The Indenture establishes a Series 2012 Reserve Account within the Reserve Fund. The Series 2012 Reserve Account will, at the time of delivery of the Series 2012 Bonds, be funded in an amount equal to forty percent (40%) of the maximum annual debt service of the Series 2012 Bonds. Any amount in the Series 2012 Reserve Account may, upon final maturity or redemption of all of the Outstanding Series 2012 Bonds, be used to pay principal of and interest on the Series 2012 Bonds at that time.

On the 45th day preceding each Redemption Date (or, if such day is not a Business Day (as such term is defined in the Indenture), on the first Business Day next preceding such day), the Trustee shall recalculate the Series 2012 Reserve Account Requirement (which is equal to forty percent (40%) of the maximum annual debt service requirement for all outstanding Series 2012 Bonds, as determined from time to time in accordance with the provisions of the Indenture) taking into account any redemptions to be made on the next succeeding Redemption Date, and to transfer any excess on deposit in the Series 2012 Reserve Account, into the Series 2012 Prepayment Subaccount of the Series 2012 Redemption Account and apply to the extraordinary mandatory redemption of the Series 2012 Bonds.

On the earliest date on which there is on deposit in the Series 2012 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2012 Bonds, together with accrued interest and redemption premium, if any, on such Series 2012 Bonds to the earliest date of redemption permitted in the Indenture, then the Trustee shall transfer the amount on deposit in the Series 2012 Reserve Account into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account to pay and redeem all of the Outstanding Series 2012 Bonds on the earliest date permitted for redemption in the Indenture.

Notwithstanding any of the foregoing, amounts on deposit in the Series 2012 Reserve Account shall be used only for the purpose of making payments into the Series 2012 Interest Account and the Series 2012 Sinking Fund Account to pay debt service on the Series 2012 Bonds, when due, without distinction as to Series 2012 Bonds and without privilege or priority of one Series 2012 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose, except as set specified in the Indenture.

Deposit and Application of the Series 2012 Pledged Revenues

The District shall deposit Series 2012 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such Series 2012 Assessments Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts under the Indenture as follows:

(i) Series 2012 Assessment Principal, which shall be deposited into the Series 2012 Sinking Fund Account;

(ii) Series 2012 Prepayment Principal which shall be deposited into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account;

(iii) Series 2012 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the Series 2012 Reserve Account to pay the principal of Series 2012 Bonds, and, the balance, if any, shall be deposited into the Series 2012 Sinking Fund Account;

(iv) Series 2012 Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the Series 2012 Reserve Account to pay the interest on Series 2012 Bonds, and, the balance, if any, deposited into the Series 2012 Revenue Account; and

(v) all other Series 2012 Assessment Revenues, which shall be deposited into the Series 2012 Revenue Account.

On the 45th day preceding each Redemption Date (or if such 45th day is not a Business Day, on the Business Day next preceding such 45th day), the Trustee shall determine the amount on deposit in the Series 2012 Prepayment Subaccount, and, if the balance therein is greater than zero, shall transfer from the Series 2012 Revenue Account for deposit into such Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2012 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2012 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of the Series 2012 Bonds set forth in the Indenture.

On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall transfer amounts on deposit in the Series 2012 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, from the Series 2012 Revenue Account to the Series 2012 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all Series 2012 Bonds then Outstanding on such May 1 or November 1 less any other amount already on deposit in the Series 2012 Interest Account not previously credited;

SECOND, to the Series 2012 Sinking Fund Account, the amount, if any, equal to the difference between (x) the sum of the principal amount of all Serial 2012 Bonds maturing, and, the Amortization Installments of all Series 2012 Term Bonds subject to mandatory sinking fund redemption on such May 1, and (y) the amount already on deposit in the Series 2012 Sinking Fund Account not previously credited;

THIRD, to the Series 2012 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2012 Reserve Account Requirement with respect to the Series 2012 Bonds; and

FOURTH, the balance shall be retained in the Series 2012 Revenue Account.

On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction and the Trustee shall transfer from the Series 2012 Revenue Account to the Rebate Account established for the Series 2012 Bonds in the Rebate Fund in accordance with the Indenture, the amount due and owing to the United States, which amount shall be paid to the United States when due in accordance with the Tax Regulatory Covenants.

Investments

Earnings on investments in all of the Funds and Accounts held as security for the Series 2012 Bonds shall be invested only in Series 2012 Investment Obligations, and further, earnings on the Series 2012 Acquisition Account and the Series 2012 Interest Account shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Account or subaccount. Earnings on investments in the Series 2012 Sinking Fund Account and the Series 2012 Redemption Account and the Subaccounts therein shall be deposited, as realized, to the credit of the Series 2012 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2012 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Indenture) in the Series 2012 Reserve Account as of the most recent date on which amounts on deposit in the Series 2012 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2012 Reserve Account since such date which have created a deficiency, then earnings on the Series 2012 Reserve Account shall be deposited into the Series 2012 Revenue Account and applied as provided for moneys on deposit therein; and

(ii) if as of the last date on which amounts on deposit in the Series 2012 Reserve Account were valued by the Trustee there was a deficiency (as defined in Indenture), or if after such date withdrawals have been made from the Series 2012 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2012 Reserve Account shall be deposited into the Series 2012 Reserve Account until the amount on deposit therein is equal to the Series 2012 Reserve Account Requirement, and then earnings on the Series 2012 Reserve Account shall be deposited into the Series 2012 Revenue Account and applied as provided for moneys on deposit therein.

Covenant to Levy the Series 2012 Assessments

The District has covenanted to levy Series 2012 Assessments on certain of the lands within the District to the extent and in an amount sufficient to pay the debt service requirements on all Outstanding Series 2012 Bonds.

If any Series 2012 Special 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 2012 Special 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 2012 Special Assessment when it might have done so, the District has additionally covenanted to take all necessary steps to cause a new Series 2012 Special Assessment to be made for the whole or any part of such improvement or against any property benefited by such

improvement. In case such subsequent assessment shall also be annulled, the District shall obtain and make other Series 2012 Assessments until a valid Series 2012 Special Assessment shall be made.

Prepayment of Series 2012 Assessments

Pursuant to the Assessment Proceedings, the owner of property subject to the Series 2012 Assessments may pay the remaining unpaid principal balance of such Series 2012 Assessments, plus certain interest to accrue, at any time, and pay a portion of the remaining unpaid principal balance of such Series 2012 Assessments, but only one time.

Also pursuant to the terms of the Act and the Assessment Proceedings, unless otherwise waived by the landowners, the owner of property subject to the Series 2012 Assessments may pay the entire balance of the Series 2012 Assessments remaining due, without interest, at any time within thirty (30) days after the Series 2000 Project has been completed and the Board of Supervisors has adopted a resolution accepting the Series 2000 Project, as provided by Section 170.09, Florida Statutes (the "Option Expiration"). A majority of the lands within the District being assessed with respect to the Series 2000 Project have been conveyed to individual residential end users who will have the right to make this prepayment without interest until the Option Expiration. The District anticipates accepting the Series 2000 Project by a resolution adopted in September of 2012. If all of the homeowners elected to prepay the Series 2012 Assessments associated with their homes without interest prior to November 1, 2012 and the Option Expiration occurs prior to such date, then the moneys in the Interest Account would be sufficient to pay the accrued interest on the Series 2012 Bonds upon the extraordinary mandatory redemption of the Series 2012 Bonds as a result of such prepayments. The District is unable to predict how likely a significant number of homeowners would avail themselves of this prepayment right.

Any Prepayment of Series 2012 Assessments could result in the extraordinary mandatory redemption of a portion of the Series 2012 Bonds as indicated under "DESCRIPTION OF THE SERIES 2012 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption." The prepayment of Series 2012 Assessments does not entitle the owner of the property to a discount for early payment.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary source of payment for the Series 2012 Bonds is the Series 2012 Assessments imposed on certain lands in the District specially benefited by the Series 2000 Project pursuant to the Assessment Proceedings. See "ASSESSMENT METHODOLOGY" herein.

The determination, order, levy, and collection of Series 2012 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Lee County Tax Collector (the "Tax Collector") or the Lee County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2012 Assessments during any year. Such delays in the collection of Series 2012 Assessments, or complete inability to collect Series 2012 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 2012 Bonds. See "BONDOWNERS' RISKS." To the extent that landowners fail to pay the Series 2012 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 2012 Bonds. The Act provides for various methods of collection of delinquent Series 2012 Assessments by reference to other provisions of the Florida Statutes. The

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

Alternative Uniform Tax Collection Procedure for Series 2012 Assessments

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 2012 Assessments to be levied and then collected in this manner. The District presently anticipates using the Uniform Method of collection with respect to the Series 2012 Assessments commencing in the District’s 2012-2013 fiscal year. The District’s election to use a certain collection method with respect to the Series 2012 Assessments does not preclude it from electing to use another collection method in the future. 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 2012 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 2012 Assessments being collected by the Uniform Method) are to be billed, and landowners in the District, subject to next succeeding sentence, are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2012 Assessments. As described below, if a landowner should commence legal proceedings regarding the Series 2012 Assessments, this could result in the delay of certain remedial actions made available pursuant to the Uniform Method. Upon any receipt of moneys by the Tax Collector from the Series 2012 Assessments, such moneys will be delivered to the District, which will remit such Series 2012 Assessments to the Trustee for deposit to the Series 2012 Revenue Account within the Revenue Fund, except that any Prepayments of Series 2012 Assessments shall be deposited to the Series 2012 Prepayment Subaccount within the Series 2012 Bond Redemption Account of 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 2012 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 2012 Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, would cause the Series 2012 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 2012 Bonds.

Under the Uniform Method, if the Series 2012 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 2012 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 2012 Assessments, (2) that future landowners and taxpayers in the District will pay such Series 2012 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, and (4) that 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 Resolution to discharge the lien of Series 2012 Assessments and all other liens that coequal therewith.

Collection of delinquent Series 2012 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 2012 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 2012 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 2012 Assessments, which are the primary source of payment of the Series 2012 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, by the person owning or claiming an interest in the underlying land, or a creditor thereof, 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 delinquency 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 2012 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 2012 Assessments levied on the land within the District, Chapter 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 2012 Special 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.

Enforcement of the obligation to pay Series 2012 Assessments and the ability to foreclose the lien of such Series 2012 Assessments upon the failure to pay such Series 2012 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 debt secured by special assessments issued by a public authority or governmental body in the State of Florida. Certain of these risks are described in other sections of this Limited Offering Memorandum; however, certain additional risks are associated with the Series 2012 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2012 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum, including all appendices hereto, in its entirety to identify investment considerations relating to the Series 2012 Bonds.

1. Payment of the Series 2012 Assessments is primarily dependent upon their timely payment by the landowners in the District. In the event of the institution of bankruptcy or similar proceedings with respect to any owner of benefited property, delays could occur in the payment of debt service on the Series 2012 Bonds as such bankruptcy could negatively impact the ability of: (i) the landowner being able to pay the Series 2012 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2012 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2012 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2012 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 2012 Bonds, including, without limitation, enforcement of the obligation to pay Series 2012 Assessments and the ability of the District to foreclose the lien of the Series 2012 Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 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 2012 Bonds could have a material adverse impact on the interest of the Owners thereof.

2. The principal security for the payment of the principal and interest on the Series 2012 Bonds is the timely collection of the Series 2012 Assessments. The Series 2012 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the owners will be able to pay the Series 2012 Assessments or that they will pay such Series 2012 Assessments even though financially able to do so. Beyond legal delays that could result from bankruptcy or other legal proceedings contesting an ad valorem tax or non-ad valorem assessment, the ability of the Tax Collector to sell tax certificates in regard to delinquent Series 2012 Assessments collected pursuant to the Uniform Method will be dependent upon various factors, including the interest rate which can be earned by ownership of such certificates and the value of the land

which is the subject of such certificates and which may be subject to sale at the demand of the certificate holder after two years. The assessment of the benefits received by the benefitted land within the District as a result of the Series 2000 Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. To the extent that the realizable or market value of the lands benefitted by the Series 2000 Project is lower than the assessment of benefits, the ability of the Tax Collector to sell tax certificates relating to such land or the ability of the District to realize sufficient value from a foreclosure action to pay debt service on the Series 2012 Bonds may be adversely affected. Such adverse effect could render the District unable to collect delinquent Series 2012 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 2012 Bonds.

3. The District is required to comply with statutory procedures in levying the Series 2012 Assessments. Failure of the District to follow these procedures could result in the Series 2012 Assessments not being levied or potential future challenges to such levy. District Counsel will, however, render a legal opinion as to the levy process and the enforceability of the Series 2012 Assessments. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” and “SECURITY FOR AND SOURCE OF PAYMENT FOR THE SERIES 2012 BONDS” herein.

4. The District has not granted, and may not grant under Florida law, a mortgage or security interest in the Series 2000 Project. Furthermore, the District has not pledged the revenues, if any, from the operation of the Series 2000 Project as security for, or a source of payment of, the Series 2012 Bonds. Neither has the District covenanted to establish rates, fees and charges for the Series 2000 Project at any specified levels. The Series 2012 Bonds are payable solely from, and secured solely by, the Series 2012 Trust Estate (which consists primarily of the Series 2012 Assessments). None of the landowners have any obligation to pay the Series 2012 Assessments. As described herein, the Series 2012 Assessments are an imposition against the land only. The recourse for the failure of any landowner to pay the Series 2012 Assessments is limited to the collection proceedings against the land as described herein. In the event the District were to attempt to foreclose on the lien of Series 2012 Assessments for any unpaid Series 2012 Assessments, the District would be required to pay off any outstanding tax certificates (which the District may not have funds for) or the owner of such tax certificates could foreclose on the same land the District foreclosed on which could negatively impact the ability of the District to make the full or punctual payment of debt service on the Series 2012 Bonds. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein for more information regarding tax certificates.

5. Prospective Bondholders should note that although the Indenture contains a Series 2012 Reserve Account Requirement for the Series 2012 Bonds, the District does not have a designated revenue source for replenishing such account. Moreover, the District will not be permitted to re-assess real property then burdened by the Series 2012 Assessments in order to provide for the replenishment of the Debt Service Reserve Fund.

6. The District may have incomplete information concerning the Development. For example, the District has limited information concerning the condition of land in the Development, its suitability for future development and its value. Neither the District nor the Underwriter has obtained any appraisal on the property with the District. As such, an investor has no independent verification that the property that will be assessed for the repayment of the Series 2012 Bonds will be of sufficient value to provide assurance that the Series 2012 Bonds will be paid should the property be sold to satisfy the debt. Furthermore, except to the extent described in this Limited Offering Memorandum under the caption “THE DEVELOPMENT – Tax Certificates and Litigation involving Mirasol Phase II,” the District has not been provided information regarding the existing litigation described therein and the District has not undertaken to independently verify or confirm any such information.

7. From 2006 to date, the residential real estate market in Florida has experienced historically high levels of foreclosures for existing homes. The vast majority of homeowners within the Development have experienced a substantial drop in the value of their homes. In addition, the market for subprime lending which was an integral part of real estate sales prior to 2007 has essentially evaporated which in turn impacts the ability of borrowers to obtain financing. No prediction can be made when such economic or market conditions will improve.

8. The interest rate borne by the Series 2012 Bonds is, in general, higher than interest rates borne by other bonds of political subdivisions that do not involve the same degree of risk as investment in the Series 2012 Bonds. These higher interest rates are intended to compensate investors in the Series 2012 Bonds for the risk inherent in a purchase of the Series 2012 Bonds. However, such higher interest rates, in and of themselves, increase the amount of Series 2012 Assessments that the District must levy in order to provide for payments of debt service on the Series 2012 Bonds, and, in turn, may increase the burden upon owners of lands within the District, thereby possibly increasing the likelihood of non-payment or delinquency in payment of such Series 2012 Assessments.

9. The willingness and/or ability of an owner of benefited land to pay the Series 2012 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 and special district taxes and special assessments, including the Series 2012 Assessments along with existing operating and maintenance assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, collected pursuant to the Uniform Method, are payable at one time and have equal lien status. Public entities such as the County, 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 may impose other special assessments on the same District Lands encumbered by the Series 2012 Assessments without the consent of the Owners of the Series 2012 Bonds. The District anticipates continuing to impose operating and maintenance assessments encumbering the same property encumbered by the Series 2012 Assessments.

10. The Series 2012 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2012 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2012 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2012 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2012 Bonds, depending upon existing market conditions and other factors.

11. In addition to legal delays that could result from bankruptcy or legal proceedings contesting an ad valorem tax or non-ad valorem assessment, the ability of the District to enforce collection of delinquent Series 2012 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2012 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2012 BONDS" herein. If the District has difficulty in collecting the Series 2012 Assessments, the Series 2012 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 Series 2012 Reserve Account and other Funds and Accounts created under the Indenture to pay its fees and expenses incurred in connection with such Event of Default.

12. The Indenture does not provide for any adjustment to the interest rates borne by the Series 2012 Bonds in the event of a change in the tax-exempt status of the Series 2012 Bonds. Such a change could occur as a result of the District's failure to comply with tax covenants contained in the

Indenture or due to a change in the United States income tax laws. 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 United States income tax laws. Certain of these proposals, if implemented, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the Series 2012 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become law, and if so, what effect such proposals could have upon the value of bonds such as the Series 2012 Bonds cannot be predicted. However, it is possible that any such law could have a material and adverse effect upon the value of the Series 2012 Bonds.

13. The value of the land within the District and the likelihood of timely payment of principal and interest on the Series 2012 Bonds could 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 likelihood of the timely payment of the Series 2012 Bonds. At the time of the delivery of the Series 2012 Bonds, the District is not aware 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. 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, etc., do not currently exist or may not develop in the future whether originating within the District or from surrounding property. 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 with the exception of the original environmental reports performed by the Original Developer at the time it acquired the District Lands.

On August 14, 1997, W. Dexter Bender and Associates, Inc. issued a Phase I Environmental Audit on the property within the District. The report indicates that there is a potential for a petroleum contamination of the soil or groundwater in one area of the property, stating, "Located on the east end of the property is a stockpile/dump site utilized by Florida Rock Industries, it appears that waste oil and/or hydraulic oil has been dumped over time in a small area...Except for the area mentioned above, the potential for environmental concerns as related to hazardous waste or toxic contaminants or petroleum product is unlikely on the rest of the 900 acre parcel." The Phase I Audit recommended a Phase II Audit for the area of concern. At the closing of the Original Developer's purchase of the property, the seller agreed to perform a Phase II Audit and pay for any costs associated with the clean up. Subsequent thereto, the Original Developer engaged the services of Missimer International, Inc. to perform an Environmental Site Assessment update. That update issued prior to the closing on the Refunded Bonds stated that, "The results of Missimer International's site inspection, historic research, review of government agency files and lists, and interviews, revealed no evidence that would suggest that the environmental integrity of the site has changed since the completion of the April 1997 Phase I Environmental Site Assessment, with the exception that the area of potential contamination with petroleum products initially identified by W. Dexter Bender and Associates is no longer evident." That report also stated, "The volume of fuel-impacted soil appeared to be small (< 1 cubic yard) and is not believed to be a significant environmental concern." The District has not received any update to these environmental reports.

14. If the District should commence a foreclosure action against a landowner for non-payment of the Series 2012 Assessments, such landowners may raise affirmative defenses to such foreclosure action, which although such affirmative defenses would likely be proven to be without merit, could result in delays in completing the foreclosure action. 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 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 2012 Bond proceeds that can be used for such purpose.

15. Under Florida law, a landowner may contest the assessed valuation determined for its property which forms the basis of ad-valorem taxes such landowner must pay. During this contest period, the sale of a Tax Certificate under the Uniform Method will be suspended. If the Series 2012 Assessments are being collected along with ad valorem taxes pursuant to the Uniform Method, tax certificates will not be sold with respect to the Series 2012 Special Assessment even though the landowner is not contesting the amount of Series 2012 Special Assessment.

16. A recent bankruptcy court decision in Florida held that only the governing body of a community development district could vote to approve a reorganization plan submitted by the developer/debtor in the case and thus, the bondholders of such district were not able to vote for or against the plan. The governing body of that district was affiliated with the debtor. As a result of the reorganization plan that was approved, the bondholders were denied payment of their bonds for more than two years.

This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2012 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety (inclusive of Appendices) for a more complete description of investment considerations relating to the Series 2012 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

Source of Funds

Aggregate Principal Amount of Series 2012 Bonds	\$12,345,000.00
Less: Original Issue Discount	148,453.60
Other Sources ⁽¹⁾	<u>1,552,541.82</u>
Total Sources	\$13,749,088.22

Use of Funds

Deposit to Escrow Fund	\$12,914,212.08
Deposit to Series 2012 Interest Account	76,491.48
Deposit to Series 2012 Reserve Account	401,237.50
Costs of Issuance, including Underwriter's Discount ⁽²⁾	<u>357,147.16</u>
Total Uses	\$13,749,088.22

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- (1) Includes proceeds from Series 2000A Reserve Account and Series 2000A Revenue Account.
- (2) Costs of issuance includes, without limitation, legal fees and other costs associated with the issuance of the Series 2012 Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the District's Series 2012 Bonds:

<u>Period (November 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012		\$76,491.48	\$76,491.48
2013	\$365,000	631,496.88	996,496.88
2014	390,000	613,093.75	1,003,093.75
2015	405,000	593,715.63	998,715.63
2016	425,000	573,484.38	998,484.38
2017	450,000	552,156.25	1,002,156.25
2018	470,000	529,731.25	999,731.25
2019	495,000	506,209.38	1,001,209.38
2020	515,000	481,590.63	996,590.63
2021	545,000	455,753.13	1,000,753.13
2022	570,000	428,575.01	998,575.01
2023	600,000	398,556.26	998,556.26
2024	635,000	365,365.63	1,000,365.63
2025	670,000	330,293.75	1,000,293.75
2026	700,000	293,475.00	993,475.00
2027	740,000	254,775.00	994,775.00
2028	780,000	213,925.00	993,925.00
2029	825,000	170,790.63	995,790.63
2030	870,000	125,237.51	995,237.51
2031	920,000	77,131.26	997,131.26
2032*	975,000	26,203.13	1,001,203.13
TOTALS	\$12,345,000	\$7,698,050.94	\$20,043,050.94

* Final maturity of the Series 2012 Bonds.

THE DISTRICT

General Information

The District is located in Lee County, Florida (the “County”) and presently consists of approximately 994 acres. It is lying within Sections 10, 11, 12, 13, 14, 15 and 23, Township 46 South Range 25 East and is east of Interstate 75, south of Alico Road, north of Florida Gulf Coast University and is bisected by Ben Hill Griffin Parkway. See “THE DEVELOPMENT” for more information regarding the development within the District.

Legal Powers and Authority

The District is an independent unit of local government created pursuant to and established in accordance with the Act. The County established the District on September 19, 2000, by Ordinance No. 00-17, as amended by Ordinance No. 10-22 adopted by the County on April 17, 2010 (collectively, the “Ordinance”). 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 (Sections 190.006 through 190.041, Florida Statutes).

Among other provisions, the Act gives the District’s Board of Supervisors the authority to (a) plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for: (i) water management and control for lands within the District and to connect any of such facilities with roads and bridges; (ii) water supply, sewer and waste-water management 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; and (iv) with the consent of the local general-purpose government within the jurisdiction of which the power is to be exercised, (a) 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 2012 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, one to a four-year term and one to a two-year term. The other Supervisor will be elected by landowners for a four-year term. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve staggered 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 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>
Timothy Byal	Chairperson	November, 2014
Michael Hendershot	Vice-Chairperson	November, 2014
Alan Refkin	Assistant Secretary	November, 2014
Burnett W. Donoho	Assistant Secretary	November, 2012
Dr. David Herring	Assistant Secretary	November, 2012

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 Issuer has retained JPWard & Associates, LLC to serve as the District Manager. Mr. Ward has worked in public sector specifically over 31 years serving Community Development Districts, Cities and Developers in the establishment of new communities throughout the State of Florida, and has actively managed Community Development District's. during his entire career. Mr. Ward has also been actively involved in over \$1.9 Billion in financings in 92 separate transactions, and is a qualified expert in numerous courts in Florida on Management, Finance and the financing of public infrastructure programs (Assessments) for special district's. The District Manager's office is located at 513 Northeast 13 Avenue, Fort Lauderdale, Florida 33301. Telephone number 954-658-4900.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Bond Counsel; and Coleman, Yovanovich & Koester, P.A., Naples, Florida, as District Counsel.

Outstanding Bond Debt

The District has previously issued its \$14,530,000 Capital Improvement Revenue Bonds, Series 2000A (the "Series 2000A Bonds"), its \$27,395,000 Capital Improvement Revenue Bonds, Series 2000B (the "Series 2000B Bonds," and, together with the Series 2000A Bonds, the "Series 2000 Bonds") and its \$27,560,000 Capital Improvement Revenue Bonds, Series 2003A (the "Series 2003A Bonds") to finance certain Infrastructure Improvements in the Development. The principal amount of the Series 2000A Bonds outstanding as of the date hereof is \$12,365,000, which Series 2000A Bonds are being refunded by the Series 2012 Bonds and the principal amount of the Series 2000B Bonds outstanding as of the date hereof is \$0. The principal amount of the Series 2003A Bonds outstanding as of the date hereof is \$25,060,000; however, the Series 2003A Bonds are secured by special assessments levied on certain of the District Lands which lands are separate and distinct from the District Lands benefitted by the Series 2000 Project and currently subject to the levy of the Series 2000 Assessments. See "PLAN OF REFUNDING" herein for more information regarding the refunding of the Series 2000A Bonds and Appendix E for more information regarding the District's finances.

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THE DEVELOPMENT

The information in this section entitled "THE DEVELOPMENT" has been furnished by the District for inclusion in this Limited Offering Memorandum.

General

The District is part of the larger Miromar Lakes Beach & Golf Club community (the "Community") and was the first of two community development districts that were originally planned for the Community. The Community, which consists of both the land within the District and land outside the District, is a gated resort-style community including single-family homes, villas, multi-family coach homes, and mid-rise and commercial property. The Community was originally developed by Miromar Lakes, L.L.C. (the "Original Developer"), a Florida limited liability company that was originally formed in 1999 and that operated as a subsidiary of Miromar Development Corporation.

The land comprising the Community was purchased in two separate transactions. The initial 1,271 acre parcel, which includes the approximately 994 acre District, was purchased in 1999 for \$16,460,000, and the property is not encumbered by any mortgage. The Original Developer purchased 488 additional acres in 2000 for \$10,600,000. The Original Developer subsequently acquired approximately 12 acres of adjacent land. In 2003 and 2004, the Original Developer completed three (3) additional transactions in which it exchanged approximately thirty acres of land held by three churches for other lands held by the Original Developer resulting in a net gain of approximately 10 acres of land.

The Community, when completed, will consist of approximately 1,771 acres (994 of which are within the District) and will contain a maximum of 2,408 residential dwelling units (2,069 of which are anticipated to be within the District), including single-family homes, villas, multi-family coach homes, and 630,000 square feet of commercial space. The planned infrastructure within the District has been completed and there are currently 908 residential units sold within the Community (901 residential units sold within the District). The infrastructure includes over 310 acres of fresh water lakes with a recreational easement across an adjoining 400 acre fresh water lake, a Beach Club, Fitness Center with Spa, two swimming pools, a full-service Clubhouse, Tennis Club with seven courts and an Arthurs Hills signature golf course with Clubhouse. The 18-hole golf course opened in July 2001. The commercial portion of the project, which is all within the District, will include a variety of commercial uses such as retail shops, professional offices, and restaurants; provided, however, none of the commercial property within the District is secured by the Series 2012 Assessments. The portion of the District Lands secured by the Series 2012 Assessments include 1,160 planned residential units of which 901 such units have been sold to residential end users.

The Community is located east of I-75 between Alico Road and Corkscrew Road and adjacent to Florida Gulf Coast University. The total community property has 605.6 net developable acres, 513.3 of which are within the District, plus a golf course on approximately 122 acres, which is within the District. After netting out the Beach Club, Marina and Sales Center sites, there are a total of 588.4 net saleable acres, 496.10 of which are located within the District.

The original 1,271 acres is fully entitled. The project was approved by the County's Board of Commissioners for zoning as well as a Development of Regional Impact (DRI) on November 29, 1999. The project was approved per Final Zoning Resolution Z-99-029 and per the Miromar Lakes DRI Development Order #11-97798-142 and subsequently received approval from the South Florida Water Management District and the Army Corps of Engineers in April and July, 2000, respectively. Subsequent amendments have been approved whereby extending the buildout and concurrency through December 31, 2026.

Table of Land Uses within the Miromar Lakes CDD Boundary

<u>Type of Use</u>	<u>Acreage</u>	<u>% of Total</u>
Residential	545.28	54.86%
Commercial	35.31	3.55
Beach Club/Marina	12.64	1.27
Golf Course/Marina	147.28	14.82
Clubhouse	4.06	0.41
Right-of-Way	34.64	3.49
Preserve and Passive Recreation	91.22	9.18
Lakes	<u>123.50</u>	<u>12.43</u>
Total*	<u>993.93</u>	100.00%*

* Totals may not add due to rounding.

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Development Status of Lots within Series 2012 Bonds Assessment Area

Over 76% of the units within the District subject to the Series 2012 Assessments have been sold to end users. Below is a chart depicting the current status of the lots within the Series 2012 Assessment area by product type:

	<u>Total Lots/Units</u>	<u>Sold to End Users</u>	Total Units 2000A Principal Prepaid	Owned by Builders
<u>Single Family</u>				
Verona Lago	62	62	4	0
Isola Bella	13	13	0	0
Bellamare	20	20	0	0
Anacapri	10	10	0	0
Castelli	<u>8</u>	<u>8</u>	<u>0</u>	<u>0</u>
Total SF	113	113	4	0
<u>Single Family 2</u>				
Murano	<u>19</u>	<u>17</u>	<u>0</u>	<u>2</u>
Total SF 2	19	17	0	2
<u>Villa</u>				
Montelago	30	30	3	0
Tivoli	76	76	2	0
St. Moritz	37	37	0	0
Caprini	27	24	0	3
Siena	27	27	1	0
Porto Romano	55	33	0	22
Volterra	12	9	0	3
Portofino	<u>20</u>	<u>2</u>	<u>0</u>	<u>18</u>
Total Villa	284	238	6	46
<u>Multi-Family</u>				
Valencia	80	80	1	0
Bellavista	60	60	1	0
Vivaldi	60	60	0	0
Mirasol (phase 1)	110	110	0	0
Mirasol (phase 2)	114	0	0	114
San Marino	160	117	4	43
Montebello	40	40	2	0
Ravenna	60	6	0	54
Bellini	<u>60</u>	<u>60</u>	<u>1</u>	<u>0</u>
Total Multi-Family	744	533	9	211
TOTAL	1,160	901	19	259

Assessed Value

Based upon information obtained from the Lee County Property Appraiser and the District, the assessed value for the land in the District securing the Series 2012 Bonds is approximately \$402,173,670. The value to lien ratio for the land in the District securing the Series 2012 Bonds is 32.5x although the value to lien ratio varies greatly by individual parcel.

Proposed Lien Allocation for the Series 2012 Bonds

<u>Product Type</u>	<u>Units*</u>	<u>2002 Par**</u>	<u>2002 Per Unit**</u>	<u>2012 Par</u>	<u>2012 Per Unit</u>
Single Family	109	\$1,390,180.18	\$12,753.95	\$1,387,931.60	\$12,733.32
SF Murano	19	405,497.74	21,341.99	404,841.86	21,307.47
Villa	278	2,954,643.89	10,628.22	2,949,864.84	10,611.02
Multi-Family	735	6,249,390.67	8,502.57	6,239,282.48	8,488.82
Golf Club H	1	1,243,544.87	1,243,544.65	1,241,533.48	1,241,533.48
Beach Club	1	<u>121,742.65</u>	121,742.65	<u>121,545.73</u>	121,545.73
Total	1,160	\$12,365,000.00		\$12,345,000.00	

* The number of units does not include units for which the principal of the Series 2000A bonds has been prepaid in full. As of the date hereof, 4 of the single family units, 6 of the Villa units and 9 of the Multifamily Units have prepaid principal for the Series 2000A Bonds in full. Accordingly, no Series 2012 Assessments will be levied with respect to such units.

** All 2002 numbers above as of May 1, 2012.

Taxes, Assessments and Fees

Each homeowner pays annual taxes, assessments and fees on an ongoing basis as a result of its ownership of property within the District, including local ad valorem property taxes, the Series 2012 Assessments to be levied by the District in connection with the Series 2000 Project, the maintenance and operating assessments levied by the District, and homeowners’ associations’ assessments. The expected assessments for the residential units for debt service and District operations are described in the following chart:

<u>Product Type</u>	<u>Existing 2000A Annual Assessment Per Unit*</u>	<u>2012 Annual Assessment Per Unit</u>	<u>Estimated O&M</u>	<u>Estimated Total</u>
Single Family	\$1,152	\$970	\$330	\$1,300
SF Murano	\$1,920	\$1,616	\$330	\$1,946
Villa	\$960	\$808	\$330	\$1,138
Multi-Family	\$768	\$646	\$330	\$976
Golf Club H	\$180,799	\$152,159	\$330	\$155,489
Beach Club	\$17,697	\$14,894	\$330	\$15,224

* It is expected that upon refunding the Series 2012 Assessments will reduce the previous Series 2000 Assessments by approximately 16% in the aggregate. Amounts are net of collection costs of 4%.

Debt Service Collection History

Historical debt service collection information for the District's Series 2000A Bonds for fiscal years 2008 through fiscal year 2012 to date is provided herein. The District's 2000B Bonds were paid in full on May 1, 2012 and the levy and collections associated with the Series 2000B Bonds are not included on the table below. The District has never missed a debt service payment nor has the District ever made a draw on its debt service reserve fund in connection with the Series 2000 Bonds.

	<u>Debt Levy</u>	<u>Debt Collections</u> ⁽¹⁾	<u>% Available to Pay Debt Service</u>
FY 2008	\$1,154,040	\$1,169,532	101.34%
FY 2009	\$1,179,781	\$1,226,915	104.00%
FY 2010	\$1,197,240	\$1,232,240	102.92%
FY 2011	\$1,198,990	\$1,211,398	101.04%
FY 2012 ⁽²⁾	\$1,193,675	\$1,243,730 ⁽³⁾	104.19%

(1) Amounts are net of collection costs of 4%.

(2) Collections reported as of August 12, 2012. Assessments become delinquent on April 1, 2012.

(3) Includes proceeds from sale of Mirasol Tax Certificates which were remitted by the County to the District on August 15, 2012.

Tax Certificates and Litigation involving Mirasol Phase II

One-hundred fourteen (114) unconstructed units within the District, which are commonly referred to as the Mirasol Phase II Units (the "Mirasol Phase II Units" or the "Mirasol Phase II Property"), are presently owned by Capstone Resdev, LLC, a Delaware limited liability company ("Capstone"). Capstone is a special purpose entity, wholly owned and controlled by PNC Bank ("PNC"). The Mirasol Phase II Units were sold in 2005 by the Original Developer to Paradigm Mirasol IV, LLC, a former Florida limited liability company ("Paradigm"). In connection with the sale, Paradigm obtained a loan from PNC Bank, which loan was secured by a first real estate mortgage on the Mirasol Phase II Units (the "PNC Mortgage"). Capstone acquired the Mirasol Phase II Property on January 20, 2011 pursuant to a foreclosure on the PNC Mortgage.

Earlier this year, Capstone entered into a purchase and sale agreement for the Mirasol Phase II Units (the "Phase II Purchase Contract") with Lakes Mirasol, LLC, a Florida limited liability company ("Lakes Mirasol") owned solely by Miromar Development Corporation ("Miromar Development"), the parent company to the Original Developer. The parties have not closed on the transaction contemplated by the Phase II Purchase Contract and litigation has ensued. It is uncertain at this time how and when the litigation will be resolved and whether or not Lakes Mirasol will eventually acquire the Mirasol Phase II Units from Capstone.

Capstone did not pay any of the property taxes or assessments, including without limitation the Series 2000 Assessments, for the Mirasol Phase II Units that were due April 1, 2012. On April 25, 2012, Miromar Development, made a loan to the District in the original principal amount of \$2,099,802.12 to allow the District to pay its May 1, 2012 principal and interest obligation on the Series 2000A Bonds and the Series 2000B Bonds (the "Original Developer Loan"). The Original Developer Loan is an interest free loan that matures upon the earlier of Mirasol Phase II assessments being paid current and October 1, 2014. Miromar Development made the Original Developer Loan to permit the District to meet its debt service obligations on the Series 2000 Bonds.

On July 25, 2012, Miromar Development purchased tax certificates issued by the Lee County Tax Collector for the unpaid taxes and assessments relating to the Mirasol Phase II Units in the aggregate amount of \$2,371,500 (the “Mirasol Phase II Tax Certificates”). The District will use a portion of the tax certificate sale proceeds received from the County to pay off the Original Developer Loan in full.* At this time, the Mirasol Phase II Tax Certificates remain outstanding.

The map on the next pages shows the location of the Mirasol Phase II Units within the District. The map may contain lands which are not in the lien area of the Series 2012 Assessments.

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* Subsequent to the date of this Limited Offering Memorandum, on August 31, 2012, the note was paid in full.

ASSESSMENT METHODOLOGY

As required by applicable law, prior to the issuance of the Refunded Bonds, when the Board of Supervisors of the District (the governing body of the District) determined to defray the cost of the Series 2000 Project through Special Assessments, it adopted a resolution generally describing the Series 2000 Project and the land to be subject to Special Assessments to pay the cost thereof. The District caused an assessment roll to be prepared, which showed the land to be assessed, the amount of the benefit to and the assessment against each lot or parcel of land and the number of annual installments in which the assessment was to be divided. Statutory notice was given to the owners of the property to be assessed and the Board of Supervisors conducted a public hearing to hear testimony from affected property owners as to the propriety and advisability of undertaking the Series 2000 Project and funding the same with Special Assessments.

The allocation of benefits and assessments to the benefited land within the District is presented in the original Master Assessment Methodology dated September 19, 2000, as supplemented by the Supplemental Assessment Methodology Phase 1 dated November 21, 2000, and as further revised by the Final Assessment Allocation Report dated August 28, 2012 (collectively, the "Assessment Methodology Report"), all of which are included herein as Appendix D. The Assessment Methodology Report sets forth an overall method for allocating the Series 2012 Assessments to be levied against the lands within the District benefited by the Series 2000 Project, and collected by the District as a result thereof. APPENDIX D should be read in its entirety for complete information with respect to the subjects discussed therein.

Once levied and imposed, the Series 2012 Assessments are a first lien on the land against which assessed until paid or barred by operation of law, co-equal with other taxes and assessments levied by the District and other units of government. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as Appendix B hereto, the interest on the Series 2012 Bonds is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, interest on the Series 2012 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 subsequently to the issuance of the Series 2012 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 2012 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The District has covenanted in the Series 2012 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 2012 Bonds for purposes of federal income taxation. In rendering this opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2012 Bonds, including, among other things, restrictions relating to the use of investment of the proceeds of the Series 2012 Bonds and

the payment of certain arbitrage earnings in excess of the “yield” on the Series 2012 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2012 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 2012 Bonds. Prospective purchasers of the Series 2012 Bonds should be aware that the ownership of the Series 2012 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2012 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2012, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2012 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2012 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2012 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 2012 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 2012 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2012 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2012 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 2012 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 2012 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 2012 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 2012 Bonds.

Tax Treatment of Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2012 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 such Series 2012 Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on

the Series 2012 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Series 2012 Bonds, even though there will not be a corresponding cash payment. Owners of the Series 2012 Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Series 2012 Bonds.

AGREEMENT BY THE STATE

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the Series 2012 Bonds, that it will not limit or alter the rights of the District to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the terms of any agreement made with the holders of such 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

Investment in the Series 2012 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. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Series 2012 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to the Underwriter at: FMSbonds, Inc., 20660 W. Dixie Highway, North Miami Beach, Florida 33180.

ENFORCEABILITY OF REMEDIES

The remedies available to the Owners of the Series 2012 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 2012 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2012 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

There is no litigation pending or, to the knowledge of the District, threatened, against the District of any nature whatsoever which in any way questions or affects the validity of the Series 2012 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the execution of the Indenture. Neither the creation, organization or existence of the District, nor the title of the present members of the Board of Supervisors of the District or the District Manager is being contested.

There is certain litigation pending with respect to certain property within the District that is subject to the Series 2012 Assessments. See “THE DEVELOPMENT – Tax Certificates and Litigation involving Mirasol Phase II” herein for more information.

NO RATING

No application for a rating for the Series 2012 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2012 Bonds would have been obtained if application had been made.

FINANCIAL INFORMATION

This District has covenanted in the form of Continuing Disclosure Agreement set forth in Appendix C hereto to provide its annual audited financial statements to certain information repositories as described in Appendix C commencing with the audit for the District fiscal year ended September 30, 2012. Attached hereto as Appendix E is a copy of the District’s most recent audited financial statements for the District’s fiscal year ended September 30, 2011. Such financial statements, including the auditors’ report, have been included in this Official Statement as public documents and consent from the auditors were not requested. The Series 2012 Bonds are not general obligation bonds of the District or any other entity and are payable solely from the Series 2012 Pledged Revenues.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of the adequacy of the moneys held by the Escrow Agent under the Escrow Agreement to pay principal of, redemption premium, and interest on the Refunded Bonds on the reception date will be verified by Causey Demgen & Moore Inc., independent certified public accountants.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder (the “Disclosure Act”) 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, in accordance with the provisions of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, has covenanted for the benefit of Bondholders to provide certain financial information and operating data

relating to the District on an annual basis (the “Annual Report”), and the District has covenanted to provide notices of the occurrence of certain enumerated events. The Annual Report and any notices of the occurrence of certain enumerated events will be filed by the District or a dissemination agent on behalf of the District with the Municipal Securities Rulemaking Board (“MSRB”) through the MSRB's Electronic Municipal Market Access system (“EMMA”). The specific nature of the information to be contained in the Annual Report and a listing of the notices of material events is set forth in “APPENDIX C - PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The District has previously entered into continuing disclosure undertakings with respect to the Series 2000 Bonds and the Series 2003A Bonds. The District has consistently provided continuing disclosure information pursuant to the Rule during the last five fiscal years. However, a review of filings made pursuant to prior agreements indicates that the certain filings were not timely. As of the date hereof, the District has made all required filings. The District fully anticipates satisfying all future disclosure obligations required pursuant to its Continuing Disclosure Agreement and the Rule.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2012 Bonds from the District at a purchase price of \$11,949,646.40 (representing the \$12,345,000.00 aggregate principal amount of the Series 2012 Bonds, less original issue discount of \$148,453.60 and less an underwriter's discount of \$246,900.00). The Underwriter’s obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the Series 2012 Bonds if any are purchased. The Series 2012 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

The Series 2000A Bonds being refunded by the Series 2012 Bonds were one of a series of bonds validated by a Final Judgment of the Circuit Court in and for the County, rendered on November 6, 2000 and the period during which an appeal could be taken from that judgment expired with no appeal having been filed.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the Series 2012 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Coleman, Yovanovich & Koester, P.A., Naples, 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.

AUTHORIZATION AND APPROVAL

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

**MIROMAR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

By: /s/ Timothy Byal
Chairperson, Board of Supervisors

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APPENDIX A

**COPY OF MASTER TRUST INDENTURE AND FORM OF THIRD SUPPLEMENTAL TRUST
INDENTURE**

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

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COMMUNITY DEVELOPMENT DISTRICT

TO

FIRST UNION NATIONAL BANK, AS TRUSTEE

Dated as of December 1, 2000

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Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the District herein set forth: (i) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series, Additional Bonds of such Series and other obligations issued expressly on parity therewith and for no other Series.

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

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

IT IS HEREBY COVENANTED, DECLARED AND AGREED (a) that this Master Indenture creates a continuing lien equally and ratably to secure the payment in full of the principal of, premium, if any, and interest on all Bonds of a Series which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to the lien of this pledge and assignment without any physical delivery thereof or further act, (c) that the lien of this pledge and assignment shall be a first lien and shall be valid and binding

MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of December 1, 2000, by and between **MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and First Union National Bank, as trustee (the "Trustee"), a national banking association existing under the laws of the United States and having the authority to exercise corporate trust powers, with its principal corporate trust office located in Miami, Florida and its designated office and post office address located at One First Union Financial Center, 200 South Biscayne Boulevard, 14th Floor, Miami, Florida 33131, Attention: Corporate Trust Department.

WHEREAS, the District is a community development district duly organized, created, established and existing under the provisions of Chapter 190, Florida Statutes, as amended (the "Act"), for the purpose, among other things, of financing and managing the acquisition, construction, maintenance, and operation of the major infrastructure within the boundaries of the District; and

WHEREAS, the District has the power and authority under the Act to issue special assessment bonds and revenue bonds and to use the proceeds thereof to finance the cost of acquiring and constructing assessable improvements (as defined in the Act) and, by virtue of Section 190.022 of the Act, to levy and collect special assessments therefor as provided in Chapter 170, Florida Statutes, as amended and to levy and collect user charges and fees therefor as provided in Section 190.011, Florida Statutes, as amended; and

WHEREAS, the District has the power and authority under the Act to issue revenue bonds and to use the proceeds thereof to finance the cost of acquiring and constructing water management and control facilities (as defined in the Act) and, by virtue of Section 190.021 of the Act, to levy and collect Benefit Special Assessments (hereinafter defined) and Maintenance Special Assessments (hereinafter defined) therefor; and

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

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the District, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds (hereafter defined) by the Owners (hereafter defined), and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to its duly paid by the Trustee at or before the execution and delivery of this Master

against all parties having any claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice thereof; and (d) that the Bonds of a Series are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Master Indenture and the District covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds of each respective Series, as follows:

**ARTICLE I
DEFINITIONS**

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

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

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

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

"Accreted Value" shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital Appreciation Bonds (or in accordance with a table of compound accreted values set forth in such Capital Appreciation Bonds), compounded semi-annually on each Interest Payment Date, provided, however, that if the date with respect to which any such computation is made is not an Interest Payment Date, the Accreted Value of any Bond as of such date shall be the amount determined by compounding the Accreted Value of such Bond as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) at the rate of interest per annum of the Capital Appreciation Bonds for the partial semi-annual compounding period determined by dividing (x) the number of days elapsed (determined on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months) from the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date

succeeding the date of original issuance), by (y) one hundred eighty (180). A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

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

"Act" shall mean Chapter 190, Florida Statutes, as amended.

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

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

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

"Assessments" shall mean all non ad valorem special assessments levied and collected by or on behalf of the District pursuant to the Act and pursuant to the assessment plat and the assessment roll referred to therein, together with the interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170 Florida Statutes (1999), if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Authorized Denomination" shall, except as provided in any Supplemental Indenture relating to a Series of Bonds, mean the denomination of \$5,000 or any integral multiple thereof.

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

"Benefit Special Assessments" shall mean assessments levied and collected in accordance with Section 190.021(2), Florida Statutes (1999), as amended from time to time, together with any and all amounts received by the District from the sale of tax certificates or

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"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor provisions thereto and the regulations promulgated thereunder or under the Internal Revenue Code of 1954, as amended, if applicable, or any successor provisions thereto.

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

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

"Consulting Engineers" shall mean Wilson, Miller, Barton & Peek, Inc., Naples, Florida, or any other engineering firm or corporation having a favorable repute for skill and experience employed by the District.

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

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

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

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

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

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otherwise from the collection of Benefit Special Assessments which are not paid in full when due and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

"Bonds" shall mean the Outstanding Bonds of all Series, and, except where the context clearly requires otherwise shall include bond anticipation notes issued in anticipation thereof.

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

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

"Capitalized Interest" shall mean, with respect to the interest due or to be due on a Series of Bonds prior to, during and for a period not exceeding one year after the completion of a Series Project to be funded by such Series, all or part of such interest which will be paid, or is expected to be paid, from the proceeds of such Series.

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

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

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

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

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

"District" shall mean Miromar Lakes Community Development District, a community development district created and established pursuant to the Act or any successor thereto which succeeds to the obligations of the District hereunder.

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

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

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

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

"Governing Body" shall mean the Board of Supervisors of the District.

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

"Indenture" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures, and, shall mean when used with

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respect to a Series of Bonds issued hereunder, this Master Indenture, as amended and supplemented by the Supplemental Indenture relating to such Series of Bonds.

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

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

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

(i) Federal Securities;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association,

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

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

(v) Repurchase agreements with any bank, trust company or national banking association, including the Trustee or an affiliate thereof, or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition, which securities will at all times (a) have a market value (inclusive of accrued interest) not

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

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

and

(xi) other investments permitted by Florida law, provided that such investments are authorized by the Supplemental Indenture relating to a Series of Bonds.

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

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

"**Maintenance Special Assessments**" shall mean assessments levied and collected pursuant to Section 190.021(3), Florida Statutes (1999), as amended from time to time, for benefits with respect to water management and control responsibilities undertaken by the District in accordance with Section 190.013, as amended from time to time.

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

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

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

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

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less than that of the repurchase agreement, (b) be held free and clear of claims by third parties, (c) be subject to a perfected first security interest in the collateral in favor of the Trustee and (d) be delivered to the Trustee or its agent, as custodian;

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

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

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

(ix) Any money market fund which invests solely in the obligations described in (i) above;

(x) 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 in one of the three highest rating categories by Moody's or S&P (provided that the term of such agreement is not less than 366 days nor more than twenty-four (24) months) or has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated in one of the two highest rating categories by Moody's or S&P (if the term of such agreement is more than twenty-four (24) months) or is the lead bank of a parent bank holding company with an unsecured, uninsured and unguaranteed obligation of the aforesaid ratings, provided:

(A) interest is paid at least semiannually at a fixed rate (subject to adjustments for yield restrictions required by the Code) during the entire term of the agreement, consistent with the Interest Payment Dates;

(B) 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;

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

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

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

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

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Master Indenture and the Supplemental Indenture with respect to Bonds of a Series unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser in due course; and

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

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

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

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

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

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

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

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

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

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

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

"**Property Appraiser**" shall mean the Property Appraiser of Lee County, Florida, or the person succeeding to his or her principal functions.

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

"**Rebate Analyst**" shall mean the person or firm selected by the District to calculate the Rebate Amount, which person or firm shall either be a firm of attorneys or independent certified public accountants with expertise in the calculation of the Rebate Amount.

"**Rebate Fund**" shall mean the fund so designated in, and created pursuant to, Sections 502 and 507 hereof.

"**Record Date**" shall mean the fifteenth (15th) day of the calendar month next preceding any Debt Service payment date or, in the case of any proposed redemption of Bonds, the fifth (5th) day next preceding the date of mailing of notice of such redemption, or if either of the foregoing days is not a Business Day, then the Business Day immediately preceding such day.

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

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

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

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

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

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

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

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

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

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

"**Series Reserve Account Requirement**" shall mean the amount of money or other security which may be in the form of a reserve fund insurance policy or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a

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"**Redemption Price**" shall mean the principal of, premium, if any, and interest accrued to the date fixed for redemption of any Bond called for redemption pursuant to the provisions thereof, hereof and of the Supplemental Indenture pursuant to which such Bond is issued.

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

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

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

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

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

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

"**Series**" shall mean all of the Bonds authenticated and delivered on original issuance of a stipulated aggregate principal amount in a simultaneous transaction under and pursuant to the same Supplemental Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution thereof pursuant to this Master Indenture and such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the District upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Indenture. In addition, if an issue of Bonds is followed by a second issue of Bonds closed within 45 days of the closing of the first issue and the proceeds of the second issue are to be used to pay the Costs of Issuance of the first issue, or to pay for certain costs of a Series Project being financed from the proceeds of the first issue which costs cannot be financed with Tax Exempt Bonds, then the two issues of Bonds will be deemed a single Series for purposes of this Master Indenture, if so designated by the District.

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Series Reserve Account for each Series of Bonds; provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the "Series Reserve Account Requirement" shall be an amount equal to the lesser of: (A) Maximum Annual Debt Service Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual debt service for all Outstanding Bonds of such Series, or (C) the aggregate of 10% of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof. In computing the Series Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of: (1) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Series of Bonds shall have been Outstanding, or (2) the actual rate of interest borne by the such Variable Rate Bonds on such date of calculation; provided, in no event shall the Series Reserve Account Requirement as adjusted on such date of calculation exceed the lesser of the amounts specified in the immediately preceding sentence. In computing the Series Reserve Account Requirement in accordance with clause (C) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value.

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

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

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

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

"**Tax Collector**" shall mean the Tax Collector of Lee County, Florida, or the person succeeding to his or her principal functions.

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

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

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

"**Term Bonds**" shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments or Bonds designated by the District as Term Bonds upon original issuance thereof.

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

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

"**Trustee**" shall mean First Union National Bank, with its principal corporate trust office located in Miami, Florida, and any successor trustee appointed or serving pursuant to Article VI hereof.

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

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Owner," "person," "Paying Agent," and "Bond Registrar" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

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Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Section 203. Execution and Form of Bonds. The Bonds shall be signed by, or bear the facsimile signature of, the Chairman, shall be attested and countersigned by the Secretary, and the certificate of authentication appearing on the face of the Bonds shall be signed by, or bear the facsimile signature of, the Trustee; provided, however, that each Bond shall be manually signed by either the Chairman, the Secretary or the Trustee. The official seal of the District shall be imprinted or impressed on the Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid for all purposes the same as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers. The Bonds, and the provisions for registration and reconversion to be endorsed on such Bonds, shall be substantially in the form set forth in a Supplemental Indenture. The Trustee may appoint one or more authenticating agents.

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

Section 205. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed the absolute owner thereof for all purposes, and payment of Debt Service shall be made only to or upon the order of the registered owner thereof or his attorney or legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Trustee, the District, the Bond Registrar and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof and

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ARTICLE II FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS

Section 201. Issuance of Bonds. For the purpose of refunding Bonds of a Series or providing funds for paying all or part of the Cost of a Series Project, Bonds of a Series, without limitation as to aggregate principal amount, may be issued under this Master Indenture subject to the conditions hereinafter provided in Section 207 of this Article. Debt Service on each Series of Bonds shall be payable solely from the Pledged Revenues and Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds and, as may be provided in such Supplemental Indenture, all of the provisions of this Master Indenture shall be for the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series. The District may also issue from time to time, Additional Bonds, Completion Bonds and Refunding Bonds of a Series under and pursuant to the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

Debt Service shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid to the registered Owner of Bonds at the close of business on the Record Date for such interest; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 hereof, the payment of interest and principal or Redemption Price or Amortization Installments pursuant hereto shall be made by the Paying Agent to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent. Payment of interest shall be made by check or draft (or by wire transfer to, and at the expense of, the registered Owner if such Owner requests such method of payment in writing prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental

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for all other purposes whatsoever, and neither the Trustee, the District, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

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

Section 207. Authorization of Bonds. There shall be issued from time to time in Series, under and secured by this Master Indenture, Bonds without limitation as to aggregate principal amount for the purposes of: (i) paying all or part of the Cost of a Series Project or Series Projects or refunding an Outstanding Series of Bonds or any portion thereof, (ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; and (iii) paying the costs and expenses of issuing such Series of Bonds.

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

- (a) an executed and attested original or certified copy of this Master Indenture;
- (b) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on, and the amounts in, which such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, establishing the provisions for Additional Bonds, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefor set forth in such Supplemental Indenture;

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(c) an opinion of counsel for the District stating that the signer is of the opinion that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized, approved, and adopted, that the issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute binding obligations of the District, enforceable against the District in accordance with their terms except as enforcement thereof may be affected by bankruptcy and other similar laws relating to creditor's rights generally or general principles of equity;

(d) An opinion of Bond Counsel for the District stating that the signer is of the opinion that the Bonds of such Series are valid, binding and enforceable obligations of the District and, if such Series of Bonds are not Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States in effect on the date such Series of Bonds are delivered to their initial purchasers.

The Trustee shall be provided with reliance letters with respect to the opinions required in paragraphs (c) and (d) above. When the documents mentioned in subsections (a) through (d) above shall have been received, and when the Bonds of such Series shall have been executed and authenticated as required by this Master Indenture, such Series of Bonds shall be delivered to, or upon the order of, the District, but only upon payment to the Trustee of the purchase price of such Series of Bonds, together with accrued interest, if any, thereon as set forth in a certificate of delivery and payment executed by the Chairman or Vice Chairman of the District.

The proceeds (including accrued interest and any premium) of each Series of Bonds shall be applied as soon as practicable upon delivery thereof to the Trustee as set forth in the Supplemental Indenture relating to such Series of Bonds.

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

Section 209. Mutilated, Destroyed or Lost Bonds. If any Bonds become mutilated or destroyed or lost, the District may cause to be executed, and the District may cause to be delivered, a new Bond in substitution therefor and upon the cancellation of such mutilated Bond, or in lieu of

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

ARTICLE III REDEMPTION OF BONDS

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

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

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

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

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and in substitution for such Bond destroyed or lost, upon payment by the Owner of the reasonable expenses and charges of the District and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, upon the Owner filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost, and of his or her ownership thereof, and furnishing the District and the Trustee with indemnity satisfactory to them.

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

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

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payment of Bonds of such Series as provided in Section 506(b) hereof or as otherwise provided in the Supplemental Indenture relating to such Series.

Section 302. Notice of Redemption; Procedure for Selection. The District shall establish each redemption date, other than in the case of a mandatory redemption, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty-fifth (45th) day next preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond, in each case stating: (i) the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption); (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the series designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; (viii) the notice date, redemption date, and redemption price; and (ix) the name, address, telephone number and contact person at the office of the Paying Agent with respect to such redemption. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all redemption payments.

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

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

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

Failure to give notice by mailing to the Owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond.

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

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

ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

Section 401. Acquisition and Construction Fund. There is created and established by Section 502 hereof a fund designated as the "Acquisition and Construction Fund" which shall be held

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constitute the Project or which are necessary or convenient to acquire and construct the Project.

(d) **Construction Expenses.** All costs incurred for labor and materials, including equipment and fixtures, by contractors, builders, and materialmen in connection with the acquisition and construction of the Project.

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

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

ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

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

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

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by the Trustee and to the credit of the Series Acquisition and Construction Accounts there shall be deposited the amounts specified in the Supplemental Indenture relating to such Series of Bonds.

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

Section 403. Cost of Project. For the purposes of this Master Indenture, the Cost of the Project shall include, without intending thereby to limit or to restrict any proper definition of such cost under the Act, other applicable provisions of Florida law, or this Master Indenture, the following:

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

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

(c) **Acquisition Expenses.** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-way, franchises, easements, and other interests in property, whether real or personal, tangible or intangible, which themselves

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

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

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

(i) a Series Interest Account,

(ii) a Series Principal Account, and

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

for each such Series of Bonds issued hereunder;

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

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

Notwithstanding the foregoing, the Supplemental Indenture authorizing any Series of Bonds may establish such other Series Accounts or dispense with the Series Accounts set forth above as shall be deemed advisable by the District in connection with such Series of Bonds.

Section 503. Acquisition and Construction Fund

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

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

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

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

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

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

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

Upon receipt of each such requisition and accompanying engineer's certificate the Trustee shall promptly withdraw from the Series Acquisition and Construction Account and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. The Trustee shall have no duty to investigate the accuracy or validity of the items delivered pursuant to this Section 503(b).

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

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

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

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of the interest on such Series of Bonds coming due on the next succeeding Interest Payment Date or the amount remaining on deposit in the related Series Capitalized Interest Account.

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

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

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

(e) **Series Redemption Account.** Moneys representing Prepayments on deposit in a Series Prepayment Subaccount of the Redemption Account to the full extent of a multiple of an Authorized Denomination shall, unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment

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Prepayment Subaccount of the related Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds.

Section 505. Debt Service Fund and Series Debt Service Accounts.

(a) **Principal, Maturity Amount, Interest and Amortization Installments.** On the Business Day preceding each Interest Payment Date on the Bonds, the Trustee shall withdraw from the Series Revenue Account and, from the amount so withdrawn, shall make the following deposits in the following order of priority:

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

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

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

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

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

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

Notwithstanding the foregoing, so long as there are moneys on deposit in the related Series Capitalized Interest Account on the date required for any transfer into the Series Interest Account as set forth above, the Trustee shall, prior to making any transfer into the related Series Interest Account from the related Series Revenue Account, transfer to the related Series Interest Account from the related Series Capitalized Interest Account, the lesser

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of premium by the terms hereof (including extraordinary or extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys deposited in a Series Redemption Account other than from Prepayments shall be deposited into the Series Optional Redemption Subaccount in the corresponding Series Redemption Account and held and applied therein as provided in Section 506(a) hereof.

(f) **Payment to District.** When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture required to be paid have been paid as certified to the Trustee in writing by an Authorized Officer, the Trustee shall pay any balance in the Series Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

Section 506. Optional Redemption.

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

(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation,

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which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such respective amounts. In the event that there are insufficient moneys on deposit in the related Series Principal Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the District, transfer moneys into such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer to the Trustee by the District accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (ii) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii)

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operating expense of the District payable or reimbursable from the Series Revenue Account in accordance with Section 505(b) hereof.

(c) **Deficiencies.** If the Trustee does not have on deposit in the Series Rebate Account sufficient amounts to make the payments required by this Section, the District shall pay, from any legally available source, the amount of any such deficiency to the United States as in paragraph (b) above provided, and the Trustee shall have no responsibility for funding any such deficiency.

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

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

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

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

(c) **Investment Obligations as a Part of Funds and Accounts.** Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as provided in Section 510 hereof. Any loss resulting from such investment shall be charged to such Fund or Account. The foregoing notwithstanding, for purposes of investment and to the extent permitted by law, amounts on deposit in any Fund or Account may be commingled for purposes of investment, provided adequate care is taken to account for such amounts in accordance with the prior sentence. The Trustee may, upon the direction of an Authorized Officer, transfer investments within such Funds or Accounts without being required to sell such investments. The Trustee shall

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containing cash flows which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (ii) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the District in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. If any Bonds are purchased pursuant to this Subsection (b), the principal amount of the Bonds so purchased shall be credited as follows:

(i) if the Bonds are to be purchased from amounts on deposit in the Prepayment Subaccount of a Series Redemption Account, against the principal coming due or Amortization Installments set forth in the certificate of the Authorized Officer accompanying the direction of the District to effect such purchase; or

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

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

Section 507. Rebate Fund and Series Rebate Accounts.

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

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

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sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or for failure to make an investment (except failure to make an investment in accordance with the written direction of an Authorized Officer) or for failure to achieve the maximum possible earnings on investments. The Trustee shall have no obligation to invest funds absent written direction from the District.

(d) **Valuation.** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. Such investments, other than in a Series Reserve Account, shall be valued at the par value or the current market value thereof, whichever is lower, or at the redemption price thereof, if then redeemable at the option of the holder. In computing the value of the amount on deposit in a Series Reserve Account, obligations purchased as an investment of moneys therein shall be valued at par if purchased at par or at amortized value if purchased at other than par. Amortized value, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation on the date of purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium and adding the amount thus calculated for each Interest Payment Date after such purchase to the purchase price in the case of an obligation purchased at a discount.

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

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

The Trustee, as of the close of business on the last Business Day in each Bond Year, after taking into account all payments and transfers made as of such date, shall compute, in the manner set forth in Section 508(d), the value of the Series Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such Series Reserve Account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in the Series

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Reserve Account, from any legally available sources of the District. The Trustee, as soon as practicable after such computation, shall deposit any surplus, at the direction of an Authorized Officer, to the credit of the Series Redemption Account or the Series Principal Account or as provided in the Supplemental Indenture relating to a Series of Bonds.

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

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

(a) if there was no deficiency (as defined in Section 509 above) in the Series Reserve Account as of the most recent date on which amounts on deposit in the Series Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series Reserve Account since such date, then earnings on investments in the Series Reserve Account shall be deposited, as realized, in the Series Revenue Account;

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

Section 511. Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be cancelled upon the payment, redemption or purchase of such Bonds. All Bonds cancelled under any of the provisions of this Master Indenture shall be destroyed by the Paying Agent, which shall execute a certificate in duplicate describing the Bonds so destroyed. One executed certificate shall be filed with the Trustee and the other executed certificate shall be retained by the Paying Agent.

ARTICLE VI CONCERNING THE TRUSTEE

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

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purposes of this Section and Section 607 being defined to include the events specified as "Events of Default" in Section 902 hereof, but not including any notice or periods of grace provided for therein) or if the Trustee, based upon the advice of counsel upon which it is entitled to rely, determines that the giving of such notice is not in the best interests of the Owners of the Bonds. The Trustee will be deemed to have actual knowledge of any payment default under this Master Indenture or under any Supplemental Indenture and, after receipt of written notice thereof by a Credit Facility issuer or a Liquidity Facility issuer of a default under its respective Reimbursement Agreement, but shall not be deemed to have actual knowledge of any other default unless notified in writing of such default by the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, at any time require of the District full information as to the performance of any covenant hereunder; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the District, an investigation into the affairs of the District.

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

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

Section 609. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owners may be entitled to take with like effect as if the Trustee were not a party to this Master Indenture or any Supplemental Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the District.

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

Section 611. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Master Indenture by written resignation filed with the Secretary of the District not less than sixty (60) days before the date when such resignation is to take effect; provided that notice of such resignation shall be sent by first-class mail to each Owner as its name and address appears on the Bond Register and to any Paying Agent, Bond Registrar, any Credit Facility issuer,

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

Section 603. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Gross Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of counsel concerning all questions hereunder; and the Trustee shall not be answerable for the default or misconduct of any attorney, agent or employee selected by it with reasonable care. In performance of its duties hereunder, the Trustee may rely on the advice of counsel and shall not be held liable for actions taken in reliance on the advice of counsel. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Indenture or any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own gross negligence or willful misconduct.

Section 604. Compensation and Indemnity. The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel when such fees and expenses become due, and shall indemnify the Trustee (and its respective successors, agents and servants) and hold the Trustee (and its respective successors, agents and servants) harmless against any liabilities, obligations, losses, damages, penalties, claims, actions, suits and costs which it may incur in the exercise and performance of its powers and duties hereunder except with respect to its own gross negligence or willful misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received by the Trustee under this Master Indenture or any Supplemental Indenture and payable to the District other than Maintenance Special Assessments and moneys from a Credit Facility or a Liquidity Facility. This provision shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its resignation or removal thereof. As security for the foregoing, the District hereby grants to the Trustee a security interest in and to the amounts on deposit in all Series Funds and Accounts, subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905 upon the occurrence of an Event of Default.

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

Section 606. Notice of Default; Right to Investigate. The Trustee shall give written notice, as soon as practicable, by first-class mail to registered Owners of Bonds of all defaults of which the Trustee has actual knowledge, unless such defaults have been remedied (the term "defaults" for

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and any Liquidity Facility issuer, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within sixty (60) days after the Trustee has given its notice of resignation, the Trustee may, at the expense of the District, petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed.

Section 612. Removal of Trustee. Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, executed by the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, calculated without regard to any Bonds owned by the Trustee, and filed with the Trustee and the District or by resolution duly adopted by the Governing Body; provided, however, that the Trustee shall not be removed without consent of the Owners of a majority of the Bonds at anytime there has occurred and is continuing an Event of Default hereunder.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Indenture or any Supplemental Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the District or the Owners of not less than 20% in aggregate principal amount of the Bonds then Outstanding.

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

Section 614. Qualification of Successor Trustee. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000, but in no event shall the successor Trustee ever be the Credit Facility issuer or Liquidity Facility issuer.

Section 615. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor

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in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder shall pay over to the successor Trustee all moneys held by it hereunder after payment of all fees and expenses owing to the Trustee; and, the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act, except for the rights of the Trustee under Section 604 hereof.

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

Section 617. Resignation of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may resign and be discharged of the duties created by this Master Indenture by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the District and the Trustee not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation mailed not less than sixty (60) days prior to such resignation date to each Owner as its name and address appear on the registration books of the District maintained by the Bond Registrar. Such resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

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

Section 619. Appointment of Successor Paying Agent or Bond Registrar. In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto

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

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

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

(d) until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and any *pari passu* obligations to issuers of Credit or Liquidity Facilities with respect to such Series of Bonds, which lien is hereby created, prior and superior to all other liens now existing or hereafter created, and, to a second lien in favor of the Trustee, as security for the reasonable compensation for the services of the Trustee hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, subordinate and inferior to the security interest granted to the Owners of such Series of Bonds and any *pari passu* obligations to issuers of Credit or Liquidity Facilities with respect to such Series of Bonds, but nevertheless payable in the order of priority as set forth in Section 905 hereof upon the occurrence of an Event of Default, and

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

ARTICLE VIII COVENANTS AND AGREEMENTS OF THE DISTRICT

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

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

Section 803. Further Assurance. At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further

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exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a successor shall be appointed by the District, and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the District. Upon any such appointment, the District shall give written notice of such appointment to the predecessor Paying Agent or Bond Registrar, the successor Paying Agent or Bond Registrar, the Trustee and all Owners. Any new Paying Agent or Bond Registrar so appointed and accepting such duties as provided in Section 621 hereof shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

Section 620. Qualifications of Successor Paying Agent or Bond Registrar. Every successor Paying Agent or Bond Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by this Master Indenture and (iii) capable of meeting its obligations hereunder; and (b) shall have a combined net capital and surplus of at least \$50,000,000.

Section 621. Acceptance of Duties by Successor Paying Agent or Bond Registrar. Any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the District shall execute and deliver an instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or registrar shall pay over and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

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

ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

Section 701. Trust Funds. All amounts on deposit in Series Accounts for the benefit of a Series of Bonds shall:

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resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the District may become bound to pledge or assign after the date of execution of this Master Indenture.

Section 804. Power to Issue Bonds and Create a Lien. The District hereby represents to the Trustee and to the Owners that it is and will be duly authorized under all applicable laws to issue the Bonds of each Series, to execute this Master Indenture, to adopt Supplemental Indentures, and to pledge its moneys, securities and funds in the manner and to the extent provided herein. Except as provided herein, the District hereby represents that such moneys, securities and funds of the District are and will be free and clear of any pledge, lien, charge or encumbrance thereon and all action on the part of the District to that end has been and will be duly and validly taken. The Bonds of each Series, this Master Indenture and any Supplemental Indenture are and will be the valid and legally enforceable obligations of the District, enforceable in accordance with their terms except to the extent that enforcement thereof may be subject to bankruptcy and other similar laws affecting creditors' rights generally. The District shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and lien created by this Master Indenture and all the rights of the Trustee and the Owners hereunder against all claims and demands of all other persons whomsoever.

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

Section 806. Sale of Series Projects. The District covenants that, until such time as there are no Bonds of a Series Outstanding, it will not sell, lease or otherwise dispose of or encumber the related Series Project or any part thereof other than as provided herein. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments, or other movable property acquired by the District in connection with a Series Project, or any materials used in connection therewith, if the District shall determine that such articles are no longer needed or are no longer useful in connection with the acquisition, construction, operation or maintenance of a Series Project, and the proceeds thereof may be applied to the replacement of the properties so sold or disposed of and, if not so applied, shall be deposited to the credit of the related Series Acquisition and Construction Account or, after the Date of Completion of the Series Project, shall be deposited to the credit of the related Series Redemption Account. The District may from time to time sell or lease such other property forming part of a Series Project which it may determine is not needed or serves no useful purpose in connection with the maintenance and operation of such Series Project, if the Consulting Engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as herein above provided for the proceeds of the sale or disposal of movable property.

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Unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds, the proceeds of any lease as described above shall be deposited to the credit of the related Series Redemption Account.

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

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

Section 808 Accounts and Reports.

(a) **Annual Report.** The District shall, within one hundred eighty (180) days after the close of each Fiscal Year (or such lesser period as may be required by Florida law) so long as any Bonds are Outstanding, file with the Trustee, solely as a repository of such information, and otherwise as provided by law, a copy of an annual report for such year, accompanied by an Accountant's Certificate, including: (i) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year; and (ii) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis.

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, within ninety (90) days after the close of each Fiscal Year, a certificate of an Authorized Officer stating whether or not, to the knowledge of the signer, the District is in default with respect to any of the covenants, agreements or conditions on its

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for in Section 197.3635, Florida Statutes (1999). The District may collect any Maintenance Special Assessments directly or using the Uniform Method.

Notwithstanding the foregoing, the District shall not be required to cause the Tax Collector to collect any Special Assessments, Maintenance Special Assessments or Benefit Special Assessments (i) which are due and payable within a period of less than two calendar years from the date of levy thereof, or, (ii) with respect to land prior to being platted for its ultimate use, or, (iii) with respect to Special Assessments which are pledged as security for bond anticipation notes issued by the District.

Section 812. Delinquent Assessments, Benefit Special Assessments or Maintenance Special Assessments. If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment, Benefit Special Assessment or Maintenance Special Assessment pledged to a Series of Bonds, then such Assessment, Benefit Special Assessment or Maintenance Special Assessment shall be enforced in accordance with Chapter 190.021(4), Florida Statutes (1999), or collected pursuant to the provisions of Chapters 170 and 197, Florida Statutes (1999), including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment, Benefit Special Assessment or Maintenance Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable, then upon the delinquency of any Assessment, Benefit Special Assessment or Maintenance Special Assessment the District either on its own behalf, or through the actions of the Trustee, may, but is not obligated to, declare the entire unpaid balance of such Assessment, Benefit Special Assessment or Maintenance Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law. The District further covenants to furnish, at its expense, to the Trustee and any Owner of Bonds of the related Series so requesting, sixty (60) days after the due date of each annual installment, a list of all Delinquent Assessments and all delinquent Benefit Special Assessments and Maintenance Special Assessments, together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments and all delinquent Benefit Special Assessments and Maintenance Special Assessments.

Section 813. Deposit of Proceeds from Sale of Tax Certificates. If any tax certificates relating to Delinquent Assessments, Benefit Special Assessments or Maintenance Special Assessments which are pledged to a Series of Bonds are sold by the Tax Collector pursuant to the provisions of Section 197.432, Florida Statutes (1999), or if any such tax certificates are not sold but are later redeemed, the proceeds of such sale or redemption (to the extent that such proceeds relate to the Assessments, Benefit Special Assessments or Maintenance Special Assessments), less any commission or other charges retained by the Tax Collector, shall, if paid by the Tax Collector to the District, be paid by the District to the Trustee not later than one (1) Business Day following receipt of such proceeds by the District and shall be deposited by the Trustee to the credit of the related Series Revenue Fund, or as provided in the Supplemental Indenture relating to a Series of Bonds.

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part contained in this Master Indenture and in any Supplemental Indenture and, if so, the nature of such default and actions taken or to be taken to remedy such default.

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

(d) **Reports Pursuant to Uniform Special District Accountability Act of 1989.** The District covenants and agrees that it will comply with the provisions of Chapter 189.401 et seq., Florida Statutes, as amended (1999), the Uniform Special District Accountability Act of 1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District.

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

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

Section 811. Method of Collection of Assessments, Benefit Special Assessments and Maintenance Special Assessments. Except as hereinafter provided, the District shall use its best efforts to collect and enforce Assessments and Benefit Special Assessments which are pledged to the payment of any Series of Bonds utilizing the Uniform Method set forth in Section 197.3632, Florida Statutes (1999) and shall furnish the information at the times, and in the manner, required by Section 197.3632, Florida Statutes (1999), in order that such Assessments and Benefit Special Assessments may be included in the combined notice for ad valorem taxes and non ad valorem assessment provided

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Section 814. Sale of Tax Deed or Foreclosure of Assessment, Benefit Special Assessment or Maintenance Special Assessment Liens. If any property shall be offered for sale for the nonpayment of any Assessment, Benefit Special Assessment or Maintenance Special Assessment which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount equal to the full amount due on the Assessment or Maintenance Special Assessment (principal, interest, penalties and costs, plus attorneys' fees, if any), the property shall then be purchased by the District for an amount equal to the balance due on the Assessment or Maintenance Special Assessment (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments, Benefit Special Assessments or Maintenance Special Assessments were pledged. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Fund. Not less than ten (10) days prior to the filing of any foreclosure action as herein provided, the District shall cause written notice thereof to be mailed to the Trustee and any designated agents of the Owners of the related Series of Bonds or as provided in the Supplemental Indenture relating to such Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to the Trustee and any designated agent of the Owners of the related Series of Bonds. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the related Series of Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Owners of at least fifteen percent (15%) in aggregate principal amount of the Outstanding Bonds of such Series.

Section 815. Other Obligations Payable from Assessments, Benefit Special Assessments or Maintenance Special Assessments. The District will not issue or incur any obligations payable from the proceeds of Assessments, Benefit Special Assessments or Maintenance Special Assessments securing a Series of Bonds (other than such related Series of Bonds) nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments, Benefit Special Assessments or Maintenance Special Assessments other than the lien of the related Series of Bonds except for fees, commissions, costs, and other charges payable to the Property Appraiser or to the Tax Collector pursuant to Florida law or amounts payable to the Trustee and any Credit Facility Issuer or Liquidity Facility Issuer.

Section 816. Re-Assessments. If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such Assessment is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessment when it might have done so, the District shall either: (i) take all necessary steps to cause a new Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment from legally available moneys, which moneys shall be deposited into the related Series Revenue Account. In case any such subsequent Assessment shall

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also be annulled, the District shall obtain and make other Assessments until a valid Assessment shall be made.

Section 817. General. The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under law and this Master Indenture, in accordance with the terms of such provisions.

Upon the date of issuance of each Series of Bonds, all conditions, acts and things required by law and this Master Indenture and any Supplemental Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds shall exist, have happened and have been performed and upon issuance the issue of such Series of Bonds shall be within every debt and other limit prescribed by the laws of the State of Florida applicable to the District.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 901. Extension of Interest Payment. If the time for payment of interest of a Bond of any Series shall be extended, whether or not such extension be by or with the consent of the District, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Master Indenture unless the aggregate principal amount of all Bonds of such Series then Outstanding and of all accrued interest the time for payment of which shall not have been extended shall have previously been paid in full.

Section 902. Events of Default. Each of the following events is hereby declared an Event of Default with respect to a Series of Bonds:

- (a) Any payment of Debt Service on such Series of Bonds is not made when due,
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations hereunder or under the Supplemental Indenture relating to such Series of Bonds,
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of a related Series Project,
- (d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof,

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(e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof,

(f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or

(g) The District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds on the part of the District to be performed (other than a default in the payment of Debt Service on the related Series of Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten per centum (10%) in aggregate principal amount of the Bonds of such Series then Outstanding.

Section 903. Acceleration of Maturities of Bonds of a Series. Upon the happening and continuance of any Event of Default specified in clauses (a) through (f) of Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds of such Series then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Bonds of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series to the contrary notwithstanding, provided, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section) shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Owners of not less than 51% of the aggregate principal amount of the Bonds of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice

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to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 904. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee or, if the Trustee is unwilling or unable to act, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of such Series then Outstanding may protect and enforce the rights of the Owners of the Bonds of such Series under Florida law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee or the Owners of such Series of Bonds, as the case may be, shall deem most effectual to protect and enforce such rights.

Section 905. Pro Rata Application of Funds Among Owners of a Series of Bonds. Anything in this Master Indenture to the contrary notwithstanding, if at any time the moneys in the Series Funds and Accounts shall not be sufficient to pay Debt Service on the related Series of Bonds when due, such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

- (a) Unless the aggregate principal amount of all the Bonds of such Series shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied:

First: to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid.

Second: to payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds of such Series, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the rates of interest specified in the Bonds of such Series, and

Third: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds of such Series which shall have become due (other than Bonds of such Series called for redemption for the payment of which sufficient moneys are held pursuant to this Master Indenture), in the order of their due dates, with interest upon the Bonds of such Series at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Bonds of such Series due on any particular date, together

with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Bonds of such Series entitled thereto without any discrimination or preference except as to any difference in the foregoing rates of interest.

(b) If the aggregate principal amount of all the Bonds of a Series shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied first to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then to the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other installment of interest, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

(c) If the principal of all the Bonds of a Series shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of Section 903 of this Article, then, if the aggregate principal amount of all the Bonds of such Series shall later become due or be declared due and payable pursuant to the provisions of Section 903 of this Article, the moneys remaining in and thereafter accruing to the related Series Revenue Fund shall be applied in accordance with subsection (b) above.

The provisions of this Section are in all respects subject to the provisions of Section 901 of this Article.

Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied by the Trustee at such times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application. The deposit of such moneys with the Paying Agent shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to any Owner or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies such moneys in accordance with such provisions of this Master Indenture as may be applicable at the time of application. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to any Owner until such Bond shall be surrendered to the Trustee for appropriate endorsement.

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Section 906. Effect of Discontinuance of Proceedings. If any proceeding taken by the Trustee or any Owner on account of any default shall have been discontinued or abandoned for any reason, then the District and the Owner shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Owners shall continue as though no such proceeding had been taken.

Section 907. Restriction on Individual Owner Actions. Except as provided in Section 910 below, no Owner of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of this Master Indenture or any Supplemental Indenture, or to enforce any right hereunder or thereunder except in the manner herein or therein provided, and all proceedings at law or in equity shall be instituted and maintained for the benefit of all Owners of the Bonds of such Series.

Section 908. No Remedy Exclusive. No remedy conferred upon the Trustee or the Owners is intended to be exclusive of any other remedy herein or in any Supplemental Indenture provided, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder.

Section 909. Delay Not a Waiver. No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee and the Owners may be exercised from time to time and as often as may be deemed expedient.

Section 910. Right to Enforce Payment of Bonds. Nothing in this Article shall affect or impair the right of any Owner to enforce the payment of Debt Service on the Bond of which such person is the registered Owner, or the obligation of the District to pay Debt Service to the Owner at the time and place specified in such Bond.

Section 911. No Cross Default Among Series. The occurrence of an Event of Default hereunder or under any Supplemental Indenture with respect to any Series of Bonds shall not constitute an Event of Default with respect to any other Series of Bonds, unless the event giving rise to the Event of Default also constitutes an Event of Default hereunder or under the Supplemental Indenture with respect to such other Series of Bonds.

Section 912. Indemnification. Other than to make proper draws under a Credit Facility, the Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Master Indenture or any Supplemental Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to advance its own money, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability.

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thereof (or upon the original issuance of refunding bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or

(c) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Master Indenture, or

(d) to grant to the Owners or to the Trustee on behalf of the Owners any additional rights or security that may lawfully be granted,

(e) to add to the covenants and agreements of the District in this Master Indenture other covenants and agreements thereafter to be observed by the District to the benefit of the Owners of the Outstanding Bonds;

(f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190 and 298, Florida Statutes (1999), so long as, in the opinion of counsel to the District, such changes either: (i) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate, or (ii) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or

(g) to modify the provisions of this Master Indenture or any Supplemental Indenture provided that such modification does not, in the written opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Bonds Outstanding.

Section 1102. Supplemental Indentures With Owner Consent. Subject to the provisions contained in this Section, and not otherwise, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture, provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding,

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

(b) a reduction in the principal, premium, or interest on any Bond;

(c) a preference or priority of any Bond over any other Bond, or

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ARTICLE X EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

Section 1001. Execution of Instruments by Owners and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture or any Supplemental Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by Owners or their attorneys or legal representatives. Proof of the execution of any such instrument shall be sufficient for any purpose of this Master Indenture and shall be conclusive in favor of the District with regard to any action taken by it under such instrument if verified by any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the Trustee or the District in pursuance of such request or consent.

Section 1002. Deposit of Bonds. Notwithstanding the foregoing, neither the District nor the Trustee shall be required to recognize any person as an Owner of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee.

ARTICLE XI SUPPLEMENTAL INDENTURES

Section 1101. Supplemental Indentures Without Owners' Consent. The Governing Body from time to time may authorize such indentures supplemental hereto or amendatory hereof as shall not be inconsistent with the terms and provisions hereof (which supplemental indenture shall thereafter form a part hereof), without the consent of the Owners, for the following purposes:

(a) to provide for the initial issuance of a Series of Bonds or refunding bonds of a Series or bond anticipation notes issued in anticipation of a Series of Bonds, or, to provide for the issuance of Additional Bonds of a Series provided that such Additional Bonds satisfy the requirements set forth in the Supplemental Indenture relating to the original Series of Bonds to which such Additional Bonds relate, or

(b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance

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(d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

In addition to the foregoing, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of a Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereof, as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any supplemental indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding,

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

(b) a reduction in the principal, premium, or interest on any Bond of such Series;

(c) a preference or priority of any Bond of such Series over any other Bond of such Series; or

(d) a reduction in the aggregate principal amount of the Bonds of such Series required for consent to such indenture supplemental to the Supplemental Indenture.

If at any time the District shall determine that it is desirable to approve any Supplemental Indenture pursuant to this Section 1102, the District shall cause the Trustee to mail notice of the proposed Supplemental Indenture to the Owners whose approval is required. Such notice shall be prepared by the District and shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file with the Secretary for inspection by all affected Owners. The District shall not, however, be subject to any liability to any Owner by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one (1) year after the date of the first mailing of such notice, there shall be delivered to the District an instrument or instruments in writing purporting to be executed by the Owners of the requisite principal amount of the Bonds of such Series Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body and the Trustee may approve such Supplemental Indenture and cause it to be executed, in substantially such form, without liability or responsibility to any Owner.

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ARTICLE XII
DEFEASANCE

Section 1103. Opinion of Bond Counsel With Respect to Supplemental Indenture. In addition to the other requirements herein set forth with respect to Supplemental Indentures, no Supplemental Indenture shall be effective unless and until there shall have been delivered to the Trustee the opinion of Bond Counsel to the effect that such Supplemental Indenture is permitted pursuant to this Master Indenture and that such Supplemental Indenture is the valid and binding obligation of the District enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or general equitable principles. In addition, if such Supplemental Indenture relates to a Series of Tax Exempt Bonds, such opinion shall also state that such Supplemental Indenture will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

Section 1104. Supplemental Indenture Part of Indenture. Any Supplemental Indenture executed in accordance with this Article and approved as to legality by counsel to the District shall thereafter form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of the terms and conditions contained in any such Supplemental Indenture amendatory of this Master Indenture shall be part of the terms and conditions hereof.

Section 1105. Insurer or Issuer of a Credit or Liquidity Facility as Owner of Bonds. As long as a Credit or Liquidity Facility securing all or a portion of the Bonds of a Series Outstanding is in effect, the issuer of the Credit or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit or Liquidity Facility: (i) at all times for the purpose of the execution and delivery of a Supplemental Indenture or of any amendment, change or modification of the Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the Bonds of the Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes. Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit or Liquidity Facility with respect to a Series of Bonds will not be deemed to be an Owner of the Bonds of such Series with respect to any such Supplemental Indenture or of any amendment, change or modification of the Master Indenture which would have the effect of permitting: (i) a change in the terms of redemption or maturity of any Bonds of a Series Outstanding or of any installment of interest thereon; or (ii) a reduction in the principal amount or the Redemption Price thereof or in rate of interest thereon; or (iii) reducing the percentage or otherwise affecting the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment; or (iv) creating any preference or priority of any Bond of a Series over any other Bond of such Series.

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been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due shall, as demonstrated in an Accountant's Certificate, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be; (iii) the District shall have given the Trustee or the Bond Registrar in form satisfactory to it irrevocable instructions to mail, postage prepaid, to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice to the registered Owners of such Bonds and to the Registrar that the deposit required by (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on such Bonds; and, (iv) an opinion of Bond Counsel to the effect that such defeasance is permitted under this Master Indenture and the Supplemental Indenture relating to the Series of Bonds so defeased and that, in the case of Tax-Exempt Bonds, such defeasance will not adversely affect the tax exempt status of such Series of Bonds. Neither Federal Securities nor moneys deposited with the Trustee pursuant to this Section 1201 nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on such Bonds, provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee: (i) to the extent such cash shall not be required at any time for such purpose as evidenced by an Accountant's Certificate or, and to the extent all obligations under any Letter of Credit Agreement or any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility and any Liquidity Facility securing the Bonds with respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (ii) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on such Bonds, or obligations under any Letter of Credit Agreement or any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

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Section 1201. Defeasance and Discharge of the Lien of this Master Indenture and Supplemental Indentures.

(a) If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Letter of Credit Agreement and any Liquidity Agreement, at the times and in the manner stipulated therein and in this Master Indenture and any Letter of Credit Agreement and any Liquidity Agreement and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture, including any amounts then owing to the Trustee, then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal, interest or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds or of a particular maturity, of a particular Series or of any part of a particular maturity or Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Master Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture, and all covenants, agreements and obligations of the District to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 1201 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Federal Securities have been deposited in accordance with the provisions of this Section 1201 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the District hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Federal Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All Outstanding Bonds of any particular maturity or Series shall prior to the maturity or redemption date thereof be deemed to have

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(c) As to any Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a) or (b) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds and obligations under any Letter of Credit Agreement and any Liquidity Agreement pursuant to the provisions of this Section, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture or under any Letter of Credit Agreement or any Liquidity Agreement.

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

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with

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respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

(f) In the event that the principal and redemption price, if applicable, and interest due on the Bonds shall be paid by the Insurer pursuant to a municipal bond insurance policy, the assignment and pledge and all covenants, agreements and other obligations of the District to the Owners of such Bonds shall continue to exist and the Insurer shall be subrogated to the rights of such Owners.

(g) Anything in this Master Indenture to the contrary notwithstanding, the provisions of the foregoing subsections (b) through (f) shall apply to the discharge of Bonds of a Series and to the discharge of the lien of any Supplemental Indenture securing such Series of Bonds as though each reference to the "Master Indenture" were a reference to such "Supplemental Indenture" and as though each reference to "Bonds Outstanding" were a reference to the "Bonds of such Series Outstanding."

Section 1202. Moneys Held in Trust. All moneys and obligations held by an escrow or paying agent or trustee pursuant to this Section shall be held in trust and the principal and interest of said obligations when received, and said moneys, shall be applied to the payment, when due, of the principal, interest and premium, if any, of the Bonds to be paid or to be called for redemption.

**ARTICLE XIII
MISCELLANEOUS PROVISIONS**

Section 1301. Effect of Covenants. All covenants, stipulations, obligations and agreements of the District contained in this Master Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the District and of the Governing Body of the District to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall

of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

Section 1305. Inconsistent Provisions. All provisions of any resolutions, and parts thereof, which are inconsistent with any of the provisions of this Master Indenture are hereby declared to be inapplicable to this Master Indenture.

Section 1306. Further Acts. The officers and agents of the District are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Master Indenture, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Master Indenture.

Section 1307. Headings Not Part of Indenture. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Master Indenture, nor shall they affect its meaning, construction or effect.

Section 1308. Effect of Partial Invalidity. In case any one or more of the provisions of this Master Indenture or of any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Master Indenture or of the Bonds, but this Master Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Master Indenture is adopted with the intent that the laws of the State of Florida shall govern their construction.

Section 1309. Attorney's Fees. Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall include but not be limited to fees of legal assistants and paralegals and fees incurred in any and all legal proceedings, including any trial or appellate level proceedings, and any sales tax thereon.

be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Governing Body in his or her individual capacity, and neither the members of the Governing Body nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 1302. Manner of Giving Notice to the District and the Trustee. Any notice, demand, direction, request or other instrument authorized or required by this Master Indenture to be given to or filed with the District or the Governing Body shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture if and when sent by certified mail, return receipt requested:

To the District, addressed to:

District Manager
Miromar Lakes Community Development District
210 N. University Drive, Suite 800
Coral Springs, Florida 33071

To the Trustee, addressed to:

First Union National Bank
One First Union Financial Center
200 South Biscayne Boulevard, 14th Floor
Miami, Florida 33131
Attention: Corporate Trust Department

or to such other address as shall be provided to the other party hereto in writing.

All documents received by the District and the Trustee under this Master Indenture shall be retained in their possession, subject at all reasonable times upon reasonable notice to the inspection of any Owner and the agents and representatives thereof.

Section 1303. Manner of Giving Notice to the Owners. Any notice, demand, direction, request, or other instrument authorized or required by this Master Indenture to be mailed to the Owners shall be deemed to have been sufficiently mailed if mailed by first class mail, postage pre-paid, to the Owners at their addresses as they appear at the time of mailing on the registration books maintained by the Bond Registrar.

Section 1304. Successorship of District Officers. If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event

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

SEAL

**MIROMAR LAKES COMMUNITY
DEVELOPMENT DISTRICT**

ATTEST:

By: 
Chairman, Board of Supervisors


Secretary

SEAL

FIRST UNION NATIONAL BANK, as Trustee

By: 
Authorized Signatory

EXHIBIT A
FORM OF REQUISITION

The undersigned, an Authorized Officer of Miromar Lakes Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to First Union National Bank, as trustee (the "Trustee"), dated as of December 1, 2000 (the "Master Indenture"), as amended and supplemented by the [] Supplemental Indenture from the District to the Trustee, dated as of [] (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (A) Requisition Number:

- (B) Name of Payee:

- (C) Amount Payable:

- (D) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments, or, state Costs of Issuance, if applicable):

- (E) Fund or Account and subaccount, if any, from which disbursement to be made:

The undersigned hereby certifies that [obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the [] Acquisition and Construction Account and the subaccount, if any, referenced above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the [] Project and each represents a Cost of the [] Project, and has not previously been paid] OR [this requisition is for Costs of Issuance payable from the Costs of Issuance Account that has not previously been paid].

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

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The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain.

If this requisition is for a disbursement from other than the Costs of Issuance Account or for payment of capitalized interest, there shall be attached a resolution of the Governing Body of the District approving this requisition or the approving the specific contract with respect to which disbursements pursuant to this requisition are due and payable.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

By:

Authorized Officer

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

If this requisition is for a disbursement from other than Capitalized Interest or Costs of Issuance, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the [] Project and is consistent with: (i) the applicable acquisition or construction contract, (ii) the plans and specifications for the portion of the [] Project with respect to which such disbursement is being made; and, (ii) the report of the Consulting Engineer attached as an Exhibit to the [] Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

Consulting Engineer

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THIRD SUPPLEMENTAL TRUST INDENTURE

**MIROMAR LAKES
COMMUNITY DEVELOPMENT DISTRICT**

TO

**U.S. BANK NATIONAL ASSOCIATION,
(as successor in trust to First Union National Bank), AS TRUSTEE**

Dated as of September 1, 2012

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THIRD SUPPLEMENTAL TRUST INDENTURE

THIS THIRD SUPPLEMENTAL TRUST INDENTURE (the "Third Supplemental Indenture") dated as of September 1, 2012, from **MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **U.S. BANK NATIONAL ASSOCIATION**, as successor in trust to First Union National Bank, as Trustee (the "Trustee"), a national banking association, authorized to accept and execute trusts of the character herein set out, with its designated corporate trust office and post office address located at 550 West Cypress Creek Road, Suite 380, Fort Lauderdale, Florida 33309 Attention: Corporate Trust Department.

WHEREAS, the District entered into a Master Trust Indenture, dated as of December 1, 2000 (the "Master Indenture") with the Trustee to secure the issuance of its Miromar Lakes Community Development District Capital Improvement Revenue Bonds (the "Bonds"), issuable in one or more series from time to time; and

WHEREAS, pursuant to the Constitution and laws of the State of Florida, particularly Chapter 75, Florida Statutes (1999), as amended, the Bonds were validated by judgment of the Circuit Court for Lee County, Florida, rendered on November 6, 2000, the period for appeal having expired and no appeal from such final judgment having been taken; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2000-13, on September 19, 2000, providing for the acquisition and construction of the 2000 Project (hereinafter defined), providing estimated Costs of the 2000 Project, defining assessable property to be benefitted by the 2000 Project, defining the portion of the cost of the 2000 Project with respect to which Assessments will be imposed and the manner in which such assessments shall be levied against such benefitted property within the District (the "Assessments"), directing the preparation of an assessment roll, and, stating the intent of the District to issue bonds of the District secured by such Assessments to finance the costs of the acquisition and construction of the 2000 Project (the "Preliminary Assessment Resolution") and the Governing Body of the District duly adopted Resolution No. 2001-1 on October 26, 2000, following a public hearing conducted in accordance with the Act, to fix and establish the assessments and the benefitted property (the "Assessment Resolution"); and

WHEREAS, pursuant to Resolutions Nos. 2000-12 and 2001-7, adopted by the Governing Body of the District on September 19, 2000 and November 21, 2000, respectively (collectively, the "Bond Resolution"), the District has authorized the issuance, sale and delivery of \$41,925,000 of its Miromar Lakes Community Development District Capital Improvement Revenue Bonds, Series 2000 (the "2000 Bonds"), in one or more Series and two Series, comprised of \$14,530,000 of its Miromar Lakes Community Development District Capital Improvement Revenue Bonds, Series 2000A (the "2000A Bonds") and \$27,395,000 of its Miromar Lakes Community Development District Capital Improvement Revenue Bonds, Series 2000B (the "2000B Bonds"), which 2000B Bonds are no longer Outstanding (the Series 2000A Bonds hereinafter referred to as the "Refunded Bonds") as an issue of Bonds under the Master Indenture and a First Supplemental Trust Indenture, dated as of December 1, 2000 (the "First Supplemental Indenture"), from the District to the Trustee; and

WHEREAS, the District applied the proceeds of the 2000 Bonds to: (i) finance the Cost of acquiring, constructing and equipping assessable improvements (the "2000 Project"); (ii) pay certain costs associated with the issuance of the 2000 Bonds; (iii) making a deposit into the related Series Reserve Accounts for the benefit of all of the 2000 Bonds; and (iv) paying a portion of the interest to become due on the 2000 Bonds; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2000-13, 2000-14 and 2001-1 (the "Assessment Proceedings"), providing for the acquisition and construction of the certain assessable improvements within the District (the "Assessable Improvements"), defining assessable property to be benefitted by such improvements, defining the portion of the cost of such improvements with respect to which special assessments will be imposed and the manner in which such special assessments shall be levied against such benefitted property within the District (the "2000 Assessments"); and

WHEREAS, the District has determined that under existing market conditions, it would be in the best financial interest of the District to currently refund and redeem all of the Outstanding Refunded Bonds in order to achieve debt service savings and reduce the 2000 Assessments;

WHEREAS, pursuant to Resolution No 2012-02, adopted by the Governing Body of the District on June 5, 2012 (the "Award Resolution"), the District has authorized the issuance, sale and delivery of its Miromar Lakes

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due under any Letter of Credit Agreement or Liquidity Agreement (as defined in the Master Indenture), and to further secure the observance and performance by the District of all the covenants, expressed or implied, in the Master Indenture, in this Third Supplemental Indenture and in the Series 2012 Bonds: (a) has executed and delivered this Third Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture, the revenues derived by the District from the Series 2012 Assessments (the "Series 2012 Pledged Revenues") and the Funds and Accounts (except for the Series 2012 Rebate Account) established hereby (the "Series 2012 Pledged Funds and Accounts") which shall comprise a part of the Trust Estate securing the Series 2012 Bonds (the "Series 2012 Trust Estate");

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

IN TRUST NEVERTHELESS, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the Series 2012 Bonds issued or to be issued under and secured by this Third Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any one Series 2012 Bond over any other Series 2012 Bond by reason of priority in their issue, sale or execution;

PROVIDED FURTHER HOWEVER, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the Series 2012 Bonds or any Series 2012 Bond of a particular maturity issued, secured and Outstanding under this Third Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the Series 2012 Bonds and this Third 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

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Community Development District Capital Improvement Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), which are issued hereunder in the aggregate principal amount of \$12,345,000 as an issue of Bonds under the Master Indenture, and has authorized the execution and delivery of this Third Supplemental Indenture to secure the issuance of the Series 2012 Bonds and to set forth the terms of the Series 2012 Bonds; and

WHEREAS, the District will apply the proceeds of the Series 2012 Bonds to: (i) currently refund and redeem all of the Outstanding principal amount of the Refunded Bonds; (ii) pay certain costs associated with the issuance of the Series 2012 Bonds; and (iii) make a deposit into the Series 2012 Reserve Account for the benefit of all of the Series 2012 Bonds; and

WHEREAS, the Series 2012 Bonds will be payable from and secured by that portion of the Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2000 Project (the "Series 2012 Assessments"), which, together with the Series 2012 Pledged Funds and Accounts (hereinafter defined) will comprise the Series 2012 Trust Estate (hereinafter defined), which shall constitute a "Series Trust Estate" as defined in the Master Indenture; and

WHEREAS, the execution and delivery of the Series 2012 Bonds and of this Third Supplemental Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the Series 2012 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Third Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the Series 2012 Trust Estate have been done;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS THIRD 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 2012 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 2012 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder, and such other payments

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terms of the Master Indenture and this Third Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Master Indenture and this Third Supplemental Indenture, then upon such final payments, this Third Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all Series 2012 Bonds or any Series 2012 Bond of a particular maturity, otherwise this Third Supplemental Indenture shall remain in full force and effect;

THIS THIRD SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Series 2012 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 Third Supplemental Indenture), including this Third 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 2012 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:

"Beneficial Owner" shall mean the actual owner of Series 2012 Bonds while the Series 2012 Bonds are registered in the name of Cede & Co., as the nominee of DTC. The Trustee is authorized to recognize the Beneficial Owners of the Series 2012 Bonds for purposes of approvals, consents or other actions taken hereunder if beneficial ownership is proven to the satisfaction of the Trustee.

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

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

“Capital Improvement Program” shall mean the program of assessable capital improvements established by the District in the Assessment Proceedings, a portion of which is comprised of the Series 2000 Project.

“Delinquent Assessment Interest” shall mean Series 2012 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Assessment Interest has, or would have, become delinquent under State law applicable thereto.

“Delinquent Assessment Principal” shall mean Series 2012 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2012 Assessment Principal has, or would have, become delinquent under State law applicable thereto.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

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

“Interest Payment Date” shall mean each May 1 and November 1, commencing November 1, 2012.

“Majority Owners” shall mean the Beneficial Owners of more than fifty percent (50%) of the Outstanding Series 2012 Bonds.

“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.

“Redemption Date” shall mean, in the event that the Series 2012 Bonds are to be redeemed in part, any Interest Payment Date, and, in the event that the Series 2012 Bonds are to be redeemed as a whole, any date.

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Mortgage Association; the Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(iii) shares of money market mutual funds that invest only in the obligations described in (i) and (ii) above, including money market mutual funds of the Trustee bank meeting such criteria.

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

“Series 2012 Pledged Revenues” shall mean the Series 2012 Assessment Revenues.

“Series 2012 Prepayment Principal” shall mean the excess amount of Series 2012 Assessment Principal received by the District over the Series 2012 Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term Series 2012 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

“Series 2012 Reserve Account Requirement” shall mean forty percent (40%) of the Maximum Annual Debt Service Requirement for all Outstanding Series 2012 Bonds, determined from time to time as provided herein.

ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF SERIES 2012 BONDS

Section 201. Authorization of Series 2012 Bonds; Book-Entry Only Form The Series 2012 Bonds are hereby authorized to be issued in one Series in the aggregate principal amount of \$12,345,000.00 for the purposes enumerated in the recitals hereto to be designated “Miomar Lakes Community Development District Capital Improvement Revenue Refunding

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“Series 2012 Assessments” shall mean the Series 2000 Assessments imposed pursuant to the Series 2000 Assessment Proceedings, as supplemented with respect to the Series 2012 Bonds.

“Series 2012 Assessment Interest” shall mean the interest on the Series 2012 Assessments which is pledged to the Series 2012 Bonds.

“Series 2012 Assessment Principal” shall mean the principal component of the Series 2012 Assessments which is pledged to the Series 2012 Bonds.

“Series 2012 Assessment Proceedings” shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2012 Assessments which include Resolutions No. 2000-13, 2000-14, 2001-1 and 2012-[], as supplemented, adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the Series 2012 Assessments.

“Series 2012 Assessment Revenues” shall mean all revenues derived by the District from the Series 2012 Assessments, including proceeds from any foreclosure of the lien of Delinquent Series 2012 Assessments.

“Series 2012 Bonds” shall mean the District’s \$12,345,000 Miomar Lakes Community Development District Capital Improvement Revenue Refunding Bonds, Series 2012 which are issued hereunder.

“Series 2012 Investment Obligations” shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

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

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Bonds, Series 2012.” The Series 2012 Bonds shall be substantially in the form set forth as Exhibit B to this Third Supplemental Indenture. Each Series 2012 Bond shall bear the designation “Series 2012R” and shall be numbered consecutively from 1 upwards.

The Series 2012 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2012 Bond for each Series and maturity thereof. Upon initial issuance, the ownership of each such Series 2012 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding Series 2012 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 2012 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any indirect Bond Participant. Without limiting the immediately preceding 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 2012 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 2012 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 2012 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent shall treat and consider the person in whose name each Series 2012 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such Series 2012 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2012 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2012 Bond, for the purpose of registering transfers with respect to such Series 2012 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2012 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be

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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 2012 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 2012 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in this Third 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 2012 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 2012 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 2012 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the Series 2012 Bonds shall designate, in accordance with the provisions hereof.

Section 202. Terms The Series 2012 Bonds shall be two Term Bonds, shall be issued as a separate Series under the Master Indenture, shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

<u>Number</u>	<u>Principal Amount</u>	<u>Maturity Date (May 1)</u>	<u>Interest Rate</u>	<u>CUSIP</u>
2012R-1	\$4,630,000	2022	4.875%	604710AD5
2012R-2	\$7,715,000	2032	5.375%	604710AE3

Section 203. Dating and Interest Accrual. Each Series 2012 Bond shall be dated the date of initial issuance and delivery. Each Series 2012 Bond also shall bear its date of authentication. Each Series 2012 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 2012 Bond has been paid, in which event such Series 2012 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2012 Bonds, in which event, such Series 2012 Bond shall bear interest from its date. Interest on the Series 2012 Bonds shall be due and payable on each May 1 and November 1, commencing November 1, 2012, and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 204. Denominations. The Series 2012 Bonds shall be issued in Authorized Denominations.

Section 205. Paying Agent. The District appoints the Trustee as Paying Agent for the Series 2012 Bonds.

Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the Series 2012 Bonds.

Section 207. Conditions Precedent to Issuance of Series 2012 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2012 Bonds, all the Series 2012 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 copies of the Master Indenture and this Third Supplemental Indenture;

(c) A Bond Counsel opinion to the effect that: (i) the District has the right and power under the Act as amended to the date of such opinion to authorize, execute and deliver the Master Indenture and this Third Supplemental Indenture, and the Master Indenture and this Third Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their respective terms; (ii) the Master Indenture, as amended and supplemented by this Third Supplemental Indenture, creates the valid pledge which it purports to create of the Series 2012 Trust Estate in the manner and to the extent provided in the Master Indenture and this Third Supplemental Indenture; and (iii) the Series 2012 Bonds are valid, binding, special obligations of the District, enforceable in accordance with their terms and the terms of the Master Indenture and this Third Supplemental Indenture, subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally and entitled to the benefits of the Act as amended to the date of such opinion, and the Series 2012 Bonds have been duly and validly authorized and issued in accordance with law and the Master Indenture and this Third Supplemental Indenture;

(d) The District Counsel opinion required by the Master Indenture;

(e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2012 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this Third Supplemental Indenture;

(f) The executed Escrow Deposit Agreement;

(g) A certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal.

**ARTICLE III
REDEMPTION OF SERIES 2012 BONDS**

Section 301. Bonds Subject to Redemption. The Series 2012 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit B to this Third Supplemental Indenture. Interest on Series 2012 Bonds which are called for redemption shall be paid on the Redemption Date from the Series 2012 Interest Account corresponding to the Series 2012 Bonds to be called or from the Series 2012 Revenue Account to

the extent monies in the corresponding Series 2012 Interest Account are insufficient for such purpose.

Section 302. Conditional Notice of Redemption. Notwithstanding any other provision of the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

**ARTICLE IV
DEPOSIT OF SERIES 2012 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF**

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

(a) There is hereby established within the Acquisition and Construction Fund held by the Trustee a Series 2012 Costs of Issuance Account.

(b) There are hereby established, (i) within the Debt Service Fund held by the Trustee, a Series 2012 Debt Service Account and therein a Series 2012 Principal Account, a Series 2012 Sinking Fund Account and a Series 2012 Interest Account; and (ii) in the Redemption Fund held by the Trustee, a Series 2012 Redemption Account, and, therein a Series 2012 Prepayment Subaccount and an Optional Redemption Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a Series 2012 Reserve Account, which shall be held for the benefit of all of the Series 2012 Bonds, without distinction and without privilege or priority of one Series 2012 Bond over another;

(d) There is hereby established within the Revenue Fund held by the Trustee a Series 2012 Revenue Account; and

(e) There is hereby established within the Rebate Fund held by the Trustee a Series 2012 Rebate Account.

Section 402. Use of Series 2012 Bond Proceeds. The net proceeds from the sale of the Series 2012 Bonds, consisting of \$12,345,000 principal amount of Series 2012 Bonds, less Underwriter's discount of \$246,900.00, less original issue discount in the amount of \$148,453.60, resulting in net

proceeds of \$11,949,646.40, together with \$1,552,541.82 transferred from the Funds and Accounts for the Refunded Bonds shall as soon as practicable upon the delivery thereof to the Trustee by the District pursuant to Section 207 of the Master Indenture, be applied as follows:

(a) \$110,247.16, representing the costs of issuance relating to the Series 2012 Bonds shall be deposited from the net proceeds of the Series 2012 Bonds to the credit of the Series 2012 Costs of Issuance Account;

(b) \$401,237.50 shall be deposited from the net proceeds of the Series 2012 Bonds to the credit of the Series 2012 Reserve Account;

(c) \$76,491.48 shall be transferred from the Series 2000 Revenue Account to the Series 2012 Revenue Account;

(d) of the balance of the proceeds of the Series 2012 Bonds \$11,438,161.74, together with \$493,201.48 transferred from the Series 2000 Revenue Account, \$1,969.23 transferred from the Series 2000A Prepayment Subaccount, \$493,201.48 transferred from the Series 2000A Reserve Account for a total of \$12,914,212.08, shall be deposited to the Escrow Fund established pursuant to the Escrow Deposit Agreement to refund and redeem the Prior Bonds on October 19, 2012.

Section 403. Series 2012 Costs of Issuance Account. The amount deposited in the Series 2012 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the Series 2012 Bonds. On April 1, 2013 any amounts remaining in the Series 2012 Costs of Issuance Account shall be transferred over and deposited into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account in the Redemption Fund and used for the purposes permitted therefor.

Section 404. Series 2012 Reserve Account. Amounts on deposit in the Series 2012 Reserve Account shall be used only for the purpose of making payments into the Series 2012 Interest Account and the Series 2012 Sinking Fund Account to pay Debt Service on the Series 2012 Bonds, when due, without distinction as to Series 2012 Bonds and without privilege or priority of one Series 2012 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose, except as specified in this Third Supplemental Indenture. Such Account shall consist only of cash and Series 2012 Investment Obligations.

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Installments recalculated so as to amortize the Outstanding principal amount of the Series 2012 Term Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2012 Term Bonds, taking into account the Outstanding Series 2012 Serial Bonds redeemed in accordance with Section 405(a) above.

Section 406. Tax Covenants and Rebate Accounts. The District shall comply with the Tax Regulatory Covenants set forth as Exhibit B to this Third Supplemental Indenture, as amended and supplemented from time to time in accordance with their terms.

Section 407. Establishment of Series 2012 Revenue Account in Revenue Fund; Application of Revenues and Investment Earnings.

(a) The Trustee is hereby authorized and directed to establish within the Revenue Fund a Series 2012 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein by this Section 407 or by any other provision of the Master Indenture or this Third Supplemental Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2012 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

(b) The District shall deposit into Series 2012 Revenue Account the amounts other than Series 2012 Assessment Revenues required to be deposited therein in accordance with the provisions of this Supplemental Indenture. In addition, the District shall deposit Series 2012 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such Series 2012 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

(i) Series 2012 Assessment Principal, which shall be deposited into the Series 2012 Principal Account to pay the Series 2012 Serial Bonds or the Series 2012 Sinking Fund Account to pay the Series 2012 Term Bonds, as applicable;

(ii) Series 2012 Prepayment Principal which shall be deposited into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account;

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Anything herein or in the Master Indenture to the contrary notwithstanding, on the forty-fifth (45th) day preceding each Redemption Date (or, if such forty-fifth (45th) day is not a Business Day, on the first Business day preceding such forty-fifth (45th) day), the Trustee is hereby authorized and directed to recalculate the Series 2012 Reserve Account Requirement, taking into account any redemptions to be made on the next succeeding Redemption Date, and to transfer any excess on deposit in the Series 2012 Reserve Account, into the Series 2012 Prepayment Subaccount of the Series 2012 Redemption Account and applied to the extraordinary mandatory redemption of the Series 2012 Bonds.

On the earliest date on which there is on deposit in the Series 2012 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2012 Bonds, together with accrued interest and redemption premium, if any, on such Series 2012 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2012 Reserve Account into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account to pay and redeem all of the Outstanding Series 2012 Bonds on the earliest date permitted for redemption therein and herein.

Section 405. Amortization Installments; Selection of Bonds for Redemption.

(a) The Amortization Installments established for the Series 2012 Term Bonds shall be as set forth in the forms of Bonds attached hereto. If there shall be issued Series 2012 Serial Bonds, such Series 2012 Serial Bonds shall be selected for redemption from Series 2012 Prepayments in such a manner that after such redemption, the then Outstanding principal amount of Series 2012 Serial Bonds and Series 2012 Term Bonds, after taking into account the provisions of Section 405(b) hereof, shall be payable in substantially equal annual installments of principal and interest (subject to rounding for Authorized Denominations) over the remaining term of such Outstanding Series 2012 Bonds. The District shall prepare and deliver to the Trustee a cash flow certificate of the type described in Section 506(b) of the Master Indenture reflecting such Debt Service payment schedule.

(b) Upon any redemption of Series 2012 Term Bonds (other than Series 2012 Term Bonds redeemed in accordance with scheduled Amortization Installments and other than Series 2012 Term Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section 506(b) of the Master Indenture), the District shall cause to be recalculated and delivered to the Trustee revised Amortization

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(iii) Series 2012 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the Series 2012 Reserve Account to pay the principal of Series 2012 Bonds, and, the balance, if any, shall be deposited into the Series 2012 Principal Account or the Series 2012 Sinking Fund Account, as applicable;

(iv) Series 2012 Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the Series 2012 Reserve Account to pay the interest on Series 2012 Bonds, and, the balance, if any, deposited into the Series 2012 Revenue Account; and

(v) all other Series 2012 Assessment Revenues, which shall be deposited into the Series 2012 Revenue Account.

(c) On the forty-fifth (45th) day preceding each Redemption Date (or if such forty-fifth (45th) day is not a Business Day, on the Business Day next preceding such forty-fifth (45th) day), the Trustee shall determine the amount on deposit in the Series 2012 Prepayment Subaccount, and, if the balance therein is greater than zero, shall transfer from the Series 2012 Revenue Account for deposit into the Series 2012 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2012 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2012 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of the Series 2012 Bonds set forth in the form of Series 2012 Bond attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall transfer amounts on deposit in the Series 2012 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, from the Series 2012 Revenue Account to the Series 2012 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all Series 2012 Bonds then Outstanding on such May 1 or November 1 less any other amount already on deposit in the Series 2012 Interest Account not previously credited;

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SECOND, to the Series 2012 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2012 Term Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2012 Sinking Fund Account not previously credited, and to the Series 2012 Principal Account, the amount, if any, equal to the difference between the principal of all Series 2012 Serial Bonds maturing on such May 1, and the amount already on deposit in the Series 2012 Principal Account not previously credited;

THIRD, to the Series 2012 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2012 Reserve Account Requirement with respect to the Series 2012 Bonds; and

FOURTH, the balance shall be retained in the Series 2012 Revenue Account.

Anything herein to the contrary notwithstanding, it shall not, a fortiori, constitute an Event of Default hereunder if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefor.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the Series 2012 Revenue Account to the Rebate Account established for the Series 2012 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants.

(f) On or after each November 2, the balance on deposit in the Series 2012 Revenue Account on such November 2 shall be deposited into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account in the Redemption Fund and applied on the next succeeding Redemption Date to the extraordinary redemption of Series 2012 Bonds; provided however, that on the date of such proposed transfer the amount on deposit in the Series 2012 Reserve Account in the Series 2012 Debt Service Reserve Fund shall be equal to the Series 2012 Reserve Account Requirement, and, provided further, that the Trustee shall not have actual knowledge (as described in Section 606 of the Master Indenture) of an Event of Default under the Master Indenture or hereunder relating to any of the Series 2012 Bonds, including the payment of Trustee's fees and expenses then due.

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Third Supplemental Indenture by the District or for the recitals contained herein, all of which are made solely by the District.

Section 503. Trustee's Duties. Except as otherwise expressly stated in this Third 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 VI thereof.

Section 504. Extraordinary Fees and Expenses of Trustee. In the event that the Trustee shall be required under the Indenture or directed by the Owners of the Series 2012 Bonds to take actions to enforce the collection of Delinquent Assessments or to take any other extraordinary actions under the Indenture, the Trustee shall be entitled to withdraw its reasonable fees and expenses, including reasonable attorney fees, from the Series 2012 Trust Estate, which right shall have priority over all other rights.

ARTICLE VI ADDITIONAL BONDS

Section 601. Additional Bonds. The District covenants and agrees that so long as there are any Series 2012 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2012 Trust Estate; provided, however, that the District may issue Bonds under the Master Indenture or under another indenture for purposes permitted by the Act which are secured by Assessments levied on the same tax parcels subject to the Series 2012 Assessments.

ARTICLE VII MISCELLANEOUS

Section 701. Confirmation of Master Indenture. As supplemented by this Third Supplemental Indenture, the Master Indenture is in all respects ratified and confirmed, and this Third 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 Third Supplemental Indenture and to the Series 2012 Bonds issued hereunder.

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(g) Anything herein or in the Master Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the Series 2012 Bonds shall be invested only in Series 2012 Investment Obligations. Earnings on investments in the Series 2012 Debt Service Accounts, and the Subaccounts therein, and the Series 2012 Redemption Account and the Subaccounts therein shall be deposited, as realized, to the credit of the Series 2012 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2012 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2012 Reserve Account as of the most recent date on which amounts on deposit in the Series 2012 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2012 Reserve Account since such date which have created a deficiency, then earnings on the Series 2012 Reserve Account shall be deposited into Series 2012 Revenue Account and applied as provided for moneys on deposit therein; and

(ii) if as of the last date on which amounts on deposit in the Series 2012 Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 of the Master Indenture), or if after such date withdrawals have been made from the Series 2012 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2012 Reserve Account shall be deposited into the Series 2012 Reserve Account until the amount on deposit therein is equal to the Series 2012 Reserve Account Requirement, and then earnings on the Series 2012 Reserve Account shall be deposited into the Series 2012 Revenue Account and applied as provided for moneys on deposit therein.

ARTICLE V CONCERNING THE TRUSTEE

Section 501. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this Third Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this

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Section 702. Continuing Disclosure Agreement. Contemporaneously with the execution and delivery hereof, the District has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934. The District covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement; however, as set forth therein, failure to so comply shall not constitute an Event of Default hereunder, but, instead shall be enforceable by mandamus, injunction or any other means of specific performance.

Section 703. Additional Covenant Regarding Assessments. In addition, and not in limitation of, the covenants contained elsewhere in this Third Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2012 Assessments, and to levy the Series 2012 Assessments and any required true up payments, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2012 Bonds, when due.

The District further covenants and agrees that it will not reduce the Series 2012 Assessment on any tax parcel from that set forth in the Assessment Proceedings on account of any reduction in Debt Service on the Series 2012 Bonds resulting from a redemption of Series 2012 Bonds from amounts deposited into the Series 2012 Prepayment Subaccount in the Series 2012 Redemption Account in the Redemption Fund except to the extent such Series 2012 Assessment was prepaid.

Section 704. Collection of Assessments. Anything herein or in the Master Indenture to the contrary notwithstanding, the District shall not be required to employ the Uniform Method to collect the Series 2012 Assessments with respect to any tax parcel which has not been platted for its intended use and issued a separate tax parcel identification number prior to the date on which a tax roll is required to be certified to the Tax Collector.

Section 705. Covenants with Regard to Enforcement and Collection of Delinquent Assessments. Anything herein or in the Master Indenture to the contrary notwithstanding, the District covenants and agrees that upon the occurrence and continuance of an Event of Default, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments, the provisions for the foreclosure of liens of Delinquent Assessments and will take such other

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appropriate remedial actions as shall be directed by the Trustee acting at the direction of, and on behalf of, the Majority Owners.

If the owner of any tax parcel shall be delinquent in the payment of any Series 2012 Assessment, then such Series 2012 Assessment shall be enforced in accordance with the provisions of Chapters 170, 173 and/or 197, Florida Statutes, including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Series 2012 Assessment, the entire unpaid balance of such Series 2012 Assessment may, by operation of law, be in default and, at its own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, and Sections 190.011(14), 190.026 and/or 170.10, Florida Statutes, or otherwise as provided by law. The District further covenants to furnish, at its expense, to any Owner of Series 2012 Bonds so requesting, sixty (60) days after the due date of each annual installment, a list of all Delinquent Assessments together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments.

If any tax certificates relating to Delinquent Series 2012 Assessments which are pledged to the Series 2012 Bonds are sold by the Tax Collector pursuant to the provisions of Section 197.432, Florida Statutes, or if any such tax certificates are not sold but are later redeemed, the proceeds of such sale or redemption (to the extent that such proceeds relate to the Series 2012 Assessments), less any commission or other charges retained by the Tax Collector, shall, if paid by the Tax Collector to the District, be paid by the District to the Trustee not later than five (5) Business Days following receipt of such proceeds by the District and shall be deposited by the Trustee to the credit of the Series 2012 Revenue Account.

If any property shall be offered for sale for the nonpayment of any Series 2012 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2012 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Series 2012 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name title to the property for the benefit of the Owners of the Series 2012 Bonds. The District, either through its own actions, or actions caused to be taken through

the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2012 Revenue Account. The District may, with the consent of the Trustee or the Majority Owners, for such purposes create, or cause to be created, a single purpose entity to hold title to, and manage, any foreclosed property or property deeded in lieu of foreclosure pursuant to the foregoing and such single purpose entity shall comprise a part of the Series 2012 Trust Estate to the same extent as the Series 2012 Assessments which were Delinquent. Not less than ten (10) days prior to the filing of any foreclosure action as provided herein or in the Master Indenture, the District shall cause written notice thereof to be mailed to any designated agents of the Owners of the Series 2012 Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to such representatives. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it for the Owners of Series 2012 Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Majority Owners.

Section 706. Requisite Owners for Direction or Consent. Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires fifty-one percent of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Owners.

IN WITNESS WHEREOF, Miromar Lakes Community Development District has caused these presents to be signed in its name and on its behalf by its Chairman, and its official seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its Vice President.

SEAL **MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT**
Attest: _____
Secretary

By: _____
Chairman, Board of Supervisors

U.S. BANK NATIONAL ASSOCIATION, as successor in trust to First Union National Bank, as Trustee

By: _____
Vice President

EXHIBIT A
FORM OF SERIES 2012 BONDS
[TEXT OF SERIES 2012 BOND FACE]

No. Series 2012R- \$

United States of America

State of Florida

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

CAPITAL IMPROVEMENT REVENUE REFUNDING BOND,

SERIES 2012

Interest Rate	Maturity Date	Dated Date	CUSIP
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Registered Owner: CEDE & CO.

Principal Amount:

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on November 1, 2012, until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed

paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not 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, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank National Association, located in Fort Lauderdale, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"). Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular record date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the Series 2012 Bonds, as defined below). 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 "Capital Improvement Revenue Refunding Bonds, Series 2012" in the aggregate principal amount of \$12,345,000 (the "Series 2012 Bonds") (the "Series 2012 Bonds," together with any other Bonds issued under and governed by the terms of, the Master Indenture, are hereinafter collectively referred to as the "Bonds"), under a Master Trust Indenture, dated as of December 1, 2000 (the "Master Indenture"), between the District and U.S. Bank National Association, located in Fort Lauderdale, Florida, as successor in trust to First Union National Bank, as trustee (the "Trustee"), as amended and supplemented by a Third Supplemental Indenture, dated as of September 1, 2012 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The Series 2012 Bonds are issued in an aggregate principal amount of

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\$12,345,000 to: (i) currently refund and redeem all of the Outstanding principal amount of the Refunded Bonds; (ii) pay certain costs associated with the issuance of the Series 2012 Bonds; and (iii) make a deposit into the Series 2012 Reserve Account for the benefit of all of the Series 2012 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS BOND AND THE SERIES OF WHICH IT IS A PART AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE SERIES 2012 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2012 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2012 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2012 PLEDGED REVENUES AND THE SERIES 2012 PLEDGED FUNDS PLEDGED TO THE SERIES 2012 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Miromar Lakes Community Development District has caused this Bond to bear the signature of the Chairman of its

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Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

Attest: **MIROMAR LAKES
COMMUNITY DEVELOPMENT
DISTRICT**

Secretary By: Chairman, Board of Supervisors

[Official Seal]

**[FORM OF CERTIFICATE OF AUTHENTICATION FOR SERIES
2012 BONDS]**

This Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

**U.S. BANK
NATIONAL ASSOCIATION,
as Trustee**

Date of Authentication: By: Vice President

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[TEXT OF SERIES 2012 BOND]

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes (2012), and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments (as defined in the Indenture), the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The Series 2012 Bonds are equally and ratably secured by the Series 2012 Trust Estate, without preference or priority of one Series 2012 Bond over another. The Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on a parity with the Series 2012 Bonds as to the lien and pledge of the Trust Estate.

The Series 2012 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 Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Fort Lauderdale, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Fort Lauderdale, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same

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maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Series 2012 Bonds maturing on or before May 1, 2022 are not subject to redemption at the option of the District. The Series 2012 Bonds maturing on or after May 1, 2023 are subject to redemption prior to maturity on or after May 1, 2022 at the option of the District, in whole or in part, on a Redemption Date (less than all Series 2012 Bonds to be selected by lot) at the Redemption Price of the principal amount being redeemed, together with accrued interest to the date of redemption and without premium.

The Series 2012 Term Bonds maturing May 1, 2022 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2012 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
2013	\$365,000
2014	390,000
2015	405,000
2016	425,000
2017	450,000
2018	470,000
2019	495,000
2020	515,000
2021	545,000
2022*	570,000

The Series 2012 Term Bonds maturing May 1, 2032 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2012 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization

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moneys available therefor, are sufficient to pay and redeem all of the Series 2012 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2012 Bonds shall be called for redemption, the particular Series 2012 Bonds or portions of Series 2012 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of Series 2012 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of Series 2012 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 2012 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 2012 Bonds or such portions thereof on such date, interest on such Series 2012 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2012 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 2012 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Owner of this Bond shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2012 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

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Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
2023	\$600,000
2024	635,000
2025	670,000
2026	700,000
2027	740,000
2028	780,000
2029	825,000
2030	870,000
2031	920,000
2032*	975,000

*Maturity

As more particularly set forth in the Master Indenture and Supplemental Indenture, any Series 2012 Term 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 2012 Term Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Series 2012 Term Bonds other than from scheduled Amortization Installments so as to reamortize the remaining Outstanding principal balance of the Series 2012 Term Bonds and Series 2012 Serial Bonds in substantial equal annual installments of principal and interest over the remaining term thereof (subject to rounding for Authorized Denominations) as set forth in the Supplemental Indenture.

The Series 2012 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole or in part on a Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption from amounts transferred to the Series 2012 Prepayment Subaccount of the Series 2012 Redemption Account in accordance with the terms of the Indenture, and, on the date on which the amount on deposit in the Series 2012 Reserve Account, together with other

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Modifications or alterations of the Master Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Master Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for six (6) years after the date when such Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities (as defined in the Indenture) sufficient to pay the principal or redemption price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Series 2012 Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

This Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which refunds Bonds which were validated by judgment of the Circuit Court for Lee County, Florida, rendered on November 6, 2000 the period for appeal having expired and no appeal from such final judgment having been taken.

Chairman

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[FORM OF BOND COUNSEL OPINION]

[FORM OF ABBREVIATIONS FOR SERIES 2012 BONDS]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenants by the entireties

JU TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANSFER MIN ACT - _____ Custodian _____ under Uniform Transfer to Minors Act _____ (Cust.) (Minor) (State)

Additional abbreviations may also be used

though not in the above list.

[FORM OF ASSIGNMENT FOR SERIES 2012 BONDS]

For value received, the undersigned hereby sells, assigns and transfers unto

_____ within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

Dated:

Social Security Number or Employer

Identification Number of Transferee:

Signature guaranteed:

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EXHIBIT B

TO THIRD SUPPLEMENTAL TRUST INDENTURE

TAX REGULATORY COVENANTS

These Arbitrage Rebate Covenants (the "Covenants") are intended to set forth certain duties and requirements necessary for compliance with Section 148(f) of the Code to the extent necessary to preserve the tax exempt treatment of interest on the Miromar Lakes Community Development District Capital Improvement Revenue Bonds, Series 2012 (the "Series 2012 Bonds"). These Covenants are based upon Section 148(f) of the Code and by analogy, to the Regulations. However, it is not intended to be exhaustive.

The Bonds will be issued pursuant to a Master Trust Indenture, dated as of December 1, 2000 (the "Master Indenture"), from Miromar Lakes Community Development District (the "District") and U.S. Bank National Association, Fort Lauderdale, Florida, as trustee (the "Trustee"), as amended and supplemented by a Third Supplemental Trust Indenture, dated as of September 1, 2012 (the "Supplemental Indenture") (the Master Indenture, as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture").

Since the requirements of such Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify these Covenants from time to time to reflect any additional or different requirements of such Section and the Regulations or to specify that action required hereunder is no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of interest with respect to the Series 2012 Bonds.

For purposes hereof, any covenant relating to a fund, account or subaccount established under the Indenture shall be deemed to apply only to that portion of such fund, account or subaccount allocable to the Series 2012 Bonds.

SECTION 1. TAX COVENANTS. Pursuant to the Indenture, the District has made certain covenants designed to assure that the interest with respect to the Series 2012 Bonds is and shall remain excludable from gross income for purposes of federal income taxation. The District shall not, directly or indirectly, use or permit the use of any proceeds

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NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

of the Series 2012 Bonds or any other funds or take or omit to take any action that would cause the Series 2012 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause interest on the Series 2012 Bonds to be included in gross income for federal income tax purposes under the provisions of the Code. The District shall comply with all other requirements as shall be determined by Bond Counsel to be necessary or appropriate to assure that interest on the Series 2012 Bonds will be excludable from gross income for purposes of federal income taxation. To that end, the District shall comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2012 Bonds.

SECTION 2. DEFINITIONS. Capitalized terms used herein, not otherwise defined herein, shall have the same meanings set forth in the Indenture and in the District's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Series 2012 Bonds.

"Bond Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the District.

"Bond Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date selected by the District as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Final Computation Date" means the date the Series 2012 Bonds are discharged.

"Gross Proceeds" means, with respect to the Series 2012 Bonds:

- (1) Amounts constituting Sale Proceeds of the Series 2012 Bonds.

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(2) Amounts constituting Investment Proceeds of the Series 2012 Bonds.

(3) Amounts constituting Transferred Proceeds of the Series 2012 Bonds.

(4) Other amounts constituting Replacement Proceeds of the Series 2012 Bonds, including Pledged Moneys.

“Investment Proceeds” means any amounts actually or constructively received from investing proceeds of the Series 2012 Bonds.

“Investment Property” shall have the meaning as ascribed to such term in Section 148(b)(2) of the Code, which includes any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(e) of the Regulations.

“Issue Date” means September 18, 2012.

“Net Proceeds” means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

“Nonpurpose Investment” means any Investment Property in which Gross Proceeds are invested which is not an investment that is acquired to carry out the governmental purpose of the Series 2012 Bonds, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Series 2012 Bonds, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund, as referenced in Section 1.148-1(b) of the Regulations.

“Nonpurpose Payments” shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

“Nonpurpose Receipts” shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

“Pledged Moneys” means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Series 2012 Bonds (or to

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“Rebate Account” means the Rebate Account established pursuant to the Indenture and described in Section 3 hereof.

“Regulations” means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

“Replacement Proceeds” means amounts that have a sufficiently direct nexus to the Series 2012 Bonds or to the governmental purpose of the Series 2012 Bonds to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Series 2012 Bonds were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on the Series 2012 Bonds if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

“Sale Proceeds” means any amounts actually or constructively received by the District from the sale of the Series 2012 Bonds, including amounts used to pay underwriters' discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Series 2012 Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

“Tax-Exempt Investment” means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of these Covenants, a tax-exempt mutual fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable taxable year; having only one class of stock authorized and

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reimburse a municipal bond insurer) or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Series 2012 Bonds (or to reimburse a municipal bond insurer) if the District encounters financial difficulties.

“Pre-Issuance Accrued Interest” means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

“Proceeds” means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

“Qualified Administrative Costs” means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the District treats as a Qualified Administrative Cost does not exceed the lesser of (a) \$37,000 (for calendar year 2012), or (b) the greater of (x) .2% of the “computational base,” or (y) \$4,000; and (2) the District does not treat as Qualified Administrative Costs more than \$103,000 (for calendar year 2012) in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, “computational base” shall mean, with respect to guaranteed investment contracts, the amount of Gross Proceeds the District reasonably expects, as of the date the contract is acquired, to be deposited in the guaranteed investment contract over the term of the contract and for investments other than guaranteed investment contracts, “computational base” shall mean the amount of Gross Proceeds initially invested in such investments. The above-described safe harbor dollar amounts shall be increased each calendar year for cost-of-living adjustments pursuant to Section 1.148-5(e) of the Regulations.

“Rebatable Arbitrage” means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

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outstanding; investing all of its assets in tax exempt obligations to the extent practicable; and having at least 98% of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax exempt obligations or (2) the weighted average value of its assets represented by investments in tax exempt obligations.

“Transferred Proceeds” shall have the meaning provided therefor in Section 1.148-9 of the Regulations.

“Universal Cap” means the value of all then outstanding Series 2012 Bonds.

“Value” (of a Series 2012 Bond) means with respect to a Series 2012 Bond issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other Series 2012 Bond, its present value.

“Value” (of an Investment) shall have the following meaning in the following circumstances:

(1) **General Rules.** Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;

(b) a fixed rate investment may be valued at its present value on such date; and

(c) an investment may be valued at its Fair Market Value on such date.

(2) **Special Rules.** Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

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(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

“Yield on the Series 2012 Bonds,” “2012 Bond Yield” or “Bond Yield” means, for all Computation Dates, the Yield expected as of the date hereof on the Series 2012 Bonds over the term of such Bonds computed by:

(i) using as the purchase price of the Series 2012 Bonds, the amount at which such Series 2012 Bonds were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(ii) assuming that all of the Series 2012 Bonds will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

“Yield” means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Series 2012 Bonds on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded semi-annually. For this purpose the purchase price of a Nonpurpose Investment or a Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of these Covenants, as of the date that it becomes allocated to Gross Proceeds of the Series 2012 Bonds.

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required reserve or replacement fund (meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then, except as to the Reserve Account, Rebatable Arbitrage with respect to such Gross Proceeds need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Series 2012 Bonds shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, then the requirements described herein relating to the calculation of Rebatable Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six month period. Any other amounts not described in this Section 3(d) which constitute proceeds of the Series 2012 Bonds, other than a bona fide debt service fund, will be subject to rebate.

(e) As an alternative to Section 3(d) above, the obligation of the District to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2012 Bonds if (i) the rebate requirement is met for all proceeds of the Series 2012 Bonds other than Gross Proceeds (as defined in Section 3(d) hereof) and (ii) the Gross Proceeds are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 15% of such Gross Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 60% of such Gross Proceeds are spent within the 1-year period beginning on the Issue Date; and

(iii) at least 100% of such Gross Proceeds are spent within the 18-month period beginning on the Issue Date.

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SECTION 3. REBATE REQUIREMENTS.

(a) The District shall pay to the United States Government at the times and in the amounts determined hereunder, the Rebatable Arbitrage. For purposes of determining the Rebatable Arbitrage, the District shall cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate.

(b) Pursuant to the Indenture, there has been established an account separate from any other fund or account established and maintained under the Indenture designated the “_____ Rebate Account.” The District or its designated agent shall administer the Rebate Account and continuously invest all amounts held in the Rebate Account in Federal Securities (as defined in the Indenture) or Tax-Exempt Investments.

(c) Within 30 days after any Computation Date, the District shall calculate or cause to be calculated the Rebatable Arbitrage or any penalty due pursuant to Section 3(f) hereof. Immediately following such calculations, but in no event later than 60 days following the Computation Date (90 days in the case of any penalty payment due pursuant to Section 3(f) hereof), the District shall remit an amount which when added to the future value of previous rebate payments shall not be less than 90% (100% with respect to the Computation Date on the final repayment or retirement of the Series 2012 Bonds) of the Rebatable Arbitrage or 100% of any penalty due pursuant to Section 3(f) hereof as of the applicable Computation Date.

Each payment shall be accompanied by Internal Revenue Service Form 8038-T.

(d) The obligation to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2012 Bonds if (i) Gross Proceeds are expended for the governmental purpose of the Series 2012 Bonds by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Series 2012 Bonds and (ii) the requirement to pay Rebatable Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Series 2012 Bonds is met. For purposes of the preceding sentence, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably

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As set forth in Section 1.148-7(d)(2) of the Regulations, for purposes of the expenditure requirements set forth in this Section 3(e), 100% of the Gross Proceeds of the Series 2012 Bonds shall be treated as expended for the governmental purposes of the issue within the 18-month period beginning on the Issue Date if such requirement is met within the 30-month period beginning on the Issue Date and such requirement would have been met within such 18-month period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Series 2012 Bonds). If Gross Proceeds are in fact expended by such dates, then Rebatable Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Any failure to satisfy the final spending requirement shall be disregarded if the District exercises due diligence to complete the project financed by the Series 2012 Bonds and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2012 Bonds or (ii) \$250,000. Use of Gross Proceeds to redeem the Series 2012 Bonds shall not be treated as an expenditure of such Gross Proceeds. For purposes of this Section 3(e), “Gross Proceeds” shall be modified as described in Section 3(d) above.

(f) As an alternative to Sections 3(d) and (e) above, the obligation to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Series 2012 Bonds if the Available Construction Proceeds (as defined in Section 148(f)(4)(C)(vi) of the Code and described below) are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 10% of such Available Construction Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 45% of such Available Construction Proceeds are spent within the 1-year period beginning on the Issue Date;

(iii) at least 75% of such Available Construction Proceeds are spent within the eighteen-month period beginning on the Issue Date; and

(iv) at least 100% of such Available Construction Proceeds are spent within the 2-year period beginning on the Issue Date.

For purposes of this Section 3(f), the term Available Construction Proceeds means the Net Proceeds of the Series 2012 Bonds, increased by

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earnings on the Net Proceeds, earnings on amounts in the Reserve Account to the extent that such amounts were not funded from proceeds of the Series 2012 Bonds, and earnings on all of the foregoing earnings, and reduced by the amount of the Net Proceeds deposited to the Reserve Account and amounts used to pay issuance costs (including bond insurance premiums). Notwithstanding the foregoing, Available Construction Proceeds shall not include amounts earned on the Reserve Account after the earlier of the close of the two-year period beginning on the Issue Date or the date construction is substantially completed. Any amounts which constitute proceeds of the Series 2012 Bonds other than Available Construction Proceeds and amounts on deposit in a bona fide debt service fund will be subject to rebate.

As set forth in Section 148(f)(4)(C)(iii) of the Code, for purposes of the expenditure requirements set forth in this Section 3(f), 100% of Available Construction Proceeds of the Series 2012 Bonds shall be treated as expended for the governmental purposes of the issue within the 2-year period beginning on the Issue Date if such requirement is met within the 3-year period beginning on the Issue Date and such requirement would have been met within such 2-year period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Series 2012 Bonds). Use of Available Construction Proceeds to redeem the Series 2012 Bonds shall not be treated as an expenditure of such Proceeds.

Any failure to satisfy the final spending requirement shall be disregarded if the District exercises due diligence to complete the project financed by the Series 2012 Bonds and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Series 2012 Bonds or (ii) \$250,000.

For purposes of Section 148(f)(4)(C)(vii) of the Code, in the event the District fails to meet the expenditure requirements referred to above, the District may elect to pay, in lieu of the Rebateable Arbitrage otherwise required to be paid with respect to such Gross Proceeds, a penalty with respect to the close of each 6-month period after the Issue Date equal to 1.5% of the amount of the Available Construction Proceeds of the Series 2012 Bonds which, as of the close of such period, are not spent as required by the expenditure provisions set forth above. The penalty referred to above shall cease to apply only after the Series 2012 Bonds (including any refunding bonds issued with respect thereto) are no longer outstanding. The District makes no election in regard to the above-described penalty.

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date of acquisition (disposition) or, if earlier, on the date of a binding contract to acquire (dispose of) such Nonpurpose Investment.

SECTION 4. MARKET PRICE RULES. Except as provided below, the District agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to these Covenants shall be made to the extent permitted by law. In this regard, the District agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Account) for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) Established securities markets. Except as otherwise provided below, any market especially established to provide a security or obligation to an issuer of municipal obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) Arm's-length price. Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in an arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The District makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

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In order to qualify for the exemption from the obligation to pay Rebateable Arbitrage to the United States pursuant to this Section 3(f), at least 75% of the Available Construction Proceeds must be used for construction expenditures (as defined in Section 1.148-7(g) of the Regulations) with respect to property which is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code. The term "construction" includes reconstruction and rehabilitation of existing property and rules similar to the rules of Section 142(b)(1)(B) of the Code shall apply. If only a portion of an issue is to be used for construction expenditures, such portion and the other portion of such issue may, at the election of the issuer, be treated as separate issues for purposes of this Section 3(f) (although the remaining portion may not be entitled to the benefits of Section 3(d) hereof). The District does not elect to treat any portion of the Series 2012 Bonds as a separate issue.

(g) The District shall keep proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Series 2012 Bonds, including moneys derived from, pledged to, or to be used to make payments on the Series 2012 Bonds. Such records shall, at a minimum, be adequate to enable the District or its consultants to make the calculations for payment of Rebateable Arbitrage as required by these Covenants. The records required to be maintained under this Section 3(g) shall be retained by the District until six years after the retirement of the last obligation of the Series 2012 Bonds or for such other period as the United States Treasury may by regulations otherwise provide. Such records shall at least specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price (including the amount of accrued interest to be stated separately), (ii) identifying information, including par amount, coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, (v) the dates of acquisition and disposition or maturity, (vi) the amount of original issue discount or premium (if any), (vii) the frequency of periodic payments (and actual dates and amounts of receipts), (viii) the period of compounding, (ix) the transaction costs (e.g., commissions) incurred in acquiring, carrying or disposing of the Nonpurpose Investments, and (x) market price data sufficient to establish that the purchase price (disposition price) was not greater than (less than) the arm's-length price (see Section 4 below) on the

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(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the District or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the District reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the District's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the District must meet all of the following requirements:

(1) The District receives at least three bids from providers that the District solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting

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transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(2) At least one of the three bids described in paragraph (c)(ii)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(3) If the District uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) *Guaranteed investment contracts.* If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) *Other Nonpurpose Investments.* If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the District compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the District from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

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solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

SECTION 5. MODIFICATION UPON RECEIPT OF BOND COUNSEL OPINION. Notwithstanding any provision of these Covenants, if the District shall receive an opinion of Bond Counsel that any specified action required under these Covenants is no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of interest with respect to the Series 2012 Bonds, the District may conclusively rely on such opinion in complying with the requirements of these Covenants and the covenants herein shall be deemed to be modified to that extent. These Covenants shall be amended or modified by the parties hereto in any manner which is necessary to comply with such regulations as may be promulgated by the United States Treasury Department from time to time.

SECTION 6. ACCOUNTING FOR GROSS PROCEEDS. In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the District must adopt reasonable and consistently applied methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the District agrees to comply.

SECTION 7. ADMINISTRATIVE COSTS OF INVESTMENTS. Except as otherwise provided in this Section 7, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments.

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(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

(d) The District shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Series 2012 Bond is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the District for the investments, including a record of any administrative costs paid by the District and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid

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Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the District such as employee salaries and office expenses and costs associated with computing Rebutable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

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ALLOCATION AND ACCOUNTING RULES

(a) General Rule. Any issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) Allocation of Gross Proceeds to an Issue. Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) Allocation of Gross Proceeds to Investments. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) Allocation of Gross Proceeds to Expenditures. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) Commingled Funds. Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are

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(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital

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invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This market-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

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expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

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APPENDIX B

**PROPOSED FORM OF APPROVING OPINION
OF BOND COUNSEL**

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**FORM OF BOND COUNSEL OPINION
WITH RESPECT TO THE SERIES 2012 BONDS**

Upon delivery of the Series 2012 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to the Series 2012 Bonds in substantially the following form:

(Date of Closing)

Board of Supervisors
Miromar Lakes Community
Development District

Re: \$12,345,000 Miromar Lakes Community Development District
Capital Improvement Revenue Refunding Bonds, Series 2012

We have served as bond counsel in connection with the issuance by Miromar Lakes Community Development District (the "District"), a community development district established and existing pursuant to Chapter 190, Florida Statutes, as amended (the "Act"), of its "\$12,345,000 Miromar Lakes Community Development District Capital Improvement Revenue Refunding Bonds, Series 2012" (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued under and pursuant to the Constitution and laws of the State of Florida, a Master Trust Indenture (the "Master Indenture"), dated as of December 1, 2000 and a Third Supplemental Trust Indenture, dated as of September 1, 2012 (the "Third Supplemental Indenture" and the Master Indenture as amended and supplemented by the Third Supplemental Indenture is hereinafter referred to as the "Indenture"), each from the District to U.S. Bank National Association, as successor in trust to First Union National Bank, Orlando, Florida, as trustee (the "Trustee") and resolutions adopted by the Board of Supervisors of the District on September 19, 2000 and August 9, 2012 (collectively, the "Bond Resolution"). The Series 2012 Bonds are issued for the purpose of: (i) providing funds to currently refund and redeem all of the Outstanding principal amount of the District's Capital Improvement Revenue Bonds, Series 2000A (the "Refunded Bonds"); (ii) paying certain costs associated with the issuance of the Series 2012 Bonds; and (iii) making a deposit into the Series 2012 Reserve Account for the benefit of the Series 2012 Bonds. The Series 2012 Bonds refund Bonds validated by final judgment of the Circuit Court of Lee County, Florida, rendered on

November 6, 2000, the appeal period for which has expired with no appeal having been taken.

The Series 2012 Bonds are payable from and secured by the Series 2001 Assessments (as defined in the Indenture) on property within the District specially benefitted by the assessable improvements financed with the proceeds of the Series 2001 Bonds which are being refunded and also by the Series 2012 Pledged Revenues and Series 2012 Pledged Funds comprising the Series 2012 Trust Estate.

The Series 2012 Bonds recite that neither the Series 2012 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of the State of Florida. The Series 2012 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 authorizing the issuance of the Series 2012 Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay debt service or to pay any other amounts required to be paid pursuant to the Indenture or the Series 2012 Bonds. Rather, debt service and any other amounts required to be paid pursuant to the Indenture or the Series 2012 Bonds, shall be payable solely from, and shall be secured solely by the Series 2012 Pledged Revenues, together with the Series 2012 Pledged Funds comprising the Series 2012 Trust Estate pledged to the Series 2012 Bonds, all as provided in the Series 2012 Bonds and in the Indenture.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. Unless the context indicates otherwise, all terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture. 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. On the basis of our review, we are of the opinion that:

1. The District has been duly established and validly exists as a community development district under the Act.
2. The District has the right and power under the Act to authorize, execute and deliver the Indenture, and the Indenture has been duly and lawfully

authorized, executed and delivered by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Series 2012 Trust Estate, including the Series 2012 Assessments to the Series 2012 Bonds, in the manner and to the extent provided in the Indenture.

3. The Series 2012 Bonds are the valid, binding, special obligation of the District, enforceable in accordance with its respective terms and with the terms of the Indenture and are entitled to the benefits of the Indenture and the Act as amended to the date hereof, and the Series 2012 Bonds have been duly and validly authorized and issued in accordance with law and the Indenture.

4. Under existing statutes, regulations, rulings and court decisions, (a) the interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes; and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2012 Bonds in order that interest on the Series 2012 Bonds be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2012 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2012 Bonds. The District has covenanted to comply with all such requirements. Ownership of the Series 2012 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2012 Bonds.

5. The Series 2012 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 therein.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any other tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2012 Bonds.

Board of Supervisors
Miromar Lakes Community
Development District
(Date of Closing)

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The opinions expressed above as to enforceability may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

Except as may expressly be set forth in an opinion delivered by us to the underwriters of the Series 2012 Bonds on the date hereof (upon which only they may rely), (1) we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2012 Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with laws of the State of Florida or the United States with regard to the sale or distribution of the Series 2012 Bonds and we express no opinion relating thereto.

We have examined the form of the Series 2012 Bonds and, in our opinion, such form is regular and proper.

Very truly yours,
NABORS, GIBLIN & NICKERSON, P.A.

APPENDIX C

**PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT**

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) dated as of September 1, 2012 is executed and delivered by the Miromar Lakes Community Development District (the “Issuer”) and FMSbonds, Inc., as dissemination agent (the “Dissemination Agent”) in connection with the issuance by the Issuer of its \$12,345,000 aggregate principal amount of Miromar Lakes Community Development District Capital Improvement Revenue Refunding Bonds, Series 2012 (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Indenture dated as of December 1, 2000, by and between the Issuer and First Union National Bank, as supplemented by that Third Supplemental Trust Indenture dated as of September 1, 2012 (collectively, the “Indenture”), by and between the Issuer 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 corporate trust offices in Fort Lauderdale, Florida, as trustee (the “Trustee”). The Issuer and the Dissemination Agent covenant and agree as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners of the Bonds to provide information required by the Indenture and to assist the original underwriter of the Bonds in complying with the applicable provisions of Rule 15c2-12(b)(5) promulgated by the United States Securities Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934, as amended from time to time (the “Rule”). The Issuer represents that the information to be provided by the Issuer pursuant to this Disclosure Agreement is consistent with the requirements of the Rule.

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 Issuer, 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 Issuer, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessments” shall mean the non ad valorem special assessments pledged to the Bonds.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Issuer is required, or authorized or not prohibited by law (including executive orders), to close and is closed.

“Disclosure Representative” shall mean the District Manager of the Issuer or its designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer and Trustee a written acceptance of such designation.

“District Manager” shall mean JPWard & Associates, LLC and its successors and assigns.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures located at <http://emma.msrb.org/>.

“EMMA Compliant Format” shall mean that any document provided to MSRB which is in an electronic format and is accompanied by identifying information 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 the Limited Offering Memorandum dated August 28, 2012 relating to the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means 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, which person(s) shall include the Issuer.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the MSRB and each State Repository.

“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.

3. Provision of Annual Reports.

- (a) Subject to the following sentence and Section 4(a)(viii), the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee no later than 270 days after the close of the Issuer's Fiscal Year (the "Annual Filing Date"), commencing with the Fiscal Year ended September 30, 2012. 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 Issuer may be submitted separately from the balance of the Annual Report, and may be submitted in accordance with Florida Statutes, which is currently up to, but no later than, 270 days after the close of the Issuer's Fiscal Year. The Issuer shall, or shall cause the Dissemination Agent to, provide to each Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty days after same becomes available. If the Issuer's Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5.
- (b) If by the fifteenth (15th) day prior to each Annual Filing Date the Dissemination Agent has not received a copy of the Annual Report (other than the audited financial statements of the Issuer), the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be via e-mail) to remind the Issuer of its undertaking to provide the Annual Report in accordance with Section 3(a) above. Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report in accordance with Section 3(a) above, or (ii) inform the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement. Subject to Section 4(a)(viii), if by the 270th day after the close of the Issuer's Fiscal Year the Dissemination Agent has not received a copy of the audited financial statements of the Issuer, the Dissemination Agent shall notify the Issuer in writing that the Issuer has not complied with its obligations under subsection (a) above.
- (c) If the Dissemination Agent is unable to verify in writing from the Issuer that the Issuer has filed an Annual Report with the Repositories by the date(s) required in subsection (a) above, the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.
- (d) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each State Repository, if any and any changes to the procedures regarding filings with EMMA; and
- (ii) promptly upon fulfilling its obligations under subsection (a) above, file a report with the Issuer and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all the Repositories.

4. Content of Annual Reports.

- (a) The Issuer's Annual Report shall contain or incorporate by reference the following:
 - (i) The amount of Assessments levied for the most recent prior Fiscal Year.
 - (ii) The amount of Assessments collected from the property owners during the most recent prior Fiscal Year.
 - (iii) If available, the amount of delinquencies greater than 150 days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of the Assessments due in any year, a list of delinquent property owners.
 - (iv) If available, the amount of tax certificates sold, 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 Issuer shall provide any Bondholder with this information no 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 Issuer.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the audited financial statements referred to in subsection (viii) above, they do not have to be separately set forth. Any or all of the items listed above may be incorporated by reference from other

documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories, either directly or through the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

5. Reporting of Significant Events.

- (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:
- (i) Delinquency in payment when due of any principal or interest on the Bonds.
 - (ii) Amendment to the Indenture or this Disclosure Agreement modifying the rights of the owners of the Bonds, if material.
 - (iii) Giving a notice of optional or unscheduled redemption of any Bonds.
 - (iv) Defeasance of the Bonds or any portion thereof.
 - (v) Any change in any rating of the Bonds.*
 - (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination 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) Any unscheduled draw on the Debt Service Reserve Fund established under the Indenture reflecting financial difficulties.
 - (viii) Any unscheduled draw on credit enhancements reflecting financial difficulties.**
 - (ix) The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security), if material. The sale of real property in the District in the ordinary course shall not be a material event for purposes of the foregoing.

* The Bonds are not rated.

** Not initially applicable to the Bonds.

- (x) The substitution of credit or liquidity providers or their failure to perform.**
 - (xi) Occurrence of any Event of Default under the Indenture (other than as described in clause (i) above), if material.
 - (xii) Tender Offers.
 - (xiii) bankruptcy, insolvency, receivership or similar event of the Issuer (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, 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 Issuer);
 - (xiv) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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; and
 - (xv) the appointment of a successor or additional trustee or the change of name of the Trustee, if material.
- (b) The Issuer shall, within six (6) business days of obtaining actual knowledge of the occurrence of any of the Listed Events, except events listed in clauses (a) (ii), (ix), (xi), (xiv) or (xv), unless such Listed Events are determined by the Issuer to be material, notify the Dissemination Agent in writing of such event and direct the Dissemination Agent to report, within four (4) business days of receiving notice from the Issuer, the event pursuant to subsection (e).
- (c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file a notice of the occurrence of a Listed Event, with (i) the MSRB through EMMA, or (ii) the State Repository, if any.
- (d) If the Issuer sends notice pursuant to subsection (c) or otherwise, the Issuer shall promptly notify the Dissemination Agent. Such notice shall

instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

- (e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through EMMA.

6. Termination of Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be the Issuer.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, 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 Issuer, 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. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment 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 Issuer. 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 5(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.

9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer 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 Issuer 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 Issuer 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.

10. Default. In the event of a failure of the Issuer, the Disclosure Representative, or a Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 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 Issuer, the Disclosure Representative, or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. No default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Disclosure Representative, or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

12. EMMA Compliant Format. Any filing under this Disclosure Agreement made to the MSRB through EMMA shall be in EMMA Compliant Format.

13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and beneficial owners of the Bonds, and shall create no rights in any other person or entity.

14. Tax Roll. The District, through its District Manager, if applicable, agrees to provide the Dissemination Agent with a certified copy of the tax roll provided to the Lee County Tax Collector within 30 days of its delivery to the Lee County Tax Collector.

15. Governing Law. The laws of the State of Florida and Federal law shall govern this Disclosure Agreement and venue shall be in Lee County, Florida.

16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. Signature by Trustee. The Trustee is signing this Disclosure Agreement solely to acknowledge the provisions of Section 10 hereof as in effect on the date hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**MIROMAR LAKES COMMUNITY
DEVELOPMENT DISTRICT, AS
ISSUER**

[SEAL]

By: _____
Print Name: _____
Print Title: _____

ATTEST:

By: _____
Secretary

CONSENTED TO AND AGREED TO BY:

DISTRICT MANAGER

**JPWARD & ASSOCIATES, LLC,
and its successors and assigns, AS
DISTRICT MANAGER**

By: _____
Name: _____
Title: _____

**FMSBONDS, INC., and its successors and
assigns, AS DISSEMINATION AGENT**

By: _____
Name: _____
Title: _____

ACKNOWLEDGED BY:

**U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE**

By: _____
Name: _____
Title: _____

EXHIBIT A

**FORM OF NOTICE TO
REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Miromar Lakes Community Development District
Name of Bond Issue: \$12,345,000 Capital Improvement Revenue Refunding
Bonds, Series 2012
Date of Issuance: September 18, 2012

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of September 1, 2012, by and among the Issuer and the parties named therein. The Issuer has advised the undersigned that it anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__.

_____ ,
Dissemination Agent

cc: Miromar Lakes Community Development District

APPENDIX D

ASSESSMENT METHODOLOGY REPORT

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MASTER ASSESSMENT METHODOLOGY MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

September 19, 2000

Prepared for

**Board of Supervisors
Miromar Lakes Community Development District**

Prepared by

**Fishkind & Associates, Inc.
11869 High Tech Avenue
Orlando, Florida 32817
407-382-3256
Fishkind.Com**

**MASTER ASSESSMENT METHODOLOGY
MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT**

September 19, 2000

1.0 Introduction

1.1 Purpose

This report provides a master methodology for allocating the debt incurred by the Miromar Lakes Community Development District to provide infrastructure improvements to properties in the District. It is the District's debt-funded infrastructure improvements that will allow the development of property in the District. By making development of property within the District possible, the District creates benefits to these properties. The methodology described here allocates the District's debt to properties based upon the benefits each receives from the infrastructure program. In this case the properties receiving benefit include 100% of the developable land that lies within the District. This report is designed to conform to the requirements of Chapters 190 and 170, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject.

This master methodology will be supplemented at the time the specific projects are under consideration for funding. A supplemental methodology, consistent with this master methodology, will be submitted to the Board for its review and approval.

1.2 Background

Lee County, Florida ("County") established the Miromar Lakes Community Development District ("Miromar Lakes", or "District") to provide infrastructure for portions of the Miromar Lakes development community. The current development program for Miromar Lakes comprises a master planned, fully amenitized, mixed-use project containing a maximum of 2,094 residential dwelling units (Single family, Villas and Multi-family) and approximately 630,000 square feet of commercial space. Table 1 below summarizes the development program.

**TABLE 1. MIROMAR LAKES
DEVELOPMENT PROGRAM**

<u>Real Estate Products</u>	<u>Acreage</u>
Residential	558.5
Commercial	82.5
Beach Club/Marina	12.7
Golf Course/Maintenance	150.5
Club House	5.4
Rights-Of-Way	15.2
Preserve & Passive Recreation	56.0
Lakes	<u>91.4</u>
Total	972.2

1.3 Requirements of a Valid Assessment Methodology

Valid special assessments under Florida law require two things. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments. Second, the assessments must be fairly and reasonably allocated to the properties being assessed.

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, such as the District's Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that mathematical perfection is probably impossible, but if reasonable people disagree the assessment will be upheld. Only if the Board were to act in an arbitrary, capricious or grossly unfair fashion would its assessment methods be overturned.

1.4 Special Benefits and General Benefits

Improvements undertaken by the District create both: (1) special benefits to properties within its borders and (2) general benefits to properties outside the District. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District. The infrastructure program of the District enables properties within its boundaries to be developed. Without the District's capital improvement program ("CIP") there would be no infrastructure to support development of land in the District. Furthermore, the PUD for Miromar Lakes requires many of these improvements. Without these improvements development of property in the District would be prohibited by law.

There is no doubt that the general public, and property owners outside the District, will benefit from the provision of District infrastructure. However, these are incidental to the District's infrastructure program, which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's improvement program to obtain, or to maintain, their development entitlements. This fact alone clearly distinguishes the special benefits which District properties receive compared to those lying outside of the District's boundaries, which may be expanded from time to time.

1.5 Special Benefits Exceed the Costs Allocated to Pay for Them

In the case of Miromar Lakes the value of the special benefits provided by the District's improvement program is far greater than the costs associated with providing these same benefits. The District Engineer estimates that the District's capital improvement program, that is necessary to support full development of property within the District, will cost approximately \$63,123,000. The District's Financial Advisor projects that this will require a financing program of about \$81,900,000. The developer estimates that the gross sell out value of the land within the District will exceed \$190,000,000 after the improvements are put in place. The value of the land without improvements is approximately \$23,000,000. Therefore, the District's improvement program has increased the value of the land by approximately \$170,000,000, well in excess of the costs of the improvement program.

2.0 Assessment Methodology

2.1 Overview

As noted above, the District's Engineer estimates that it will cost \$63,123,000 to provide infrastructure to serve the District. Based on this cost estimate, the District's Financial Advisor (with assistance from the District's Underwriter) estimates that the District will need to issue approximately \$81,900,000 in bonds to provide a construction fund sufficient to pay for the infrastructure. Table 2 below provides the estimates for infrastructure costs and for the bonds necessary to fund these costs. The Financial Advisor estimates that the program will require two bond issues to fully fund its needs with bonds issued approximately every three years.

**TABLE 2. MIROMAR LAKES CDD
ESTIMATED INFRASTRUCTURE COSTS AND FINANCING**

	Series 2000	Series 2003	Series 2005	Total
Construction cost	\$37,078,300	\$9,163,200	\$16,882,000	\$63,123,500
Bond financed amount	\$47,960,000	\$12,000,000	\$21,945,000	\$81,905,000

The financial plan provided here envisions that the District will impose special assessments on all developable acres within its boundaries that benefit from the CIP funded through the District's bonds. These special assessments will be levied in sufficient amounts to fund interest and principal payments then coming due.

At this time none of the land in the District is subdivided or platted. Thus, the ultimate land uses are unknown. Although the Developer has provided the District with a land use plan, and the PUD provides further guidance concerning the permitted volume and types of land uses expected in Miromar Lakes, these plans are subject to change based on market conditions. Therefore, the District's debt will be initially allocated to all developable acres in the District on an equal acreage basis.

The landowner's master development plan for Miromar Lakes identifies particular land uses throughout the District. The District has relied upon the landowner's land use plan to develop the District's capital improvement program (CIP). The CIP is financed with the proceeds of the District's notes and bond issues, as and when issued.

As actual development and platting occurs, the precise land use for each platted parcel will be determined. At that time a more precise allocation of debt to the platted parcels can be accomplished. Each land use generates a particular

volume of trips on District roads, which must be accommodated. Without the District's investment in roadways the various land uses desired by the owner could not be platted because of a lack of infrastructure. Similarly, each land use requires drainage and other non-roadway facilities, which may also be provided by the District. The cost of these facilities is allocated to the various platted properties based on the amount of benefit that each receives. It is the District's CIP which provides the availability of infrastructure to accommodate the land uses planned by the owner. Therefore, all developable land within the District will benefit from the District's CIP.

It is possible that the District may not finance all of the infrastructure outlined in the CIP, and that the landowner may decide to fund some of the improvements from its own capital. If this should happen, the District will issue less debt than outlined above. In addition, in this event the total assessments would be lower than outlined herein.

The methodology for allocating debt as properties within the District are platted is outlined below. The numerical examples provided are based upon the developer's current land use plans. As these change over time, the allocations to individual parcels also change.

However, there is one important proviso. The debt per acre on the land that remains unplatted is not allowed to increase above its initial level. This requirement will be tested at four intervals based upon the percentage of developable acres that are developed and the percentage of residential units (whichever may come first). The intervals are at 25%, 50%, 75% and 100% of development (developable acres and or number of residential units). The test works as follows. If the initial debt level is \$100 per acre, the plat presented to the District at each of the intervals outlined above must demonstrate that the debt on the land remaining after the plat is at or below \$100 per acre. If not, then to approve the plat the District will require a density reduction payment so that the \$100 per acre debt level is not exceeded.

Thus, the debt allocation methodology provided below is really a process by which the District can allocate debt to particular parcels of land at the time of platting. The procedures also assure that the debt will not build up on the unplatted properties creating potential assessment problems in the future. As a result, the assessment levels cannot be fixed and determined until final platting occurs.

2.2 Land Use Program

Table 1, as shown above, outlines the expected land use program for the land comprising the District. The land uses include residential, commercial, a beach club, and golf course. Of the District's total of 972.2 acres approximately 825 are developable.

2.3 Bond Sizing

As noted above Miromar Lakes CDD anticipates total borrowing of \$81,905,000. The estimated components for the financing are outlined below.

**TABLE 3. MIROMAR LAKES CDD
BOND FINANCING PROGRAM SUMMARY**

<u>Debt Financing</u>	<u>Bonds</u>
Construction Fund	\$63,123,500
Debt Service Reserve Fund	\$8,190,500
Capitalized Interest Fund	\$8,907,169
Cost of Issuance	\$1,678,575
Total Par Bonds	\$81,905,000
Financing Contingency	\$18,095,000
<u>Total Bonds for Validation</u>	<u>\$100,000,000</u>

The estimated construction cost is for the entire CIP as identified by the District Engineer. The debt service reserve account is set initially at the lesser of maximum annual debt service, 10% of the proceeds of the bonds, or 125% of average annual debt service. The bond sizing includes 26 months of capitalized interest. This allows for the lag between when improvements are under construction and when they are completed and generating benefits.

Under the cost of issuance we estimated the underwriter's discount at 2%, the prevailing market rate. This allowance pays the underwriter for taking the risks involved in purchasing the District's bonds. The balance of the cost of issuance pays for the trustee, financial advisor, district counsel and other costs associated with issuing the District's bonds.

As noted above, the District Engineer estimates that the CIP to serve the District will cost \$63,123,000. To fund the CIP the Financial Advisor estimates that \$81,905,000 of bonds and/or notes will be necessary. However, the Miromar Lakes development will take at least six years to fully develop and construct. In light of the inherent risks involved in making long term forecasts for construction costs, financing contingencies and the like, it is prudent and necessary for the District to validate sufficient borrowing capacity to meet all of its future needs under all reasonable future economic conditions. Using an approximate 25% contingency factor for cost escalation, inflation and other unanticipated costs; it is the Financial Advisor's opinion that the District should validate approximately \$100,000,000 in borrowing capacity. In this way the District's future needs can be met prudently. However, the total par amount of debt shown in Table 3 will be used for allocation purposes.

2.4 Allocation to Benefiting Properties – The Master Methodology

The discussion offered below illustrates the process by which the Miromar Lakes CDD will allocate debt incurred to support its CIP. As described above, until such time as plats are recorded, the specific land uses in the District are indeterminable. Therefore, at the outset, the District's debt will be allocated on an acreage basis across all benefited acres in the District. As platting occurs, the District will more finely articulate the allocation of debt to benefiting properties

As noted above, as long as two basic principles are adhered to, Florida law allows the District Board great latitude in determining the appropriate methodology to allocate the costs of its CIP to benefiting properties in the District. The two principals are: (1) the properties being assessed must receive a special benefit from the CIP and (2) the assessments allocated to each property must be fairly and reasonably apportioned among the benefiting properties. In allocating special assessment costs to benefiting property Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units, dwelling units, acreage, and value.

The Miromar Lakes Community Development District is similar in many ways to other Florida community development districts in that the CIP anticipates constructing both infrastructure and amenities. Based upon the District Engineer's cost estimates, and his analysis of the physical properties of the project and its CIP, we have categorized the benefits flowing from the CIP in Table 4. The infrastructure improvements benefit all developable properties in the District. We have identified four general classes of infrastructure serving all properties in the District.

First, roadways and related items, such as street lights and landscaping, are designed to accommodate the estimated traffic generated by the land use program for the development. The roadways that are internal to the District are private

roads that will be constructed by the developer, not the District. However, the District will be funding offsite roadway improvements, or making payments for their development pursuant to the Development Order for the Miromar Lakes project. It is reasonable to allocate the costs for this class of infrastructure on the basis of trips generated by each land use. Trip generation rates for each type of land use are available from the Institute of Traffic Engineers¹ and were used here. There are two modifications, the beach club/marina and the commercial. The beach club/marina is designed to serve primarily residents of the District. As a result, the District Engineer has determined that the internal capture of the beach club/marina is 75%. Therefore, the trip rate for the facility is discounted by 75%. In addition, the commercial development will serve the both District residents and nonresidents. The District Engineer has determined that the commercial facility will have an internal capture of 10%.

The second major infrastructure system is the stormwater management system. It provides benefits to every acre of developable land that is served by the system. The stormwater management system consists of wet detention ponds to capture and treat stormwater runoff from the developed areas and control structures that regulate the volume of water detained. The degree of benefit depends upon the volume of runoff from each land use. The greater the impervious surface area, the more runoff generated per acre. Therefore, the percentage of runoff varies by land uses. This is quantified as a runoff coefficient.

The District Engineer has estimated the runoff coefficient for each type of land use expected in the District. The acreage for each land use is adjusted, or weighted, by its runoff coefficient to determine the adjusted acreage (adjusted for runoff). The adjusted acreage is used to allocate the costs of the drainage and stormwater system to every benefiting acre in the District.

The third significant infrastructure systems provided by the District are the water and waste water utility services. The benefits related to the lift stations, sewer collection lines, water lines, and water mains flow to every residential unit (or its equivalent) equally. In fact, these systems were sized according to the estimated number of residential units, or their equivalents. Therefore, it is reasonable to allocate these costs on a per unit basis.

Finally, the District's recreational facilities were designed to meet the needs of the District's residents and landowners. Therefore, it is reasonable to allocate these costs on a per unit basis.

TABLE 4. CATEGORIES OF BENEFITS FROM THE DISTRICT'S CIP

INFRASTRUCTURE	ALLOCATION METHOD
-----------------------	--------------------------

¹ Institute of Transportation Engineers (1997) Trip Generation (6th Edition), Wahsington, D.C.

General Infrastructure	Benefiting all properties
Offsite roadways and related items	Trip generation
Stormwater management	Adjusted Acreage
Utilities	Unit
Recreational amenities	Unit

Table 5 provides a complete outline of the estimated costs for all categories of infrastructure included in the CIP. Two columns of costs are shown. The first is the District Engineer's construction cost estimate for each element in the CIP and the other is the Financial Advisor's estimate of those same costs on an as financed basis. It is the total cost, on an as financed basis, that must be allocated to all benefiting properties in the District.

TABLE 5. COST ESTIMATES BY TYPE OF INFRASTRUCTURE

Infrastructure elements	Construction	Total
Infrastructure benefiting all parcels		
Offsite roadways and related items	\$19,890,591	\$25,837,356
Stormwater management	\$35,511,222	\$46,049,582
Utilities	\$5,570,196	\$7,233,400
Recreation/safety amenities	\$2,151,490	\$2,784,662
Total	\$63,123,500	\$81,905,000

2.5 Debt Allocation

Table 6 outlines the allocation of the costs to properties in the District for roadways and related services. As noted above in Table 5, the cost to the District for the roadways and related facilities is \$25,837,356. These costs are allocated based upon the estimated volume of trips that each land use generates on the District's roadway.

TABLE 6. COST ALLOCATION TO BENEFITING PROPERTIES FOR ROADWAYS AND RELATED IMPROVEMENTS

Product Type	Trip Rate	Units	Total Trips	% Trips	Allocation
--------------	-----------	-------	-------------	---------	------------

Single family	9.57	176	1,684	6.91%	\$1,784,873
Villas	5.86	183	1,072	4.40%	\$1,136,401
Multi family	6.63	1,734	11,496	47.15%	\$12,182,751
Beach Club/Marina	37.00	5	37	0.15%	\$39,209
Golf Course/Club House	35.74	10	357	1.47%	\$378,737
Commercial	42.92	252	9,734	39.92%	\$10,315,386
TOTALS		2,360	24,382	100.00%	\$25,837,356

Table 7 displays the allocation of costs for the District's stormwater management system. As discussed above, the benefits derived from the District's stormwater system relate to the system's capacity to accommodate and to treat stormwater runoff from each parcel of developable property in the District. The runoff is a function of the development density and the runoff coefficient specific to each land use expected in the District. This is the product of the lot size and the runoff coefficient specific to that land use.

TABLE 7. COST ALLOCATION TO BENEFITING PROPERTIES FOR THE STORMWATER MANAGEMENT SYSTEM

Product Type	Units	Area (acres)	Runoff Coeff.	Total	% Area	Stormwater	Per Unit
Single family	176	0.29	0.70	35.35	7.81%	\$3,596,155	\$20,433
Villas	183	0.24	0.70	31.25	6.90%	\$3,178,306	\$17,368
Multi family	1,734	0.22	0.75	279.89	61.83%	\$28,470,777	\$16,419
Beach Club/Marina	5	0.17	0.80	0.69	0.15%	\$70,055	\$14,011
Golf Course/Club House	10	15.60	0.25	39.00	8.61%	\$3,967,073	\$396,707
Commercial	252	0.33	0.80	66.53	14.70%	\$6,767,216	\$26,854
TOTALS	2,360			452.71	100.00%	\$46,049,582	

The benefits from the District's amenities and from its utilities systems are measured most equitably on the basis of equivalent residential units (ERU). The standard for an ERU is the single-family homes on the largest lot. Generally speaking the larger the home, the more bathrooms and bedrooms it tends to have. This places more demand on the District's utility systems than would a smaller home with fewer bedrooms and bathrooms. Similarly, the larger the home the

more residents tend to live there. It is these residents who utilize the District's amenities. The beach club/marina is assigned ERUs based on a percentage of its acreage. The golf course is assigned ERUs based upon the size of its clubhouse and ancillary buildings. Commercial ERUs are calculated on the basis of one ERU for every 1,000 square feet of commercial area.

TABLE 8. COST ALLOCATION TO BENEFITING PROPERTIES FOR AMENITIES AND UTILITIES

Product Type	Units/sq ft	ERU/Unit	ERUs	% ERU	Allocation	Per Unit
Single family	176	1.00	176	9.28%	\$929,432	\$5,281
Villas	183	0.85	156	8.20%	\$821,438	\$4,489
Multi family	1,734	0.75	1,301	68.55%	\$6,867,763	\$3,961
Beach Club/Marina	5	0.60	3	0.16%	\$15,843	\$3,169
Golf Course/Club House	10	1.00	10	0.53%	\$52,809	\$5,281
Commercial	252	1.00	252	13.28%	\$1,330,778	\$5,281
TOTAL			1,897	100.00%	\$10,018,062	

Finally, Table 9 brings all these allocated costs together by type of land use and by type of infrastructure. Here all of the estimated \$81,905,000 of debt is allocated to all of the expected development in the District. Each type of infrastructure is allocated to the various types of land development according to the benefits that each receives from the various types of infrastructure facilities and services funded by the District. Table 9 also includes an estimate of the total debt per unit, where applicable, for the various real estate products planned for the District.

TABLE 9. ALLOCATION OF ALL COSTS TO BENEFITING PROPERTY IN THE MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

Total Par Debt	Total	Units	Debt/unit
Single family	\$6,289,772	176	\$35,737
Villas	\$5,122,973	183	\$27,994
Multi family	\$47,380,082	1,734	\$27,324
Beach Club/Marina	\$124,652	5	\$24,930
Golf Course/Club House	\$4,693,705	10	\$469,371
Commercial	\$18,293,815	252	\$72,595
TOTALS	\$81,905,000		

2.6 True Up Mechanism

Although the District does not process plats or distribute new tax identification numbers when subdivisions are made, it does have an important role to play during the course of platting. Whenever a subdivision is processed, the District must allocate a portion of its debt to the newly subdivided property according to the methodology outlined above. In addition, the District must also prevent any buildup of debt on land not yet subdivided. Otherwise, the land could be fully subdivided without all of the debt being allocated.

To preclude this, a test is conducted at the platting thresholds of 25%, 50%, 75% and 100%. The stage of development depends on the percentage of residential units or the percentage of developable land, whichever comes first. Table 11 displays the timing for these tests. For example, the 25% test occurs when the landowner presents a plat to the District that involves the earlier of the 590th unit or the 160th developable acre. Table 10 outlines the thresholds.

Table 10. Stage of Development for True Up Test and Debt Ceiling Amounts

Development stage	0%	25%	50%	75%	100%
Acreage undeveloped	693	520	346	173	0
Acreage developed	0	173	346	520	693
Total debt per developable acre	\$127,777	\$127,777	\$127,777	\$127,777	\$127,777
Total units undeveloped	2,360	1,287	858	429	0
Total units developed	0	590	1,180	1,770	2,360

At the time of the tests the District will determine the debt per acre that remains on the undivided land, taking into account the proposed plat. As long as the plat does not cause the debt on the remaining land to increase above its initial level then no further action is necessary. However, if the plat does cause the debt on the remaining land to increase, then a debt reduction payment will be necessary. The following examples illustrate this point.

Current plans for the District provide for total debt of \$81,905,000. This amounts to approximately \$127,777 per acre on the District's developable acreage of approximately 693 acres. Whenever a new tax identification number is assigned for the subdivided property, the District will assign a portion of the debt to it based upon the methodology outlined above. In addition, the District will calculate the debt per remaining acre of land. If at the time of the four tests this calculation results in a debt per remaining acre of \$127,777 or less (the ceiling amounts), then no further action need be taken. However, if the result is a number higher than this ceiling, the developer must make a debt reduction payment sufficient to bring the debt per remaining acre down to the ceiling amount.

2.7 Tax Roll

As described above, the debt associated with the District's CIP will be initially distributed evenly across the benefiting acreage in the District. At this time the location of the developable acres is not known with precision. Furthermore, the tax identification numbers associated with the land in the District also includes some land outside the District. That is to say, some tax identification numbers include land that is within the District and land that lies outside the District's boundaries. As platting occurs this situation will be resolved, and it is typical of the initial situation in many districts. However, the tax roll shown below covers 100% of the land in the District.

TABLE 11. MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT TAX ROLL

Tax ID Numbers	Acres	Debt	Annual Payment	Administrative Charges	Annual Payment
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SUPPLEMENTAL ASSESSMENT METHODOLOGY PHASE 1 MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

November 10, 2000

Prepared for

**Board of Supervisors
Miromar Lakes Community Development District**

Prepared by

**Fishkind & Associates, Inc.
11869 High Tech Avenue
Orlando, Florida 32817
407-382-3256
Fishkind.Com**

**SUPPLEMENTAL ASSESSMENT METHODOLOGY PHASE 1
MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT**

November 10, 2000

1.0 Introduction

1.1 Purpose

This report supplements the Master Assessment Methodology dated October 26, 2000 and approved by the Board. The purpose of this supplement is to describe how the master methodology is applied in the case of the Series 2000 Bonds.

1.2 Overview of the Master Assessment Methodology

The Board of Supervisors of the Miromar Lakes Community Development District (District) has approved a capital improvement program (CIP) necessary to provide for the full development of the Miromar Lakes project. The District Engineer's Report dated October 23, 2000 provides the cost estimates for the CIP which will be constructed in three phases. The District Engineer's November 2000 Supplemental Report has reaffirmed the total cost estimate for the CIP of \$63,123,000.

The Master Assessment Methodology divides all of the capital improvements into three categories. First, the costs for offsite roadways and related items are allocated based on trip generations estimated for each land use in the District. Second, costs for the stormwater system are distributed on the basis of the volume of runoff generated by each land use. Finally, utility costs are divided on the basis of equivalent residential units.

As noted above, the CIP will be developed in three phases. However, each phase is part of the overall master program of improvements. The master methodology recognizes that each phase is part of the system benefiting all properties in the District. Therefore, the costs for the entire system are spread among all developable property in the District on an equal pro rata basis. In this way all properties in the District share in the costs for all of the improvements on the basis that each receives from the system of improvements. This is independent of when each property is fully developed and when each specific component of the CIP is constructed.

Table 1 contains the allocation of the costs for the CIP to all benefiting properties in the District. The total debt allocation of \$81,905,000 will generate a construction fund of \$63,123,000 that the District Engineer has estimated is needed for the project. The debt/unit column displays the allocations that the District will assign to the various types of land uses as each plat is processed.

Table 1. Master Capital Allocation

Total Par Debt	Total	Units	Debt/unit
Single family	\$6,282,982	176	\$35,699
Villas	\$5,093,762	183	\$27,835
Multi family	\$47,283,594	1,734	\$27,269
Beach Club/Marina	\$125,029	5	\$25,006
Golf Course/Club House	\$4,421,562	10	\$442,156
Commercial	\$18,698,070	252	\$74,199
TOTALS	\$81,905,000		

2.0 Series 2000 Project and Financing

2.1 District Engineer's Cost Estimate

The District Engineer's Report dated November 2000 estimates that the cost for the Phase 1 improvements will be \$33,116,794. This is almost \$4,000,000 less than the Engineer's estimate contained in the master CIP. However, the District Engineer also opines that "The Community Development District funded portion of this total [the total for the CIP through buildout] is \$63,123,000." Thus, the cost for Phase 1 is lower, but the total cost for the CIP has not changed. Obviously, this implies that future costs are now expected to be higher than before, or some components of what was the original Phase 1 project are delayed until future phases.

2.2 Project Financing

In Table 2 the Financial Advisor has estimated the size of the bond issue necessary to generate the construction fund for the Series 2000 Project. The bond estimate is \$42,245,000.

Table 2. Estimated Financing Series 2000 Bonds

Category	Series 2000
Construction Fund	\$33,116,794
Debt Service Reserve Fund	\$4,224,500
Capitalized Interest Fund	\$4,752,563
Cost of Issuance	\$150,000
Rounding	\$1,144
Total Par Bonds	\$42,245,000

2.3 Allocation of Debt

According to the master methodology the Series 2000 debt will be allocated to all property in the District on an equal acreage basis. As each plat is processed, more specific assignments of debt will be made according to the land uses shown in the plat. As discussed above, each land use requires particular infrastructure services provided through the District's CIP. Each type of land use derives specific benefits from these improvements. The value of these benefits is shown above in Table 1. Thus, for example if the first plat contains one single-family home, it will be allocated \$35,699 in District debt.

2.4 True Up Mechanism

As per the master methodology approved by the Board, the District will also conduct the true up tests at the allotted intervals of 25%, 50%, and 75% development. Table 3 summarizes the true up test from the master methodology. At the test interval the debt per acre on the undeveloped land must not exceed \$127,777. Otherwise, a debt reduction payment will be required to assure that debt is not building up on the undeveloped land in the District.

Table 3. True Up Test

Development stage	0%	25%	50%	75%	100%
Acreage undeveloped	641	520	347	173	0
Acreage developed	0	173	347	520	693
Total debt per developable acre	\$127,777	\$127,777	\$127,777	\$127,777	\$127,777
Total units undeveloped	2,360	590	1,180	1,770	2,360
Total units developed	0	1,770	1,180	590	0

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SUPPLEMENTAL ASSESSMENT METHODOLOGY PHASE 1 MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT

Revised November 21, 2000

Prepared for

**Board of Supervisors
Miromar Lakes Community Development District**

Prepared by

**Fishkind & Associates, Inc.
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**SUPPLEMENTAL ASSESSMENT METHODOLOGY PHASE 1
MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT**

November 21, 2000

1.0 Introduction

1.1 Purpose

This report supplements the Master Assessment Methodology dated October 26, 2000 and approved by the Board. The purpose of this supplement is to describe how the master methodology is applied in the case of the Series 2000 Bonds.

1.2 Overview of the Master Assessment Methodology

The Board of Supervisors of the Miromar Lakes Community Development District (District) has approved a capital improvement program (CIP) necessary to provide for the full development of the Miromar Lakes project. The District Engineer's Report dated October 23, 2000 provides the cost estimates for the CIP which will be constructed in three phases. The District Engineer's November 2000 Supplemental Report has revised the total cost estimate for the CIP of to \$59,162,000 based on reduced costs for Phase 1 of the CIP.

The Master Assessment Methodology divides all of the capital improvements into three categories. First, the costs for offsite roadways and related items are allocated based on trip generations estimated for each land use in the District. Second, costs for the stormwater system are distributed on the basis of the volume of runoff generated by each land use. Finally, utility costs are divided on the basis of equivalent residential units.

As noted above, the CIP will be developed in three phases. However, each phase is part of the overall master program of improvements. The master methodology recognizes that each phase is part of the system benefiting all properties in the District. Therefore, the costs for the entire system are spread among all developable property in the District on an equal pro rata basis. In this way all properties in the District share in the costs for all of the improvements on the basis that each receives from the system of improvements. This is independent of when each property is fully developed and when each specific component of the CIP is constructed.

Table 1 contains the allocation of the costs for the CIP to all benefiting properties in the District. The total debt allocation of \$76,805,000 will generate a construction fund of \$59,162,000 that the District Engineer has estimated is needed for the project. The debt/unit column displays the allocations that the District will assign to the various types of land uses as each plat is processed.

Table 1. Master Capital Allocation

Total Par Debt	Total	Units	Debt/unit
Single family	\$5,848,217	176	\$33,229
Villas	\$4,714,167	183	\$25,760
Multi family	\$43,991,999	1,734	\$25,370
Beach Club/Marina	\$117,112	5	\$23,422
Golf Course/Club House	\$4,216,229	10	\$421,623
Commercial	\$17,917,275	252	\$71,100
TOTALS	\$76,805,000		

2.0 Series 2000 Project and Financing

2.1 District Engineer's Cost Estimate

The District Engineer's Report dated November 2000 estimates that the cost for the Phase 1 improvements will be \$33,116,794. This is almost \$4,000,000 less than the Engineer's estimate contained in the master CIP. The District Engineer also opines that "The Community Development District funded portion of this total [the total for the CIP through buildout] is \$59,162,000." Thus, the cost for Phase 1 is lower, and the total cost for the CIP also changed proportionately. Future costs continue to be projected as they were initially.

2.2 Project Financing

In Table 2 the Financial Advisor has estimated the size of the bond issue necessary to generate the construction fund for the Series 2000 Project. The bond estimate is \$42,860,000.

Table 2. Estimated Financing Series 2000 Bonds

Category	Series 2000
Construction Fund	\$33,116,794
Debt Service Reserve Fund	\$4,286,000
Capitalized Interest Fund	\$4,661,025
Cost of Issuance	\$150,000
Underwriter's Discount	\$642,900
Rounding	\$3,281
Total Par Bonds	\$42,860,000

2.3 Allocation of Debt

According to the master methodology the Series 2000 debt will be allocated to all property in the District on an equal acreage basis. As each plat is processed, more specific assignments of debt will be made according to the land uses shown in the plat. As discussed above, each land use requires particular infrastructure services provided through the District's CIP. Each type of land use derives specific benefits from these improvements. The value of these benefits is shown above in Table 1. Thus, for example if the first plat contains one single-family home, it will be allocated \$33,229 in District debt.

2.4 True Up Mechanism

As per the master methodology approved by the Board, the District will also conduct the true up tests at the allotted intervals of 25%, 50%, and 75% development. Table 3 summarizes the true up test from the master methodology. At the test interval the debt per acre on the undeveloped land must not exceed \$119,821. Otherwise, a debt reduction payment will be required to assure that debt is not building up on the undeveloped land in the District.

Table 3. True Up Test


Development stage	0%	25%	50%	75%	100%
Acreage undeveloped	641	520	347	173	0
Acreage developed	0	173	347	520	693
Total debt per developable acre	\$119,821	\$119,821	\$119,821	\$119,821	\$119,821
Total units undeveloped	2,360	590	1,180	1,770	2,360
Total units developed	0	1,770	1,180	590	0

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MIROMAR LAKES
Community Development District

**Special Assessment Refunding Bonds,
Series 2012**

**Final
Assessment Allocation Report**

**AJC Associates, Inc.**

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August 28, 2012

MIROMAR LAKES COMMUNITY DEVELOPMENT DISTRICT
Special Assessment Refunding Bonds, Series 2012
Assessment Allocation Report

August, 2012

This report was prepared to revise the allocation of assessments levied on properties within the Miromar Lakes Community Development District (the "District") as a result of the issuance of the District's Special Assessment Refunding Bonds, Series 2012 (the "2012 Bonds"). The 2012 Bonds are being issued to refund all of the District's outstanding Special Assessment Revenue Bonds, Series 2000A (the "2000A Bonds").

A total of \$12,345,000 of 2000A Bonds will be refunded with the 2012 Bonds. Taking into account the liquidation of the existing Debt Service Reserve Fund for the 2000A Bonds as well as amounts on deposit in the 2000A Prepayment Account and the 2000A Debt Service Fund, the par amount of the 2012 Bonds is \$12,345,000. Using the Supplemental Assessment Methodology Phase 1 prepared by Fishkind & Associates, Inc., dated November 21, 2000 and adopted by the Board of Supervisors of the Miromar Lakes Community Development District, the 2012 Bonds have been allocated to the benefited property, which is demonstrated in Exhibit A.

Exhibit A

**Miromar Lakes
Community Development District**

Series 2000A Bond Allocation of Debt

Product Type	Units	Current Principal Balance	Current Principal Balance Per Unit	Current Annual Debt Service (FY 2013)**	
Single Family 2	19	\$ 405,497.74	\$ 21,341.99	\$ 2,000.00	***
Single Family	109	\$ 1,390,180.18	\$ 12,753.95	\$ 1,200.00	***
Villa	278	\$ 2,954,643.89	\$ 10,628.22	\$ 1,000.00	***
Multi Family	735	\$ 6,249,390.67	\$ 8,502.57	\$ 800.00	***
Beach Club		\$ 121,742.65	\$ 121,742.65	\$ 17,696.90	
Golf Club		\$ 1,243,544.87	\$ 1,243,544.87	\$ 180,799.10	
		<u>\$ 12,365,000.00</u>			

** Excludes interest earned on reserve and revenue accounts

*** Residential property includes early payment discount

Series 2012 Refunding Bond Allocation of Debt

Product Type	Units	New Principal Balance	New Principal Balance Per Unit	Annual Debt Service **	
Single Family 2	19	\$ 404,841.86	\$ 21,307.47	\$ 1,683.18	***
Single Family	109	\$ 1,387,931.60	\$ 12,733.32	\$ 1,009.91	***
Villa	278	\$ 2,949,864.84	\$ 10,611.02	\$ 841.59	***
Multi Family	735	\$ 6,239,282.48	\$ 8,488.82	\$ 673.27	***
Beach Club		\$ 121,545.73	\$ 121,545.73	\$ 14,893.52	
Golf Club		\$ 1,241,533.48	\$ 1,241,533.48	\$ 152,158.60	
		<u>\$ 12,345,000.00</u>			

** Excludes interest earned on reserve and revenue accounts

*** Residential property includes early payment discount

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APPENDIX E
DISTRICT'S FINANCIAL STATEMENTS

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Miromar Lakes Community
Development District

Financial Statements

September 30, 2011

Miromar Lakes Community Development District
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September 30, 2011

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Carr, Riggs & Ingram, LLC
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Miramar Lakes Community Development District
Lee County, Florida

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We have audited the accompanying financial statements of the governmental activities and each major fund of Miramar Lakes Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2011 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 6 and page 22, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Carr, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
December 5, 2011

Management's Discussion And Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Miromar Lakes Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the District's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- At September 30, 2011, the liabilities of the District exceeded its assets by approximately \$7.8 million (deficit). The net assets deficit was primarily due to conveyance of capital assets to other governmental entities in prior years.
- During the fiscal year ended September 30, 2011, the District incurred approximately \$3.8 million of interest expenditures and repaid \$1,330,000 of outstanding long-term principal.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 7 – 8 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

Our analysis of the District as a whole begins on page 3. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

Reporting the District's Most Significant Funds

Our analysis of the District's major funds begins on page 4. The fund financial statements begin on page 9 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation with the fund financial statements.

THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Assets and is compared to the prior year.

<i>September 30,</i>	2011	2010	Change
Assets			
Current and other assets	\$ 7,071,231	\$ 7,266,063	\$ (194,832)
Capital assets, net	39,710,985	40,376,020	(665,035)
Total assets	\$ 46,782,216	\$ 47,642,083	\$ (859,867)
Liabilities			
Current liabilities	\$ 17,116,688	\$ 2,291,041	\$ 14,825,647
Other liabilities	37,495,000	53,665,000	(16,170,000)
Total liabilities	54,611,688	55,956,041	(1,344,353)
Net assets			
Invested in capital assets, net of related debt	4,082,924	3,576,509	506,415
Unrestricted	(11,912,396)	(11,890,467)	(21,929)
Total net assets (deficit)	(7,829,472)	(8,313,958)	484,486
Total liabilities and net assets	\$ 46,782,216	\$ 47,642,083	\$ (859,867)

For more detailed information, see the accompanying Statement of Net Assets.

During the fiscal year ended September 30, 2011, total assets and liabilities decreased by approximately \$860,000 and \$1.3 million, respectively. The decrease in assets was primarily due to current year depreciation of capital assets. The decrease in liabilities was primarily the result of debt service principal payments. The change in allocation between current liabilities and other liabilities is a result of the impending maturity of the Series 2000B Bonds on May 1, 2012.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	2011	2010	Change
Revenues:			
Program revenues:			
Charges for services	\$ 5,783,248	\$ 5,732,092	\$ 51,156
Grants and contributions	807	-	807
General revenues:			
Interest and other revenues	496	1,022	(526)
Total revenues	5,784,551	5,733,114	51,437
Expenses:			
General government	164,634	213,045	(48,411)
Maintenance and operations	1,278,238	1,015,383	262,855
Interest	3,857,193	3,946,671	(89,478)
Total expenses	5,300,065	5,175,099	124,966
Increase (decrease) in net assets	484,486	558,015	(73,529)
Net assets (deficit), beginning	(8,313,958)	(8,871,973)	558,015
Net assets (deficit), ending	\$ (7,829,472)	\$ (8,313,958)	\$ 484,486

For more detailed information, see the accompanying Statement of Activities.

Revenues and expenses increased by approximately \$51,000 and \$125,000 over the prior year, respectively. The increase in revenues is primarily due to debt prepayments. The increase in expenses is due to an increase in operating expenses.

The overall result was a \$484,486 increase in net assets for Fiscal Year 2011.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance of approximately \$6.4 million, which is a decrease from last year's balance that totaled \$6.5 million. Significant transactions are discussed below.

- The District incurred approximately \$3.8 million of interest expenditures and repaid \$1,330,000 of outstanding long-term debt principal.

The overall change in fund balance for the year ended September 30, 2011 was a decrease of approximately \$136,000.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of the Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 22.

The District experienced a favorable variance in revenues as compared to the budget in the amount of \$35,197. Conversely, the District experienced an unfavorable variance in expenditures as compared to the budget in the amount of \$36,277. The difference in expenditures occurred primarily due to unanticipated budgeted operating expenditures that were incurred during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2011, the District had approximately \$39.7 million invested in capital assets. This amount represents a net decrease (including additions and deletions) of approximately \$665,000 from the fiscal year 2011 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	2011	2010	Change
Capital assets not being depreciated	\$ 30,196,507	\$ 30,196,507	\$ -
Capital assets being depreciated	13,918,906	13,918,906	-
Total, prior to depreciation	44,115,413	44,115,413	-
Accumulated depreciation	(4,404,428)	(3,739,393)	(665,035)
Net capital assets	\$ 39,710,985	\$ 40,376,020	\$ (665,035)

More information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At September 30, 2011, the District had \$53 million in bonds outstanding. This amount represents a net decrease of \$1.3 million from the fiscal year 2010 total.

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	2011	2010	Change
Series 2000 A bonds	\$ 12,660,000	\$ 12,935,000	\$ (275,000)
Series 2000 B bonds	14,795,000	15,415,000	(620,000)
Series 2003 A bonds	25,525,000	25,960,000	(435,000)
	\$ 52,980,000	\$ 54,310,000	\$ (1,330,000)

More information about the District's long-term debt is presented in Note 5 to the financial statements.

FUTURE FINANCIAL FACTORS

Miromar Lakes Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Rates for Fiscal Year 2012 were established to provide for the operations of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Miromar Lakes Community Development District's management company, JPWard and Associates, LLC, at 513 Northeast 13th Avenue, Fort Lauderdale, Florida 33301, (954)658-4900, ward9490@comcast.net.

Basic Financial Statements

Miromar Lakes Community Development District

Statement of Net Assets

<i>September 30,</i>	2011
	Governmental Activities
Assets	
Cash and cash equivalents	\$ 173,979
Investments	6,275,178
Accounts receivable	28,440
Deferred charges, net	593,634
Capital assets:	
Not being depreciated	30,196,507
Depreciable, net	9,514,478
Total assets	46,782,216
Liabilities	
Accounts payable	65,848
Accrued interest payable	1,565,840
Non-current liabilities:	
Due within one year	15,485,000
Due in more than one year	37,495,000
Total liabilities	54,611,688
Net assets	
Invested in capital assets, net of related debt	4,082,924
Unrestricted	(11,912,396)
Total net assets (deficit)	\$ (7,829,472)

See accompanying notes to financial statements.

Miromar Lakes Community Development District

Statement of Activities

Year ended September 30,

2011

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
Primary government:						
Governmental activities:						
General government	\$ (164,634)	\$ 159,878	\$ -	\$ -	\$ (4,756)	
Maintenance and operations	(1,278,238)	595,487	-	-	(682,751)	
Interest	(3,857,193)	5,027,883	807	-	1,171,497	
Total governmental activities	\$ (5,300,065)	\$ 5,783,248	\$ 807	\$ -	483,990	

General revenues

Investment interest and other income	496
Change in net assets	484,486
Net assets (deficit) - beginning of the year	(8,313,958)
Net assets (deficit) - end of the year	\$ (7,829,472)

See accompanying notes to financial statements.

Miromar Lakes Community Development District

Balance Sheet - Governmental Funds

September 30,

2011

	General	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 173,979	\$ -	\$ 173,979
Investments	168,382	6,106,796	6,275,178
Accounts receivable	28,440	-	28,440
Total assets	\$ 370,801	\$ 6,106,796	\$ 6,477,597
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 65,848	\$ -	\$ 65,848
Total liabilities	65,848	-	65,848
Fund balances			
Restricted for debt service	-	6,106,796	6,106,796
Unassigned	304,953	-	304,953
Total fund balances	304,953	6,106,796	6,411,749
Total liabilities and fund balances	\$ 370,801	\$ 6,106,796	\$ 6,477,597

See accompanying notes to financial statements.

Miromar Lakes Community Development District

Reconciliation of the Balance Sheet to the Statement of Net Assets

<i>September 30,</i>	2011
Total fund balances, governmental funds	\$ 6,411,749
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	39,710,985
Bond issue costs are not financial resources and therefore are not reported as assets in governmental funds. The Statement of Net Assets includes these costs, net of amortization.	593,634
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(54,545,840)
Total net assets (deficit) - governmental activities	\$ (7,829,472)

See accompanying notes to financial statements.

Miromar Lakes Community Development District

Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds

Year ended September 30,

2011

	General	Debt Service	Total Governmental Funds
Revenues			
Assessments	\$ 776,261	\$ 4,484,979	\$ 5,261,240
Prepayment revenue	-	542,904	542,904
Interest earnings	496	807	1,303
Total revenues	776,757	5,028,690	5,805,447
Expenditures			
Current:			
General government	164,634	-	164,634
Maintenance and operations	613,203	-	613,203
Debt service:			
Principal	-	1,330,000	1,330,000
Interest	-	3,833,635	3,833,635
Total expenditures	777,837	5,163,635	5,941,472
Excess (deficiency) of revenues over expenditures	(1,080)	(134,945)	(136,025)
Fund balances, beginning of year	306,033	6,241,741	6,547,774
Fund balances, end of year	\$ 304,953	\$ 6,106,796	\$ 6,411,749

See accompanying notes to financial statements.

Miromar Lakes Community Development District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

<i>Year ended September 30,</i>	2011
Net change in fund balances - governmental funds	\$ (136,025)
Revenues previously reported in the Statement of Activities that did not provide current financial resources are reported in the current period in the governmental funds.	(20,896)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Assets.	1,330,000
Depreciation on capital assets is not recognized in the fund financial statements but is reported as an expense in the Statement of Activities.	(665,035)
Amortization of bond issuance costs is not recognized in the governmental fund statement but is reported as an expense in the Statement of Activities.	(63,170)
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	39,612
Change in net assets of governmental activities	\$ 484,486

See accompanying notes to financial statements.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 1 – NATURE OF ORGANIZATION

The Miromar Lakes Community Development District (the “District”) was established on September 19, 2000 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Lee County Ordinance No. 00-17. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected by qualified electors of Lee County whose primary residence is within the District. One of the Supervisors at September 30, 2011 is affiliated with Miromar Lakes, LLC, the Developer. The District is economically dependent on the Developer. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying special assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP). The primary criteria for including organizations within the District's reporting entity, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, is financial accountability. The District is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or a jointly appointed board. Based on the foregoing criteria, no potential component units were found.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2011, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

The preparation of government-wide financial statements includes the application of both GASB pronouncements and those of the Financial Accounting Standards Board (FASB) issued before November 30, 1989.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

In March 2009, GASB issued Statement No. 54—Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The District made the decision to implement this standard effective October 1, 2010.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments, including debt service assessments and operation and maintenance assessments, are non-ad valorem assessments imposed on all lands located within the District and benefited by the District's activities. Assessments are levied by the District prior to the start of the fiscal year which begins October 1st and ends on September 30th. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District. Certain debt service assessments are collected upon the closing of those lots subject to short term debt and are used to prepay a portion of the bonds outstanding.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

For the year ended September 30, 2011, the District does not report any proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash, Deposits and Investments

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by *Governmental Accounting Standards Board, Statement Number 40, Deposits and Investment Disclosures (An Amendment of Governmental Accounting Standards Board, Statement Number 3)*.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the United States Treasury; the Local Government Surplus Funds Trust as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Capital Assets

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	10 - 30
Improvements other than buildings	10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premiums or discounts. Bond issuance costs are shown as deferred charges and are presented net of \$618,344 of accumulated amortization.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

Net assets in the government-wide financial statements are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt represents net assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net assets represent the net assets restricted by the District's bond covenants.

Budgets

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles for the general fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts. For the year ended September 30, 2011, the District's expenditures exceeded budgeted appropriations by \$36,277.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. Certain budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 3 – INVESTMENTS

All investments held at September 30, 2011, are reported at fair value, which approximates amortized cost. Values for the District's investments are based on quoted market prices or amounts determined by the issuer.

The following is a summary of the District's investments:

<u>September 30,</u>	<u>2011</u>	<u>Credit Risk</u>	<u>Maturities</u>
Short-term Money Market Funds	\$ 6,275,178	S&P AAAM	21 - 44 days
Total investments	\$ 6,275,178		

Custodial credit risk – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2011, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration risk – The District's investment policy requires diversification, but does not specify limits on types of investments.

Interest rate risk – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

NOTE 4 – CAPITAL ASSETS

The total projected cost of the infrastructure improvements has been estimated at \$84.5 million, of which approximately \$63.1 million has been funded with proceeds from Series 2000 and Series 2003 bonds. The Developer has agreed to fund the portion of the project not financed by the proceeds of the Series 2000 and Series 2003 bonds. Certain improvements have been conveyed to other governmental entities.

Depreciation expense of \$665,035 was allocated to maintenance and operations in the Statement of Activities.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in the capital assets for the year ended September 30, 2011:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 30,196,507	\$ -	\$ -	\$ 30,196,507
Total capital assets, not being depreciated	30,196,507	-	-	30,196,507
<i>Capital assets being depreciated:</i>				
Infrastructure	11,841,145	-	-	11,841,145
Improvements other than buildings	2,077,761	-	-	2,077,761
Total capital assets, being depreciated	13,918,906	-	-	13,918,906
<i>Less accumulated depreciation for:</i>				
Infrastructure	2,792,196	457,418	-	3,249,614
Improvements other than buildings	947,197	207,617	-	1,154,814
Total accumulated depreciation	3,739,393	665,035	-	4,404,428
Total capital assets being depreciated, net	10,179,513	(665,035)	-	9,514,478
Governmental activities capital assets, net	\$ 40,376,020	\$ (665,035)	\$ -	\$ 39,710,985

NOTE 5 – BONDS PAYABLE

Capital Improvement Revenue Bonds, Series 2000A – The District previously issued \$14,530,000 in Capital Improvement Revenue Bonds, Series 2000A for the purpose of funding certain capital projects within the boundaries of the District. The bonds bear interest at 7.375% and mature in May 2032. Interest is payable semi-annually on the first day of each May and November. The bonds are secured by a pledge of revenues derived from the collection of non-ad valorem special assessments.

The bonds are subject to mandatory redemption at par on a schedule of annual redemptions through May 2032, the maturity date. The District is required to redeem the bonds at par prior to schedule from the proceeds of any assessments prepaid in full or if certain events occur as outlined in the Bond Indenture. The bonds are subject to redemption at the option of the District at a premium from May 2011 through April 2012 and at par on or after May 2013.

Capital Improvement Revenue Bonds, Series 2000B – The District previously issued \$27,395,000 in Capital Improvement Revenue Bonds, Series 2000B for the purpose of funding certain capital projects within the boundaries of the District. The bonds bear interest at 7.25% and mature in May 2012. Interest is payable semi-annually on the first day of each May and November. The bonds are secured by a pledge of revenues derived from the collection of non-ad valorem special assessments.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 5 – BONDS PAYABLE (CONTINUED)

Capital Improvement Revenue Bonds, Series 2003A – The District previously issued \$27,560,000 in Capital Improvement Revenue Bonds, Series 2003A for the purpose of funding certain capital projects within the boundaries of the District. The bonds bear interest at 6.875% and mature in May 2035. Interest is payable semi-annually on the first day of each May and November. The bonds are secured by a pledge of revenues derived from the collection of non-ad valorem special assessments.

The bonds are subject to mandatory redemption at par on a schedule of annual redemptions through May 2035, the maturity date. The District is required to redeem the bonds at par prior to schedule from the proceeds of any assessments prepaid or if certain events occur as outlined in the Bond Indenture. The bonds are subject to redemption at the option of the District at a premium from May 2014 through April 2015 and at par on or after May 2015.

Long-term liability activity for the year ended September 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2000 A	\$ 12,935,000	\$ -	\$ (275,000)	\$ 12,660,000	\$ 260,000
Series 2000 B	15,415,000	-	(620,000)	14,795,000	14,795,000
Series 2003 A	25,960,000	-	(435,000)	25,525,000	430,000
	\$ 54,310,000	\$ -	\$ (1,330,000)	\$ 52,980,000	\$ 15,485,000

At September 30, 2011, the scheduled debt service requirements on long-term debt were as follows:

Year Ending September 30,	Principal	Interest	Total Debt Service
2012	\$ 15,485,000	\$ 3,757,991	\$ 19,242,991
2013	740,000	2,636,681	3,376,681
2014	800,000	2,584,476	3,384,476
2015	855,000	2,528,027	3,383,027
2016	920,000	2,467,704	3,387,704
2017 - 2021	5,715,000	11,264,077	16,979,077
2022 - 2026	8,140,000	8,928,815	17,068,815
2027 - 2031	11,580,000	5,603,171	17,183,171
2032 - 2035	8,745,000	1,435,096	10,180,096
	\$ 52,980,000	\$ 41,206,038	\$ 94,186,038

The Bond Indentures have certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service. The District is in compliance with the requirements of the Bond Indentures.

Miromar Lakes Community Development District

Notes to Financial Statements

NOTE 5 – BONDS PAYABLE (CONTINUED)

The Bond Indentures require that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indentures. The requirements have been met for the fiscal year ended September 30, 2011.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. The District has not incurred any insurance claims under the commercial coverage in the previous three years.

NOTE 7 – RELATED PARTY TRANSACTIONS

During the year ended September 30, 2011, the Developer was directly assessed \$341,283 and \$3,072,498 for operations and maintenance assessments and debt service assessments, respectively, of which \$28,440 is recorded as Accounts receivable on the accompanying Statement of Net Assets and Balance Sheet - Governmental Funds.

NOTE 8 – MANAGEMENT COMPANY

The District has contracted with JPWard and Associates, LLC to perform management advisory services, which include financial and accounting advisory services. Certain employees of the management company also serve as officers (Board appointed non-voting positions) of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, and other administrative costs.

NOTE 9 – CONCENTRATION

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Miromar Lakes, LLC, the loss of which could have a material adverse effect on the District's operations.

Required Supplemental Information
(Other Than MD&A)

Miromar Lakes Community Development District

Budget to Actual Comparison Schedule - General Fund

Year ended September 30,

2011

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Special assessment	\$ 741,200	\$ 776,261	\$ 35,061
Interest and other revenues	360	496	136
Total revenues	741,560	776,757	35,197
Expenditures			
General government	145,860	164,634	(18,774)
Maintenance and operations	595,700	613,203	(17,503)
Total expenditures	741,560	777,837	(36,277)
Excess (deficiency) of revenues over expenditures	\$ -	\$ (1,080)	\$ 1,080



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Supervisors
Miramar Lakes Community Development District
Lee County, Florida

We have audited the financial statements of the governmental activities and each major fund of Miramar Lakes Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements and have issued our report dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion

on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management, the Board of Supervisors, others within the District, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than those specified parties.

Caru, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
December 5, 2011



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MANAGEMENT LETTER

To the Board of Supervisors
Miromar Lakes Community Development District
Lee County, Florida

We have audited the financial statements of the Miromar Lakes Community Development District ("District") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated December 5, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in this report which is dated December 5, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual audit report.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contract or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information required is disclosed in the notes to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes during the year ended September 30, 2011.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the District and management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Caru, Riggs & Ingram, L.L.C.

Miramar Beach, Florida
December 5, 2011

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