

In the opinion of Bond Counsel, under existing law, and assuming compliance with the tax covenants described herein, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. In the case of certain corporate holders of the Series 2018 Bonds, interest on the Series 2018 Bonds will be included in adjusted current earnings for purposes of the alternative minimum tax applicable to taxable years beginning before January 1, 2018. Bond Counsel is further of the opinion that pursuant to the Act, the Series 2018 Bonds and the interest thereon are exempt from 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 said Chapter 220. See "TAX MATTERS" herein regarding certain other tax considerations.

**ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT
(Manatee County, Florida)**

\$6,760,000 Capital Improvement Revenue Bonds, Series 2018

Dated: Date of delivery

Due: May 1, as shown below

The \$6,760,000 Artisan Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018 (the "Series 2018 Bonds") are being issued by the Artisan Lakes Community Development District (the "District") pursuant to a Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture") between the District and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by a Third Supplemental Trust Indenture dated as of November 1, 2018 (the "Third Supplemental Indenture," and, together with the Master Indenture, the "Indenture"), between the District and the Trustee. The Series 2018 Bonds are being issued only in fully registered form, in denominations of \$5,000 or any integral multiple thereof; provided, however, that the Series 2018 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, the Florida Constitution, and other applicable provisions of law (collectively, the "Act") and Ordinance No. 07-64 of the Board of County Commissioners of Manatee County, Florida (the "County"), enacted on August 7, 2007, and effective on August 16, 2007, as amended by Ordinance No. 18-30, enacted by the County on August 21, 2018, and effective on August 28, 2018.

The Series 2018 Bonds are payable from and secured by the Series 2018 Trust Estate, which includes the Series 2018 Pledged Revenues and the Series 2018 Pledged Funds. The Series 2018 Pledged Revenues consist of the revenues derived by the District from non-ad valorem special assessments levied to pay debt service on the Series 2018 Bonds against the remaining fifty-three (53) platted units that are not subject to the Series 2013A-1 Assessments and Series 2013A-2 Assessments (each as defined herein) and the remaining undeveloped acreage in the District, but ultimately expected to be assigned to the approximately 463 units remaining to be platted, all as further described herein. Initially, and until such time as the Series 2013A-3 Assessments are prepaid by the Developer (as defined herein), the lien of the Series 2018 Assessments and the Series 2013A-3 Assessments (as defined herein) will overlap on the lands subject thereto. The Series 2018 Pledged Funds consist of the Funds and Accounts (except for the Series 2018 Rebate Account) established by the Indenture. See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2018 BONDS."

The Series 2018 Bonds, when issued, will be registered in the name of Cede & Co., as the owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Series 2018 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the Series 2018 Bonds will be paid from the sources described herein by the Trustee directly to Cede & Co. as the nominee of DTC and the registered owner thereof. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein. Any purchaser as a beneficial owner of a Series 2018 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 2018 Bond. See "DESCRIPTION OF THE SERIES 2018 BONDS - Book-Entry Only System" herein. The Series 2018 Bonds will bear interest at the fixed rates set forth herein, calculated on the basis of a 360-day year composed of twelve thirty-day months. Interest on the Series 2018 Bonds is payable semi-annually on each May 1 and November 1, commencing May 1, 2019.

Some or all of the Series 2018 Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein.

The Series 2018 Bonds are being issued to: (i) finance a portion of the Cost of acquiring, constructing and equipping public assessable infrastructure and improvements comprising the Series 2018 Project, as more particularly described herein; (ii) pay certain costs associated with the issuance of the Series 2018 Bonds; (iii) make a deposit into the Series 2018 Reserve Account to be held for the benefit of all of the Series 2018 Bonds, without privilege or priority of one Series 2018 Bond over another; and (iv) pay a portion of the interest to become due on the Series 2018 Bonds.

THE SERIES 2018 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2018 TRUST ESTATE PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2018 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, ASSESSMENTS (AS DEFINED HEREIN) TO SECURE AND PAY THE SERIES 2018 BONDS. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION.

THE SERIES 2018 BONDS INVOLVE A DEGREE OF RISK (SEE "BONDOWNERS' RISKS" HEREIN) AND ARE NOT SUITABLE FOR ALL INVESTORS. PURSUANT TO APPLICABLE FLORIDA LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERING OF THE SERIES 2018 BONDS TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. THE LIMITATION ON THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2018 BONDS. THE SERIES 2018 BONDS ARE NOT RATED OR CREDIT ENHANCED AND NO APPLICATION HAS BEEN MADE FOR A RATING OR CREDIT ENHANCEMENT WITH RESPECT TO THE SERIES 2018 BONDS NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING EITHER CREDIT ENHANCEMENT FOR THE SERIES 2018 BONDS OR A RATING FOR THE SERIES 2018 BONDS HAD APPLICATION BEEN MADE. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2018 BONDS. SEE "SUITABILITY FOR INVESTMENT" AND "BONDOWNERS' RISKS" HEREIN.

This cover page contains information for quick reference only. It is not a summary of the Series 2018 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

AMOUNTS, INTEREST RATES, MATURITIES, YIELDS, PRICES AND INITIAL CUSIP NUMBERS*

\$550,000 4.375% Series 2018 Term Bond Due May 1, 2024 - Yield: 4.375% - Price: 100.000 - CUSIP No. 04315Y AE7
 \$685,000 4.875% Series 2018 Term Bond Due May 1, 2029 - Yield: 4.875% - Price: 100.000 - CUSIP No. 04315Y AF4
 \$2,030,000 5.375% Series 2018 Term Bond Due May 1, 2039 - Yield: 5.375% - Price: 100.000 - CUSIP No. 04315Y AG2
 \$3,495,000 5.500% Series 2018 Term Bond Due May 1, 2049 - Yield: 5.500% - Price: 100.000 - CUSIP No. 04315Y AH0

The Series 2018 Bonds are offered for delivery when, as and if issued by the District and accepted by MBS Capital Markets, LLC, the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Greenspoon Marder LLP, Boca Raton, Florida, Bond Counsel, as to the validity of the Series 2018 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams P.A., Tallahassee, Florida, for the Developer by its counsel, GrayRobinson, P.A., Tampa, Florida, for the Trustee by its counsel, Holland & Knight LLP, Miami, Florida, and for the Underwriter by its counsel, Bryant Miller Olive P.A., Orlando, Florida. It is expected that the Series 2018 Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about November 16, 2018.

MBS CAPITAL MARKETS, LLC

Dated: October 29, 2018

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

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

Michael Bachman, Chairperson*
Tracy Briones, Vice Chairperson*
Scott Himelhoch, Assistant Secretary*
J.D. Humphreys, Assistant Secretary†
Travis Stagnitta, Assistant Secretary*

DISTRICT MANAGER AND ASSESSMENT CONSULTANT

JPWard and Associates, LLC
Oakland Park, Florida

DISTRICT COUNSEL

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

DISTRICT ENGINEER

Waldrop Engineering, P.A.
Sarasota, Florida

BOND COUNSEL

Greenspoon Marder LLP
Boca Raton, Florida

COUNSEL TO THE UNDERWRITER

Bryant Miller Olive P.A.
Orlando, Florida

* Affiliated with Developer.

† Affiliated with a prior landowner and not affiliated with the Developer.

REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

No dealer, broker, salesman or other person has been authorized by the District, the State of Florida or the Underwriter to give any information or to make any representations other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District, the District Manager, the Developer, the District Engineer and other sources that are believed by the Underwriter to be reliable. The District, the Developer, the District Engineer and the Assessment Consultant will, at closing, deliver certificates certifying that certain of the information each supplied does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change with respect to the matters described herein since the date hereof.

The information set forth herein has been obtained from public documents, records and other sources, including the District and the Developer, which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The Underwriter has provided the following sentence for inclusion in 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.

Statements contained herein that are not purely historical, are forward-looking statements, including statements regarding the District's and the Developer's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included herein are based on information available on the date hereof, and the District assumes no obligation to update any such forward-looking statements. Such forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District and the Developer. Actual results could differ materially from

those discussed in such forward-looking statements and, therefore, there can be no assurance that the forward-looking statements included herein will prove to be accurate.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER IS LIMITING THIS OFFERING TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. HOWEVER, THE LIMITATION ON THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2018 BONDS.

THE SERIES 2018 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 2018 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 BY SUCH JURISDICTIONS. NEITHER THE DISTRICT, MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF HAS GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2018 BONDS OR UPON THE PROBABILITY OF ANY EARNINGS THEREON. OTHER THAN THE DISTRICT, NEITHER MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

THIS LIMITED OFFERING MEMORANDUM, IS NOT, AND SHALL NOT BE DEEMED TO CONSTITUTE, AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY REAL ESTATE, WHICH MAY ONLY BE MADE PURSUANT TO OFFERING DOCUMENTS SATISFYING APPLICABLE FEDERAL AND STATE LAWS RELATING TO THE OFFER AND SALE OF REAL ESTATE.

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LIMITED OFFERING MEMORANDUM

relating to

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT (Manatee County, Florida)

\$6,760,000 Capital Improvement Revenue Bonds, Series 2018

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information concerning the Artisan Lakes Community Development District (the "District" or the "Issuer"), in connection with the offering and issuance by the District of its Capital Improvement Revenue Bonds, Series 2018 (the "Series 2018 Bonds"). The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, the Florida Constitution, and other applicable provisions of law (collectively, the "Act") and Ordinance No. 07-64 of the Board of County Commissioners of Manatee County, Florida (the "County"), enacted on August 7, 2007, and effective on August 16, 2007, as amended by Ordinance No. 18-30, enacted by the County on August 21, 2018, and effective on August 28, 2018 (collectively, the "Ordinance"). The Series 2018 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture") between the District and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by a Third Supplemental Trust Indenture dated as of November 1, 2018 (the "Third Supplemental Indenture," and, together with the Master Indenture, the "Indenture"), between the District and the Trustee, and resolutions of the District authorizing the issuance of the Series 2018 Bonds. All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the Master Indenture and form of Third Supplemental Indenture, both of which appear as composite APPENDIX C attached hereto. The information contained in this Introduction is part of this Limited Offering Memorandum and is subject in all respects to the more complete information contained in or incorporated into this Limited Offering Memorandum. This Introduction should not be considered a complete statement of the facts material to making an investment decision. This Limited Offering Memorandum speaks only as of its date and the information contained herein is subject to change.

THE SERIES 2018 BONDS ARE NOT RATED OR CREDIT ENHANCED, AND ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT" AND "BONDOWNERS' RISKS" HEREIN).

The District was established for the purposes, among other things, of financing and managing the planning, acquisition, construction, maintenance and operation of the public infrastructure necessary for community development in Esplanade at Artisan Lakes located within the District's boundaries (the "Development"). The Act authorizes the District to issue

bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and wastewater management, bridges or culverts, district roads, street lights and other basic infrastructure projects within or without the boundaries of the District, all as provided in the Act.

Consistent with the requirements of the Indenture and the Act, the Series 2018 Bonds are being issued for the primary purpose of financing a portion of the Costs of acquiring, constructing and equipping public assessable infrastructure and improvements, as more fully described herein (the "Series 2018 Project"), paying certain costs associated with the issuance of the Series 2018 Bonds, making a deposit into the Series 2018 Reserve Account to be held for the benefit of all of the Series 2018 Bonds, without privilege or priority of one Series 2018 Bond over another, and paying a portion of the interest to become due on the Series 2018 Bonds.

The Series 2018 Bonds are payable from and secured by the revenues derived by the District from the Series 2018 Assessments and amounts in the Funds and Accounts (except for the Series 2018 Rebate Account) established by the Third Supplemental Indenture. The Series 2018 Assessments (as defined in the Third Supplemental Indenture) will be initially levied against the fifty-three (53) remaining platted units that are not subject to the Series 2013A-1 Assessments and Series 2013A-2 Assessments (each as defined herein) and the remaining undeveloped acreage in the District, but ultimately expected to be assigned to the approximately 463 units remaining to be platted, all as further described herein and in the Assessment Report attached as APPENDIX B (the "Series 2018 Assessment Area"). Initially, and until such time as the Series 2013A-3 Assessments (as defined herein) are prepaid by the Developer (as defined herein), the lien of the Series 2018 Assessments and the Series 2013A-3 Assessments will overlap on the lands subject thereto.

The Series 2018 Assessments represent an allocation of the Costs of the Series 2018 Project, including bond financing costs, to the Series 2018 Assessment Area in accordance with the Special Assessment Methodology – Final Supplemental Report Prepared for Limited Offering Memorandum – Series 2018 Bonds – Esplanade at Artisan Lakes dated October 29, 2018, prepared by JPWard and Associates, LLC, Oakland Park, Florida (the "Assessment Report"), attached hereto as APPENDIX B.

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

The District covenants and agrees in the Third Supplemental Indenture that other than Bonds issued to refund the then Outstanding Series 2018 Bonds, the issuance of which results in net present debt service savings, the District shall not, while any Series 2018 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2018 Trust Estate. The District further covenants and agrees in the Indenture that so long as the Series 2018 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the Series 2018 Assessments, without the written consent of the Majority Owners, unless the Series 2018 Assessments have been Substantially Absorbed. Notwithstanding the prior sentence, the foregoing shall not preclude the imposition of capital Special Assessments on property subject to the Series 2018 Assessments which are necessary, as determined by the District, for health, safety or welfare reasons or to remediate a natural disaster or Operation and Maintenance Assessments. The Trustee is entitled to assume that the Series 2018 Assessments have not been Substantially Absorbed absent delivery to the Trustee of a certificate of the District Manager to the contrary on which the Trustee may conclusively rely.

“Substantially Absorbed” is defined in the Third Supplemental Indenture to mean the date when at least ninety percent (90%) of the principal portion of the Series 2018 Assessments has been assigned to residential units within the District that have each received a certificate of occupancy.

There follows in this Limited Offering Memorandum a brief description of the District, the Series 2018 Project and the components thereof, the Development, and Taylor Woodrow Communities at Artisan Lakes, L.L.C., a Florida limited liability company (the “Developer”), together with summaries of the terms of the Indenture, the Series 2018 Bonds 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 all references to the Series 2018 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. The Master Indenture and form of Third Supplemental Indenture are attached hereto as composite APPENDIX C. The information herein under the captions “THE DEVELOPMENT” and “THE DEVELOPER” has been furnished by the Developer and has been included herein without independent investigation by the District or District Counsel or the Underwriter or its counsel, and the District and the Underwriter make no representation or warranty concerning the accuracy or completeness of such information. The Developer makes no representation or warranty as to the accuracy or completeness of information contained herein which has been furnished by any other party to the transactions contemplated hereby.

SUITABILITY FOR INVESTMENT

While the Series 2018 Bonds are not subject to registration under the Securities Act of 1933, as amended (the “Securities Act”), the Underwriter has determined that the Series 2018 Bonds are not suitable for investment by persons other than, and, as required by Chapter 189, Florida Statutes, will offer the Series 2018 Bonds only to, “accredited investors,” within the meaning of Chapter 517, Florida Statutes, and the rules promulgated thereunder (“Accredited Investors”). However, the limitation of the initial offering to Accredited Investors does not denote restrictions

on transfers in any secondary market for the Series 2018 Bonds. Prospective investors in the Series 2018 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Series 2018 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Investment in the Series 2018 Bonds poses certain economic risks. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum.

THE DISTRICT

General

The District was established pursuant to the Ordinance. The District consists of approximately 415 acres located in the northeastern portion of the County.

Legal Powers and Authority

The District is an independent unit of local government created pursuant to, and established in accordance with, the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State of Florida. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operation and maintenance of the major infrastructure for community development pursuant to its general law charter.

Among other provisions, the Act gives the District's Board of Supervisors the authority to, among other things, (a) finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems, facilities, and basic infrastructure for, among other things: (i) water management and control for lands within the District and to connect any of such facilities with roads and bridges; (ii) water supply, sewer and waste-water management, reclamation and reuse systems or any combination thereof and to construct and operate connecting intercept or outlet sewers and sewer mains and pipes and water mains, conduits, or pipelines in, along, and under any street, alley, highway, or other public place or ways, and to dispose of any effluent, residue, or other byproducts of such system or sewer system; (iii) District roads equal to or exceeding the specifications of the county in which such District roads are located and street lights, landscaping, hardscaping and undergrounding of electric utility lines; (iv) conservation areas, mitigation areas, and wildlife habitat; (v) any other project, facility, or service required by a development approval, interlocal agreement, zoning condition, or permit issued by a governmental authority with jurisdiction in the District, and (vi) with the consent of the local general-purpose government within the jurisdiction of which the power is to be exercised, parks and facilities for indoor and outdoor recreational uses, and security; (b) borrow money and issue bonds of the District; (c) impose and foreclose special assessments liens as

provided in the Act; and (d) exercise all other powers, necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act.

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens.

The District has entered into an Interlocal Agreement (the “Interlocal Agreement”) with the Artisan Lakes East CDD (as defined herein) which provides for each party to fund its share of the costs of Artisan Lakes Parkway. See “THE DEVELOPMENT – Development Status” herein and “APPENDIX A – Engineer’s Report” attached herein.

Board of Supervisors

The Act provides that a five-member Board of Supervisors (the “Board”) serves as the governing body of the District. Members of the Board (the “Supervisors”) must be residents of the State and citizens of the United States. Initially, the Supervisors were appointed in the Ordinance. Within 90 days after formation of the District, an election was held pursuant to which new Supervisors were elected on an at-large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number). A Supervisor serves until expiration of his or her term and until his or her successor is chosen and qualified. If, during a term of office, a vacancy occurs, the remaining Supervisors may fill the vacancy by an appointment of an interim Supervisor for the remainder of the unexpired term.

At the initial election held within 90 days after formation of the District, the landowners in the District elected two Supervisors to four-year terms and three Supervisors to two-year terms. Thereafter, the elections take place every two years, with the first such election being held on the first Tuesday in November, and subsequent elections being held on a date in November established by the Board. Upon the later of six years after the initial appointment of Supervisors and the year when the District next attains at least 250 qualified electors, Supervisors whose terms are expiring will begin to be elected (as their terms expire) by qualified electors of the District. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State 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, each elected to four-year terms. The seat of the remaining Supervisor whose term is expiring at such election shall be filled by a Supervisor who is elected by the landowners for a four-year term and who is not required to be a qualified elector. Thereafter, as terms expire, all Supervisors must be qualified electors and must be elected by qualified electors to serve staggered four-year terms.

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 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>
Michael Bachman*	Chairperson	Nov. 2020
Tracy Briones*	Vice Chairperson	Nov. 2018
Scott Himelhoch*	Assistant Secretary	Nov. 2018
J.D. Humphreys†	Assistant Secretary	Nov. 2020
Travis Stagnitta*	Assistant Secretary	Nov. 2018

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

District Manager and Other Consultants

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

The District has hired JPWard and Associates, LLC (the “District Manager”) to serve as District Manager. The District Manager’s office is located 2900 Northeast 12th Terrace, Suite 1, Oakland Park, Florida 33334 and its telephone number is (954) 658-9400.

The District Manager’s typical responsibilities can briefly be summarized as overseeing directly and coordinating the planning, financing, purchasing, staffing, reporting and serving as governmental liaison for the District. The District Manager’s responsibilities include, among

* Affiliated with Developer.

† Affiliated with a prior landowner and not affiliated with Developer.

other things, requisitioning moneys to pay construction contracts and the related accounting and reporting that is required by the Indenture.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Greenspoon Marder LLP, Boca Raton, Florida, as Bond Counsel; Hopping Green & Sams, P.A., Tallahassee, Florida, as District Counsel; Waldrop Engineering, P.A., Sarasota, Florida, as District Engineer; and JP Ward and Associates, LLC, Oakland Park, Florida, as Assessment Consultant (the "Assessment Consultant") to prepare the Assessment Report for the Series 2018 Bonds.

PRIOR DISTRICT INDEBTEDNESS

In December 2013, the District issued its \$8,515,000 Capital Improvement Revenue Bonds, Series 2013 (the "Series 2013 Bonds") in three (3) sub-series as follows:

- \$3,430,000 Capital Improvement Revenue Bonds, Series 2013A-1 (the "Series 2013A-1 Bonds"), currently outstanding in the principal amount of \$3,260,000
- \$2,585,000 Capital Improvement Revenue Bonds, Series 2013A-2 (the "Series 2013A-2 Bonds"), currently outstanding in the principal amount of \$660,000
- \$2,500,000 Capital Improvement Revenue Bonds, Series 2013A-3 (the "Series 2013A-3 Bonds"), currently outstanding in the principal amount of \$2,390,000

The Assessments relating to the Series 2013 Bonds (the "Series 2013 Assessments") were originally levied on the gross undeveloped acreage of the District. As individual units were developed and platted, assessments securing the Series 2013A-1 Bonds (the "Series 2013A-1 Assessments") and Series 2013A-2 Bonds (the "Series 2013A-2 Assessments") were assigned to units on a first-platted, first assigned basis. Based upon development and platting activity within the District to date, the Series 2013A-1 Assessments and Series 2013A-2 Assessments have been fully assigned to the first 335 platted units. Further, the Assessments relating to the Series 2013A-3 Bonds (the "Series 2013A-3 Assessments") are levied on the remaining fifty-three (53) platted units not subject to the Series 2013A-1 Assessments and Series 2013A-2 Assessments, as well as the undeveloped acreage within the District, which is planned for an additional 463 units to be platted. The Developer has and is expected to continue to prepay the Series 2013A-2 Assessments and Series 2013A-3 Assessments prior to home closings with retail buyers. The Series 2013A-1 Assessments are structured to be levied and collected in thirty (30) annual installments.

The Series 2018 Bonds are secured by and payable from revenues derived from the Series 2018 Assessments which are levied on the fifty-three (53) platted units subject to the Series 2013A-3 Assessments as well as the undeveloped acreage within the District, which is planned for an additional 463 units. Therefore, the lien of the Series 2018 Assessments will overlap with the remaining outstanding Series 2013A-3 Assessments on the land subject thereto but the Series 2018 Assessments will not overlap with the Series 2013A-1 Assessments or the Series 2013A-2 Assessments. As stated above, it is expected that the Series 2013A-3 Assessments will continue

to be prepaid prior to home closings with retail buyers. The Series 2018 Assessments are structured to be levied and collected in thirty (30) annual installments.

THE CAPITAL IMPROVEMENT PROGRAM AND SERIES 2018 PROJECT

Reference is made to “APPENDIX A – Engineer’s Report” for a detailed description of the Capital Improvement Program (the “CIP”) for the District which has been updated based on revised construction costs and changes to the project (as described further below) and is now estimated to cost approximately \$14.9 million. The CIP is the public component of infrastructure serving the District and includes public roadways (onsite and offsite), water, wastewater, storm water management, reclaimed water, landscaping, lighting, perimeter walls, associated permitting/consultant fees and contingency.

Proceeds of the District’s Series 2013 Bonds were utilized to acquire and construct a portion of the CIP referred to as the “Series 2013 Project” in the amount of approximately \$6.9 million. The remainder of the CIP includes stormwater management, sanitary sewer systems, and potable water systems which are estimated to cost approximately \$7.9 million (the “Series 2018 Project”) of which approximately \$5.9 million will be funded with proceeds of the Series 2018 Bonds. A portion of the Series 2018 Project that will be funded with proceeds of the Series 2018 Bonds includes items that were previously completed and acquired by the District. The Developer estimates it has expended approximately \$4.5 million to date toward completion of the Series 2018 Project. Further, the Developer has also expended a significantly greater amount on improvements that are not part of the CIP, as discussed in more detail below under the heading “THE DEVELOPMENT – Land Acquisition/Development Financing.”

The remainder of the CIP not funded with proceeds of the Series 2013 Bonds or Series 2018 Bonds has been, and will continue to be, funded with proceeds from the Developer as more fully described under the heading “THE DEVELOPMENT – Land Acquisition/Development Financing.” The Developer and the District have previously entered into an agreement (the “Completion Agreement”) whereby the Developer agreed to complete those portions of the CIP not funded with proceeds of Bonds issued by the District. In conjunction with the issuance of the Series 2018 Bonds, the Completion Agreement will be amended to reflect the issuance of the Series 2018 Bonds. The District cannot make any representation that the Developer will have sufficient funds to complete the CIP or other improvements necessary for the Development.

THE DEVELOPMENT

The following information appearing below under the caption “THE DEVELOPMENT” and “THE DEVELOPER” has been furnished by the Developer and has not been independently verified by the District, its counsel or bond counsel or the Underwriter and its counsel. The Developer’s obligation to pay the Series 2018 Assessments is limited solely to the obligation of any landowner within the District. The Developer is not a guarantor of payment of any Series 2018 Assessments, and the recourse for the failure of any landowner to pay the Series 2018 Assessments is limited to the applicable collection proceedings against the land subject to the Series 2018 Assessments.

Overview

Esplanade at Artisan Lakes (the “Development”) encompasses approximately 398 acres situated in the Gateway North Development of Regional Impact (the “Gateway North DRI”), an approved development of regional impact located at the northwest corner of the Moccasin Wallow Road and Interstate 75 interchange in northeast Manatee County, Florida. The Gateway North DRI encompasses approximately 1,040 acres and is bound on the east by Interstate 75, on the south by Moccasin Wallow Road, on the north by Buckeye Road and on the west by 40th Avenue East and undeveloped land. The Development is one exit north of the Interstate 75 and Interstate 275 interchange and is located approximately thirty (30) minutes southeast of downtown St. Petersburg, approximately twenty (20) minutes northeast of downtown Bradenton, approximately thirty-five (35) minutes southeast of downtown Tampa and approximately thirty (30) minutes northeast of Sarasota. In addition, the Sarasota International Airport and Tampa International Airport are located approximately twenty-five (25) and forty (40) minutes from the Development, respectively. Grocery stores and shopping are located approximately ten (10) minutes south at the Ellenton/Palmetto exit on Interstate 75. Medical facilities, educational institutions and a hospital are located within twenty (20) minutes in the Lakewood Ranch community situated south of State Road 64. The gulf beaches of Anna Maria Island can be reached in approximately thirty-five (35) minutes.

The Development is situated on the north and west side of Artisan Lakes Parkway, a four-lane roadway that will ultimately run northeast/southwest diagonally through the Gateway North DRI. The initial phase of Artisan Lakes Parkway has been completed and will ultimately serve as the spine road traversing through the Gateway North DRI providing ingress/egress from both Moccasin Wallow Road to the south and Buckeye Road to the north. The Development was the initial community developed within the Gateway North DRI by the Developer and is planned to include approximately 851 single-family residential units.

As originally formed, the District encompassed approximately 854 acres and was planned to include approximately 1,900 residential units. In August 2018, the boundaries of the District were contracted to approximately 415 acres, encompassing the approximately 398 acres of the Development, along with the first phase of Artisan Lakes Parkway, the recreational amenity planned within the Development, storm water management facilities and open space. Concurrently with the contraction of the District, the Artisan Lakes East Community Development District (the “Artisan Lakes East CDD”) was formed which includes the remainder of the single-family residential acreage in the Gateway North DRI that is being developed by the Developer. The Artisan Lakes East CDD is anticipated to be developed into two (2) additional communities known as “Eaves Bend” and “Heritage Park” planned for 772 and 317 units, respectively. Development and homebuilding activities within Eaves Bend are underway with 422 lots having been developed by the Developer to date.

The Developer also owns approximately 150 of the 185 acres of commercial and multi-family property that is within the Gateway North DRI but outside the boundaries of the District and the Artisan Lakes East CDD.

The Development is marketed under the “Esplanade” platform, similar in footprint to other communities being actively developed by affiliated entities of the Developer including two (2) in the Manatee/Sarasota market, three (3) in the Naples market and two (2) in the Tampa market. The Esplanade brand is primarily marketed to empty-nesters and young retirees seeking an active community lifestyle with resort-style amenities.

The Development is planned to offer extensive amenities catering to the expected demographic of buyers. While residents of the Development currently have access to a fully-amenitized facility located outside of the Development in the southern portion of the Gateway North DRI near the intersection of Artisan Lakes Parkway and Moccasin Wallow Road (the “Initial Amenity”), a larger permanent amenity center (the “Esplanade Amenity”) is planned to be located within the Development. The Esplanade Amenity is being constructed in two (2) phases and the Developer has completed the initial phase consisting of pickle ball and tennis courts, pet park and tot lot. The second phase of the Esplanade Amenity is planned to include an approximately 11,200 square foot clubhouse with fitness center, wellness center, community room, coffee bar and juice bar. In addition, a resistance pool, resort pool, outdoor fire pit and formal event lawn adjacent to the clubhouse are also planned as part of the Esplanade Amenity. Construction of the clubhouse and related facilities commenced in October 2018 and is expected to be completed in mid-2019.

Land Acquisition/Development Financing

The Developer entered into a purchase and sale agreement dated July 26, 2004, as amended (the “PSA”) with the original landowner of the property (the “Seller”) constituting all of the acreage in the Gateway North DRI. The PSA sets forth outside closing dates for the purchase of the property bifurcated into three (3) land use categories including single-family residential, multi-family residential and commercial. To date, the Developer has purchased all of the approximately 854 acres designated as single-family residential at a base purchase price of approximately \$8.5 million. All lands within the District have been purchased. Pursuant to the PSA, in addition to the base purchase price, the Developer must also pay a deferred purchase price to the Seller as follows: (i) \$2,300 upon the sale of a lot to a builder; and (ii) an amount to be calculated and paid at the time of each home closing based upon a percentage of the increase in the base home prices established in the PSA, in the event such increase is achieved. There are no mortgages on the acreage that the Developer has purchased and more specifically that acreage located in the District.

The PSA establishes outside closing dates for the Developer to purchase the approximately 185 acres designated as multi-family and commercial on a takedown basis, all of which is outside of the District. As of September 30, 2018, there are two (2) parcels representing approximately thirty-six (36) of the original 185 acres which remain unacquired by the Developer. The Developer expects to exercise or decline an option on approximately twenty (20) acres designated as a school site in October 2018 and further expects to close on the remaining approximately sixteen (16) acre commercial parcel in mid-2020. In the event that the Developer elects not to close on the multi-family and/or commercial acreage, such election will not have a

material adverse effect on the Developer's ability to develop and construct improvements on the lands owned by the Developer in the District. More specifically, the PSA grants the Developer authorization to make application for all governmental permits, approvals, consents, licenses and other authorizations the Developer deems necessary or desirable for the development of the lands within the District.

The Developer originally posted a letter of credit in the amount of \$1.8 million to secure (i) the additional purchase price payments described herein; (ii) the purchase of the multi-family and commercial acreage; and (iii) the completion of certain off-site improvements. The current balance outstanding as of September 30, 2018 is \$1.8 million.

To date, the Developer estimates it has incurred approximately \$24.6 million in entitlement and development-related expenditures for both offsite and onsite improvements of which approximately \$12.9 million is attributable to the CIP. Proceeds of the Series 2013 Bonds were utilized to acquire approximately \$6.9 million of completed CIP improvements from the Developer and proceeds of the Series 2018 Bonds are expected to pay for an additional approximately \$5.9 million of completed and to-be-completed CIP improvements and related work product. The Developer has estimated the remaining development-related expenditures to complete all public and Developer-funded infrastructure for the Development at \$17.2 million. The Developer intends to utilize equity from its parent company (see the "THE DEVELOPER") as well as proceeds from home sales to fund the remaining development expenditures related to the Development.

Entitlements/Concurrency/Permits

As previously discussed, the Development is located within the Gateway North DRI. The development order (the "Development Order") governing the Gateway North DRI was initially approved in April 1992 and has been modified multiple times. The Development Order was last modified in May 2016 providing for, among other things, an updated proportionate share calculation for Phase 1 and extensions to the start and build-out dates of the various phases in the DRI. The lands within the Gateway North DRI also received zoning approval in April 1992, as amended (the "Zoning Ordinance"). A modification to the Zoning Ordinance was approved in conjunction with the modification to the Development Order in May 2016.

The table below illustrates the current maximum allowable land uses and phasing plan provided for in the Development Order. As previously discussed herein, the lands within the Development are currently planned for 851 single-family detached units and will therefore be developed pursuant to Phase 1 of the Development Order which has received specific approval.

	Phase 1 <u>2005-2032*</u>	Phase 2 <u>2012-2035*</u>	Phase 3 <u>2018-2037*</u>	<u>Totals</u>
Residential (units)				
SF Detached	1,685	0	0	1,685
SF Attached	265	0	128	393
MF	<u>578</u>	<u>144</u>	<u>0</u>	<u>722</u>
Total Residential	2,528	144	128	2,800
Mixed-Use (sq. ft.)				
Commercial	386,000	0	59,200	445,200
Office	154,000	406,500	400,000	960,500
Office/Warehouse	<u>100,000</u>	<u>150,000</u>	<u>147,500</u>	<u>397,500</u>
Total Mixed-Use	640,000	556,500	606,700	1,803,200

* Includes extensions granted by legislative action of the State of Florida.

The Development Order sets forth certain conditions related to air quality/wind and water erosion; soils; storm water management and water quality; transportation (construction of improvements as well as monitoring/modeling); open space/wetlands/vegetation and wildlife; water conservation; energy conservation; historical or archeological resources; floodplains; recreation and open space; wastewater management; police and fire protection; voluntary workforce housing; solid/hazardous/medical waste; and schools.

The Development Order sets forth various roadway segments and intersection improvements that are required to be constructed based upon certain transportation trip thresholds. Based upon the expected trip generation resulting from the development of the original planned 807 single-family detached units in the Development, the Developer was required to construct concurrently approximately 6,500 of the 13,100 linear feet of Artisan Lakes Parkway. Artisan Lakes will ultimately provide for connection from Moccasin Wallow Road to Buckeye Road which is a requirement of the Development Order. The first phase of Artisan Lakes Parkway which connects Moccasin Wallow Road to the Development is complete, the status of which is described in more detail herein under the heading "Development Status."

The County has issued a Certificate Level of Service ("CLOS") for the Development Order, which has been extended by legislative actions and now expires on March 6, 2033. As of this time the Development meets all concurrency requirements for transportation, schools and utilities subject to satisfaction of the requirements and conditions set forth in the Development Order and Zoning Ordinance as and when required. Further, the County has represented to the Developer that it currently has sufficient utility and school capacity to service the Development. However, if the conditions of the Development Order or Zoning Ordinance are not met or the County does not have sufficient capacity to service the Development, cessation and/or delay of development and homebuilding activities could occur. Further, if all construction phases of the lands within the Development have not received plat approval from the County by the expiration date

stipulated in the CLOS via platting through completion of construction or bonding, it will be necessary to obtain an extension of the CLOS. The Developer expects to have received plat approval for all phases of the Development prior to the expiration date of the CLOS.

In addition to the approvals described above, various permits and approvals are required to complete construction of the CIP as well as those improvements that will be funded by the Developer and that aren't included as part of the CIP. The Engineer's Report attached hereto as Appendix A includes a list of those permits that have been obtained and those that will need to be obtained to complete the construction of the CIP as well as the Developer-funded improvements. Upon issuance of the Series 2018 Bonds, the District Engineer will certify that all such permits and approvals not previously obtained are expected to be obtained in the ordinary course of business.

Environmental Matters

The lands within the Development were historically utilized for agricultural operations. A Phase I Environmental Site Assessment ("ESA") was performed in 2002 indicating the identification of recognized environmental conditions. In order to investigate the potential impacts of the identified conditions, a Phase II (subsurface) investigation was performed which concluded that "there were no significant impacts to the soils or groundwater from the identified environmental conditions that would generally be considered the subject of an enforcement action if brought to the attention of appropriate government agencies, at this time."

A subsequent Phase I/II ESA was conducted in 2004 to determine if the property had the potential to have been environmentally impaired due to the current or past usage on the property or by activities on surrounding properties since the performance of the previous ESA conducted in 2002. The findings of the 2004 update were that "this assessment update has revealed no evidence of recognized environmental conditions in connection with the subject property."

Land Use/Phasing Plan

The Development is expected to be developed in five (5) phases, all of which are included as Phase 1 of the Gateway North DRI. The information in the table below depicts the number of units by product type for the various phases of the Development, which information is subject to change.

	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>	<u>Phase 4</u>	<u>Phase 5</u>	<u>Total</u>
SF – 37'				92		92
SF – 45'	53	46	82		105	286
SF – 52'	75		35	52	93	255
SF - 62'	38		43	65	44	190
SF – 76'	<u>16</u>			<u>2</u>	<u>10</u>	<u>28</u>
Total	182	46	160	211	252	851

Development Status

The Developer commenced development activities in 2006 and work was subsequently halted due to adverse conditions in the Florida real estate market. Development activities recommenced in approximately 2012, with the first phase of the Development and the first phase of Artisan Lakes Parkway completed in 2013. Artisan Lakes Parkway currently runs from Moccasin Wallow Road to the entrance of the Development.

The second and third phases of Artisan Lakes Parkway are anticipated to be constructed in conjunction with other projects within the Gateway North DRI. The District has entered into the Interlocal Agreement with the Artisan Lakes East CDD regarding the cost of constructing the remainder of Artisan Lakes Parkway. The District engineer has calculated the District's proportionate share of the Artisan Lakes Parkway costs at 45% of the approximately \$14.9 million total.

Pursuant to the Interlocal Agreement, the District and the Artisan Lakes East CDD agreed to enter into the Developer Parkway Agreement (the "Parkway Agreement") with the Developer. The Parkway Agreement addresses the sharing of the construction costs for Artisan Lakes Parkway as between the District and Artisan Lakes East CDD, as well as certain matters related to impact fee credits with respect to Artisan Lakes Parkway (the "Credits"). The Parkway Agreement provides that the Credits have been and will be used solely to pay transportation impact fees within the District and the Artisan Lakes East CDD (proportionate to its respective share of the costs of Artisan Lakes Parkway as set forth in the Interlocal Agreement) and not for other projects. The Parkway Agreement further provides that the parties will work cooperatively to ensure that any existing or future Credits have been or will be made available on a first-come, first-served basis for use within the two Districts and that the Developer will ensure that the cost of transportation impact fees is not passed on to homebuilders or end users within the two Districts to the extent such costs would otherwise be offset by the Credits.

To date, three (3) phases of the Development have been completed which include 388 platted units. The Developer is currently in the final stages of permitting for the fourth phase of the Development which is planned to include 211 units. Construction commenced in October 2018 with completion of horizontal infrastructure expected by the end of 2019. The remaining 252 units planned for the Development will be developed in a future phase.

Product Offerings/Pricing

The Developer is the sole homebuilder in the Development. Similar to its other Esplanade brand communities, each of the Developer's product offerings include various home designs, floor plans and elevations at varying price ranges. The information in the table below illustrates the current base pricing and square footage for the residential units in the Development, which information is subject to change.

<u>Product Type</u>	<u>Est. Square Footage</u>	<u>Est. Base Pricing</u>
SF – 37'	1,573	\$230,900
SF – 45'	1,689 – 1,926	\$234,900 - \$249,990
SF – 52'	1,856 – 2,740	\$261,900 - \$318,900
SF – 62'/76'	1,856 – 3,006	\$289,990 - \$346,900

Model Homes/Sales Activity

The Developer has constructed six (6) model homes consisting of two (2) 45', two (2) 52' and two (2) 62' products. Although there are no models currently specific to the 76' product, the Developer is currently constructing its 62' product home floorplans on the 76' lots. In addition, the Developer plans to construct one (1) model for its 37' twin villa product line.

As of September 30, 2018, 275 homes within the Development were closed with retail buyers at an estimated average sales price of \$295,000, with an additional thirty-six (36) homes under contract.

Recreational Amenities

As stated herein, residents within the Development currently have access to the Initial Amenity, which is located along Mabry Way, just off of Artisan Lakes Parkway in the southern portion of the Gateway North DRI property along Moccasin Wallow Road. The Initial Amenity includes a 6,000 square foot clubhouse with resort-style pool, fitness facilities, arts and crafts room, library, teaching kitchen, café and media room. The Initial Amenity will serve the residents in the Development until the Esplanade Amenity located in the Development is completed at such time the Initial Amenity will be utilized for the exclusive use of residents in the Eaves Bend community. The Developer estimates it expended approximately \$2.2 million in total construction and refurbishment costs related to the Initial Amenity.

The Developer has designed the Esplanade Amenity to complement the Development's active lifestyle theme. The Esplanade Amenity is being constructed in two (2) phases and the Developer has completed the initial phase consisting of pickle ball and tennis courts, pet park and tot lot. The second phase of the Esplanade Amenity is planned to include an approximately 11,200 square foot clubhouse with fitness center, wellness center, community room, coffee bar, and juice bar. In addition, a resistance pool, resort pool, outdoor fire pit and formal event lawn adjacent to the clubhouse are also planned as part of the Esplanade Amenity. Construction of the clubhouse and related facilities commenced in October 2018 and is expected to be complete in mid-2019. In aggregate, the Developer estimates that it will expend approximately \$5.5 million on the Esplanade Amenity upon completion.

The Initial Amenity is located adjacent to but outside of the boundaries of the Development and is currently owned by the Developer. The Developer has previously entered into an assignment agreement in conjunction with the issuance of the Series 2013 Bonds (the "2013 Bonds Assignment Agreement") and covenanted therein to enter into a license and use agreement with a homeowner's association established for the Development providing for the use of the

Initial Amenity to all residents of the Development. Further, the Developer and District previously entered into an amenity center agreement in conjunction with the issuance of the Series 2013 Bonds (the “2013 Bonds Amenity Center Agreement”) whereby in the event of a non-payment by the Developer of the Series 2013 Assessments, the Developer is required to commence construction of a permanent amenity center within the Development within 120 days of the receipt of a failure to pay notice. The Developer is further required to complete construction of the amenity center within 480 days of such notice. The Developer has provided a mortgage to the District (the “2013 Bonds Amenity Center Mortgage”) to the Initial Amenity described above as security for its obligations set forth in the 2013 Bonds Amenity Center Agreement. The 2013 Bonds Amenity Center Mortgage will not be released until such time as one of the following has occurred: (i) conveyance to a homeowner’s association within the District by the Developer of a permanent amenity facility available for use at no charge (except through the payment of homeowner’s association fees to pay for the customary operations and maintenance of the amenity facility) by the residents of the Development and consisting of no less than 6,000 square feet of air-conditioned space, including an approximately 3,500 square foot resort-style pool and dog park; (ii) the platting of all property within the Development (and the payment of any true-up amounts due and securing the Series 2013 Bonds) and the completion of vertical improvements on the final lot that is subject to the Series 2013 Assessments, as evidenced by a certificate of occupancy or certificate of completion, as applicable, issued by the local county or municipality having jurisdiction over the property in the Development; or (iii) payment or retirement of all outstanding Series 2013 Bonds. As stated herein, the Developer has commenced construction of the Esplanade Amenity which, upon completion, will satisfy the requirements of the 2013 Bonds Amenity Center Agreement and the release of the 2013 Bonds Amenity Center Mortgage. The Series 2013 Bonds Amenity Center Mortgage does not run in favor of the Series 2018 Bonds.

Projected Absorption

Home sales in the Development commenced in the first quarter of 2014. As indicated above, as of September 30, 2018, 275 homes were sold and closed with retail buyers, with an additional thirty-six (36) homes under contract. The table below provides the Developer’s current expectation regarding the rate of future home sales in the Development which is subject to change.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Total</u>
SF – 37’	6	24	24	24	14	0	0	92
SF – 45’	4	30	30	30	33	25	0	152
SF – 52’	2	18	18	18	22	44	37	159
SF – 62’/76’	<u>6</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>27</u>	<u>27</u>	<u>5</u>	<u>137</u>
Total	18	96	96	96	96	96	42	540

Although the projected absorption rates set forth above are based upon estimates and assumptions deemed reasonable by the Developer, such are inherently uncertain and subject to

significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Developer.

Marketing

The Developer employs a marketing plan for the Development that includes the use of print ads, billboards, television and radio advertisements, direct mail, online ads and displays and realtor promotions. In addition, the Developer has established a website specifically for the Esplanade lifestyle.

The Developer is conducting sales activities from its six (6) model homes constructed within the Development.

Annual Taxes, Assessments, and Fees

All landowners in the Development are subject to ad valorem property taxes, homeowner's association fees and special assessments levied by the District for debt service as well as operation and maintenance as discussed in more detail below.

Property Taxes

The 2017 millage rate for the area of the County where the District is located was 14.1319. Assuming an average home price in the Development of approximately \$300,000 with a \$50,000 homestead exemption (\$250,000 taxable value), the annual property tax would be approximately \$3,533.

Homeowner's Association Fees

All homeowners in the Development are subject to a homeowner's association ("HOA") fee that provides for common area maintenance, operation and maintenance of recreational facilities, individual lawn maintenance and basic cable. The current HOA fee is \$279 per month, which is subject to change.

District Special Assessments

All lands within the District were originally subject to the Series 2013 Assessments securing the Series 2013 Bonds. As units were platted, the Series 2013A-1 Assessments and Series 2013A-2 Assessments were ultimately assigned to the first 335 units platted within the District. The remaining fifty-three (53) platted lots not subject to the Series 2013A-1 Assessments and Series 2013A-2 Assessments and the undeveloped property in the District planned for 463 units are encumbered by the Series 2013A-3 Assessments securing the Series 2013A-3 Bonds.

The Series 2018 Bonds are secured by and payable from the revenues derived from the Series 2018 Assessments which are levied on the fifty-three (53) platted lots and undeveloped property in the District planned for 463 lots that are unencumbered by the Series 2013A-1

Assessments and Series 2013A-2 Assessments. The Series 2018 Assessments are structured to be levied and collected in thirty (30) annual installments and will overlap with the lien of the Series 2013A-3 Assessments on the lands subject thereto. However, it is expected that the Series 2013A-3 Assessments will be prepaid at the time of each home closing with a retail buyer. The principal and annual amounts of the Series 2018 Assessments and Series 2013A-3 Assessments are provided below.

Product Type	Series 2018 Bonds Principal Assessments	Series 2018 Bonds Annual Assessments	Series 2013A-3 Bonds Principal Assessments	Series 2013A-3 Bonds Annual Assessments
SF – 37'	\$ 9,789	\$ 724	\$3,461	\$ 318
SF – 45'	11,187	827	3,955	363
SF – 52'	13,984	1,034	4,944	454
SF – 62'	16,781	1,241	5,933	544
SF – 76'	19,578	1,448	6,922	635

In addition, all landowners in the District are subject to annual operation and maintenance assessments levied by the District which are derived from the District’s annual budget and are subject to change each year. The operations and maintenance assessments levied for the District’s 2018-2019 fiscal year are \$98 per unit.

Educational Facilities

The Developer does not anticipate there to be a significant number of school-age children residing in the Development based upon the Development’s target demographic. However, based upon the current school board zoning, children residing in the Development will attend Tilman Elementary School, Buffalo Creek Middle School and Palmetto High School which are approximately five (5), four (4) and six (6) miles from the Development, respectively.

Competition

Based upon the target demographic and location of the Development, the Developer anticipates that its primary competition will primarily come from the projects referenced below. The information appearing below was obtained from the referenced websites.

Valencia Lakes is a 55+ community located on U.S. 301 approximately fifteen (15) miles northeast of the Development that is being developed by GL Homes. Amenities at Valencia Lakes include a 27,000 total square foot clubhouse with fitness center, resort pool and resistance pool, spa, cabana bath, aerobics studio, art studio and gallery, wine bar, social hall with raised stage and dance floor, gaming room, multi-purpose room, internet cafe, locker facilities with steam room and saunas. In addition, Valencia Lakes includes 6 Har-Tru tennis courts with shade pavilions, pickleball and bocce ball courts, grandchildren’s tot lot, horseshoes play area, half-court basketball, community gardens, dog park with agility training, and softball field. Single-

family attached and detached homes within Valencia Lakes are currently being offered from 2,022 to 4,156 square feet and at base prices ranging from \$229,900 to \$556,900. More information on Valencia Lakes can be obtained by visiting www.glhomes.com/valencia-lakes.

Valencia Del Sol is a 55+ community being developed by GL Homes adjacent to Valencia Lakes. Amenities at Valencia Del Sol are planned to include a full-time lifestyle director, over 100 resident clubs, restaurant with indoor/outdoor seating, tennis and pickleball courts, a fitness center, resort pool, social hall, massage and wellness studio, arts and crafts studio, dog park, catering kitchen, and event lawn. GL Homes is currently offering single-family attached and detached homes within Valencia Del Sol from 2,354 to 4,156 square feet, ranging in base prices from \$265,900 to \$494,500. Further information on Valencia Del Sol is available at www.glhomes.com/valencia-del-sol.

Silverleaf is an approximately 300-acre community located along US 301 between Ellenton and Parrish. Silverleaf is planned for approximately 731 single family units and is being development by an affiliate of Neal Communities. Single-family attached and detached homes are currently being offered from approximately 1,079 to 2,913 square feet, ranging in price from the high \$100,000s to the mid-\$400,000s. The community offers a gated villa section, and amenities include a clubhouse with fitness center, resort pool, sport courts, tot lot, and dog parks.

In addition, Taylor Morrison is actively developing and marketing another Esplanade community in the County located in Lakewood Ranch approximately fifteen (15) miles south. However, such project is not intended to serve as competition to the Development given its location and higher price points.

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

THE DEVELOPER

The landowner and developer of the lands within the District is Taylor Woodrow Communities at Artisan Lakes, L.L.C., a Florida limited liability company (the "Developer"). The membership interests of the Developer are owned by Taylor Morrison of Florida, Inc., the parent company of which is Taylor Morrison Home II Corporation, a direct, wholly owned subsidiary of the holding company Taylor Morrison Home Corporation ("Taylor Morrison"). Taylor Morrison trades on the New York Stock Exchange under the symbol TMHC.

Taylor Morrison's principal business is residential homebuilding with operations focused in Arizona, California, Colorado, Florida and Texas. Taylor Morrison is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "SEC"). The file number for Taylor Morrison is No. 0001-562476. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street NW, Judiciary Plaza,

Washington, DC, and at the SEC's regional offices in Chicago (Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois). Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by Taylor Morrison pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

ASSESSMENT METHODOLOGY

The Assessment Consultant, JPWard and Associates, LLC, has developed the Assessment Report attached hereto as APPENDIX B that allocates the total benefit derived from the Series 2018 Project to the Series 2018 Assessment Area. The Assessment Report initially allocates the Series 2018 Assessments over the remaining fifty-three (53) platted units that are not already assigned the Series 2013A-1 Assessments and Series 2013A-2 Assessments, as well as the remaining gross undeveloped and unplatted acreage in the District planned for 463 units. As such acreage is developed and platted, the Series 2018 Assessments will be allocated on a per unit basis to the remaining platted units. The lien of the Series 2018 Assessments will initially overlap with the lien of the Series 2013A-3 Assessments on the lands subject thereto; however, the Series 2013A-3 Assessments are expected to be prepaid by the Developer as previously discussed herein. The Series 2018 Assessments are expected to be levied and collected in thirty (30) annual installments. See the Assessment Report attached here to as APPENDIX B for the annual and principal amount of the Series 2018 Assessments.

DESCRIPTION OF THE SERIES 2018 BONDS

General Description

The Series 2018 Bonds are issuable only as registered bonds, without coupons, in current interest form in denominations of \$5,000 or any integral multiple thereof; provided, however, that the Series 2018 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of \$5,000 in excess of \$100,000.

The Series 2018 Bonds will be dated as of their date of issuance and will bear interest payable on each May 1 and November 1, commencing May 1, 2019 (each, an "Interest Payment Date"), which interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months. The Series 2018 Bonds will mature on such dates, in such amounts and at such rates as set forth on the cover page of this Limited Offering Memorandum.

Interest on each Series 2018 Bond will be payable on each Interest Payment Date in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the registered Owner at the close of business on the regular Record Date for such interest, which shall be the 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, the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent to such person, who, on a special Record Date which is fixed by the Trustee, which shall be not more than 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 the Series 2018 Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation at the designated corporate trust office of U.S. Bank National Association, located in Fort Lauderdale, Florida, or any alternate or successor paying agent, unless the Series 2018 Bonds are held in the book entry system in which case presentation shall not be required. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment in writing on or prior to the regular Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of the Series 2018 Bonds).

The Series 2018 Bonds will initially be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), which will act initially as securities depository for the Series 2018 Bonds and, so long as the Series 2018 Bonds are held in book-entry-only form, Cede & Co. will be considered the registered owner for all purposes hereof. See “-Book-Entry Only System” below for more information about DTC and its book-entry only system.

Redemption Provisions for Series 2018 Bonds

Optional Redemption. The Series 2018 Bonds are subject to redemption prior to maturity at the option of the District, in whole or part on any date, on or after May 1, 2029, at the Redemption Price of the principal amount of the Series 2018 Bonds or portions thereof to be redeemed together with accrued interest to the Redemption Date.

Mandatory Redemption in Part.

The Series 2018 Bonds maturing May 1, 2024 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Third Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amortization Installment</u>
2020	\$100,000
2021	105,000
2022	110,000
2023	115,000
2024*	120,000

*Final maturity

The Series 2018 Bonds maturing May 1, 2029 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Third Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amortization Installment</u>
2025	\$125,000
2026	130,000
2027	135,000
2028	145,000
2029*	150,000

*Final maturity

The Series 2018 Bonds maturing May 1, 2039 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Third Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amortization Installment</u>
2030	\$160,000
2031	165,000
2032	175,000
2033	185,000
2034	195,000
2035	205,000
2036	220,000
2037	230,000
2038	240,000
2039*	255,000

*Final maturity

The Series 2018 Bonds maturing May 1, 2049 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Third Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Amortization Installment</u>
2040	\$270,000
2041	285,000
2042	300,000
2043	320,000
2044	335,000
2045	355,000
2046	375,000
2047	395,000
2048	420,000
2049*	440,000

*Final maturity

Section 406(b) of the Third Supplemental Indenture provides that upon any redemption of Series 2018 Bonds (other than (i) Series 2018 Bonds redeemed in accordance with scheduled Amortization Installments or (ii) Series 2018 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 Trustee shall cause Series 2018 Bonds to be redeemed in such amounts and having such maturities so as to result in Amortization Installments recalculated by the District, in such manner as shall amortize all the Outstanding Series 2018 Bonds of all of the terms in substantially equal annual

installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining terms of all of the Series 2018 Bonds.

Extraordinary Mandatory Redemption in Whole or in Part. The Series 2018 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the Redemption Date, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the Series 2018 Project, by application of moneys transferred from the Series 2018 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account in accordance with the terms of the Indenture; or

(b) from amounts, including Series 2018 Prepayments and transfers made pursuant to the Third Supplemental Indenture, required by the Indenture to be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account; or

(c) from amounts transferred to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account resulting from a reduction in the Series 2018 Reserve Account Requirement as provided for in the Indenture; or

(d) on and after the date on which the amount on deposit in the Series 2018 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2018 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2018 Bonds shall be called for redemption, the particular Series 2018 Bonds or portions of Series 2018 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

Notice and Effect of Redemption

Notice of each redemption of Series 2018 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 2018 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 2018 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 2018 Bonds or such portions thereof on such date, interest on such Series 2018 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2018 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 2018 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. As provided in the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

Book-Entry Only System

The information in this caption concerning The Depository Trust Company, New York, New York, (“DTC”) and DTC’s book-entry system has been obtained from DTC and neither the District nor the Underwriter makes any representation or warranty or takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2018 Bonds and will be deposited with DTC. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has a Standard and Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 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 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements made among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2018 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2018 Bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 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 2018 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 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments

by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent for the Series 2018 Bonds. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2018 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2018 Bond certificates will be printed and delivered to DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2018 BONDS, AS NOMINEE OF DTC, REFERENCE HEREIN TO THE OWNER OF THE SERIES 2018 BONDS OR REGISTERED OWNERS OF THE SERIES 2018 BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2018 BONDS.

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

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2018 BONDS. THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2018 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM.

SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2018 BONDS

General

The Series 2018 Bonds are payable solely from and secured by the revenues derived by the District from the Series 2018 Assessments (the "Series 2018 Pledged Revenues") and amounts in the Funds and Accounts (except for the Series 2018 Rebate Account) (the "Series 2018 Pledged Funds" and, together with the Series 2018 Pledged Revenues, the "Series 2018 Trust Estate") established by the Third Supplemental Indenture. Series 2018 Assessments will be allocated as described under "ASSESSMENT METHODOLOGY" herein. The Series 2018 Assessments represent an allocation of a portion of the costs of the Series 2018 Project, including bond financing costs, to the Series 2018 Assessment Area in accordance with the Assessment Report, attached hereto as APPENDIX B.

NEITHER THE SERIES 2018 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 2018 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2018 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2018 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2018 TRUST ESTATE, AS PROVIDED HEREIN AND IN THE INDENTURE.

Funds and Accounts

The Indenture establishes with the Trustee the following Funds and Accounts: (a) within the Acquisition and Construction Fund, (i) a Series 2018 Acquisition and Construction Account and (ii) a Series 2018 Costs of Issuance Account; (b) within the Debt Service Fund, (i) a Series 2018 Debt Service Account (and therein a Series 2018 Sinking Fund Account, a Series 2018 Interest Account and a Series 2018 Capitalized Interest Account) and (ii) a Series 2018 Redemption Account (and therein a Series 2018 Prepayment Subaccount and a Series 2018 Optional Redemption Subaccount); (c) in the Reserve Fund, a Series 2018 Reserve Account, which shall be held for the benefit of all of the Series 2018 Bonds, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another; (d) within the Revenue Fund, a Series 2018 Revenue Account; and (e) within the Rebate Fund, a Series 2018 Rebate Account.

Series 2018 Reserve Account and Series 2018 Reserve Account Requirement

The Series 2018 Reserve Account shall be funded and maintained at all times, subject to the provisions of the Indenture, in an amount equal to the Series 2018 Reserve Account Requirement. The Series 2018 Reserve Account Requirement is equal to thirty percent (30%) of the Maximum Annual Debt Service Requirement for the Outstanding Series 2018 Bonds as of the time of any such calculation. For purposes of the foregoing calculation, the determination of the "Outstanding Series 2018 Bonds" shall take into account any redemptions of Series 2018 Bonds to be made on the next succeeding Redemption Date immediately following the calculation date. Upon the initial issuance of the Series 2018 Bonds, the Series 2018 Reserve Account Requirement is \$137,249.06, which does not exceed the lesser of (a) 125% of the average annual Debt Service for all Outstanding Series 2018 Bonds calculated as of the date of original issuance thereof or (b) 10% of the proceeds of the Series 2018 Bonds calculated as of the date of original issuance thereof.

Except as otherwise provided in the Indenture, amounts on deposit in the Series 2018 Reserve Account shall be used only for the purpose of making payments into the Series 2018 Interest Account and the Series 2018 Sinking Fund Account to pay Debt Service on the Series 2018 Bonds, when due, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Account shall consist only of cash and Series 2018 Investment Obligations.

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), (or such other date that corresponds to the date mutually determined by the Trustee and the District pursuant to Section 408(c) of the Third Supplemental Indenture), the Trustee is authorized and directed by the Indenture to recalculate the Series 2018 Reserve Account Requirement and to transfer any excess on deposit in the Series 2018 Reserve Account (other than excess resulting from investment earnings which shall be applied as provided in Section 408(f) of the Third Supplemental Indenture) into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account to be applied to the extraordinary mandatory redemption of the Series 2018 Bonds.

On the earliest date on which there is on deposit in the Series 2018 Reserve Account sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2018 Bonds, together with accrued interest on such Series 2018 Bonds to the earliest Redemption Date permitted in the Indenture, then the Trustee shall transfer the amount on deposit in the Series 2018 Reserve Account into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account to pay and redeem all of the Outstanding Series 2018 Bonds on the earliest Redemption Date permitted in the Series 2018 Bonds and the Indenture.

Amounts on deposit in the Series 2018 Reserve Account shall, upon the occurrence and continuance of an Event of Default, be subject to a first charge by the Trustee for its fees and expenses, including fees and expenses of collection of Delinquent Assessments.

The Third Supplemental Indenture provides that any deficiency in the Series 2018 Reserve Account determined upon valuation of the Series 2018 Reserve Account pursuant to Section 509 of the Master Indenture shall not, in and of itself, constitute an Event of Default or require any action by the District unless an Event of Default has occurred, in which case, upon receipt of notice of a deficiency while an Event of Default has occurred and is continuing, the District shall immediately pay the amount of such deficiency to the Trustee, for deposit in the Series 2018 Reserve Account, from any legally available sources of the District.

Flow of Funds

(a) The Third Supplemental Indenture authorizes and directs the Trustee to establish within the Revenue Fund a Series 2018 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein by the Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The Series 2018 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

(b) The Trustee shall deposit into the Series 2018 Revenue Account the Series 2018 Assessment Revenues, other than the Series 2018 Prepayments, which shall be identified by the District to the Trustee as such in writing upon deposit and which shall be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, and any other revenues required by other provisions of the Indenture to be deposited therein.

(c) On the forty-fifth (45th) day preceding each Redemption Date with respect to the Series 2018 Bonds (or if such forty-fifth (45th) day is not a Business Day, on the Business Day next preceding such forty-fifth (45th) day), (or such other date mutually determined by the Trustee and the District that is closer to a particular Redemption Date and will give the Trustee sufficient time to provide notice of the extraordinary mandatory redemption of the Series 2018 Bonds as provided in the Third Supplemental Indenture), the Trustee shall determine the amount on deposit in the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, and, if the balance therein is greater than zero, shall transfer, but only at the written direction of the District, from the Series 2018 Revenue Account for deposit into the Series 2018 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining therein to pay Debt Service coming due on the Series 2018 Bonds on the next Interest Payment Date), and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2018 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2018 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2018 Bonds set forth in the form

of Series 2018 Bond attached to the Third Supplemental Indenture and in accordance with certain specified provisions of the Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2018 Capitalized Interest Account to the Series 2018 Interest Account the lesser of (x) the amount of interest coming due on the Series 2018 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the Series 2018 Capitalized Interest Account.

Following the foregoing transfer, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer from the amounts on deposit in the Series 2018 Revenue Account to the Funds and Accounts designated below the following amounts in the following order of priority:

FIRST, to the Series 2018 Interest Account, an amount equal to the amount of interest payable on all Series 2018 Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the Series 2018 Capitalized Interest Account in accordance with Section 403(b) of the Third Supplemental Indenture and less any other amount already on deposit in the Series 2018 Interest Account not previously credited;

SECOND, on each May 1, commencing May 1, 2020, to the Series 2018 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2018 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2018 Sinking Fund Account not previously credited;

THIRD, to the Series 2018 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2018 Reserve Account Requirement with respect to the Series 2018 Bonds; and

FOURTH, the balance shall be retained in the Series 2018 Revenue Account subject to the following paragraph.

Anything in the Indenture to the contrary notwithstanding, it shall not, in and of itself, constitute an Event of Default under the Indenture if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefore. The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the District, withdraw any moneys held for the credit of the Series 2018 Revenue Account as of November 2nd of such year which are not otherwise required to be deposited to other Funds and Accounts pursuant to Section 408 of the Third Supplemental Indenture on such immediately preceding Interest Payment Date and deposit such moneys first to the credit of the Series 2018 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), if the Trustee has received a certification from the District by such date detailing

the amount of such obligation which shall be deposited. Any remaining amounts in the Series 2018 Revenue Account on November 2nd of any calendar year after making the payment, if any, required under the immediately preceding sentence, shall next be transferred to the District, at its written request, to be used to pay the operating and administrative costs and expenses of the District or be used for any other lawful purpose of the District; provided, however, that on the proposed payment date of any proposed transfer to the District, the amount on deposit in the Series 2018 Reserve Account shall be equal to the Series 2018 Reserve Requirement and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Third Supplemental Indenture, including payment of Trustee's fees and expenses then due.

(e) On any date required by the Code, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2018 Revenue Account to the Series 2018 Rebate Account established for the Series 2018 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 the Code.

Investments

Moneys on deposit in all of the Funds and Accounts held as security for the Series 2018 Bonds shall be invested only in Series 2018 Investment Obligations, and further, earnings on the Series 2018 Acquisition and Construction Account, the Series 2018 Interest Account and the Series 2018 Capitalized Interest Account shall be retained, as realized, in such Account or subaccount and used for the purpose of such Account or subaccount. Earnings on investments in the Funds and Account other than the Series 2018 Reserve Account, and other than as set forth in the Third Supplemental Indenture, shall be deposited, as realized, to the credit of the Series 2018 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2018 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 2018 Reserve Account as of the most recent date on which amounts on deposit in the Series 2018 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2018 Reserve Account since such date which have created a deficiency, then earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account; and

(ii) if as of the last date on which amounts on deposit in the Series 2018 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 2018 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Reserve Account until the amount on

deposit therein is equal to the Series 2018 Reserve Account Requirement, and then earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account.

Agreement for Assignment of Development Rights

In connection with the issuance of the Series 2013 Bonds, the Developer and the District entered into a Collateral Assignment and Assumption of Development and Contract Rights (the "Original Assignment Agreement"). Contemporaneously with the issuance of the Series 2018 Bonds, the Developer and the District will enter into an amended and restated Original Assignment Agreement (the "Assignment Agreement").

The following is a description of the Assignment Agreement and is qualified in its entirety by reference to the Assignment Agreement. Pursuant to the Assignment Agreement, the Developer agrees to collaterally assign to the District all of its development rights and contract rights relating to the CIP (the "Development and Contract Rights") as security for the Developer's payment and performance and discharge of its obligation to pay the Series 2013A-3 Assessments and Series 2018 Assessments levied against the lands within the Development owned by the Developer and securing the Series 2013A-3 Bonds and Series 2018 Bonds. Such Development and Contract Rights specifically exclude any such portion of the Development and Contract Rights which relate solely to any property which has been conveyed, or is in the future conveyed, to Manatee County, Florida, the District, any unaffiliated homebuilder, any utility provider, any governmental or quasi-governmental entity, any applicable homeowner's association or other governing entity or association as may be required by applicable permits, approvals, plats, entitlements or regulations affecting the District, if any. Pursuant to the Third Supplemental Indenture, and subject to the terms of the Collateral Assignment, the District will assign its rights under the Assignment Agreement to the Trustee for the benefit of the Owners, from time to time, of the Series 2018 Bonds. Further, the Assignment Agreement provides that the Trustee is a direct third-party beneficiary of the terms and conditions of the Assignment Agreement, acting at the direction of the Majority Owners of the Outstanding Series 2013A-3 Bonds and Outstanding Series 2018 Bonds, all as provided in and subject to the terms of, the Assignment Agreement.

Completion Agreement

In connection with the issuance of the Series 2013 Bonds, the District and the Developer entered into an agreement (the "Original Completion Agreement") pursuant to which the Developer agreed to provide funds to complete the CIP to the extent that proceeds of the Series 2013 Bonds and any other debt of the District were insufficient therefor. In connection with the issuance of the Series 2018 Bonds, the District and the Developer will enter into an amended and restated Original Completion Agreement (the "Completion Agreement"). Similar to the Original Completion Agreement, the Completion Agreement will obligate the Developer to complete the Series 2018 Project to the extent that the proceeds of the Series 2018 Bonds or a future Series of

Bonds, if any, issued by the District within five years from the date of issuance of the Series 2018 Bonds are insufficient therefor. Remedies for a default under the Completion Agreement include damages and/or specific performance. The Trustee shall be a direct third-party beneficiary of the terms and conditions of the Completion Agreement acting, generally stated, at the direction of the Majority Owners of the Outstanding Series 2013A-3 Bonds and Outstanding Series 2018 Bonds.

True-Up Agreement

In connection with the issuance of the Series 2013 Bonds, the District and the Developer entered into an agreement (the “Original True-Up Agreement”) pursuant to which the Developer acknowledged the levy of the Series 2013 Assessments on lands owned by the Developer and agreed to pay, when requested by the District, in accordance with the assessment methodology and assessment proceedings relating to the Series 2013 Bonds any amount of Series 2013 Assessments allocated to unplatted acres in excess of the allocation in place at the time of issuance of the Series 2013 Bonds pursuant to the Assessment Report or any update thereto. The Series 2013A-1 Assessments and Series 2013A-2 Assessments have been fully allocated to platted units. In connection with the issuance of the 2018 Bonds, the District and the Developer will enter into an amended and restated Original True-Up Agreement (“True-Up Agreement”).

Pursuant to the True-Up Agreement, if a change in development as reflected in a proposed plat results in a net decrease in the overall principal amount of Series 2013A-3 Assessments and Series 2018 Assessments able to be assigned to the planned units described in the Assessment Report, and located within the remaining undeveloped property within the District, then the District shall require the landowner(s) of the lands encompassed by the proposed plat to pay a “True-Up Payment” equal to the shortfall in Series 2013A-3 Assessments and Series 2018 Assessments resulting from the reduction of planned units. The Trustee shall be a direct third-party beneficiary of the terms and conditions of the True-Up Agreement acting, generally stated, at the direction of the Majority Owners of the Outstanding Series 2013A-3 Bonds and Outstanding Series 2018 Bonds.

Enforcement of True-Up Agreement and Completion Agreement

The District covenants and agrees in the Indenture that the District, either through its own actions, or actions caused to be taken through the Trustee, covenants that it shall strictly enforce all of the provisions of the Completion Agreement and the True-Up Agreement, and upon occurrence and continuance of a default under any or all of such Agreements, the District covenants and agrees that the Trustee, at the written direction of the Majority Owners shall act on behalf of, and in the District’s stead, to enforce the provisions of such Agreements and to pursue all available remedies under applicable law or in equity. Failure of the District to enforce, or permit the Trustee to enforce in its stead, all of the provisions of the Completion Agreement and the True-Up Agreement upon demand of the Majority Owners, or the Trustee at the direction of the Majority Owners, shall constitute an Event of Default under the Indenture without benefit of any cure period. The Completion Agreement and the True-Up Agreement provide,

respectively, that such Agreements are for the benefit of the Outstanding Series 2018 Bonds and the Outstanding Series 2013A-3 Bonds issued pursuant to the Master Indenture, subject to the terms and conditions of the applicable Agreements.

Covenants with Regard to Enforcement and Collection of Delinquent Assessments

The District covenants in the Third Supplemental Indenture to comply with the terms of the proceedings heretofore adopted with respect to the Series 2018 Assessments, including the Assessment Resolution and the Assessment Methodology, and to levy the Series 2018 Assessments and any required True-Up Payments set forth in the Assessment Methodology, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2018 Bonds, when due. The District covenants and agrees that upon the occurrence and continuance of an Event of Default with respect to the 2018 Bonds, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments that are directly billed and collected by the District, and the provisions for the foreclosure of liens of Delinquent Assessments that are directly billed and collected by the District, all in a manner consistent with the Indenture.

Subject to the next succeeding sentence, Series 2018 Assessments shall be collected pursuant to the Uniform Method; provided that Series 2018 Assessments levied on platted lots owned by the Developer and levied on unplatted lots may be billed and collected directly by the District pursuant to the Act and Chapter 170 and 197, Florida Statutes, and not pursuant to the Uniform Method. Prior to an Event of Default, the election to collect and enforce Series 2018 Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the District from electing to collect and enforce Series 2018 Assessments pursuant to any other method permitted by law in any subsequent year. Following an Event of Default, Series 2018 Assessments shall be collected pursuant to the Uniform Method; provided that Series 2018 Assessments levied on platted lots owned by the Developer and levied on unplatted lots may be billed and collected directly by the District pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method, in each case unless the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, provides written consent to a different method of collection. All Series 2018 Assessments that are billed and collected directly by the District and not via the Uniform Method shall be due and payable by the landowner no later than thirty-one (31) Business Days prior to each Interest Payment Date; provided, however, that such Series 2018 Assessments shall not be deemed to be Delinquent Assessments unless and until same are not paid by the applicable Interest Payment Date with respect to which they have been billed.

(a) The following provisions shall apply with respect to the Series 2018 Assessments and Series 2018 Bonds.

If any property shall be offered for sale for the nonpayment of any Series 2018 Assessments and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2018 Assessments (principal, interest, penalties and costs, plus

attorneys' fees, if any), the District, after receiving the written direction of the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, specifying whether the District is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the Series 2018 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special-purpose entity title to the property for the benefit of the Owners of the Series 2018 Bonds. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, shall have the power to and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2018 Revenue Account. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the Series 2018 Bonds within sixty (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding. The District may pay costs associated with any actions taken by the District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture, provided such action does not adversely impact the tax-exempt status of the Series 2018 Bonds.

(b) The District acknowledges and agrees in the Indenture that (i) upon failure of any property owner to pay when due any installment of Series 2018 Assessments that are billed directly by the District, that the entire Series 2018 Assessments levied on the property for which such installment of Series 2018 Assessments is due and unpaid, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and, with the written direction of the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, the District after being provided assurances satisfactory to it of payment, of its fees, costs and expenses for doing so, shall promptly, but in any event within one hundred twenty (120) days of the receipt of such direction, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by Florida law.

(c) The Indenture provides that the District and/or the Trustee, to the extent acting individually or jointly, in pursuing foreclosure proceedings with respect to any lot or parcel delinquent in the payment of any Series 2018 Assessments, shall be entitled to first recover from any foreclosure, before such proceeds are applied to the payment of principal or interest on the Series 2018 Bonds, all fees and costs expended in connection with such foreclosure, regardless whether such fees and costs could be construed as Series 2018 Assessments or Series 2018 Pledged Revenues.

Limitation on Parity Bonds

Other than Bonds issued to refund the then Outstanding Series 2018 Bonds, the issuance of which results in net present value debt service savings, the Third Supplemental Indenture provides that the District shall not, while any Series 2018 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2018 Trust Estate. The District further covenants and agrees in the Third Supplemental Indenture that so long as the Series 2018 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the Series 2018 Assessments, without the written consent of the Majority Owners, unless the Series 2018 Assessments have been Substantially Absorbed. Notwithstanding the prior sentence, the foregoing shall not preclude the imposition of capital Special Assessments on property subject to the Series 2018 Assessments which are necessary, as determined by the District, for health, safety or welfare reasons or to remediate a natural disaster or Operation and Maintenance Assessments. The Trustee is entitled to assume that the Series 2018 Assessments have not been Substantially Absorbed absent delivery to the Trustee a certificate of the District Manager to the contrary on which the Trustee may conclusively rely. "Substantially Absorbed" means the date when at least ninety percent (90%) of the principal portion of the Series 2018 Assessments have been assigned to residential units within the District that have received a certificate of occupancy.

Events of Default and Matters Related to Events of Default

Each of the following events is an Event of Default with respect to the Series 2018 Bonds but no other Series of Bonds:

- (a) Any payment of Debt Service on the Series 2018 Bonds is not made when due;
- (b) The District shall for any reason be rendered incapable of fulfilling its obligations under the Indenture;
- (c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of the Series 2018 Project;
- (d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;
- (e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

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

(g) Any portion of the Series 2018 Assessments shall have become Delinquent Assessments and, as the result thereof, the Indenture provides for the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in the Series 2018 Reserve Account to pay Debt Service on the Series 2018 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series 2018 Reserve Account to pay Debt Service on the Series 2018 Bonds) (a "Series 2018 Reserve Account Event"); provided, however, a Series 2018 Reserve Account Event shall not be an Event of Default with respect to the Series 2018 Bonds if within sixty (60) days from the Series 2018 Reserve Account Event the District has either (i) replenished the amounts, if any, withdrawn from the Series 2018 Reserve Account or (ii) the portion of the Delinquent Assessments giving rise to the Series 2018 Reserve Account Event are paid and are no longer Delinquent Assessments;

(h) Material breach by the District of any material covenant made by it in the Indenture, and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the District by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Majority Owners of the Series 2018 Bonds; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exists if, and so long as the District shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; and

(i) More than twenty-five percent (25%) of the Operation and Maintenance Assessments that are directly billed by the District and levied by the District on tax parcels subject to Series 2018 Assessments the revenues from which are pledged to pay the Series 2018 Bonds are not paid by the date such are due and payable and such default continues for sixty (60) days after the date when due.

The District acknowledges in the Third Supplemental Indenture that (i) the Series 2018 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2018 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may not be used by the District (whether to pay costs of the Series 2018 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the occurrence of the Event of Default the District had incurred a binding obligation with third parties for work on the Series 2018 Project and payment is for such work, and (iii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may be used by the Trustee and/or the District, to the extent acting individually or jointly,

to pursue remedies, at the direction or with the approval of the Majority Owners, to pay costs and expenses incurred in connection with the pursuit of remedies under the Indenture, provided such action does not adversely impact the tax-exempt status of the Series 2018 Bonds. After the occurrence of an Event of Default, the District shall not enter into any binding agreement to expend any amounts included in the Series 2018 Trust Estate unless authorized in writing by the Majority Owners.

Provisions Relating to Bankruptcy or Insolvency of Landowner

(a) The provisions of this section shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the Series 2018 Assessments (an “Insolvent Taxpayer”) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a “Proceeding”). The Indenture provides that if the District becomes aware of a Proceeding it shall provide notice thereof to the Trustee.

(b) The District acknowledges and agrees that, although the Series 2018 Bonds were issued by the District, the Owners of the Series 2018 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer:

(i) the District agrees in the Indenture that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, prior to making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2018 Assessments, the Outstanding Series 2018 Bonds or any rights of the Trustee under the Indenture; provided, however, that the Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Series 2018 Bonds Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following request for consent;

(ii) the District agrees in the Indenture that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2018 Assessments, the Series 2018 Bonds Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee;

(iii) the District agrees in the Indenture that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding;

(iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Series 2018 Assessments related to the Series 2018 Bonds, Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the Series 2018 Assessments relating to the Series 2018 Bonds Outstanding, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation or to make any election under Section 1111(b) of the Bankruptcy Code; and

(v) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to the Trustee's enforcement of the District's claim and rights with respect to the Series 2018 Assessments relating to the Series 2018 Bonds Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees in the Indenture that the Trustee shall have the right (i) to file a proof of claim with respect to the Series 2018 Assessments, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

(c) Notwithstanding the provisions of the immediately preceding paragraphs of this subsection, nothing in the provisions of this subsection shall preclude the District from becoming a party to a Proceeding in order to enforce a claim for Operation and Maintenance Assessments, and the District shall be free to pursue such a claim in such a manner as it shall deem appropriate in its sole and absolute discretion. Any actions taken by the District in pursuance of its claim for Operation and Maintenance Assessments in any Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or consents with respect to the Series 2018 Assessments relating to the Series 2018 Bonds Outstanding whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in subparagraph (b)(iv) above.

Re-Assessment

Pursuant to the Master Indenture, if any Series 2018 Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the District shall be satisfied that any such Series 2018 Assessments is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Series 2018 Assessments

when it might have done so, the District shall either: (i) take all necessary steps to cause a new Series 2018 Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Series 2018 Assessment from legally available moneys, which moneys shall be deposited into the Series 2018 Revenue Account. In case any such subsequent Series 2018 Assessment shall also be annulled, the District shall obtain and make other Series 2018 Assessments until a valid Series 2018 Assessment shall be made.

THE SERIES 2018 ASSESSMENTS

General

The primary source of payment for the Series 2018 Bonds is the Series 2018 Assessments imposed on each parcel of benefited land within the Series 2018 Assessment Area pursuant to the Series 2018 Assessment Proceedings. To the extent that landowners fail to pay such Series 2018 Assessments, delay payments, or are unable to pay the same, the prompt and successful pursuance of collection procedures available to the District will be essential to continued payment of principal and of interest of the Series 2018 Bonds. The Act provides for various methods of enforcing the collection of Delinquent Assessments by reference to other provisions of the Florida Statutes. See, "ENFORCEMENT OF ASSESSMENT COLLECTIONS" for a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes; provided, however, such section is qualified in its entirety by reference to such statutes.

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

Chapter 170, Florida Statutes, provides that the Series 2018 Assessments constitute a lien on the real property in the District coequal with all State, County, school district and municipal taxes, superior in dignity to all other liens, titles and claims on such real property. ALTHOUGH THE LIEN AND THE PROCEEDS OF THE SERIES 2018 ASSESSMENTS WILL SECURE THE SERIES 2018 BONDS, AND SAID LIEN AND PROCEEDS OF THE SERIES 2018 ASSESSMENTS ARE PLEDGED EXCLUSIVELY TO THE SERIES 2018 BONDS, THE LIEN OF THE SERIES 2018 ASSESSMENTS MAY BE ON THE SAME PROPERTY AS, AND THEREFOR OVERLAP AND BE CO-EQUAL WITH, THE LIENS IN FAVOR OF OTHER ASSESSMENTS WHICH HAVE BEEN OR MAY BE IMPOSED BY THE DISTRICT, THE COUNTY OR OTHER UNITS OF LOCAL GOVERNMENT HAVING ASSESSMENT POWERS WITHIN THE DISTRICT. THE SERIES 2018 ASSESSMENTS WIL INITIALLY OVERLAP WITH THE SERIES 2013A-3 ASSESSMENTS.

Structure and Prepayment of Series 2018 Assessments

The Series 2018 Assessments are payable in thirty (30) yearly installments of principal and interest. According to the Series 2018 Assessment Proceedings, any owner of property subject to the Series 2018 Assessments may, at its option, prepay the entire amount of Series 2018

Assessment any time, or a portion of the amount of the Series 2018 Assessment one time (but only if such partial payment is made within one year from the issuance of the Series 2018 Bonds), plus accrued interest to the next succeeding Interest Payment Date or as otherwise required by the Indenture.

The Series 2018 Bonds are subject to extraordinary mandatory redemption as indicated under “DESCRIPTION OF THE SERIES 2018 BONDS - Redemption Provisions for Series 2018 Bonds,” from such Prepayments at the redemption price of par plus accrued interest to the date of such redemption. The prepayment of installments of Series 2018 Assessments does not entitle the owner of the property to a discount for early payment.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The imposition, levy, and collection of Series 2018 Assessments must be done in compliance with the provisions of Florida law. Failure by the District, the County Tax Collector (“Tax Collector”) or the County Property Appraiser (“Property Appraiser”) to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2018 Assessments during any year. Such delays in the collection of Series 2018 Assessments, or complete inability to collect any Series 2018 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 2018 Bonds. See “BONDOWNERS’ RISKS” herein. To the extent that landowners fail to pay the Series 2018 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 2018 Bonds.

For the Series 2018 Assessments to be valid, the Series 2018 Assessments must meet two requirements: (1) the benefit from the Series 2018 Project to the lands subject to the Series 2018 Assessments must exceed or equal the amount of the Series 2018 Assessments, and (2) the Series 2018 Assessments must be fairly and reasonably allocated across all such benefitted properties. The Certificate of the Assessment Consultant to be delivered upon the issuance of the Series 2018 Bonds, will certify that these requirements have been met with respect to the Series 2018 Assessments.

Pursuant to the Act and the Series 2018 Assessment Proceedings, the District may collect the Series 2018 Assessments through a variety of methods. See “BONDOWNERS’ RISKS” herein. Initially, and for undeveloped properties owned by the Developer and subsequent landowners, the District will directly issue annual bills to landowners requiring payment of the Series 2018 Assessments, and will enforce that bill through foreclosure proceedings. See “ASSESSMENT METHODOLOGY” herein and “APPENDIX B” hereto. As lands are developed, the Series 2018 Assessments will be added to the County tax roll and collected pursuant to the Uniform method of collection provided by State law (the “Uniform Method”). The following is a description of

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

Direct Billing & Foreclosure Procedure

As noted above, and pursuant to Chapters 170 and 190 of the Florida Statutes, the District may directly levy, collect and enforce the Series 2018 Assessments. In this context, Section 170.10, Florida Statutes, provides that upon the failure of any property owner to timely pay all or any part of its annual installment of principal and/or interest of a special assessment due, including the Series 2018 Assessments, the whole assessment, with the interest and penalties thereon, shall immediately become due and payable and subject to foreclosure. Generally stated, the governing body of the entity levying the special assessment, in this case the District, may foreclose by commencing a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or, alternatively, by commencing an action under Chapter 173, Florida Statutes, which relates to foreclosure of municipal tax and special assessment liens. Such proceedings are in rem, meaning that the action would be brought against the land, and not against the landowner. In light of the one year tolling period required before the District may commence a foreclosure action under Chapter 173, Florida Statutes, it is likely the District would commence an action to foreclose in the same manner as the foreclosure of a real estate mortgage rather than proceeding under Chapter 173, Florida Statutes.

Enforcement of the obligation to pay Series 2018 Assessments and the ability to foreclose the lien of such Series 2018 Assessments upon the failure to pay such Series 2018 Assessments may not be readily available or may be limited because enforcement is dependent upon judicial action which is often subject to discretion and delay. Additionally, there is no guarantee that there will be demand for any foreclosed lands sufficient to repay the Series 2018 Assessments. See "BONDOWNERS' RISKS" herein.

Uniform Method Procedure

Subject to certain conditions, and for developed lands (as described above), the District may alternatively elect to collect the Series 2018 Assessments using the Uniform Method. 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 2018 Assessments to be levied and then collected in this manner.

If the Uniform Method of collection is used, the Series 2018 Assessments will be collected together with County, school, special district, and other ad valorem taxes and non-ad valorem assessments (together, "Taxes and Assessments"), all of which will appear on the tax bill (also referred to as a "tax notice") issued to each landowner in the District. The statutes relating to enforcement of Taxes and Assessments provide that such Taxes and Assessments become due and payable on November 1 of the year when assessed, or as soon thereafter as the certified tax roll is received by the Tax Collector, and constitute a lien upon the land from January 1 of such

year until paid or barred by operation of law. Such taxes and assessments – including the Series 2018 Assessments – are to be billed, and landowners in the District are required to pay, all Taxes and Assessments without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2018 Assessments.

All Taxes and Assessments are payable at one time, except for partial payment schedules as may be provided by Florida law such as Sections 197.374 and 197.222, Florida Statutes. Partial payments made pursuant to Sections 197.374 and 197.222, Florida Statutes, are distributed in equal proportion to all taxing districts and levying authorities applicable to that account. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. Therefore, in the event the Series 2018 Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, would cause the Series 2018 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 2018 Bonds.

Under the Uniform Method, if the Series 2018 Assessments are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid Taxes and Assessments become delinquent on April 1 of the year following assessment.

The Tax Collector is required to collect the Taxes and Assessments on the tax bill prior to April 1 and, after that date, to institute statutory procedures upon delinquency to collect such Taxes and Assessments through the sale of “tax certificates,” as discussed below. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process. Neither the District nor the Underwriter can give any assurance to the holders of the Series 2018 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 2018 Assessments, (2) that future landowners and taxpayers in the District will pay such Series 2018 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 the eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Series 2018 Assessment Proceedings to discharge the lien of the Series 2018 Assessments and all other liens that are coequal therewith.

Collection of delinquent Series 2018 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 2018 Assessments due. Prior to the sale of tax certificates, the landowner may bring current the delinquent Taxes and Assessments and cancel the tax certificate process by paying the total amount of delinquent Taxes and Assessments plus all applicable interest, costs and charges. If the landowner does not act, the Tax Collector is required to attempt to sell tax certificates by public bid to the person who pays the delinquent Taxes and Assessments owing, and any applicable interest, costs and charges, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%).

If there are no bidders, the tax certificate is issued to the County. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest, which is currently 18%. The Tax Collector does not collect any money if tax certificates are issued, or struck off, to the County. The County may sell such certificates to the public at any time after issuance, but before a tax deed application is made, at the face amount thereof plus interest at the rate of not more than 18% per annum, costs and charges. Proceeds from the sale of tax certificates are required to be used to pay Taxes and Assessments (including the Series 2018 Assessments), interest, costs and charges on the real property described in the certificate.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled, in whole or in part (under certain circumstances), at any time before a tax deed is issued (unless full payment for a tax deed is made to the clerk of court, including documentary stamps and recording fees), at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, and charges due. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of 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 above.

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

In any such public sale conducted by the Clerk of the Circuit Court, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the tax certificate, charges for the cost of sale, including costs incurred for the service of notice required by statute, redemption of other tax certificates on the land, and all other costs to the applicant for the tax deed, plus interest thereon. In the case of homestead property, the minimum bid is also deemed to include, in addition to the amount of money required for the minimum bid on non-homestead property, an amount equal to one-half of the latest assessed value of the homestead. If there are no higher bids, the holder receives title to the land, and the amounts paid for the certificate and in applying for a tax deed are credited toward the purchase price. The holder is also responsible for payment of any amounts included in the bid not already paid, including but not limited to, documentary stamp

tax, recording fees, and, if property is homestead property, the moneys to cover the one-half value of the homestead. If there are other bids, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax certificate, together with all subsequent unpaid taxes plus the costs and expenses of the application for deed, with interest on the total of such sums, are forwarded to the holder thereof or credited to such holder if such holder is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the land and then to the former title holder of the property (less service charges), lienholder of record, mortgagees of record, vendees of recorded contracts for deeds, and other lienholders and any other person to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their interest may appear. If the property is purchased for an amount in excess of the statutory bid of the certificate holder, but such excess is not sufficient to pay all governmental liens of record, the excess shall be paid to each governmental unit pro rata.

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

If there are no bidders at the public sale, the clerk shall enter the land on a list entitled "lands available for taxes" and shall immediately notify the County Commission that the property is available. At any time within ninety (90) days from the date the property is placed on the list, the County may purchase the land for the opening bid, or may waive its rights to purchase the property. Thereafter, and without further notice or advertising, any person, the County or any other governmental unit may purchase the land by paying the amount of the opening bid. Ad valorem taxes and non-ad valorem assessments accruing after the date of public sale do not require repetition of the bidding process but are added to the minimum bid. Three years from the date the property was offered for sale, unsold lands escheat to the County in which they are located, free and clear, and all tax certificates and liens against the property are canceled and a deed is executed vesting title in the governing board of such County.

There can be no guarantee that the Uniform Method will result in the payment of Series 2018 Assessments. For example, the demand for tax certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property within the District may affect the demand for certificates and the successful collection of the Series 2018 Assessments, which are the primary source of payment of the Series 2018 Bonds. Additionally, legal proceedings under Federal bankruptcy law brought by or against a landowner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of tax certificates. See "BONDOWNERS' RISKS" herein.

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ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Sources:

Par Amount of Series 2018 Bonds	<u>\$6,760,000.00</u>
Total Sources	<u>\$6,760,000.00</u>

Uses:

Deposit to Series 2018 Acquisition and Construction Account	\$5,943,529.00
Deposit to Series 2018 Reserve Account	137,249.06
Deposit to Series 2018 Costs of Issuance Account	200,177.92
Deposit to Series 2018 Capitalized Interest Account	343,844.02
Underwriter's Discount	<u>135,200.00</u>
Total Uses	<u>\$6,760,000.00</u>

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DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2018 Bonds:

Period Ending <u>November 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 0.00	\$343,844.02	\$343,844.02
2020	100,000.00	356,606.26	456,606.26
2021	105,000.00	352,121.88	457,121.88
2022	110,000.00	347,418.75	457,418.75
2023	115,000.00	342,496.88	457,496.88
2024	120,000.00	337,356.26	457,356.26
2025	125,000.00	331,684.38	456,684.38
2026	130,000.00	325,468.75	455,468.75
2027	135,000.00	319,009.38	454,009.38
2028	145,000.00	312,184.38	457,184.38
2029	150,000.00	304,993.75	454,993.75
2030	160,000.00	297,037.50	457,037.50
2031	165,000.00	288,303.13	453,303.13
2032	175,000.00	279,165.63	454,165.63
2033	185,000.00	269,490.63	454,490.63
2034	195,000.00	259,278.13	454,278.13
2035	205,000.00	248,528.13	453,528.13
2036	220,000.00	237,106.26	457,106.26
2037	230,000.00	225,012.51	455,012.51
2038	240,000.00	212,381.26	452,381.26
2039	255,000.00	199,078.13	454,078.13
2040	270,000.00	184,800.00	454,800.00
2041	285,000.00	169,537.50	454,537.50
2042	300,000.00	153,450.00	453,450.00
2043	320,000.00	136,400.00	456,400.00
2044	335,000.00	118,387.50	453,387.50
2045	355,000.00	99,412.50	454,412.50
2046	375,000.00	79,337.50	454,337.50
2047	395,000.00	58,162.50	453,162.50
2048	420,000.00	35,750.00	455,750.00
2049	<u>440,000.00</u>	<u>12,100.00</u>	<u>452,100.00</u>
TOTAL	\$6,760,000.00	\$7,235,903.50	\$13,995,903.50

BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds secured by special assessments issued by a public authority or governmental body in the State of Florida. Certain of such risks are associated with the Series 2018 Bonds offered hereby and are set forth below. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2018 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 2018 Bonds. Prospective investors in the Series 2018 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Series 2018 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Limited Pledge

The principal security for the payment of the principal of and interest on the Series 2018 Bonds is the timely collection of the Series 2018 Assessments. Recourse for the failure of any landowner to pay the Series 2018 Assessments, or otherwise fail to comply with its obligations, is limited to the collection proceedings against the land, which proceedings differ depending on whether the Series 2018 Assessments are being collected pursuant to the Uniform Method or by the District. The Series 2018 Assessments do not constitute a personal indebtedness of the landowners, but are secured only by a lien on the land in the Series 2018 Assessment Area. The District has not granted, and may not grant under Florida law, a mortgage or security interest on any land subject to the Series 2018 Assessments. Furthermore, the District has not pledged the revenues, if any, from the operation of any portion of the Series 2018 Project as security for, or a source of payment of, the Series 2018 Bonds. The Developer is not a guarantor of payment of any Series 2018 Assessments and the recourse for the Developer's failure to pay the Series 2018 Assessments on any land owned by the Developer in the Series 2018 Assessment Area, like any landowner, is limited to the collection proceedings against such land. Several mortgage lenders have in the past, raised legal challenges to the primacy of liens similar to those of the Series 2018 Assessments in relation to the liens of mortgages burdening the same real property. There can be no assurance that mortgage lenders will not challenge the priority of the lien status of the Series 2018 Assessments in the event that actions are taken to foreclose on any property in the Series 2018 Assessment Area.

Bankruptcy and Related Risks

The various legal opinions to be delivered concurrently with the delivery of the Series 2018 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. Under existing constitutional and statutory law and judicial decisions, in the event of the institution of bankruptcy or similar proceedings with respect to any landowner

including the Developer, if applicable, the remedies specified by federal, state and local law and in the Indenture and the Series 2018 Bonds, including, without limitation, enforcement of the obligation to pay the Series 2018 Assessments may not be readily available or may be limited. Bankruptcy can also affect the ability of (1) the landowner being able to pay the Series 2018 Assessments; (2) the Tax Collector being able to sell tax certificates related to land owned by a landowner in bankruptcy, to the extent the Uniform Method is being utilized for collecting the Series 2018 Assessments, and (3) the inability of the District to foreclose the lien of the Series 2018 Assessments not being collected by the Uniform Method. Any such adverse effect, either partially or fully, on the ability to enforce such remedies could have a material adverse effect on the District's ability to make the full or punctual payment of Debt Service on the Series 2018 Bonds.

Delay and Discretion Regarding Remedies

The remedies available to the owners of the Series 2018 Bonds are in many respects dependent upon judicial actions which are often subject to discretion and delay. In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of Delinquent Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding and the value of the land which is the subject of such proceedings and which may be subject to sale. In addition, if the District commences a foreclosure action against a landowner for nonpayment of Series 2018 Assessments, such landowner might raise affirmative defenses to such foreclosure action, which affirmative defenses could result in delays in completing the foreclosure action.

Limitation on Funds Available to Exercise Remedies

In the event of a default by a landowner in payment of Series 2018 Assessments, if the Series 2018 Assessments are not collected under the Uniform Method, the District is required under the Indenture to fund the costs of foreclosure. It is possible that the District will not have sufficient funds therefor and will be compelled to request the owners of the Series 2018 Bonds to allow funds on deposit under the Indenture to be used to pay such costs. Under the Code, there are limitations on the amount of Series 2018 Bond proceeds that can be used for such purposes. As a result, there may be insufficient funds for the exercise of remedies.

Determination of Land Value upon Default

To the extent that any portion of the Series 2018 Assessments are being collected by the Uniform Method, the ability of the Tax Collector to sell tax certificates, and to the extent that any portion of the Series 2018 Assessments are not being collected by the Uniform Method, the ability of the District to sell land upon foreclosure, both 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 determination of the benefits to be received by the benefitted land within the District as a result of implementation and development of the Series 2018 Project is not indicative of the realizable or market value of the land, which value may

actually be higher or lower than the assessment of benefits. In other words, the value of the land could potentially be ultimately less than the debt secured by the Series 2018 Assessments associated with it. To the extent that the realizable or market value of the land is lower than the assessment of benefits, the ability of the Tax Collector to sell tax certificates relating to such land, or the District to sell such land upon foreclosure, may be adversely affected. Such adverse effect could render the District unable to collect Delinquent Assessments, if any, and could negatively impact the ability of the District to make the full or punctual payment of Debt Service on the Series 2018 Bonds.

Landowner Challenge of Assessed Valuation

Florida law provides a procedure whereby a taxpayer may contest a “tax assessment.” It is unclear whether this procedure applies to non-ad valorem assessments such as the Series 2018 Assessments and there are judicial decisions that support both views. Under the procedure, a taxpayer may bring suit to contest a “tax assessment” if the taxpayer pays the amount of “tax” that the taxpayer admits to owing. Upon the making of such payment, all procedures for the collection of the unpaid taxes are suspended until the suit is resolved. If it is determined that the procedure applies to non-ad valorem assessments such as the Series 2018 Assessments, it is possible that such a challenge could result in collection procedures for Delinquent Assessments being held in abeyance until the challenge is resolved. This would result in a delay in the collection of the Series 2018 Assessments which could have a material adverse effect upon the ability of the District to timely make full or punctual payment of Debt Service on the Series 2018 Bonds. If the Series 2018 Assessments are being collected along with ad valorem taxes pursuant to the Uniform Method, tax certificates will not be sold while the challenge is pending with respect to the Series 2018 Assessments even if the landowner is not contesting the amount of such special assessments.

Failure to Comply with Assessment Proceedings

The District is required to comply with statutory procedures in levying the Series 2018 Assessments. Failure of the District to follow these procedures could result in the Series 2018 Assessments not being levied or potential future challenges to such levy.

Other Taxes

The willingness and/or ability of a landowner within the Series 2018 Assessment Area to pay the Series 2018 Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District, such as a county, a school board, a municipality and other special districts, could, without the consent of the owners of the land within the Series 2018 Assessment Area, impose additional taxes or assessments on the property within the Series 2018 Assessment Area. County, municipal, school and special district taxes and assessments, including the Series 2018 Assessments, are payable at the same time when collected under the Uniform Method, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds. If a taxpayer does not make complete payment,

he or she cannot designate specific line items on the tax bill as deemed paid in full. In such case, the Tax Collector does not accept partial payment. Therefore, any failure by a landowner to pay any one line item, whether or not it is the Series 2018 Assessments, would result in such landowner's assessments to not be collected, which could have a significant adverse impact on the District's ability to make full or punctual payment of Debt Service on the Series 2018 Bonds.

Initially, the Series 2018 Assessments will overlap with the Series 2013A-3 Assessments in a portion of the Series 2018 Assessment Area. Subject to certain conditions precedent, the District may also impose additional debt assessments which could encumber the property burdened by the Series 2018 Assessments. See, "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2018 BONDS – Limitation on Parity Bonds" herein. The District anticipates imposing operation and maintenance assessments encumbering the same property encumbered by the Series 2018 Assessments. In addition, lands within the District may also be subject to assessments by property and home owner associations.

Inadequacy of Reserve

Some of the risk factors described herein, if materialized, could result in a delay in the collection of the Series 2018 Assessments or a failure to collect the Series 2018 Assessments, but may not affect the timely payment of Debt Service on the Series 2018 Bonds because of the Series 2018 Reserve Account established by the District for the Series 2018 Bonds. However, the ability of the District to fund deficiencies caused by delinquent or delayed Series 2018 Assessments is dependent upon the amount, duration and frequency of such deficiencies or delays. If the District has difficulty in collecting the Series 2018 Assessments, the Series 2018 Reserve Account could be rapidly depleted and the ability of the District to pay Debt Service could be materially adversely affected. Owners should note that although the Indenture contains the Series 2018 Reserve Account Requirement for the Series 2018 Reserve Account, and a corresponding obligation on the part of the District to replenish the Series 2018 Reserve Account to the Series 2018 Reserve Account Requirement, subject to the provisions of the Indenture, the District does not have a designated revenue source for replenishing the Series 2018 Reserve Account. Moreover, the District will not be permitted to re-assess real property then burdened by the Series 2018 Assessments in order to provide for the replenishment of the Series 2018 Reserve Account.

Moneys on deposit in the Series 2018 Reserve Account may be invested in certain obligations permitted under the Indenture. Fluctuations in interest rates and other market factors could affect the amount of moneys available in the Series 2018 Reserve Account to make up deficiencies or delays in collection of Series 2018 Assessments.

Economic Conditions

The proposed Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the landowners or the District. Although the Developer expects to develop lots and build homes to sell to end users,

there can be no assurance that such sales will occur or be realized in the manner currently anticipated.

Concentration of Land Ownership

Until further development and lot sales take place in the Series 2018 Assessment Area, payment of the Series 2018 Assessments is dependent upon their timely payment by the Developer. At closing of the sale of the Series 2018 Bonds it is expected that the Series 2018 Assessment Area will continue to be owned either directly or indirectly by the Developer. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other subsequent significant owner of property within the District, delays could most likely occur in the payment of Debt Service on the Series 2018 Bonds. Such bankruptcy could negatively impact the ability of: (i) the Developer or other landowner being able to pay the Series 2018 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2018 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of any Series 2018 Assessments not being collected pursuant to the Uniform Method. The Uniform Method will not be used (a) with respect to any assessable lands which are still owned by the Developer or an entity affiliated with the Developer until such time as lots are platted unless, in an Event of Default, a majority of the owners of the Series 2018 Bonds Outstanding directs the District to use the Uniform Method, (b) where the timing for using the Uniform Method will not yet allow for using such method, or (c) if the District determines that it is not in its best interest to do so.

Undeveloped Land

The acreage in the Series 2018 Assessment Area and encumbered by the Series 2018 Assessments is substantially undeveloped. The ultimate successful development of the acreage in the Series 2018 Assessment Area depends on several factors discussed herein. There is no assurance that the Developer and other landowners will be successful in developing part or all of the undeveloped acreage.

Change in Development Plans

The Developer has the right to modify or change plans for development of property within the Series 2018 Assessment Area and Development, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed, and may seek in the future, in accordance with, and subject to the provisions of the Act, to contract or expand the boundaries of the District.

Bulk Sale of Land in the Series 2018 Assessment Area

The Developer may make bulk sales of all or a portion of the Series 2018 Assessment Area at any time. Bulk sale agreements may be canceled or amended, without the consent of the District or any other party. Such changes could affect the purchase price of, delivery timing and/or development of lots within the District that is otherwise described herein.

Completion of CIP

The Series 2018 Bond proceeds will not be sufficient to finance the completion of the CIP. The portions of the CIP not funded with proceeds of the Series 2018 Bonds have been, and are expected to continue to be, funded with contributions from the Developer. There is no assurance that the Developer will be able to pay for the cost of any of these improvements. Upon issuance of the Series 2018 Bonds, the Developer will enter an amendment to the Completion Agreement which, as amended, applies to any portions of the CIP not funded with the proceeds of the Series 2013 Bonds and the Series 2018 Bonds. See “THE DEVELOPMENT – Land Acquisition/Development Financing” and “SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2018 BONDS – Completion Agreement” herein.

Upon issuance of the Series 2018 Bonds, the Developer will also execute and deliver to the District the Assignment Agreement, pursuant to which the Developer will collaterally assign to the District, to the extent assignable and to the extent that they are solely owned or controlled by the Developer, all of its development rights relating to the CIP as security for Developer’s payment and performance and discharge of its obligation to pay the Series 2018 Assessments. However, there can be no assurance, that the District will have sufficient moneys on hand to complete the Series 2018 Project or the CIP or that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the Series 2018 Project or CIP. Pursuant to the Indenture, the District will covenant not to issue any other Bonds or other debt obligations secured by Assessments levied against the Series 2018 Assessment Area within the District to finance any capital project unless the Series 2018 Assessments have been Substantially Absorbed. Such covenant shall not prohibit the District from issuing refunding bonds or other Bonds secured by other special assessments to finance any other capital project that is necessary, as determined by the District, for health, safety, or welfare reasons or to remediate any natural disaster or Operation and Maintenance Assessments. Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the owners of the Series 2018 Bonds should it be necessary to institute proceedings due to the nonpayment of the Series 2018 Assessments. Failure to complete or substantial delays in the completion of the Series 2018 Project or the CIP due to litigation or other causes may reduce the value of the lands in the District and increase the length of time during which Series 2018 Assessments will be payable from undeveloped property and may affect the willingness and ability of the landowners to pay the Series 2018 Assessments when due and likewise the ability of the District to make full or punctual payment of Debt Service on the Series 2018 Bonds.

Regulatory and Environmental Risks

The Development is subject to comprehensive federal, state and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of planned improvements, both public and private, and construction of the infrastructure in accordance with applicable zoning, land use and environmental regulations. Although all such approvals required to date have been received and any further approvals are anticipated to be received as needed, failure to

obtain any such approvals in a timely manner could delay or adversely affect the completion of the development of the District lands.

The value of the land within the District, the ability to complete the Series 2018 Project or CIP, or to develop the Development and the likelihood of timely payment of Debt Service on the Series 2018 Bonds could be affected by environmental factors with respect to the lands in the District, such as contamination by hazardous materials. No assurance can be given that unknown hazardous materials, protected animals or vegetative species, etc., do not currently exist or may not develop in the future whether originating within the District or from surrounding property, and what effect such may have on the development of the District lands. 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.

District May Not be Able to Obtain Permits

In connection with a foreclosure of the lien of the assessments prior to completion of the development, the Circuit Court in and for Lake County, Florida concluded that a community development district had no right, title or interest in any permits and approvals owned by the owner of the parcels so foreclosed. As discussed above, the District and the Developer will enter into the Assignment Agreement upon issuance of the Series 2018 Bonds in which the Developer collaterally assigns to the District all of Developer's development rights and contract rights relating to the CIP as to lands owned by Developer. Notwithstanding the foregoing, in the event that the District forecloses on the property subject to the lien of the Series 2018 Assessments, to enforce payment thereof, the District may not have the right, title or interest in the permits and approvals owned by the landowner and failure to obtain any such permits or approvals in a timely manner could delay or adversely affect the completion of the development of the District lands.

Damage to District from Natural Disasters

The value of the lands subject to the Series 2018 Assessments could be adversely affected by flooding or wind damage caused by hurricanes, tropical storms, or other catastrophic events. In addition to potential damage or destruction to any existing development or construction in or near the District, such catastrophic events could potentially render the District lands unable to support the development and construction of the Series 2018 Project or the CIP. The occurrence of any such events could materially adversely affect the District's ability to collect Series 2018 Assessments and pay Debt Service on the Series 2018 Bonds. The Series 2018 Bonds are not insured and the District's casualty insurance policies do not insure against losses incurred on private lands within its boundaries.

Limited Secondary Market

The Series 2018 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2018 Bonds in the event an owner thereof determines to solicit purchasers of the Series 2018 Bonds. Even if a liquid secondary market

exists, there can be no assurance as to the price for which the Series 2018 Bonds may be sold. Such price may be lower than that paid by the current owner of the Series 2018 Bonds, depending on the progress of the Development, existing market conditions and other factors.

Interest Rate Risk; No Rate Adjustment for Taxability

The interest rate borne by the Series 2018 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 2018 Bonds. These higher interest rates are intended to compensate investors in the Series 2018 Bonds for the risk inherent in the purchase of the Series 2018 Bonds. However, such higher interest rates, in and of themselves, increase the amount of Series 2018 Assessments that the District must levy in order to provide for payment of Debt Service on the Series 2018 Bonds, and, in turn, may increase the burden of landowners within the District, thereby possibly increasing the likelihood of non-payment or delinquency in payment of such Series 2018 Assessments.

The Indenture does not contain an adjustment of the interest rate on the Series 2018 Bonds in the event of a determination of taxability of the interest thereon. Such a change could occur as a result of the District's failure to comply with tax covenants contained in the Indenture or the tax certificate signed by the District upon issuance of the Series 2018 Bonds or due to a change in the United States income tax laws. Should interest on the Series 2018 Bonds become includable in gross income for federal income tax purposes, owners of the Series 2018 Bonds will be required to pay income taxes on the interest received on such Series 2018 Bonds and related penalties. Because the interest rate on such Series 2018 Bonds will not be adequate to compensate owners of the Series 2018 Bonds for the income taxes due on such interest, the value of the Series 2018 Bonds may decline. Prospective purchasers of the Series 2018 Bonds should evaluate whether they can own the Series 2018 Bonds in the event that the interest on the Series 2018 Bonds becomes taxable and/or the District is ever determined to not be a political subdivision for purposes of the Code and/or Securities Act.

IRS Audit and Examination Risk

The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. There is no assurance that an audit by the IRS of the Series 2018 Bonds will not be commenced. Owners of the Series 2018 Bonds are advised that, if the IRS does audit the Series 2018 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the Series 2018 Bonds may have limited rights to participate in such procedure.* The commencement of such an audit could adversely affect the market value and liquidity of the Series 2018 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-

* Owners of the Series 2018 Bonds are advised to consult with their own tax advisors regarding their rights (if any) with respect to such audit.

exempt status of interest on the Series 2018 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. An adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2018 Bonds may adversely impact any secondary market for the Series 2018 Bonds, and, if a secondary market exists, will likely adversely impact the price for which the Series 2018 Bonds may be sold.

It has been reported that the IRS has recently closed audits of other community development districts in Florida with no change to such districts' bonds' tax exempt status, but has advised such districts that such districts must have public electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years from the date of establishment of the community development district or the time at which there are at least 250 qualified electors in the district. The District was formed with the intent that it will contain a sufficient number of residents to allow for a transition to control by a general electorate. Currently, all of the members of the Board of the District were elected by the Developer, and none were elected by qualified electors; however, two seats on the Board are expected to transition to seats held by qualified electors appointed by the Board on or around February 2019. There can be no assurance that an audit by the IRS of the Series 2018 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law.

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 2018 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 2018 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 2018 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2018 Bonds. In addition, the IRS may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been made and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2018 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for or marketability of the Series 2018 Bonds.

Proposed Regulations and Florida Village Center CDD TAM

On February 22, 2016, the Internal Revenue Service issued a notice of proposed rulemaking (the “Proposed Regulations”) and notice of public hearing containing the Proposed Regulations that provide a new definition of political subdivision for purposes of determining the eligibility of an entity to issue bonds for which interest is excluded from gross income for federal tax purposes. The Proposed Regulations required that a political subdivision (i) have the power to exercise at least one sovereign power, (ii) be formed and operated for a governmental purpose, and (iii) have a governing body controlled by or have significant uses of its funds or assets otherwise controlled by a government unit with all three sovereign powers or by an electorate that is not controlled by an unreasonably small number of unrelated electors. On October 4, 2017, the Treasury Department (“Treasury”) announced that it would withdraw the proposed regulations, stating that, “while Treasury and the IRS continue to study the legal issues relating to political subdivisions, Treasury and the IRS currently believe that these proposed regulations should be withdrawn in their entirety, and plan to publish a withdrawal of the proposed regulations shortly in the Federal Register. Treasury and the IRS may propose more targeted guidance in the future after further study of the relevant legal issues.” The Proposed Regulations were officially withdrawn on October 20, 2017. Because the Proposed Regulations have been withdrawn, it is not possible to determine the extent to which all or a portion of the discussion herein regarding the Villages Center CDD and the Villages TAM (each as defined below) may continue to be applicable in the absence of further guidance from the IRS. Bond Counsel will render its opinion regarding the exclusion from gross income of interest on the Series 2018 Bonds as described in the “TAX MATTERS” section.

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

found that the Village Center CDD was not a “proper issuer of tax-exempt bonds” and that those Audited Bonds were private-activity bonds that did not fall in any of the categories that qualify for tax-exemption. Although the TAMs and the letters to the Village Center CDD from the IRS referred to above are addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, they reflect the audit position of the IRS, and there can be no assurance that the IRS would not commence additional audits of bonds issued by other community development districts raising issues similar to the issues raised in the case of the Audited Bonds based on the analysis set forth in the first TAM or on the related concerns addressed in the July 14, 2016 letter to the Village Center CDD.

Legislative Proposals and State Tax Reform

It is impossible to predict what new proposals may be presented regarding ad valorem tax reform and/or community development districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor of the State of Florida, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any pending or future legislation will or may have on the security for the Series 2018 Bonds.

Loss of Exemption from Securities Registration

Since the Series 2018 Bonds have not been, and will not be, registered under the Securities Act, or any state securities laws, because of the exemption for political subdivisions regardless of any potential IRS determination that the District is not a political subdivision for purposes of the Code, it is possible that federal or state regulatory authorities could independently determine that the District is not a political subdivision for purposes of the federal and state securities laws. Accordingly, the District and purchasers of the Series 2018 Bonds may not be able to rely on the exemption from registration relating to securities issued by political subdivisions. In that event, the owners of the Series 2018 Bonds would need to ensure that subsequent transfers of the Series 2018 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

Performance of District Professionals

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

Mortgage Default and FDIC

In the event a bank forecloses on a property in the Series 2018 Assessment Area because of a default on a mortgage with respect thereto and then the bank itself fails, the Federal Deposit

Insurance Corporation (the “FDIC”), as receiver, will then become the fee owner of such property. In such event, the FDIC will not, pursuant to its own rules and regulations, likely be liable to pay the Series 2018 Assessments. In addition, the District would be required to obtain the consent of the FDIC prior to commencing a foreclosure action on such property for failure to pay Series 2018 Assessments.

The risks described under this “BONDOWNERS’ RISKS” section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2018 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety, to visit the District and to ask questions of representatives of the District to obtain a more complete description of investment considerations relating to the Series 2018 Bonds.

TAX MATTERS

PROSPECTIVE PURCHASERS OF THE SERIES 2018 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2018 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2018 BONDS.

General

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Series 2018 Bonds in order to assure that interest on the Series 2018 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. The District’s failure to comply with these requirements may cause interest on the Series 2018 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District has covenanted in the Indenture to take all actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2018 Bonds. The opinion of Bond Counsel with respect to the Series 2018 Bonds, the form of which is attached hereto as “APPENDIX D,” will be based upon and assume the accuracy of certain representations and certifications and are conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the Series 2018 Bonds. The Indenture does not require the District to redeem the Series 2018 Bonds or to pay any additional interest or penalty in the event the interest on the Series 2018 Bonds becomes taxable.

In the opinion of Bond Counsel, assuming continuing compliance by the District with the tax covenants referred to above, under existing law, interest on the Series 2018 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that, pursuant to the Act, the Series 2018 Bonds and the interest thereon are exempt from taxation under the laws of the State, except as to estate taxes and taxes imposed by Chapter 220, Florida

Statutes, on interest, income and profits on debt obligations owned by corporations as defined therein.

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 2018 Bonds.

Bond Counsel will render its opinions as of the issue date, and will assume no obligation to update the opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. The opinions of Bond Counsel are based on existing law, which is subject to change. As to questions of fact material to such opinions, Bond Counsel will rely upon representations and covenants made on behalf of the District, certificates of appropriate officers and others (including certifications as to the use of proceeds of the Series 2018 Bonds and of the property financed thereby), without undertaking to verify the same by independent investigation. Bond Counsel assumes no duty to update or supplement its opinion 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, the opinions of Bond Counsel are only opinions and not a warranty or guaranty of the matters discussed or of a particular result, and are not binding on the Internal Revenue Service or the courts; rather such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Series 2018 Bonds, interest on the Series 2018 Bonds will be included in adjusted current earnings for purposes of the alternative minimum tax applicable to taxable years beginning before January 1, 2018.

Prospective purchasers of the Series 2018 Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of tax-exempt obligations, such as the Series 2018 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Series 2018 Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2018 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Purchasers of the Series 2018 Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Limited Offering Memorandum should consult their own tax advisors regarding other tax considerations such as the consequences of market discount.

Changes in Tax Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Series 2018 Bonds, gain from the sale or other disposition of the Series 2018 Bonds, the market value of the Series 2018 Bonds, or the marketability of the Series 2018 Bonds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2018 Bonds may occur. Prospective purchasers of the Series 2018 Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2018 Bonds.

Additional Matters Relating to On-going IRS Audit Program and Special Districts

The Internal Revenue Service (the "IRS") has established an on-going program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. In addition, reference is made to "BONDOWNERS' RISKS—'IRS Audit and Examination Risk' and 'Proposal Regulations and Florida Village Center CDD TAM'" herein regarding recent developments with respect to certain special district financings.

Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2018 Bonds. Owners of the Series 2018 Bonds are advised that, if the IRS does audit the Series 2018 Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the Series 2018 Bonds may have limited rights to participate in such procedure. The commencement of audit could adversely affect the market value and liquidity of the Series 2018 Bonds until the audit is concluded, regardless of the ultimate outcome. As noted above, the Indenture does not require the District to redeem the Series 2018 Bonds or to pay any additional interest or penalty in the event the interest on the Series 2018 Bonds becomes taxable.

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. The District is not and has not ever been in default as to principal and interest on its bonds or other debt obligations.

NO RATING OR CREDIT ENHANCEMENT

The Series 2018 Bonds are neither rated nor credit enhanced. No application for a rating or credit enhancement with respect to the Series 2018 Bonds was made.

VALIDATION

The Bonds issued pursuant to the terms of the Master Indenture, which includes the Series 2018 Bonds, were validated by a Final Judgment of the Circuit Court in and for Manatee County, Florida, entered October 12, 2007. The appeal period from such final judgment has expired with no appeal having been filed.

LITIGATION

The District

There is no pending or, to the knowledge of the District, any threatened litigation against the District of any nature whatsoever which in any way questions or affects the validity of the Series 2018 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, nor the title of the present members of the Board or the District Manager is being contested.

From time to time, the District expects to experience routine litigation and claims incidental to the conduct of its affairs. In connection with the issuance and sale of the Series 2018 Bonds, District Counsel will represent to the District and the Underwriter that there are no actions presently pending or to the knowledge of the District threatened against the District, the adverse outcome of which could reasonably be expected to have a material adverse effect on the availability of the Series 2018 Trust Estate, or the ability of the District to pay the Series 2018 Bonds from the Series 2018 Trust Estate.

The Developer

In connection with the issuance of the Series 2018 Bonds, the Developer will represent to the District that there is no litigation of any nature now pending or, to the knowledge of the Developer, threatened, which could reasonably be expected to have a material and adverse effect upon the ability of the Developer to complete the Development as described herein, materially and adversely affect the ability of the Developer to pay the Series 2018 Assessments imposed against the land within the District owned by the Developer or materially and adversely affect the ability of the Developer to perform its various obligations described in this Limited Offering Memorandum.

CONTINUING DISCLOSURE

In order to comply with the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC Rule"), the District, the Developer and

Disclosure Services, LLC, as dissemination agent (the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement”), the form of which is attached hereto as APPENDIX E. Pursuant to the Disclosure Agreement, the District has covenanted for the benefit of the Beneficial Owners to provide to the Dissemination Agent certain financial information and operating data relating to the District and the Series 2018 Bonds in each year (the “District Annual Report”), and to provide notices of the occurrence of certain enumerated material events. Such covenant by the District shall only apply so long as the Series 2018 Bonds remain outstanding under the Indenture.

Pursuant to the Disclosure Agreement, the Developer has covenanted for the benefit of the Beneficial Owners to provide to the District and the Dissemination Agent certain financial information and operating data relating to the Developer and the Development in each year (the “Developer Report”). Such covenant by the Developer will apply only until the earlier to occur of (x) the payment and redemption of the Series 2018 Bonds, or (y) the date on which the Developer owns less than twenty (20) percent of the real property encumbered by the Series 2018 Assessments that secure the Series 2018 Bonds; provided, however, that the Developer has covenanted and agreed with the District that such covenant will run with the land to the extent that any successor in interest which holds the land for development shall assume the continuing disclosure obligations of the Developer.

The District Annual Report and the Developer Report (together, the “Reports”) will each be filed by the Dissemination Agent with the Municipal Security Rulemaking Board’s Electronic Municipal Markets Access (“EMMA”) repository described in the form of the Disclosure Agreement attached hereto as APPENDIX E. The notices of material events will also be filed by the District with EMMA. The specific nature of the information to be contained in the Reports and the notices of material events are described in APPENDIX E. The Disclosure Agreement will be executed by the District, the Developer and the Dissemination Agent at the time of issuance of the Series 2018 Bonds. The foregoing covenants have been made in order to assist the Underwriter in complying with the SEC Rule.

With respect to the Series 2018 Bonds, no parties other than the District and the Developer are obligated to provide, nor are expected to provide, any continuing disclosure information with respect to the SEC Rule.

District Continuing Compliance

During the five (5) years immediately preceding the issuance of the Series 2018 Bonds, the District has been subject to a continuing disclosure undertaking in connection with the Series 2013 Bonds (the “2013 CDA”). With respect to the Annual Report for the fiscal year ending September 30, 2016, such report was filed one (1) day late and with respect to the unaudited financial statements required to be filed at the same time as such Annual Report, such financial statements were filed two (2) days late. No failure to file notices were posted with respect to such failures.

Developer Continuing Compliance

During the five (5) years immediately preceding the issuance of the Series 2018 Bonds, the Developer has been subject to the 2013 CDA. The Developer failed to file its first quarterly report for the quarter ending December 31, 2013. The Developer filed its quarterly report for the quarter ending March 31, 2014, one (1) day late. The Developer timely filed with the Dissemination Agent its quarterly report for the quarter ending March 31, 2016; however, due to a clerical error by the Dissemination Agent, the wrong report was posted on EMMA. The correct report has now been posted. No failure to file notices were posted with respect to such failures.

UNDERWRITING

The Underwriter will agree, pursuant to a contract to be entered into with the District, subject to certain conditions, to purchase the Series 2018 Bonds from the District at a purchase price of \$6,624,800 (which is the aggregate par amount of the Series 2018 Bonds of \$6,760,000, less an Underwriter's discount of \$135,200). See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS" herein. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all the Series 2018 Bonds if any are purchased.

The Underwriter intends to offer the Series 2018 Bonds to accredited investors at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Underwriter may offer and sell the Series 2018 Bonds to certain dealers (including dealers depositing the Series 2018 Bonds into investment trusts) at prices lower than the initial offering prices and such initial offering prices may be changed from time to time by the Underwriter.

Principals of the Underwriter currently own a majority interest in the Series 2013A-3 Bonds and have provided consent to the issuance of the Series 2018 Bonds which is a condition precedent to the issuance of the Series 2018 Bonds as required by the Supplemental Indenture related to the Series 2013A-3 Bonds.

LEGAL MATTERS

The Series 2018 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Greenspoon Marder LLP, Boca Raton, Florida, Bond Counsel, as to the validity of the Series 2018 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams, P.A., Tallahassee, Florida, for the Developer by its counsel, GrayRobinson, P.A., Tampa, Florida, and for the Underwriter by its counsel, Bryant Miller Olive P.A., Orlando, Florida.

Bond Counsel's opinions included herein are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect

any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

AGREEMENT BY THE STATE

Under the Act, the State pledges to the holders of any bonds issued thereunder, including the Series 2018 Bonds, that it will not limit or alter the rights of the issuer of such bonds to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the terms of any agreement made with the holders of such bonds and that it will not in any way impair the rights or remedies of such holders.

FINANCIAL STATEMENTS

The District has covenanted in the Disclosure Agreement set forth in APPENDIX E hereto to provide its annual audited financial statements to the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access ("EMMA") repository as described in APPENDIX E. The audited financial statements for the fiscal year ended September 30, 2017 are attached hereto as APPENDIX F. Such statements speak only as of September 30, 2017. The consent of the District's auditor to include in this Limited Offering Memorandum the aforementioned report was not requested, and the general purpose financial statements of the District are provided only as publicly available documents. The auditor was not requested nor did they perform any procedures with respect to the preparation of this Limited Offering Memorandum or the information presented herein.

EXPERTS AND CONSULTANTS

The references herein to the District Engineer have been approved by said firm. The Engineer's Report prepared by such firm relating to the CIP and the Series 2018 Project, have been included as APPENDIX A attached hereto in reliance upon such firm as an expert in engineering. References to and excerpts herein from such Engineer's Reports do not purport to be adequate summaries of such CIP and Series 2018 Project or complete in all respects. Such Engineer's Report IS an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

The references herein to the Assessment Consultant have been approved by said firm. The Assessment Consultant's Assessment Report prepared by such firm relating to the issuance of the Series 2018 Bonds has been included as APPENDIX B attached hereto in reliance upon such firm as an expert in developing assessment methodologies. References to and excerpts herein from such report do not purport to be adequate summaries of such report or complete in all

respects. Such report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

CONTINGENT AND OTHER FEES

The District has retained Bond Counsel, District Counsel, the Assessment Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2018 Bonds. Payment of the fees of such professionals, except for the payment of certain fees to District Counsel and the Assessment Consultant, are each contingent upon the issuance of the Series 2018 Bonds.

MISCELLANEOUS

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the Series 2018 Bonds.

The information contained in this Limited Offering Memorandum has been compiled from official and other sources deemed to be reliable, and is believed to be correct as of the date of the Limited Offering Memorandum, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The Underwriter listed on the cover page hereof has reviewed the information in this Limited Offering Memorandum in accordance with and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District from the date hereof. However, certain parties to the transaction, including the District, will, on the closing date of the Series 2018 Bonds, deliver certificates to the effect that nothing has come to their attention that would lead them to believe that applicable portions of the Limited Offering Memorandum contain an untrue statement of a material fact or omit to state a material fact that should be included herein for the purpose for which the Limited Offering Memorandum is intended to be used, or that is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading and to the effect that from the date of the Limited Offering Memorandum to the date of closing of the Series 2018 Bonds that there has been no material adverse change in the information provided.

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

**ARTISAN LAKES COMMUNITY
DEVELOPMENT DISTRICT**

By: /s/ Michael Bachman _____
Its: Chairperson

APPENDIX A

ENGINEER'S REPORT

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**Artisan Lakes
Community Development District**

**2018 Supplement to Report of the District Engineer -
Phase I Capital Improvement Program, dated July 23,
2007**

**and as previously supplemented November 15, 2013,
November 26, 2013, and August 1, 2018.**

October 18, 2018

Prepared for:

**Artisan Lakes
Community Development District
Manatee County, Florida**

Prepared by:

**Jeremy L. Fireline, P.E.
Waldrop Engineering
Sarasota, Florida**

INTRODUCTION

Artisan Lakes Community Development District (the "District") is located within the Gateway North Development of Regional Impact, also known as Artisan Lakes ("**Artisan Lakes DRI**") in northern Manatee County in Sections 9,16, and 17, Township 33 South, Range 18 East, Manatee County, Florida. Esplanade at Artisan Lakes ("Esplanade" or the "Development"), originally planned as an 807-lot development, is currently being developed as an 851-lot gated community containing 398 +/- acres completely within the District boundary. The main access to Esplanade is via a main entrance roadway, Artisan Lakes Parkway, connecting to Moccasin Wallow Road to the south. The District, established in accordance with applicable Florida Statutes as a Community Development District, which is a local unit of special-purpose government, originally encompassed approximately 854 +/- acres. A petition to remove all lands outside the Esplanade development from the original District boundary was approved by Manatee County on August 21, 2018. This report covers the revised District boundary of approximately 415 +/- acres of which approximately 397.7 comprise the Development, with the balance of the acreage being comprised of 17 +/- acres containing the first phase of Artisan Lakes Parkway, the recreational amenity and storm water management facilities/open space. The majority of all construction and development activities associated with Esplanade is wholly contained within the revised limits being established for the District. Off-site intersection improvements have been completed on Moccasin Wallow Road, including widening, construction of turn lanes, and signage and striping. No other off-site transportation improvements are required for the completion of Esplanade.

This Supplemental Report is based on the August 1, 2018 Supplemental Report of the District Engineer, that report being a supplement to the Phase 1 Capital Improvement Plan, dated July 23, 2007 and as previously supplemented November 15, 2013 and November 26, 2013 ("**Original Engineer's Report**"), which originally described the capital improvement plan ("**Esplanade CIP**") for what is known as "Esplanade" or "Phase 1."¹ As the Esplanade CIP has been implemented, different lot counts and types have been developed, resulting in changes to the Esplanade CIP. Consequently, this supplement updates

¹ The term "Phase 1" in prior reports referred to the Esplanade development. However, Esplanade itself has phases of its own. To avoid confusion, the 398-acre Esplanade development is referred to only as Esplanade herein, and any reference to phases are to phases within Esplanade itself.

the Original Engineer's Report to account for the changes made to date, and to address a revised plan for the balance of Esplanade. The District originally issued its Capital Improvement Revenue Bonds, Series 2013 in order to finance a portion of the Esplanade CIP, and now anticipates issuing additional debt to finance certain public components of the revised Esplanade CIP, as set forth herein. References herein to the Esplanade CIP mean such plan as revised hereby. All components of the Esplanade CIP are part of the project that was described in the Original Engineer's Report.

PURPOSE and SCOPE

The District was established for the purpose of financing, acquiring, constructing, maintaining and operating all or a portion of the public infrastructure necessary for the community development within the District. The District will finance, acquire and/or, construct, operate, and maintain a portion of the public infrastructure improvements that are needed to serve Esplanade and allocate the costs for the infrastructure improvements. A portion of these public infrastructure improvements have been or will be completed by Taylor Woodrow Communities at Artisan Lakes, LLC (the "Developer"), the primary developer of Esplanade and will be acquired or have been acquired, as applicable, and will be funded, in part, by the District with proceeds of bonds issued by the District. The Developer will finance and construct the balance of the infrastructure improvements needed for the development that is not financed by the District.

The proposed infrastructure improvements, as outlined herein, are necessary for the functional development of the District as required by the applicable independent unit of local government.

The Engineer's Report reflects the District's present intentions. The implementation and completion of the Esplanade CIP outlined in this report requires final approval by the District's Board of Supervisors, including the approval for the purchase of site related improvements, if any. Costs for completed components of the Esplanade CIP are based on actual costs. Cost estimates contained in this report have been prepared based on the best available information, including bid documents and pay requests where available. These estimates may not reflect final engineering design or complete environmental

permitting. Actual costs will vary based upon final plans, design, planning, approvals from regulatory authorities, inflation, etc. Nevertheless, all costs contained herein, may be reasonably expected to adequately fund the improvements described, and contingency costs as included are reasonable for components of the Esplanade CIP that are not yet complete.

CAPITAL IMPROVEMENT PLAN

The Esplanade CIP includes completed and planned infrastructure improvements that will provide special benefit to all assessable land within Esplanade. In particular, the Esplanade CIP includes: (i) public improvements within Esplanade such as the stormwater management system, wastewater system, water distribution system, and irrigation mains (in Artisan Lakes Parkway) (ii) portions of public Artisan Lakes Parkway located within the District, (iii) certain other off-site improvements including portions of public Artisan Lakes Parkway lying outside the District, and (iv) related soft costs such as professional fees and permitting costs. Artisan Lakes Parkway, which will serve the District as well as the entire Artisan Lakes development (a portion of which is outside the District), is being completed in multiple phases. The maximum contribution from the District to the costs to construct Artisan Lakes Parkway is forty-five percent of the total cost to construct Artisan Lakes Parkway. Following establishment of Artisan Lakes East Community Development District (comprising the land removed from the boundaries of the District) (the "Artisan Lakes East CDD"), the District and the Artisan Lakes East CDD entered into an interlocal agreement (the "Interlocal Agreement") to provide for each of the District and Artisan Lakes East CDD to fund its proportionate share of the costs of Artisan Parkway and related improvements (the District's share being 45% of such cost), as well as to provide for Artisan Lakes East CDD to fund the cost of certain utilities acquired by the District (the cost of which are not included in the Esplanade CIP) and to provide for certain matters relating to impact fee credits arising from the construction of Artisan Lakes Parkway. With respect to such impact fee credits, it is expected that the same will be shared by the District and Artisan Lakes East CDD in the same percentages as the cost of Artisan Lakes Parkway is shared and that the same will be used in a fair and equitable manner benefitting the property in the District and the Artisan Lakes East CDD benefitted by the construction of Artisan Lakes Parkway, as detailed in the Interlocal Agreement. Allocation of the contribution toward construction of Artisan Lakes Parkway between the District and the Artisan Lakes East CDD was based

on the proportion of total lots planned in each district (45% of the total lots were planned for the District, and 55% were planned for the Artisan Lakes East CDD). It should be noted that the precise lot counts, and resulting proportion of the total, has fluctuated slightly as design of new phases of development have been finalized. However, development is proceeding in substantial compliance with the established cost share allocation.

The first platted phase of Esplanade² (including 182 lots) was completed in 2013 and the first phase of Artisan Lakes Parkway was completed in 2013 and acquired by the District. Additional public infrastructure acquired in 2013 included the public storm sewer system, gravity sanitary sewers and sanitary force mains, and the potable water mains within Esplanade as well as the public storm sewer system, gravity sanitary sewers and sanitary force mains and potable water mains, together with the public roadway and pavement, landscape/hardscape/irrigation and street lights in the first phase of Artisan Lakes Parkway along with a portion of the Work Product. An offsite 27" gravity sanitary sewer that conveys wastewater from Artisan Lakes to a Manatee County master lift station was also acquired by the District. The total value of these improvements was \$9,769,458.88. Partial payment for this acquisition in the amount of \$6,991,448.50 was funded through the issue of a series of Bonds in 2013 (the "Series 2013 Bonds") in the original par amount of \$8,515,000. All sewer and water utilities, within and outside of Esplanade, acquired by the District were dedicated to Manatee County for maintenance. The roadway and related storm sewer in Phase I of Artisan Lakes Parkway was dedicated to Manatee County for maintenance provided however that the District maintains the landscaping, irrigation, hardscaping and street lights within Artisan Lakes Parkway. In addition to the above infrastructure, \$164,000 in additional work product has been completed associated with design, permitting and construction engineering for Phase 1 public infrastructure, which has not yet been acquired by the District.

² The first phase of Esplanade is identified in the plat known as "Artisan Lakes Esplanade, Phase I, Subphases A, B, C & D," ("**Esplanade Phase 1 Plat**") which was recorded on August 26, 2014 and in Official Records of Manatee County, Florida at Plat Book 57, Pages 65 et seq.

The second phase of Esplanade³, including 46 lots, was completed in 2015, at which time the District acquired additional completed public potable water mains and gravity sanitary sewers through a Bill of Sale. The total value of the acquired infrastructure was \$145,548.45. Payment from the District to the Developer for this infrastructure has not yet been funded. The acquired infrastructure was dedicated to Manatee County for ownership and maintenance. The work product for the design, permitting and construction engineering for the second phase was \$101,604.26, which has not yet been acquired by the District.

The third phase of development in Esplanade, including 160 lots, was completed in 2018. The District will acquire additional completed public potable water mains, gravity sanitary sewers, and storm sewer and work product through Bills of Sale from the Developer. The total value of the infrastructure to be acquired is estimated to be \$1,326,826.13. The water and sewer utilities acquired will be dedicated to Manatee County for ownership and maintenance.

The fourth phase of development in Esplanade, including 211 lots, is currently in the final stages of permitting; construction will commence in October 2018 with completion of the public infrastructure scheduled to be completed by December 2018 (the private infrastructure will be completed by February 2019). The District will acquire additional completed public potable water mains, gravity sanitary sewers, storm sewer and work product through Bills of Sale from the Developer. The total value of the infrastructure to be acquired is estimated to be \$1,419,048.15. The water and sewer utilities acquired will be dedicated to Manatee County for ownership and maintenance.

The remaining 252 lots in Esplanade will be developed in future phases. The District may acquire all or a portion of the public storm sewer system, gravity sanitary sewers and/or sanitary force mains, and potable water mains and related work product in the future phases of development. The cost of these improvements is estimated at \$1,930,565.91 as shown on Exhibit B.

³ The second phase of Esplanade is identified in the plat known as "Artisan Lakes Esplanade, Phase II," which replatted a portion of Esplanade Phase 1 Plat and which was recorded on October 30, 2015 and in Official Records of Manatee County, Florida at Plat Book 59, Pages 1 et seq.

Altogether, the cost of the applicable improvements and work product acquired by the District to date is \$10,767,262.20, of which the District has paid \$6,991,448.50 from proceeds of its 2013 bond issue, and recognized a contribution to offset certain assessments of \$64,161.81, leaving the amount of \$3,711,651.89 remaining payable to the Developer for these improvements and work product in the first and second phases of development in Esplanade.

The portion of the 2018 Project to be financed by the Series 2018 Bonds consists of those public portions of the Esplanade CIP that will be constructed within 3 years of issuing such bonds. The 2018 Project consists of the \$3,711,651.89 payable to the Developer for work previously completed, \$164,000 in additional work product associated with Phase 1, \$175,948.73 in work product associated with Phase 2, \$474,571.26 for construction and work product completed in the third phase of Esplanade that has not yet been sold to the District, and \$1,419,048.15 for work currently under way in the fourth phase of Esplanade, any portion of the \$1,930,565.91 in costs for the remaining public infrastructure to the extent eligible to be financed by the 2018 bonds, totaling \$7,874,094.92, as shown on Exhibit B. For purposes of this Interim Report, Exhibit B further identifies the portion of the 2018 Project that is intended to be financed with the Series 2018 Bonds.

The estimated total cost of the Esplanade CIP is \$35,248,763.50, which includes both public improvements and related work products, and Developer contributions for all costs incurred to date as well as future estimated costs. Refer to Exhibit B for a summary of the costs by infrastructure category for the completed and planned Esplanade CIP expenditures.

The Esplanade CIP status, along with anticipated completion timeline is presented below.

<u>Construction Phasing</u>	<u>Completion Date</u>
Phase I	December 2013
Phase II	2015
Phase III	2018
Phase IV	2018/9
Remaining Esplanade Phases	2018 - 2023

GOVERNMENTAL ACTIONS

The District was established by the Manatee County Board of County Commissioners through Ordinance No. 07-64 on August 20, 2007 which was subsequently amended by Ordinance No. 18-30, enacted by the County on August 21, 2018, and effective on August 28, 2018. The Developer received revised zoning approval for the Artisan Lakes DRI from Manatee County on May 11, 2016 (PDMU-91-01(G)(R6)).

The zoning approval for the Artisan Lakes DRI (in which the District lies completely) allows for a maximum of 2,800 residential units including conventional attached, detached and multi-family residential single-family dwellings with accessory parks and an amenity center. The current plan of development is to construct individual “stand-alone” neighborhoods within the Artisan Lakes DRI; Esplanade being one of the neighborhoods consisting of 851 single family detached units. The permit status for the development is summarized in Exhibit “A” included with this report. All permits for onsite improvements have been obtained or are being renewed/revised from the applicable agencies. The required off-site improvements on Moccasin Wallow Road to support development of all 851 units in Esplanade have been completed.

Compliance with the conditions of the zoning approval and permitting requirements is currently being accomplished. It is our opinion that there are no technical reasons existing at this time which would prohibit the implementation of the plans for the Development as presented herein and that permits normally obtained by site development engineers not heretofore issued and which are necessary to effect the improvements described herein will be obtained during the ordinary course of development.

LAND USE

As stated, Esplanade includes approximately 397.7 acres within the amended District’s total 415 +/- acres. The Artisan Lakes DRI is approved to ultimately include 2,800 single-family residential units;

Esplanade is planned to include 851 single family units of that total. The table below illustrates the current land use plan in acreage for the amended District. Such information is subject to change.

<u>Proposed Land Use</u>	<u>Esplanade</u>	
	<u>Approx. Acres</u>	<u>Units</u>
Single and Multi Family Attached & Detached Residential	221.8	851
Amenity Center	15.5	N/A
Recreation		N/A
Wetlands, Lake/Detention	128.6	N/A
Other (Open Space/Drainage, etc.)	49.2	N/A
Total	415.1	

ROADWAYS

Primary vehicular access to the District is provided from Moccasin Wallow Road, which is currently a rural two-lane collector road that runs in an east/west direction. Internally, a four-lane boulevard roadway, Artisan Lakes Parkway, is being constructed in three phases to provide access to individual neighborhoods in the District. The first phase of Artisan Lakes Parkway between Moccasin Wallow Road to the main entrance into Esplanade has been completed. The second and third phases of Artisan Lakes Parkway are being completed with other projects and are not included in the Esplanade CIP and are addressed in the Interlocal Agreement. Artisan Lakes Parkway will be dedicated to Manatee County upon completion. All other roads within Esplanade are to be private and will be funded by the Developer and dedicated to the Homeowner's Association for ownership and maintenance.

UNDERGROUND AND STREET LIGHTING ELECTRICAL SYSTEM

The District lies within the area served by the Florida Power and Light (FP&L) service area. FP&L will provide underground electric service to the site from lines located within the public right-of-way of Artisan Lakes Parkway, which have been extended from Moccasin Wallow Road. The District's internal electrical distribution system will consist of underground cable with appurtenant transformers and service pedestals for street light locations. These infrastructure improvements may be funded by the

Developer. The District may acquire street lights within the Artisan Lake Parkway public right-of-way. Any street lights and related improvements funded by the District will be owned by the District or another governmental entity and located in public ungated road rights-of-way.

STORMWATER MANAGEMENT

Manatee County and the Southwest Florida Water Management District (SWFWMD) regulate the design criterion for the stormwater management system within the District. The District is located within the Fishhawk Creek basin. The pre-development site runoff and water management conditions have been developed by Manatee County and SWFWMD. The existing, onsite, naturally occurring wetlands have been delineated by SWFWMD and the Manatee County Environmental Resources Department.

The Stormwater Management Plan for the District focuses on utilizing newly constructed ponds in the uplands for stormwater treatment in conjunction with the naturally occurring wetlands.

The primary objectives of the stormwater management system for the District are:

1. To provide a stormwater conveyance and storage system, which includes stormwater quality treatment.
2. To adequately protect development within the District from regulatory-defined rainfall events.
3. To maintain wetland hydroperiods.
4. To ensure that adverse stormwater impacts do not occur upstream or downstream as a result of the development.
5. To satisfactorily accommodate stormwater runoff from adjacent off-site areas that naturally drains through the District. Accommodating existing drainage conditions is a requirement of more than one regulatory agency and is an integral part of the infrastructure improvements constructed with development projects.
6. Preserve the function of the floodplain storage during the 100-year storm event.

The stormwater collection and outfall systems will be a combination of curb inlets, pipe culverts, control structures and open waterways. Wetland hydroperiods (normal pool and season high water elevations) will be maintained through proper design and maintenance of the outfall control structures. It will be

the responsibility of the District to maintain the stormwater system and ensure its operation. No earthwork, including the cost of digging of lakes, is included in the 2018 Project. All improvements included in the District-funded public Stormwater Management Plan are an integral part of the water management system needed for the Development and are located on publicly-owned land or within public easements or public rights-of-way. The purpose of the lakes is to manage stormwater, with any use of such water for irrigation on private lots being incidental to that purpose. All lakes included in the Stormwater Management Plan were constructed in accordance with applicable requirements of governmental authorities with jurisdiction over the lands in the District. It was less expensive to allow the Developer of the land in the District to use any excess fill generated by construction of the improvements in the Stormwater Management Plan than to haul such fill off-site.

WASTEWATER COLLECTION

The District is within the Manatee County service area with wastewater treatment service to be provided by the Manatee County Public Works Department. The North Manatee County Treatment Facility will serve the District. The District connects to an existing Manatee County master pump station located at the southeast corner of Artisan Lakes. Wastewater service of the District's onsite sewer system has been approved by Manatee County through a "Concurrency" Certificate Level of Service ("CLOS"). This CLOS verifies capacity to serve the development permitted in PDMU-91-01(G)(R6). Esplanade's onsite sanitary sewer system consists of 8" gravity collection lines with appurtenant manholes, two pump stations, and an 8" force main that drains into a 27" gravity sewer main that conveys waste water flows from the District to the Manatee County master pump station. All wastewater collection mains and pump stations will be dedicated to Manatee County for maintenance.

WATER DISTRIBUTION SYSTEM

The District lies within the Manatee County service area with potable water service to be provided by the Manatee County Public Works Department. The District will be served from the 30" potable water line located within the Moccasin Wallow Road right-of-way adjacent to the south boundary of the District. The current and future water distribution systems within the project consist of 16", 10", 8", 6"

and 4" water mains with appurtenant valves and fire hydrants. All potable water mains will be dedicated to Manatee County for maintenance.

LANDSCAPING, IRRIGATION, HARDSCAPING & STREET LIGHTS

Significant landscape features and associated irrigation systems are planned for Esplanade. Entry monumentation, landscaping, irrigation, hardscaping and street lighting within the first phase of Artisan Lakes Parkway have been complete and acquired by the District, all or which is located in public right of way or public easements or otherwise on publicly-owned land and is being maintained by the District pursuant to a right of way maintenance permit issued by the County. Additional landscaping and irrigation within Esplanade's main roadways in Phase I, Phase II, and Phase III have been completed. Additional landscaping and irrigation within Phase IV roadways will be completed with construction of Phase IV infrastructure. Landscaping and irrigation within Esplanade (other than to the extent related to Artisan Lakes Parkway) will not be funded by the District. Landscaping within Artisan Lakes Parkway is maintained by the Homeowner's Association by agreement with the District.

RECREATIONAL FACILITIES

Esplanade will include one larger, centrally located amenity center ("Esplanade Amenity") which will replace the current temporary amenity center, which is located at the south end of Artisan Lakes, and which is adjacent to, but outside, the District's geographic boundaries. The new amenity center will be private and exclusively serve residents of Esplanade. Specific features will include tennis courts, a club house, lagoon pool and various walking paths.

The District and the holders of the District's outstanding 2013 bonds are currently the beneficiaries of a mortgage on an approximately 3.6-acre parcel of land in the Development owned by the Developer on which a temporary sales center is located, which remains in effect until certain conditions are met in the future, to ensure construction of the recreational amenity planned for the Development. The mortgage does not run in favor of the holders of the District's proposed 2018 bonds. Construction of the Esplanade Amenity commenced in August 2018 and is scheduled to be completed by August 2019. The District

will not construct the Esplanade Amenity. Although the Esplanade CIP benefits the Esplanade Amenity, it is not assessed pursuant to state law, as it is a common element for the Development.

CONTINGENCY

This category includes the cost for adjustments as a result of unexpected field conditions, requirements of governmental agencies and other unknown factors that may occur throughout the course of development of the infrastructure. In general, the contingency amount is based on a percentage of the total infrastructure cost estimate.

PROFESSIONAL FEES

Professional fees include civil engineering, costs for site design, permitting, inspection and master planning, survey costs for construction staking and record drawings as well as preparation of preliminary and final plats, geotechnical cost for pre-design soil borings, under drain analysis and construction testing, and architectural cost for landscaping. Also included in this category are fees associated with environmental consultation and permitting and legal fees. Together, the above fees are referred to as “work product”. Only professional fees associated with the public portions of the Esplanade CIP will be financed by the District. Fees for public portions of the Esplanade CIP were computed according to the ratio of public infrastructure costs to the total infrastructure costs.

OWNERSHIP AND MAINTENANCE

The ownership and maintenance responsibilities of the infrastructure improvements in the Esplanade CIP are set forth below.

<u>Esplanade CIP</u>	<u>Financing</u>	<u>Ownership</u>	<u>Maintenance</u>
Neighborhood Roadway Improvements	Developer	HOA	HOA
Artisan Lakes Parkway Improvements (Artisan Lakes Parkway – Phase I)	CDD	Manatee County	Manatee County
Landscaping/Hardscaping/Irrigation/Street Lighting within Artisan Lakes Parkway – Phase I	CDD	CDD	CDD/HOA ⁴
Stormwater Management System and On-site Wetlands	CDD	CDD	CDD/HOA ⁴
Amenity Center (temporary and permanent)	Developer	HOA	HOA
Sanitary Sewer Collection including the on-site and off-site Transmission System	CDD	Manatee County	Manatee County
Water Distribution	CDD	Manatee County	Manatee County

PROJECT COSTS

The total Esplanade CIP's identifiable total costs associated with the public and Developer-funded infrastructure improvements are estimated to be \$35,248,763. The public infrastructure improvements include: Artisan Lakes Parkway – phase I (including landscaping, irrigation, hardscaping and street lights along the Parkway), streetlights, sewer, water, and storm water management systems that will ultimately be utilized by the residents of Esplanade. The maximum contribution from the Esplanade CIP toward the construction of Artisan Lakes Parkway from Moccasin Wallow Road to Buckeye Road is 45% of the estimated \$14,890,000 cost to complete. This allocation is based on the proportion of the total equivalent lots in the District to the total equivalent lots planned for the District and Artisan Lakes East CDD at build-out.

Private infrastructure includes landscaping/hardscaping, irrigation, internal roadways, excavation and grading, improvements for a temporary off-site amenity center (in another part of Artisan Lakes), and a

⁴ The District will own the improvements and may elect to maintain the improvements or enter into an agreement with the HOA for such maintenance.

permanent amenity center being constructed within Esplanade.

The Summary of Estimated Project costs, attached hereto as Exhibit B, outlines the actual and anticipated costs associated with the construction and acquisition of public infrastructure within the Esplanade CIP for the Artisan Lakes Community Development District, as well as private infrastructure to be funded by the Developer. The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change.

SUMMARY AND CONCLUSION

The infrastructure, as outlined above, is necessary for the functional development of the District as required by the applicable independent unit of local government. The planning and design of the infrastructure is in accordance with current governmental regulatory requirements. The infrastructure will provide its intended function so long as the construction is in substantial compliance with the design and permits. The permits set forth in Exhibit A are sufficient for the Esplanade build-out (including the Esplanade CIP) described in the development plans. The platting, design and permitting of the site plan are ongoing at this time and there is no reason to believe such permitting will not be obtained.

Items of construction in this report are based on actual completed infrastructure as built-plans and specifications or, with respect to uncompleted infrastructure, current plan quantities for the infrastructure construction as shown on the master plans, conceptual plans, construction drawings and specifications, last revisions. It is the professional opinion of Waldrop Engineering that the actual costs set forth herein are accurate and not in excess of the fair market value of the completed improvements and that estimated infrastructure costs provided herein are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to the assessable lands in Esplanade. All such infrastructure costs are public improvements or community facilities as set forth in Section 190.012(1) of the Florida Statutes. Further, the Esplanade CIP, which includes the 2013 Project and the 2018 Project, functions as a system of improvements benefitting all lands within Esplanade.

The infrastructure total construction cost developed in this report is only an estimate and not a

guaranteed maximum price. The estimated cost is based on unit prices currently being experienced for ongoing and similar items of work in Manatee County and quantities as represented on the master plans. The labor market, future costs of equipment and materials, and the actual construction processes frequently vary and cannot be accurately forecasted. Due to this inherent opportunity for fluctuation in cost, the total final cost may be more or less than this estimate.

The professional services for establishing the opinion of estimated construction cost are consistent with the degree and care and skill exercised by members of the same profession under similar circumstances.

Jeremy L. Fireline, P.E

District Engineer

FL Registration No.: 63987

EXHIBITS

Exhibit A Permit and Construction Approval Status

Exhibit B Summary of Estimated Project Costs

Exhibit C Vicinity Map

Exhibit D Legal Description and Description Sketch

EXHIBIT A

**PERMIT AND CONSTRUCTION
APPROVAL STATUS**

EXHIBIT "A"

Artisan Lakes Community Development District – Esplanade CIP

Approval Date	Anticipated Date	Agency	Application/Permit No.	Permit Name
5/5/2016		Manatee County Planning and Zoning	PDMU-91-01(ZKGR6)	Site Development Plan approval (zoning)
9/16/2015		Southwest Florida Water Management District	702664/43030240.009	Surface Water Management/Mass Grading Permit
5/18/2016		Manatee County Development Order	Ord. 16-25	Development Agreement (revised)
	July 2019	USCOE - renewal	SAJ-2006-1461	Renewal of Dredge and Fill permit – upland agricultural ditches
11/28/2016		Manatee County	FSP-16-13	Preliminary Plat/Preliminary Site Plan/Final Site Plan – Phase III
10/21/2013		Manatee County Public Works/FDEP (Water)	0133068-1047DS/C	Water Distribution Permit
10/21/2013		Manatee County Public Works/FDEP (Sewer)	CS41-0182186-192-DWC/CM	Sanitary Sewer and Collection System Permit
12/6/2016		Manatee County	Same as FSP	Construction Plans – Phase III
10/12/2018		Manatee County	PLN1803-0102	Preliminary Plat/Preliminary Site Plan/Final Site Plan – Phase IV
10/12/2018		Manatee County	Same as FSP	Construction Plans – Phase IV

EXHIBIT B
SUMMARY OF
ESTIMATED PROJECT COST

**Artisan Lakes Community Development District
Esplanade at Artisan Lakes Capital Improvement Program Cost Estimate - 2018 Project**

Table IV

No.	Facility	2013 Project	2018 Project		Developer Funded		Total Project Costs
		Series 2013 Project - Completed Improvements ⁸	Portion of 2018 Project to be funded with Series 2018 Bond Proceeds ⁷	Completion Agreement - 2018 Project	Completed Improvements - Developer Funded	Future Developer Funded Improvements	
1	Stormwater/Floodplain Management ⁽¹⁾⁽²⁾	\$2,871,400.00	\$1,489,498.00	\$494,944.00	\$1,968,430.00	\$1,320,885.00	\$8,145,157.00
2	Subdivision Roads				\$3,118,498.00	\$1,903,792.00	\$5,022,290.00
3	Subdivision Sanitary Sewer Collection System	\$840,910.00	\$1,143,443.83	\$477,805.17			\$2,462,159.00
4	Subdivision Potable Water System	\$840,910.00	\$863,383.33	\$404,570.00			\$2,108,863.33
5	Subdivision Landscape/Irrigation/Hardscape				\$734,606.00	\$1,264,562.00	\$1,999,168.00
6	Amenity Center				\$2,081,300.00	\$5,332,245.00	\$7,413,545.00
7	Phase I Inspection and Repair for County Acceptance				\$250,000.00		\$250,000.00
Subtotal (Esplanade)		\$4,553,220.00	\$3,496,325.16	\$1,377,319.17	\$8,152,834.00	\$9,821,484.00	\$27,401,182.33
Phase I (all improvements)							
8	Artisan Lakes Parkway ⁽³⁾⁽⁴⁾⁽⁵⁾	\$1,877,436.47	\$1,580,394.50				\$3,457,830.97
Subtotal (Improvements Benefiting All Units)		\$1,877,436.47	\$1,580,394.50				\$3,457,830.97
9	Contingency (15%)		\$154,068.60	\$206,597.88		\$1,473,222.60	\$1,833,889.08
10	Professional Fees	\$624,994.03	\$712,740.74	\$346,548.87	\$474,917.25	\$396,560.24	\$2,555,861.13
Total Improvements		\$7,055,650.50	\$5,943,529.00	\$1,930,565.91	\$8,627,751.25	\$11,691,266.84	\$35,248,763.50

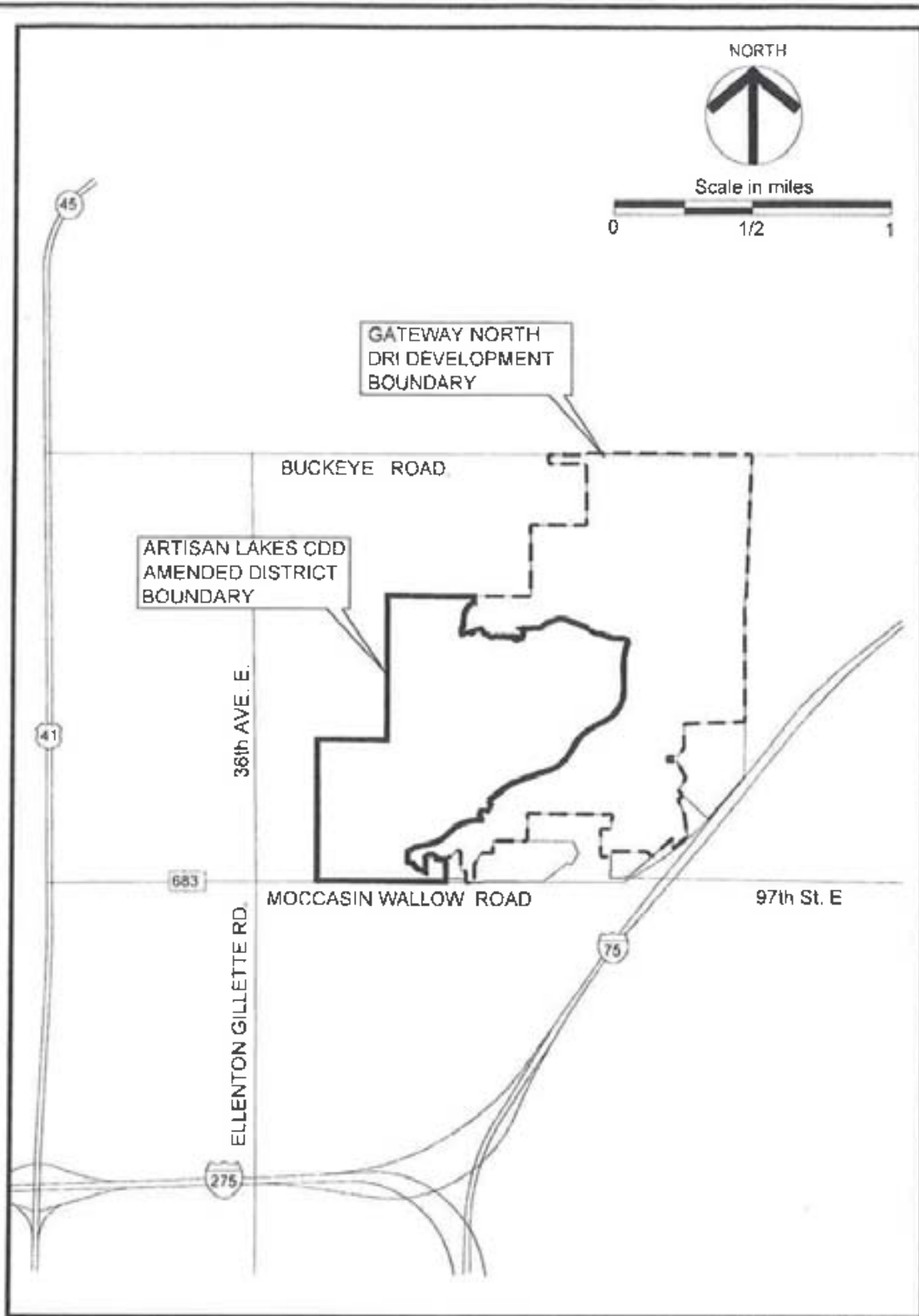
Total 2018 Project: \$7,874,094.92
Total Improvements to be financed⁷: \$5,943,529.00

The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change. Accordingly, the '2018 Project' as used herein refers to sufficient public infrastructure of the kinds described herein (i.e., stormwater/floodplain management, sanitary sewer, potable water, etc.) to support the development and sale of the planned residential units, which (subject to true-up determinations) number and type of units may be changed with the development of Esplanade."

Notes:

- ⁽¹⁾ Public Stormwater/Floodplain mgmt includes storm sewer pipes, inlets, catch basins, control structures, headwalls
- ⁽²⁾ Developer Funded Stormwater/floodplain mgmt includes lake excavations, lot pad grading, road grading.
- ⁽³⁾ Value of Public Work Completed to Date is established from past Bills of Sale and Construction Invoices.
- ⁽⁴⁾ Artisan Lakes Parkway 1 improvements include: roadway, storm sewer, san. sewer, lift station no. 1, potable water & irrigation mains/landscape/hardscape, & street lights
- ⁽⁵⁾ Completed work includes the 27" gravity sanitary sewer main that conveys waste water from Artisan Lakes to the Manatee County master pump station
- ⁽⁶⁾ Maximum District contribution toward \$14,890,000 cost to construct Artisan Lakes Parkway is 45% of total cost (\$6,700,500 of \$14,890,000) per Interlocal Agreement with Artisan Lakes East CDD.
- ⁽⁷⁾ The portion of the 2018 Project to be financed with with Series 2018 Bonds includes final payment for 2013 project, public infrastructure completed in Phase 3, public infrastructure constructed with Phase 4, and associated work product.
- ⁽⁸⁾ 2013 Project - Represents Series 2013 Project Completed Improvements paid for with proceeds of the 2013 Bonds plus a Developer Contribution.
- ⁽⁹⁾ Pursuant to the Interlocal Agreement with Artisan Lakes East CDD, the District's maximum contribution toward the Artisan Lakes Parkway is 45% of \$14,890,000, or \$6,700,500. The District has previously financed a portion of this amount (\$1,877,436.47) from the Series 2013 Bonds, and intends to finance an additional portion of this amount (\$1,580,394.50) from the Series 2018 Bonds, with the balance being treated as a Developer contribution. This note supersedes the prior note on Table IV from the 2018 Supplement to Report of the District Engineer, dated August 1, 2018, which contained a scrivener's error on this issue.

EXHIBIT C
VICINITY MAP



DATE 2018-01-24

ARTISAN LAKES CDD VICINITY MAP

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMAN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 317-0908 FAX: (941) 371-7668

SECTION: TOWNSHIP: RANGE:
 9, 15 & 17 T13S R18E
 SARASOTA COUNTY, FLORIDA

FILE NAME: 22121EM04.dwg
 SHEET: 1 OF 1

JEREMY PURFELINE, P.E.
 P.E. LICENSE NO. 61987



551 NORTH CATTLEMAN ROAD - #111 100
 SARASOTA, FL 34232
 P: 941-378-4400 F: 941-378-1168
 EMAIL: info@waldropengineering.com

T:\Projects\223-21 (Artisan Lakes)\CDD\Drawings-Exhibits\223-21-E04-Contractor Parcel\Current\22321E0401.dwg

EXHIBIT D

LEGAL DESCRIPTION AND DESCRIPTION SKETCH

Description Sketch

ARTISAN LAKES CONTRACTION PARCEL

DESCRIPTION: A parcel of land lying in Sections 16 and 17 Township 33 South, Range 18, Manatee County, Florida, being a portion of ARTISAN LAKES ESPLANADE, PHASE I, SUBPHASES A, B, C & D, according to the plat thereof as recorded in Plat Book 57, Pages 65 through 101, inclusive, all of ARTISAN LAKES ESPLANADE, PHASE II, according to the plat thereof as recorded in Plat Book 59, Pages 1 through 6, and all of ARTISAN LAKES ESPLANADE, PHASE III, SUBPHASES A, B, C, D & E, according to the plat thereof as recorded in Plat Book 61, Pages 119 through 131, All of the Public Records of Manatee County, Florida, and being more particularly described as follows:

COMMENCE at the Southeast corner of said Section 17, run thence along the East boundary of said Section 17, N.00°54'42"E., a distance of 75.00 feet to a point on the North right of way line of Moccasin Wallow Road; thence along the North right of way line of Moccasin Wallow Road, the following two (2) courses: 1) N.89°33'35"W., a distance of 110.58 feet to the **POINT OF BEGINNING**; 2) N.89°33'35"W., a distance of 2439.46 feet to a point on the East maintained right of way line of 40th Avenue East, per Road Plat Book 3, Page 169, of the Public Records of Manatee County, Florida, also being the West boundary of said plat ARTISAN LAKES ESPLANADE, PHASE III SUBPHASES A, B, C, D & E; thence along said East maintained right of way line, and said ARTISAN LAKES ESPLANADE, PHASE III SUBPHASES A, B, C, D & E, N.00°08'04"W., a distance of 2602.11 feet to a point on the North boundary of the Southeast 1/4 of said Section 17, also being the Northwest corner of said plat of ARTISAN LAKES ESPLANADE, PHASE III, SUBPHASES A, B, C, D & E; thence along said North boundary of the Southeast 1/4 of Section 17, also being the North boundary of said plat ARTISAN LAKES ESPLANADE, PHASE III, SUBPHASES A, B, C, D & E, S.89°18'17"E., a distance of 1299.29 feet to the Southwest corner of the East 1/2 of the Northeast 1/4 of said Section 17; thence along the West boundary of the East 1/2 of the Northeast 1/4 of said Section 17, N.00°04'18"W., a distance of 2660.51 feet to the Northwest corner of the East 1/2 of the Northeast 1/4 of said Section 17; thence along the North boundary of the East 1/2 of the Northeast 1/4 of said Section 17, S.89°31'32"E., a distance of 1343.85 feet to the Northwest corner of the Northwest 1/4 of said Section 16; thence along the North boundary of the Northwest 1/4 of said Section 16, N.89°59'37"E., a distance of 325.57 feet; thence S.00°00'23"E., a distance of 85.35 feet; thence Southwesterly, 406.28 feet along the arc of a non-tangent curve to the left having a radius of 380.00 feet and a central angle of 61°16'29" (chord bearing S.31°06'17"W., 387.20 feet); thence S.00°28'32"W., a distance of 47.11 feet; thence Southerly, 141.36 feet along the arc of a tangent curve to the right having a radius of 300.00 feet and a central angle of 26°59'49" (chord bearing S.13°58'27"W., 140.05 feet); thence Southerly, 55.82 feet along the arc of a reverse curve to the left having a radius of 75.00 feet and a central angle of 42°38'33" (chord bearing S.06°09'05"W., 54.54 feet); thence S.15°10'11"E., a distance of 40.54 feet; thence N.74°49'49"E., a distance of 138.72 feet; thence Easterly, 111.78 feet along the arc of a non-tangent curve to the left having a radius of 55.00 feet and a central angle of 116°25'29" (chord bearing N.74°49'49"E., 93.51 feet); thence N.74°49'49"E., a distance of 133.61 feet; thence S.39°14'22"E., a distance of 32.00 feet; thence Southeasterly, 36.60 feet along the arc of a non-tangent curve to the left having a radius of 30.00 feet and a central angle of 69°54'02" (chord bearing S.23°38'57"E., 34.37 feet); thence S.58°35'58"E., a distance of 52.43 feet; thence S.56°59'18"E., a distance of 87.59 feet; thence S.78°34'23"E., a distance of 69.56 feet; thence N.73°10'12"E., a distance of 60.36 feet; thence S.79°49'59"E., a distance of 29.59 feet; thence S.81°50'02"E., a distance of 56.83 feet; thence N.76°43'23"E., a distance of 45.37 feet; thence S.87°22'32"E., a distance of 32.66 feet; thence S.76°38'21"E., a distance of 58.92 feet; thence N.78°36'28"E., a distance of 69.18 feet; thence S.84°26'15"E., a distance of 48.02 feet; thence S.65°08'35"W., a distance of 12.13 feet; thence Southerly, 78.90 feet along the arc of a tangent curve to the left having a radius of 30.00 feet and a central angle of 150°41'08" (chord bearing S.10°12'00"E., 58.05 feet); thence S.85°32'34"E., a distance of 69.39 feet; thence N.80°41'18"E., a distance of 40.48 feet; thence Northeasterly, 46.89 feet along the arc of a tangent curve to the left having a radius of 30.00 feet and a central angle of 93°22'37" (chord bearing N.33°59'59"E., 43.66 feet); thence N.12°41'19"W., a distance of 2.11 feet; thence S.78°04'12"E., a distance of 12.04 feet; thence Northeasterly, 53.85 feet along the arc of a tangent curve to the left having a radius of 30.00 feet and a central angle of 102°50'31" (chord bearing N.50°30'33"E., 46.90 feet); thence N.00°54'43"W., a distance of 36.32 feet; thence N.00°10'08"W., a distance of 82.28 feet; thence N.59°59'38"W., a distance of 29.43 feet; thence N.78°15'11"E., a distance of 16.36 feet; thence N.85°08'32"E., a distance of 56.31 feet; thence S.82°50'00"E., a distance of 48.47 feet; thence N.81°17'09"E., a distance of 72.74 feet; thence S.89°36'29"E., a distance of 45.92 feet; thence N.85°32'12"E., a distance of 84.34 feet; thence S.83°20'20"E., a distance of 23.46 feet; thence Northeasterly, 43.03 feet along the arc of a tangent curve to the left having a radius of 30.00 feet and a central angle of 82°11'02" (chord bearing N.65°34'09"E., 39.44 feet); thence N.14°28'38"E., a distance of 22.37 feet; thence N.41°30'51"E., a distance of 48.69 feet;

Legal Description Continued on Sheet No. 2

ARTISAN LAKES CONTRACTION PARCEL

PROJECT: ARTISAN LAKES			Prepared For: TAYLOR MORRISON		
PHASE: CONTRACTION PARCEL			DESCRIPTION SKETCH (Not A Survey)		
DRAWN: SEC	DATE: 01/05/18	CHECKED BY: PAW			
REVISIONS					
DATE	DESCRIPTION	DRAWN BY			
01/19/18	Revise Name of Parcel	SEC			
			David A. Williams FLORIDA PROFESSIONAL SURVEYOR & MAPPER NO. LS6423		
			GeoPoint Surveying, Inc.		
			01 of 15		


Description Sketch

Legal Description Continued from Sheet No. 1

thence Northeasterly, 14.44 feet along the arc of a tangent curve to the right having a radius of 25.00 feet and a central angle of 33°05'04" (chord bearing N.58°03'23"E., 14.74 feet); thence Easterly, 149.43 feet along the arc of a reverse curve to the left having a radius of 760.00 feet and a central angle of 11°15'55" (chord bearing N.68°57'57"E., 149.19 feet); thence Easterly 284.63 feet along the arc of a reverse curve to the right having a radius of 340.00 feet and a central angle of 47°57'52" (chord bearing N.87°18'56"E., 276.39 feet); thence S.68°42'08"E., a distance of 419.95 feet; thence Southeasterly, 23.65 feet along the arc of a tangent curve to the right having a radius of 25.00 feet and a central angle of 64°12'23" (chord bearing S.41°36'57"E., 22.78 feet); thence S.57°21'06"E., a distance of 70.76 feet; thence S.62°36'51"E., a distance of 75.80 feet; thence S.62°36'51"E., a distance of 4.70 feet; thence Easterly, 40.75 feet along the arc of a tangent curve to the left having a radius of 80.00 feet and a central angle of 29°10'54" (chord bearing S.77°12'18"E., 40.31 feet); thence Easterly, 47.43 feet along the arc of a reverse curve to the right having a radius of 200.00 feet and a central angle of 13°35'20" (chord bearing S.85°00'05"E., 47.32 feet); thence S.78°12'25"E., a distance of 56.64 feet; thence Easterly, 37.41 feet along the arc of a tangent curve to the right having a radius of 100.00 feet and a central angle of 21°25'56" (chord bearing S.67°29'27"E., 37.19 feet); thence S.74°48'01"E., a distance of 164.87 feet; thence Easterly, 127.31 feet along the arc of a non-tangent curve to the left having a radius of 660.00 feet and a central angle of 11°03'08" (chord bearing S.85°23'16"E., 127.12 feet); thence N.89°05'10"E., a distance of 49.11 feet; thence Easterly, 41.83 feet along the arc of a tangent curve to the right having a radius of 95.00 feet and a central angle of 25°06'24" (chord bearing S.78°21'38"E., 41.30 feet); thence S.65°48'26"E., a distance of 52.00 feet; thence S.64°50'08"E., a distance of 37.14 feet, thence Southerly, 485.16 feet; along the arc of a non-tangent curve to the left having a radius of 1060.00 feet and a central angle of 26°13'28" (chord bearing S.12°03'08"W., 480.94 feet); thence S.01°03'36"E., a distance of 423.34 feet; thence Southwesterly, 742.82 feet along the arc of a tangent curve to the right having a radius of 640.00 feet and a central angle of 66°30'01" (chord bearing S.32°11'24"W., 701.82 feet); thence S.65°25'25"W., a distance of 197.31 feet; thence Southwesterly, 540.35 feet along the arc of a tangent curve to the left having a radius of 660.00 feet and a central angle of 36°00'00" (chord bearing S.47°26'25"W., 531.51 feet); thence S.29°26'25"W., a distance of 139.89 feet; thence Southwesterly, 541.21 feet along the arc of a tangent curve to the right having a radius of 740.00 feet and a central angle of 41°54'16" (chord bearing S.50°23'33"W., 529.23 feet); thence S.71°20'41"W., a distance of 582.70 feet; thence Southwesterly, 432.87 feet along the arc of a tangent curve to the left having a radius of 985.00 feet and a central angle of 25°10'46" (chord bearing S.58°45'18"W., 429.40 feet); thence Southwesterly, 250.94 feet along the arc of a reverse curve to the right having a radius of 1090.00 feet and a central angle of 13°11'27" (chord bearing S.52°45'39"W., 250.39 feet); thence S.30°38'38"E., a distance of 120.00 feet; thence Southwesterly, 31.11 feet along the arc of a non-tangent curve to the right having a radius of 1210.00 feet and a central angle of 01°28'23" (chord bearing S.60°05'34"W., 31.11 feet); thence Southerly, 52.87 feet along the arc of a reverse curve to the left having a radius of 35.00 feet and a central angle of 86°32'47" (chord bearing S.17°33'22"W., 47.98 feet); thence S.64°16'58"W., a distance of 80.00 feet; thence Westerly, 52.87 feet along the arc of a non-tangent curve to the left having a radius of 35.00 feet and a central angle of 86°32'47" (chord bearing N.68°59'25"W., 47.98 feet); thence Westerly, 88.43 feet along the arc of a reverse curve to the right having a radius of 1213.85 feet and a central angle of 04°10'27" (chord bearing S.69°49'25"W., 88.42 feet); thence S.19°33'35"E., a distance of 89.94 feet; thence S.30°02'46"E., a distance of 56.40 feet; thence S.00°01'36"W., a distance of 20.64 feet; thence N.89°58'24"W., a distance of 97.64 feet; thence Southwesterly, 562.95 feet along the arc of a tangent curve to the left having a radius of 671.00 feet and a central angle of 46°04'10" (chord bearing S.65°59'31"W., 546.58 feet); thence Southwesterly, 461.32 feet along the arc of a reverse curve to the right having a radius of 680.00 feet and a central angle of 38°52'11" (chord bearing S.61°23'31"W., 452.52 feet); thence S.80°49'37"W., a distance of 172.77 feet; thence Southwesterly, 263.60 feet along the arc of a tangent curve to the left having a radius of 520.00 feet and a central angle of 29°02'38" (chord bearing S.66°18'17"W., 260.78 feet); thence S.03°48'58"W., a distance of 194.30 feet; thence S.51°34'39"E., a distance of 21.79 feet; thence S.84°57'31"E., a distance of 88.78 feet; thence S.30°37'25"E., a distance of 56.24 feet; thence S.47°10'20"E., a distance of 116.53 feet; thence S.88°04'19"E., a distance of 46.06 feet; thence S.70°00'18"E., a distance of 89.96 feet; thence N.00°09'45"W., a distance of 60.06 feet; thence N.01°17'54"W., a distance of 102.94 feet; thence N.01°32'36"W., a distance of 110.30 feet; thence N.31°26'56"E., a distance of 25.81 feet; thence Northeasterly, 29.60 feet along the arc of a tangent curve to the right having a radius of 30.00 feet and a central angle of 56°31'59" (chord bearing N.59°42'55"E., 28.41 feet); thence N.87°58'55"E., a distance of 134.33 feet; thence Southeasterly, 32.13 feet along the arc of a tangent curve to the right having a radius of 30.00 feet and a central angle of 61°21'31" (chord bearing S.61°20'20"E., 30.61 feet); thence S.30°39'35"E., a distance of 29.75 feet; thence S.03°11'20"E., a distance of 38.97 feet; thence S.84°44'45"E., a distance of 196.79 feet; thence S.71°00'19"W., a distance of 7.67 feet; thence S.00°26'25"W., a distance of 400.05 feet to the POINT OF BEGINNING.

Containing 415.176 acres, more or less.

ARTISAN LAKES CONTRACTION PARCEL

PROJECT: ARTISAN LAKES			Prepared For: TAYLOR MORRISON		
PHASE: CONTRACTION PARCEL			DESCRIPTION SKETCH (Not A Survey)		
DRAWN: SEC	DATE: 01/05/18	CHECKED BY: PAW			
REVISIONS					
DATE	DESCRIPTION	DRAWN BY			
01/19/18	Revise Name of Parcel	SEC			
02 of 15					

Description Sketch



POINT OF COMMENCEMENT
SOUTHEAST CORNER OF SECTION 17-33-18
SEE SHEET NO. 4 FOR POINT OF BEGINNING

MOCCASIN WALLOW ROAD
(Right of Way Width Varies)

ARTISAN LAKES CONTRACTION PARCEL

PROJECT: ARTISAN LAKES

Prepared For: TAYLOR MORRISON

PHASE: CONTRACTION PARCEL

DRAWN: SEC DATE: 01/05/18 CHECKED BY: PAW

REVISIONS

DATE	DESCRIPTION	DRAWN BY
01/19/18	Revise Name of Parcel	SEC

DESCRIPTION SKETCH
(Not A Survey)

1403 E. 5th Avenue
Tampa, Florida 33605
Phone: (813) 248-8888
Licensed Business No.: LB 7768



GeoPoint
Surveying, Inc.

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APPENDIX B

ASSESSMENT REPORT

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ARTISAN LAKES
COMMUNITY DEVELOPMENT DISTRICT

Special Assessment Methodology

FINAL SUPPLEMENTAL REPORT PREPARED FOR LIMITED OFFERING MEMORANDUM

Series 2018 Bonds – Esplanade at Artisan Lakes

Prepared by:

10/29/2018

JPWard & Associates LLC

JAMES P. WARD

954.658.4900

JimWard@JPWardAssociates.com



2900 NE 12TH TERRACE, SUITE 1
OAKLAND PARK
FLORIDA 33335

1.0 INTRODUCTION

This Final Supplemental Assessment Report provides the final supplement to the District's August 1, 2018 Special Assessment Methodology report, as adopted on October 10, 2018 as supplemented on October 18, 2018 for the Preliminary Limited Offering Memorandum and is intended to be used in connection with the District's Limited Offering Memorandum issued for the Series 2018 Bonds and the District's Supplemental Assessment Resolution. More specifically, this Final Report sizes the Series 2018 bonds based on the pricing of the Series 2018 Bonds and related Series 2018 Assessments based upon construction proceeds from the Series 2018 Bonds. Table IV attached hereto provides the updated cost of construction for the Series 2018 Project.¹ All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the August 1, 2018 and the October 10, 2018 Adopted Special Assessment Methodology report.

¹ The 2018 Project is described in the District's 2018 Supplement to Report of the District Engineer - Phase 1 Capital Improvement Plan, dated August 1, 2018, as adopted on October 10, 2018, as supplemented on October 18, 2018 ("**2018 Engineer's Report**"). Under the 2018 Engineer's Report, the "**Esplanade Capital Improvement Plan**" or "**Esplanade CIP**" refers to the public infrastructure necessary for the development of the planned residential units within the District, as its boundaries have been amended, and includes public infrastructure funded in part by the District's previously issued Series 2013 Bonds (hereinafter defined) and public infrastructure (the "2018 Project") to be funded in part with the District's proposed Series 2018 Bonds (hereinafter defined) all as shown in Exhibit B, Table IV to the 2018 Engineer's Report. Defined terms used herein and not defined herein have the meanings set forth in the 2018 Engineer's Report.

The District’s limited purpose is to manage the construction, acquisition, maintenance and financing of its public works including basic infrastructure, systems, facilities, services and improvements.²

When the District was initially established, a variety of public infrastructure improvements were constructed by the District, including but not limited to: a surface water management system, utilities, roadway improvements, exterior landscaping, off-site improvements and mitigation. The District has previously issued its Series 2013 Bonds to benefit portions of the development in the District known as “Esplanade,” and which are secured by special assessments³ levied on assessable land developed and to be developed with a mixture of residential unit types.

This report will identify the special and peculiar benefits for the works and services of the District’s 2018 Project, including added use of the assessable property to be subject to the Series 2018 Assessments in connection therewith, added enjoyment of such property, and probability of increased marketability, value of such property and decreased insurance premiums. These benefits will be evaluated for each of the residential product types in order to ensure that the new assessments are fair, just and reasonable for all property. The Series 2018 Assessments will

² See Florida Statutes sections 190.002(1)(a) and (1)(c) and (3); Florida Statutes section 190.003(6); Florida Statutes section 190.012; and *State v. Frontier Acres Com. Develop.*, 472 So 2d 455 (Fla. 1985) in which the Florida Supreme Court opines about the “limited grant of statutory powers under chapter 190 [and] the narrow purpose of such districts” as “special purpose governmental units,” where the narrow purpose is in the singular as applied to their powers in the plural. *Frontier Acres Com. Develop.*, at 456. The Supreme Court also references section 190.002, Florida Statutes, to “evidence the narrow objective” in providing community infrastructure in section 190.002(1)(a), Florida Statutes, opining that the “powers” of such districts “implement the single, narrow legislative purpose.” *Id.* at 457.

³ The special assessments securing the Series 2013 Bonds are described in that Final Series 2013 Special Assessment Allocation Report, Phase 1 – Esplanade at Artisan Lakes, dated December 19, 2013, as revised December 26, 2013 (“**Series 2013 Assessment Methodology**”).

be levied on only a portion of the platted property and all of the unplatted property in the District, as more fully described herein.

2.0 THE DISTRICT AND BOND STRUCTURE

The District is located near Bradenton, Florida, and was established on or about August 16, 2007 by Manatee County Ordinance #07-64. The District's boundaries were amended in August, 2018 to remove approximately 434.063 acres from the District, so that it currently encompasses approximately 415.176 acres planned for approximately 851 residential units. The revised boundaries of the District include only the portion of the original overall development known as "Esplanade." The land excluded from the District's boundaries is located within the boundaries of the Artisan Lakes East Community Development District (the "Artisan Lakes East CDD"), which was established concurrently with the amendments to the District's boundaries.

The District is situated in a portion of the Gateway North Development of Regional Impact, an approved development of regional impact located at the northwest corner of the Moccasin Wallow Road and Interstate 75 interchange in northern Manatee County, Florida. The Gateway North DRI encompasses 1,040 acres and is bound on the east by Interstate 75, on the south by Moccasin Wallow Road, on the north by Buckeye Road and on the west by 40th Avenue East and undeveloped land. Esplanade is one exit north of the Interstate 75 and Interstate 275 interchange and is located approximately twenty (20) minutes northeast of downtown Bradenton, approximately thirty-five (35) minutes southeast of downtown Tampa and approximately thirty (30) minutes northeast of Sarasota. In addition, the Sarasota International Airport and Tampa International Airport are located approximately twenty-five (25) minutes and forty (40) minutes from the Development, respectively.

On or about October 12, 2007, the Circuit Court for the Twelfth Judicial Circuit validated the issuance of District Bonds in an amount not to exceed \$190,000,000.00. Thereafter, and on or about December 30, 2013, and in order to finance a portion of the District's capital improvement plan for Esplanade known as the "2013 Project," the District issued its \$3,430,000 Capital Improvement Revenue Bonds, Series 2013A-1 ("**Series 2013A-1 Bonds**"), \$2,585,000 Capital Improvement Revenue Bonds, Series 2013A-2 ("**Series 2013A-2 Bonds**"), and \$2,500,000 Capital Improvement Revenue Bonds, Series 2013A-3 ("**Series 2013A-3 Bonds**") (collectively, "**Series 2013 Bonds**"). The Series 2013 Bonds were issued in the aggregate par amount of \$8,515,000.00. All of the Series 2013 Bonds are structured as amortizing current-interest bonds.

The Series 2013 Bonds are secured by non-ad valorem debt service assessments (collectively, the “**Series 2013 Assessments**” and, with respect to each Series of the Series 2013 Bonds, the “Series 2013A-1 Assessments,” the “Series 2013A-2 Assessments” and the “Series 2013A-3 Assessments,” as applicable) levied on certain benefitted and assessable lands within Esplanade. The Series 2013 Bonds are payable from the revenues derived by the District from the levy and collection of the Series 2013 Assessments, which are levied in thirty (30) yearly installments of principal and interest, excluding any period during which interest was capitalized on the Series 2013 Bonds.

Under the Series 2013 Assessment Methodology, the Series 2013 Assessments securing the Series 2013A-1 Bonds and Series 2013A-2 Bonds were to be assigned to, and layered together over, platted lots on a first-platted, first-assigned basis. Originally, it was expected that the Series 2013A-1 and Series 2013 A-2 Assessments would be absorbed by the first 311 platted units. As of the date of this report, and since 2013, three plats have been recorded for the community, including the plats entitled: (i) “Artisan Lakes Esplanade, Phase I, Subphases A, B, C & D,” (“**Phase I Plat**”) which was recorded on August 26, 2014 and in Official Records of Manatee County, Florida at Plat Book 57, Pages 65 et seq.; (ii) “Artisan Lakes Esplanade, Phase II,” (“**Phase II Plat**”) which replatted a portion of Esplanade Phase 1 Plat and which was recorded on October 30, 2015 and in Official Records of Manatee County, Florida at Plat Book 59, Pages 1 et seq.; and (iii) “Artisan Lakes Esplanade Phase III, Subphases A, B, C, D & E” (“**Phase III Plat**”), which was recorded on April 28, 2017 and in Official Records of Manatee County, Florida at Plat Book 61, Pages 119 et seq. These plats include a unit mix that is different than the unit mix proposed at the time of the issuance of the Series 2013 Bonds.

After taking into account the platted units, the Series 2013A-1 Assessments are now fully absorbed by 335 of the Platted Units. With respect to the Series 2013A-2 Assessments, the Developer has chosen to exercise its right to prepay those assessments upon closing of each lot to an end user. As of May 2, 2018 there is outstanding \$660,000.00 in Series 2013 A-2 Bonds.

It is anticipated that the Developer will do the same for the Series 2013 A-3 Assessments, which are to be allocated to platted lots in Esplanade only after the Series 2013A-1 and Series 2013 A-2 Assessments are fully allocated to platted lots. As of May 2, 2018, the Series 2013 A-3 Bonds are outstanding in the par amount of \$2,390,000.00.

With the Phase III plat now being recorded, and consistent with the Series 2013 Assessment Methodology, the Series 2013 A-3 Assessments will be assigned to the 53 remaining 40’-49’

Platted Units in the Phase III Plat that are not already assigned Series 2013 A-1 and A-2 Assessments, as well as the remaining undeveloped lands within Esplanade. This is also reflected in Table 1. These same 53 40' – 49' Platted Units will be immediately allocated Series 2018 Assessments and the remaining Series 2018 Assessments will be assigned to the remaining unplatted acreage in the District that are not subject to the Series 2013 Assessments.

Accordingly, and with the Series 2013A-1 and Series 2013A-2 Assessments fully absorbed, the Series 2013 A-3 Assessments will now be assigned on a first-platted, first-assessed basis to lands within Esplanade as described above and will be layered (aggregated) with the Series 2018 Assessments outlined in this report. The lien of the Series 2018 Assessments is considered overlapping with the lien of the Series 2013A-3 Assessments on the land Table 1 reflects that 53 Platted Lots identified as Single Family 40' – 49" product will carry overlapping Series 2013 A-3 Assessments and Series 2018 Assessments. Thus, like the Series 2013A-3 Assessments, the Series 2018 Assessments will be assigned on a first-platted, first-assigned basis along with the Series 2013A-3 Assessments on all lots that are not encumbered by the Series 2013A-1 and Series 2013A-2 Assessments.

The Series 2018 Bonds will also be structured as amortizing current-interest bonds, payable from the revenues derived by the District from the levy and collection of the Series 2018 Assessments, which will be levied in thirty (30) yearly installments of principal and interest, excluding any period during which interest is capitalized on the Series 2018 Bonds.

3.0 PURPOSE OF THIS REPORT

This Special Assessment Report and the Methodology described herein have been developed to provide a roadmap and lays out in detail each step for use by the Board of Supervisors of the District (the "Board") for the imposition and levy of non-ad valorem special assessments. The District's 2018 Project, as defined in the 2018 Engineer's Report, will allow for the further development of the Esplanade development and will be partially or fully funded through the issuance by the District of the Series 2018 Bonds to be repaid from the proceeds of the Series 2018 Assessments levied by the Board on the assessable properties specified herein and located within Esplanade (sometimes referred to as the "2018 Assessable Properties") that benefit from the implementation of the 2018 Project. The Series 2018 Assessments will be liens against such specified properties within Esplanade.

The Methodology described herein has two goals: (1) determining the special and peculiar benefits that flow to the 2018 Assessable Properties in Esplanade as a logical connection from the infrastructure systems and facilities constituting enhanced use and increased enjoyment of the property; and (2) apportion the special benefits on a basis that is fair and reasonable. The District has adopted the 2018 Project comprising certain public infrastructure and facilities that will allow for the further development of the Esplanade development. The District plans to fund the a portion of the 2018 Project, through the issuance of the Series 2018 Bonds. The Methodology herein is intended to set forth a framework to apportion the special and peculiar benefits from the portions of the 2018 Project financed with the proceeds of the Series 2018 Bonds payable from and secured by the Series 2018 Assessments imposed and levied on the 2018 Assessable Properties in Esplanade. The report is designed to conform to the requirements of the Constitution, Chapters 170, 190 and 197 F.S. with respect to the Series 2018 Assessments and is consistent with our understanding of the case law on this subject. Once levied by the Board, the Series 2018 Assessments will constitute liens co-equal with the liens of State, County, municipal and school board taxes, against properties within Esplanade that receive special benefits from the 2018 Project.

4.0 MASTER DEVELOPMENT PROGRAM

4.1 Land Use Plan

The anticipated Land Use Plan for the District is identified in Table II below, and constitutes the expected number of residential units to be constructed by type of unit by the Developer. As with any Land Use Plan, this may change during development; however, the District anticipates that in this methodology, by utilizing the concept that the assessments are levied on a per acre basis initially for all undeveloped lands, and as land is platted, the District assigns debt to the platted unit, based on the type of unit noted in the Land Use Plan in Table II.

As noted earlier, with the recordation of the Plat for Phase III, the District has fully absorbed the Series 2013 A-1 Assessments and Series 2013 A-2 Assessments, with 53 lots of the Single Family 40-49' product which will carry overlapping Series 2013 A-3 Debt, as shown in Tables I and III.

4.2 Capital Requirements

Waldrop Engineering (the "District Engineer") has identified certain public infrastructure and services that are being provided by the District Phase III and future remaining lands to be platted

in Table IV of the 2018 Engineer’s Report and has provided a cost estimate for these improvements. The detail of the District’s CIP can also be found in the 2018 Engineer’s Report, as referenced herein.

It is estimated the cost of the 2018 Project to be funded with the proceeds of the Series 2018 bonds be approximately \$5,943,529.00 without taking into consideration the various costs of financing the improvements, including but not limited to Capitalized Interest, Reserve Account Requirements and Costs of Issuance.

5.0 BOND REQUIRMENTS

The District intends to finance a portion of the Series 2018 Project through the issuance of the Series 2018 Bonds. As shown in Table V, it is estimated that the District will issue not exceeding an aggregate principal amount of \$6,760,000.00 in Series 2018 Bonds to fund a portion of the implementation of the 2018 Project.. A number of items comprise the estimated bond size required to fund the Series 2018 estimated par amount of bonds necessary to complete the 2018 Project. These items may include, but are not limited to, a period of capitalized interest, a debt service reserve, an underwriter’s discount, issuance costs, and rounding, as noted in Table V.

Any public portions of the 2018 Project not financed by the Series 2018 Bonds will be completed by the developer of Esplanade and contributed to the District.

As the finance plan is implemented the final source and use of funds will be determined at the time of issuance of the Series 2018 Bonds and is dependent on a variety of factors, most importantly, the interest rate that the District is able to secure on the Series 2018 Bonds, along with such items as the capitalized interest period, reserve requirement and costs of issuance.

6.0 ASSIGNMENT OF ASSESSMENTS

It is useful to consider three broad states or conditions of development within the 2018 Assessable Properties in Esplanade. The initial condition is the “unplatted state”. At this point infrastructure may or may not be constructed, but in general, home sites or other development units have not been defined and all of the developable land within the assessment area is considered unplatted acreage (“**Unplatted Acres**”). In the unplatted state, all of the lands within the assessment area comprised of the 2018 Assessable Properties receive benefit from all or a portion of the components of the financed portion of the 2018 Project and debt assessments

would be imposed upon all of the land within such assessment area on an equal acre basis to repay the bonds in amount not in excess of the benefit accruing to such parcels.

The second condition is the interim or “approved state”. At this point, a developer would have received approval for a site development plan from the County primarily for the building of a particular type of multi-family product. By virtue of the County granting an approval for its site development plan for a neighborhood, certain development rights are committed to and peculiar to that neighborhood, thereby changing the character and value of the land by enhancing the capacity of the Unplatted Acres within a neighborhood with the special and peculiar benefits flowing from components of the capital improvement plan and establishing the requisite logical connection for the flow of the special benefits peculiar to the property, while also incurring at the same time a corresponding increase in the responsibility for the payment of the levied debt assessment to amortize the portion of the debt associated with those improvements. However, this increased state of development does not fully allocate the units to be constructed within this state until a declaration of condominium is recorded and the District knows exactly the type and number of units that will be constructed on the site. Therefore the approved stated becomes final once the declaration of condominium is filed.

Therefore, once the land achieves this approved state, the District will designate such area, or in combination with other such areas, as an assessment area, and, allocate a portion of this debt to such assessment area in the “approved state”.

This apportionment of benefit is based on accepted practices for the fair and equitable apportionment of special and peculiar benefits in accordance with applicable laws and the procedure for the imposition, levy and collection of non-ad valorem special assessments in conformity with State laws applicable to such assessments.

Development enters its third and “**Platted State**”, as property is platted. Land becomes platted property (the “**Platted Property**”) which single-family units are platted or multifamily land uses receive a building permit and a separate tax parcel identification number is issued for such parcel. At this point, and only at this point, is the use and enjoyment of the property fixed and determinable and it is only at this point that the ultimate special and peculiar benefit can be determined flowing from the components of the CIP peculiar to such platted parcel. At this point, a specific apportionment of the debt assessments will be fixed and determinable from the supplemental assessment report to be prepared once the final pricing details of the bonds are known.

When the development program contains a mix of residential land uses, an accepted method of allocating the costs of public infrastructure improvements to benefiting properties is through the establishment of a system that “equates” the benefit received by each property to the benefit received by a single-family unit to other unit types. To implement this technique for project cost allocation purposes, a base unit type must be set.

Unlike property taxes, which are ad-valorem in nature, a community development district may levy special assessments under Florida Statutes only if the parcels to be assessed receive special benefit from the infrastructure improvement acquired and/or constructed by the District. Special benefits act as a logical connection to property from the improvement system or service facilities being constructed and include, but are not limited to, added use, added enjoyment, increased access and increased property values. These special benefits are peculiar to lands within the District and differ in nature to those general or incidental benefits that landowners outside the District or the general public may enjoy. A District must also apportion or allocate its special assessments so that the assessments are fairly and reasonably distributed relative to the special benefit conferred. Generally speaking, this means the amount of special assessment levied on a parcel should not exceed the amount of special benefit enjoyed by that parcel. A District typically may develop and adopt an assessment methodology based on front footage, square footage, or any other reasonable allocation method, so long as the assessment meets the benefit requirement, and so long as the assessments are fairly and reasonably allocated.

A. Benefit Analysis

It is anticipated that the 2018 Project will provide special benefit to the 2018 Assessable Properties within Esplanade. This infrastructure project is a program of improvements and was designed specifically to facilitate the development of Esplanade into a viable portion of the community, from both a legal and socio-economic standpoint. Therefore, special benefits will accrue to the land uses within the 2018 Assessable Properties in Esplanade.

As noted above, the Esplanade CIP includes not only Esplanade specific infrastructure, but also master infrastructure – namely, Artisan Lakes Parkway – that serves both Esplanade and the Artisan Lakes East CDD. The costs of the Artisan Lakes Parkway will be shared pursuant to a Cost Share/Interlocal Agreement to be entered into between the District and Artisan Lakes East CDD. Under the Cost Share Agreement, the District will pay no more than 45% of the costs of the Artisan Lakes Parkway, which roughly equates to the amount of benefit that the District

receives based on planned units and comparative acreage. The District's share of the cost of the Artisan Lakes Parkway is funded in part with proceeds of the Series 2013 Bonds and in part with proceeds of the Series 2018 Bonds. The Cost Share Agreement will also provide for certain matters relating to impact fee credits arising from the construction of Artisan Lakes Parkway. With respect to such impact fee credits, it is expected that the same will be shared by the District and Artisan Lakes East CDD in the same percentages as the cost of Artisan Lakes Parkway is shared and that the same will be used in a fair and equitable manner benefitting the assessable property in the District and the assessable property in the Artisan Lakes East CDD benefitted by the construction of Artisan Lakes Parkway, as will be detailed in the Cost Sharing Agreement.

Table VI demonstrates the allocation of the Esplanade Allocable Costs for the 2018 Project among the Esplanade development plan. These costs are allocated using an EAU factor applicable for each product type.

There are two amenities planned and related to Artisan Lakes. The first is a temporary amenity facility constructed outside the boundaries of the District and which was originally part of the Developer's sales center. Because it is outside the District's boundaries, no assessments are permitted nor owed in connection with said facility. Additionally, the site plan for Esplanade contemplates the construction of a privately-funded clubhouse/amenity center. As reflected in Table VI, the Esplanade Allocable Costs have not been allocated to the clubhouse; instead, and as contemplated by the Series 2013 Assessment Methodology, and as part of Requisition #3, a contribution of \$64,161.81 was previously made by the Developer to offset any levy of debt assessments on that facility. Even if no contribution had been made, a debt assessment is not appropriate in connection with the development of Esplanade because the facility will be owned and operated by the Master Homeowner's Association, and is considered a common element for the exclusive benefit of lot owners. Stated differently, any benefit for this facility flows directly to the benefit of all of the Platted Lots in the District. As such, no assessment would be assigned to this amenity.

B. Allocation/Assignment Methodology

The Series 2018 Assessments assignable to Platted Units are provided on Tables VI. This table provides the Series 2018 Assessment amount associated with the Series 2018 Bonds. As noted earlier in this report, to the extent there are Unplatted Acres, the initial assessment on those parcels will be on an equal assessment per acre basis. As lands are platted, the Series

2018 Assessments will be assigned to platted lots on a first-platted, first-assigned basis that are not already encumbered by the Series 2013A-1 and Series A-2 Assessments.

While the Esplanade CIP functions as a system of improvements benefitting all lands within the District, the Series 2018 Assessments, together with the debt assessments securing the Series 2013A-3 Bonds, are anticipated to be slightly higher than the debt assessments securing the Series 2013A-1 Bonds and Series 2013A-2 Bonds. This increase is due to the fact that construction and financing costs have increased over time, and, alternatively, can be further justified by additional contributions of infrastructure and land from the developer for public improvements serving all of the District.

7.0 Prepayment of Assessments

The assessments encumbering a Platted Lot may be prepaid in full at anytime, without penalty, together with interest at the rate on the bond series to the interest Payment Date (as defined in the bond trust indenture) that is more than forty-five (45) days next succeeding the date of prepayment, or such other date as set forth in the applicable bond trust indenture or related assessment resolution. Notwithstanding the preceding provisions, the District does not waive the right to assess penalties and collection costs which would otherwise be permissible if the Platted Lot being prepaid is subject to an assessment delinquency.

8.0 Overview of the Inventory Adjustment Determination

The following applies only to the 2018 Assessable Properties.

The assessment methodology is based on the development plan that is currently proposed by the Developer with respect to the 2018 Assessable Properties. As with all projects of this size and magnitude, as development occurs there may be changes to various parts of the proposed project mix, the number of units, the types of units, etc. The inventory adjustment determination mechanism is intended to ensure that all of the debt assessments are levied only on developable properties, such that by the end of the development period there will be no remaining debt on any undevelopable property.

First, as property is taken from an undeveloped (raw land) state and readied for development, the property is platted or alternatively specific site plans are developed and processed through the County Property Appraiser, who assigns distinct parcel identification

numbers for land that is ready to be built upon. Or in the case of property where a condominium is being developed the land is platted as a large tract of land, and ultimately as the developer files the declaration of condominium, the County Property Appraiser assign distinct parcel identifications to each condominium unit that will be constructed on the property.

When either of these events occur, the District must allocate the appropriate portion of its debt to the newly established and distinct parcel identification numbers. The inventory adjustment determination allows for the District to take the debt on these large tracts of land, and assign the correct allocation of debt to these newly created units. This mechanism is done to ensure that the principal assessment for each type of property constructed never exceeds the initially allocated assessment contained in this report.

This is done periodically as determined by the District Manager or their authorized representative, and is intended to insure that the remaining number of units to be constructed can be constructed on the remaining developable land. If at any time, the remaining units are insufficient to absorb the remaining development plan, the applicable landowner will be required to make a density reduction payment, such that the debt remaining after the density reduction payment does not exceed principal assessment for each type of property is exceeded in the initially allocated assessment contained in this report. The specific process for handling inventory adjustments is set forth in more detail in the District's assessment resolution adopting this report, as well as a true-up agreement entered into between the Developer and the District. Further, please note that, in the event that the District's capital improvement plan is not completed, required contributions are not made, or under certain other circumstances, the District may be required to reallocate the special assessments.

9.0 Preliminary Assessment Roll

Table VII provides the current folio numbers for the 2018 Assessable Properties derived from the Manatee County Tax Rolls and matches those folio number's with the anticipated product on each folio numbers.

Artisan Lakes Community Development District
Allocation of Platted Units to Series 2013 Bonds and Allocation of Remaining Units to Series 2018 Bonds
Table 1

Series 2013 A-1	Product Type					Total	Platted	Allocated
	30' - 39"	40' -49' (1)	50' -59'	60' -69'	70' and Above			
<i>2013A-1/A-2</i>								
<i>Allocated Assessments</i>								
101 (Note 1)			72			72	72	72
102A				34		34	34	34
102B				36		36	36	36
103A		45				45	45	45
104A		8	3	4	16	31	31	31
103B		46				46	46	46
105			35			35	35	35
106 (Note 2)		29				29	29	29
107A				7		7	7	7
Total Units Allocated:	128	110	81	16		335	335	335

Note: Planning Level 101 - the 50' - 59' lots - there was one (1) prepayment, such that there are now 71 units in that category and overall 334 units subject to assessment

Series 2018 - Assessments

106 (Remaining Platted units) (Note 1 and 2)		53				53	53	53
108			52	1		53	0	0
109A	92			12		104	0	0
109B				16		16	0	0
110A				32	2	34	0	0
110B				20		20	0	0
107A				24		24	0	0
104B					10	10	0	0
104C				4		4	0	0
107B		38				38	0	0
111A			22			22	0	0
111B			35			35	0	0
116		67				67	0	0
117			36			36	0	0
Total Unallocated Units:	92	158	145	109	12	516	53	53
Total Allocated and unallocated Units		286	255	190	28	851	388	388

(1) The lots marked as 106 - 53 - 40' - 49" lots will carry the overlapping debt of the Series 2013 A-3 Bonds represented by the Series 2013A-3 Assessments

(2) Additionally lots marked as 106 - all 53 lots are allocated 2018 debt plus 26 have overlapping Series 2013 assessment.

**Artisan Lakes Community Development District
Land use Type
Table II**

Description	Product Type					Total
	30' - 40'	40' - 49'	50' - 59'	60' -69'	70'	
Remaining Esplanade CIP Units	92	158	145	109	12	516
Total	92	158	145	109	12	516

**Artisan Lakes Community Development District
Table III**

Final Allocation of Series 2013 A-1 Debt					
Product Type	EAU Factor (1)	Phase I/II/III	Total EAU's	Debt Per Unit at 09/30/2018	Total Series 2013 A-1 Debt Allocation of Phase I/II
Single Family 40'	0.8	128	102.4	\$ 7,881.00	\$ 1,008,768.00
Single Family 50' (2)	1	109	109	\$ 9,851.25	\$ 1,073,786.25
Single Family 60'	1.2	81	97.2	\$ 11,821.50	\$ 957,541.50
Single Family 70'	1.4	16	22.4	\$ 13,791.75	\$ 220,668.00
Total:		<u>334</u>			<u>\$ 3,260,763.75</u>
				Total Debt at after 11/01/2017 prepayment	<u>\$ 3,260,000.00</u>
				Remaining Debt to be allocated:	\$ (763.75)

Note 1 - Source - Series 2013 Methodology

Note 2: One 50' Lot prepaid - prepayment amount was \$10,000.00 (PID 610906659)

Note 3: The Series 2013A-2 Debt has now been fully allocated to the exact number of units as shown above (334 units). Additionally, there have been significant paydowns of the Series 2013 A-2 Bonds due to sales activity within the Community.

Overall Note: It should be noted, that the lots absorb \$763.75 in debt over the par amount remaining, and is considered insignificant, as such each lot fully allocated, will carry the fully assessed Debt Per Unit as noted in the table.

THIS CHART REFLECTS THE REVISED UNITS ASSIGNED TO THE SERIES 2013 BONDS.

Artisan lakes Community Development District
Series 2013 A-3 Debt Allocation
Table III (Continued)

Product Type	EAU Factor	REVISED		Total Par Debt			Estimated TOTAL Annual Debt Service (1)	Estimated Annual Debt Service Per Unit	Estimated Discounts & Collections	Estimated Total Annual Debt Service (4)
		Development Plan allocabe to A-3 Bonds	Total EAU	Allocation (Original Par Debt Issued	Total Par Debt Allocation (as of May 2, 2018)	Total Par Debt Per Unit at 05/02/2018				
Single Family 30' - 39'	0.7	92	64.4	\$ 333,057.51	\$ 318,402.98	\$ 3,460.90	\$ 27,310.72	\$296.86	\$20.78	\$317.64
Single Family 40' - 49'	0.8	158	126.4	\$ 653,702.94	\$ 624,940.01	\$ 3,955.32	\$ 53,603.64	\$339.26	\$23.75	\$363.01
Single Family 50' - 59'	1	145	145	\$ 749,896.57	\$ 716,901.12	\$ 4,944.15	\$ 61,491.52	\$424.08	\$29.69	\$453.76
Single Family 60' - 69'	1.2	109	130.8	\$ 676,458.42	\$ 646,694.25	\$ 5,932.97	\$ 55,469.59	\$508.90	\$35.62	\$544.52
Single Family 70' and up	1.4	12	16.8	\$ 86,884.57	\$ 83,061.65	\$ 6,921.80	\$ 7,124.53	\$593.71	\$41.56	\$635.27
Total Units:		516	483.40	\$ 2,500,000.00	\$ 2,390,000.00		\$ 205,000.00			
MAX Annual Debt Service - A-3 Bonds							\$ 205,000.00			
Rounding:							\$ -			

(1) Excludes Discounts/Collection Costs

(2) Estimated at 4% for Discounts and 3% for Collection Costs by County

(4) Includes Discounts and Collection Costs

Original Par Debt Issued \$ 2,500,000.00
Outstanding Par Debt as 05/02/2018 \$ 2,390,000.00

**Artisan Lakes Community Development District
Esplanade at Artisan Lakes Capital Improvement Program Cost Estimate - 2018 Project
Table IV**

No.	Facility	2013 Project	2018 Project		Developer Funded		Total Project Costs
		Series 2013 Project - Completed Improvements ⁸	Portion of 2018 Project to be funded with Series 2018 Bond Proceeds ⁷	Completion Agreement - 2018 Project	Completed Improvements - Developer Funded	Future Developer Funded Improvements	
1	Stormwater/Floodplain Management ⁽¹⁾⁽²⁾	\$2,871,400.00	\$1,489,498.00	\$494,944.00	\$1,968,430.00	\$1,320,885.00	\$8,145,157.00
2	Subdivision Roads				\$3,118,498.00	\$1,903,792.00	\$5,022,290.00
3	Subdivision Sanitary Sewer Collection System	\$840,910.00	\$1,143,443.83	\$477,805.17			\$2,462,159.00
4	Subdivision Potable Water System	\$840,910.00	\$863,383.33	\$404,570.00			\$2,108,863.33
5	Subdivision Landscape/Irrigation/Hardscape				\$734,606.00	\$1,264,562.00	\$1,999,168.00
6	Amenity Center				\$2,081,300.00	\$5,332,245.00	\$7,413,545.00
7	Phase I Inspection and Repair for County Acceptance				\$250,000.00		\$250,000.00
Subtotal (Esplanade)		\$4,553,220.00	\$3,496,325.16	\$1,377,319.17	\$8,152,834.00	\$9,821,484.00	\$27,401,182.33
Phase I (all improvements)							
8	Artisan Lakes Parkway ⁽⁴⁾⁽⁶⁾	\$1,877,436.47	\$1,580,394.50				\$3,457,830.97
Subtotal (Improvements Benefiting All Units)		\$1,877,436.47	\$1,580,394.50				\$3,457,830.97
9	Contingency (15%)		\$154,068.60	\$206,597.88		\$1,473,222.60	\$1,833,889.08
10	Professional Fees	\$624,994.03	\$712,740.74	\$346,648.87	\$474,917.25	\$396,560.24	\$2,555,861.13
Total Improvements		\$7,055,650.50	\$5,943,529.00	\$1,930,565.91	\$8,627,751.25	\$11,691,266.84	\$35,248,763.50

Total 2018 Project: \$7,874,094.92
Total Improvements to be financed⁷: \$5,943,529.00

The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change. Accordingly, the '2018 Project' as used herein refers to sufficient public infrastructure of the kinds described herein (i.e., stormwater/floodplain management, sanitary sewer, potable water, etc.) to support the development and sale of the planned residential units, which (subject to true-up determinations) number and type of units may be changed with the development of Esplanade."

NOTES:

- (1) Public Stormwater/Floodplain mgmt includes storm sewer pipes, inlets, catch basins, control structures, headwalls
- (2) Developer Funded Stormwater/Floodplain mgmt includes lake excavations, lot pad grading, road grading.
- (3) Value of Public Work Completed to Date is established from past Bills of Sale and Construction Invoices.
- (4) Artisan Lakes Parkway 1 improvements include: roadway, storm sewer, san. sewer, lift station no. 1, potable water & irrigation mains/landscape/hardscape, & street lights
- (5) Completed work includes the 27" gravity sanitary sewer main that conveys waste water from Artisan Lakes to the Manatee County master pump station
- (6) Maximum District contribution toward \$14,890,000 cost to construct Artisan Lakes Parkway is 45% of total cost (\$6,700,500 of \$14,890,000) per Interlocal Agreement with Artisan Lakes East CDD.
- (7) The portion of the 2018 Project to be financed with with Series 2018 Bonds includes final payment for 2013 project, public infrastructure completed in Phase 3, public infrastructure constructed with Phase 4, and associated work product.
- (8) 2013 Project - Represents Series 2013 Project Completed Improvements paid for with proceeds of the 2013 Bonds plus a Developer Contribution.
- (9) Pursuant to the Interlocal Agreement with Artisan Lakes East CDD, the District's maximum contribution toward the Artisan Lakes Parkway is 45% of \$14,890,000, or \$6,700,500. The District has previously financed a portion of this amount (\$1,877,436.47) from the Series 2013 Bonds, and intends to finance an additional portion of this amount (\$1,580,394.50) from the Series 2018 Bonds, with the balance being treated as a Developer contribution. This note supersedes the prior note on Table IV from the 2018 Supplement to Report of the District Engineer, dated August 1, 2018, which contained a scrivener's error on this issue.

**Artisan Lakes Community Development District
Special Assessment Bonds - Series 2018
Limited Offering Memorandum
Source and Use of Funds**

Table V	
Sources:	
Bond Proceeds	
Par Amount	\$ 6,760,000.00
	\$ 6,760,000.00
Uses:	
Project Funds Deposit	
Const of Construction	\$ 5,943,529.00
Rounding Proceeds	
	\$ 5,943,529.00
Other Funds Deposits:	
Capitalized Interest through 11/1/2019	\$343,844.02
Debt Service Reserve at 50% of MADS	\$137,249.06
	\$481,093.08
Delivery Date Expenses	
Cost of Issuance	\$ 200,000.00
Underwriter's Discount	\$ 135,200.00
	\$ 335,200.00
	\$ 6,759,822.08
Average Coupon:	5.545381%
Issuance Date	11/16/2018
Capitalized Interest	Issuance through 11/01/2019
Max Annual Debt Service (Fiscal Year Basis)	\$ 467,300.00

**Artisan Lakes Community Development District
Series 2018 Assessment Allocation**

Table VI

Product Type	EAU Factor	Remaining Development Plan	Total EAU	Total Par Debt Allocation	Toal Par Debt Allocation Per Unit	Estimated Annual Debt Service (1)	Estimated Discounts and Collections (2)	Annual Debt Service Per Unit	Estimated Total Annual Debt Service (1)	Total Annual Debt Service (4)
Single Family 30' - 39'	0.7	92	64.4	\$ 900,587.51	\$ 9,788.99	\$676.69	\$47.37	\$724.05	\$62,255.11	\$66,612.97
Single Family 40' - 49'	0.8	158	126.4	\$ 1,767,612.74	\$ 11,187.42	\$773.36	\$54.13	\$827.49	\$122,190.15	\$130,743.46
Single Family 50' - 59'	1	145	145	\$ 2,027,720.31	\$ 13,984.28	\$966.69	\$67.67	\$1,034.36	\$140,170.67	\$149,982.61
Single Family 60' - 69'	1.2	109	130.8	\$ 1,829,143.57	\$ 16,781.13	\$1,160.03	\$81.20	\$1,241.24	\$126,443.61	\$135,294.66
Single Family 70' and up	1.4	12	16.8	\$ 234,935.87	\$ 19,577.99	\$1,353.37	\$94.74	\$1,448.11	\$16,240.46	\$17,377.30
Total Units:		516	483.40	\$ 6,760,000.00					\$467,300.00	\$500,011.00
Estimated Max Annual Debt Service:									\$ 467,300.00	
Rounding:									\$0.00	

(1) Excludes Discounts/Collection Costs

(2) Estimated at 4% for Discounts and 3% for Collection Costs by County

(4) Includes Discounts and Collection Costs

**Artisan Lakes Community Development District
EXHIBIT 1 - Assessment Roll - Series 2018 - Capital Improvement Program**

Folio #	Unplatted Acreage	Platted Unit Assigned to Folio	Property Owner	Assessment by Acre	Total Assessment by Folio	Planned Units by Folio Number					Total Planned Units
						30' - 39'	40' - 49'	50' - 59'	60' - 69'	70' and Above	
604500109	4.89	0	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	\$ 28,246.54	\$ 138,125.57				10		10
604500299	73.91	0	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	\$ 28,246.54	\$ 2,087,701.61		101	64	25		190
610900519	128.83	0	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	\$ 28,246.54	\$ 3,639,001.47	92	4	81	70		247
610911709	10.7	0	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	\$ 28,246.54	\$ 302,237.96				4	12	16
610916359	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916409	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916459	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916509	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916559	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916609	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916659	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916709	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916759	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916809	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1

**Artisan Lakes Community Development District
EXHIBIT 1 - Assessment Roll - Series 2018 - Capital Improvement Program**

Folio #	Unplatted Acreage	Platted Unit Assigned to Folio	Property Owner	Assessment by Acre	Total Assessment by Folio	Planned Units by Folio Number					Total Planned Units
						30' - 39'	40' - 49'	50' - 59'	60' - 69'	70' and Above	
610916859	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916909	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610916959	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917009	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917059	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917109	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917159	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917209	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917259	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917309	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917359	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917409	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917459	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917509	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1

**Artisan Lakes Community Development District
EXHIBIT 1 - Assessment Roll - Series 2018 - Capital Improvement Program**

Folio #	Unplatted Acreage	Platted Unit Assigned to Folio	Property Owner	Assessment by Acre	Total Assessment by Folio	Planned Units by Folio Number					Total Planned Units
						30' - 39'	40' - 49'	50' - 59'	60' - 69'	70' and Above	
610917559	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610917609	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610918609	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610918659	N/A	1	Tonsu Aksu 10454 Highland Park Place, Palmetto, Florida 34221		\$ 11,187.42		1				1
610918709	N/A	1	Charles Bennett, 10450 Highland Park Place, Palmetto, Florida 34221		\$ 11,187.42		1				1
610918759	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610918809	N/A	1	Wendy & Aaron Loge, 10442 Highland Park Place, Palmetto, Florida 34221		\$ 11,187.42		1				1
610918859	N/A	1	Charles & Karen Bain, 10438 Highland Park Place, Palmetto, Florida 34221		\$ 11,187.42		1				1
610918909	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919459	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919509	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919559	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919609	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919659	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919709	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1

**Artisan Lakes Community Development District
EXHIBIT 1 - Assessment Roll - Series 2018 - Capital Improvement Program**

Folio #	Unplatted Acreage	Platted Unit Assigned to Folio	Property Owner	Assessment by Acre	Total Assessment by Folio	Planned Units by Folio Number					Total Planned Units
						30' - 39'	40' - 49'	50' - 59'	60' - 69'	70' and Above	
610919759	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919809	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919859	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919909	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610919959	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920009	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920059	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920109	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920159	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920209	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920259	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920309	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920359	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1
610920409	N/A	1	Taylor Woodrow at Artisan Lakes LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232		\$ 11,187.42		1				1

Artisan Lakes Community Development District
 EXHIBIT 1 - Assessment Roll - Series 2018 - Capital Improvement Program

Folio #	Unplatted Acreage	Platted Unit Assigned to Folio	Property Owner	Assessment by Acre	Total Assessment by Folio	Planned Units by Folio Number					Total Planned Units
						30' - 39'	40' - 49'	50' - 59'	60' - 69'	70' and Above	
Totals:	218.33				\$ 6,760,000.00	92	158	145	109	12	516

Total Assessment - All Assessment Area	6,760,000.00
Total Assessment - Assigned to Platted Lots	592,933.39
Total Assessment - Assigned to Unplatted Acreage	6,167,066.61
Unplatted Per Acre Assessment	28,246.54

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APPENDIX C

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

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MASTER TRUST INDENTURE
ARTISAN LAKES
COMMUNITY DEVELOPMENT DISTRICT

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., AS TRUSTEE

Dated as of December 1, 2013

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MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of December 1, 2013, by and between ARTISAN 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as trustee (the "Trustee"), a national banking association and having the authority to exercise corporate trust powers, with its designated corporate trust office located at 10161 Centurion Parkway, Jacksonville, Florida 32256, Attention: Corporate Trust Department.

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

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

WHEREAS, the District has the power and authority under and by virtue of Section 190.021 of the Act to levy and collect Benefit Special Assessments (hereinafter defined); and

WHEREAS, the District has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects (hereafter defined) is and will be necessary and desirable in serving the District's goal of properly managing the acquisition, construction, installation and operation of portions of the infrastructure within and without the boundaries of the District; and

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EXHIBIT A

FORM OF REQUISITION

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

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the District, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds (hereafter defined) by the Owners (hereafter defined), and of the sum of ten dollars (\$ 10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the District herein set forth: (i) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if

any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that except as otherwise provided herein or in a Supplemental Indenture the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series and for no other Series;

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

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

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

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

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

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

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

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

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

"Assessments" shall mean all assessments levied and collected by or on behalf of the District pursuant to Section 190.022 of the Act as amended from time to time, together with the interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170 Florida Statutes, as amended, if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments and which are referred to as such and pledged to a Series of Bonds pursuant to the

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

"Benefit Special Assessments" shall mean benefit special assessments levied and collected in accordance with Section 190.021(2), Florida Statutes, as amended from time to time, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Benefit Special Assessments which are not paid in full when due and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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"Delinquent Assessments" shall mean, collectively, any and all installments of any Assessments which are not paid when due including any applicable grace period under State law or District proceedings.

"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.

"Direct Billed" shall mean Assessments or Operation and Maintenance Assessments, applicable within the context such reference is made, which are billed directly by the District rather than collected on the tax bill using the Uniform Method.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Government Obligations;

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

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American Development Bank; International Bank for Reconstruction and Development; Federal Land Banks; the Federal National Mortgage Association; the Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

(iii) Direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in either of the two highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

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

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

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

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

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

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

(x) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 or the corresponding provisions of subsequent laws.

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

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

"Majority Owners" shall mean the Beneficial Owners of more than fifty percent (50%) of the aggregate principal amount of a Series of Bonds then Outstanding or all of the Bonds then Outstanding, as applicable in the context within which such reference is made.

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

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"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.

"Operation and Maintenance Assessments" shall mean assessments described in Section 190.022(1) Florida Statutes for the maintenance of District facilities or the operations of the District.

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

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

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

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

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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.

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

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

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

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(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 Manatee County, Florida, or the person succeeding to such officer's principal functions.

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

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

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

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

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

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

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Supplemental Indenture relating to such Series of Bonds as pledged to the payment of such Series of Bonds; provided, however, such term shall not include any amounts on deposit in a Series Rebate Account in the Rebate Fund.

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

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

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

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

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

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

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

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

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

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

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

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

"Series" shall mean all of the Bonds authenticated and delivered on original issuance of a stipulated aggregate principal amount in a simultaneous transaction under and pursuant to the same Supplemental Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Master Indenture and such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the District upon original issuance.

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

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

"Series Pledged Funds" shall mean all amounts on deposit from time to time in the Funds and Accounts and designated in the

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

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

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

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

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

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"Tax Collector" shall mean the Tax Collector of Manatee County, Florida, or the person succeeding to such officer's principal functions.

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

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

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

"Term Bonds" shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments or are subject to extraordinary mandatory or mandatory redemption upon receipt of unscheduled Pledged Revenues.

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

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

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., with its designated office in Jacksonville, Florida, and any successor trustee appointed or serving pursuant to Article VI hereof.

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Section 202. Details of Bonds. Bonds of a Series shall be in such denominations, numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate permitted by law, shall be dated, shall be stated to mature in such year or years in accordance with the Act, and shall be subject to redemption prior to their respective maturities, subject to the limitations hereinafter provided, or 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 in East Syracuse, New York. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment by delivery of written notice to the Paying Agent prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000, or, if less than such amount, all of the Outstanding Bonds of a Series, in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a

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

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

ARTICLE II FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS

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

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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 hereinabove provided, but any Owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. The Bond Registrar shall not be required to transfer any Bond during the period between the Record Date and the Interest Payment Date next succeeding the Record Date of such Bond, during the period between the Record Date for the mailing of a notice of redemption and the date of such mailing, nor after such Bond has been selected for redemption. The Bonds shall be and have all the qualities and incidents of

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negotiable instruments under the laws of the State of Florida, and each successive Owner, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the laws of the State of Florida.

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

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

Section 207. Authorization of Bonds. There shall be issued from time to time in Series, under and secured by this Master

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affected by bankruptcy and other similar laws relating to creditor's rights generally;

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

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

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

(i) the amount received as accrued interest on the Bonds shall be deposited to the credit of the Series Interest Account and Capitalized Interest, if any, shall be deposited to the credit of the Series Interest Account;

(ii) an amount equal to the Series Reserve Account Requirement or the initial cost of satisfying the Series Reserve Account Requirement if not satisfied by the deposit of cash, shall be deposited to the credit of the Series Reserve Account; and

(iii) the balance shall be deposited and applied as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 208. Temporary Bonds. Pending delivery of definitive Bonds, there may be executed, authenticated, and delivered to the Owners thereof, in lieu of definitive Bonds and subject to the

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Indenture, Bonds without limitation as to aggregate principal amount for the purposes of: (i) paying all or part of the Cost of a Project or Projects or refunding an Outstanding Series of Bonds or any portion thereof; (ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; and (iii) paying the costs and expenses of issuing such Series of Bonds.

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

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

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

(iii) an opinion of counsel for the District substantially to the effect that the signer is of the opinion that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized in accordance with the terms hereof and of the Act, and have been duly approved and adopted, that the issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute binding obligations of the District, enforceable against the District in accordance with their terms except as enforcement thereof may be

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

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

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

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

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

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Bonds of such Series representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. If the Owner of any Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

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

Section 302. Notice of Redemption; Procedure for Selection. The District shall establish each redemption date, other than in the case of a mandatory redemption, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty-fifth (45th) day next preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in the principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond, in each case stating: (i) the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to

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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. Notwithstanding any other provision of this Master Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events or upon the later deposit of moneys therefor 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.

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

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be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption); (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the series designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; and (viii) the notice date, redemption date, and redemption price. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all redemption payments.

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

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

Section 303. Effect of Calling for Redemption. On the date designated for redemption of any Bonds, notice having been filed and mailed in the manner provided above, the Bonds called for redemption shall be due and payable at the redemption price provided

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for the redemption of such Bonds on such date and, moneys for payment of the redemption price being held in a separate account by the Paying Agent in trust for the Owners of the Bonds to be redeemed, interest on the Bonds called for redemption shall cease to be entitled to any benefit under this Master Indenture, and the Owners of such Bonds shall have no rights in respect thereof, except to receive payment of the redemption price thereof, and interest, if any, accrued thereon to the redemption date, and such Bonds shall no longer be deemed to be Outstanding.

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

ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

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

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

Section 403. Cost of Project. For the purposes of this Master Indenture, the Cost of the Series Project shall include, without intending thereby to limit or to restrict or expand any proper definition

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a condition to receive any government approval or permit necessary to accomplish any District purpose.

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

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

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

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

(viii) Costs of improvements.

(ix) Financing charges.

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

(xi) Working capital.

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

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

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

(xv) Expenses of Project management and supervision.

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of such cost under the Act, other applicable provisions of Florida law, or this Master Indenture, the following:

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

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

(iii) **Acquisition Expenses.** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-law, franchises, easements, plans and specifications and similar items and other interests in property, whether real or personal, tangible or intangible, which themselves constitute the Series Project or which are necessary or convenient to acquire, install and construct the Series Project and payments, contributions, dedications, taxes, assessments or permit fees or costs and any other exactions required as

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

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

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

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

ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

The foregoing pledge shall be valid and binding from and after the date of initial delivery of the Bonds and the proceeds of sale of the Bonds and all the moneys, securities and funds set forth in this Section 501 shall immediately be subject to the lien of the foregoing pledge, which lien is hereby created, without any physical delivery thereof or further act. Such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the

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District or the Trustee, irrespective of whether such parties have notice thereof. Such lien shall be prior and superior to all other liens now existing or hereafter created.

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

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

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

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

(i) a Series Interest Account,

(ii) a Series Principal Account,

(iii) a Series Sinking Fund Account,

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

(v) a Capitalized Interest Account

for each such series of Bonds issued hereunder;

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

(e) Rebate Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a

separate Series Rebate Account for each such Series of Tax Exempt Bonds issued hereunder.

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

Section 503. Acquisition and Construction Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Section 506. Optional Redemption.

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

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

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Term Bonds of such Series that are subject to mandatory redemption from Amortization Installments, as the case may be.

(e) **Series Redemption Account.** Moneys representing Prepayments on deposit in a Series Redemption Account to the full extent of a multiple of an Authorized Denomination shall unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment of premium by the terms hereof (including extraordinary or extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys other than from Prepayments shall be held and applied in a Series Redemption Account as provided in Section 506(a) hereof.

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

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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 an interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the 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

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maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) containing cash flow which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (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

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Authorized Officer, when moneys held for the credit of each such Series Account will be required for the purposes intended.

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

(c) **Investment Obligations as a Part of Funds and Accounts.** Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as provided in Section 510 hereof. Any loss resulting from such investment shall be charged to such Fund or Account. The foregoing notwithstanding, for purposes of investment and to the extent permitted by law, amounts on deposit in any Fund or Account may be commingled for purposes of investment, provided adequate care is taken to account for such amounts in accordance with the prior sentence. The Trustee may, upon the written direction of an Authorized Officer, transfer investments within such Funds or Accounts without being required to sell such investments. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or for failure to make an investment (except failure to make an investment in accordance with the written direction of an Authorized Officer) or for failure to achieve the maximum possible earnings on investments. The Trustee shall have no obligation to invest funds without written direction from an Authorized Officer.

(d) **Valuation.** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, obligations

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

(c) **Deficiencies.** If the Trustee does not have on deposit in the Series Rebate Account sufficient amounts to make the payments required by this Section, the District shall pay, from any legally available source, the amount of any such deficiency to the United States as in paragraph (b) above provided.

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

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

(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

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in which money in such Fund or Account shall have been invested shall be valued at the market value.

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

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

The Trustee, as of the close of business on the last Business Day in each Bond Year, after taking into account all payments and transfers made as of such date, shall compute, in the manner set forth in Section 508(d), the value of the Series Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such Series Reserve Account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in the Series Reserve Account, from any legally available sources of the District. The Trustee, as soon as practicable after such computation, shall deposit any surplus, at the direction of an Authorized Officer, to the credit of the Series Redemption Account or the Series Principal Account.

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

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deposited, as realized, to the credit of such Series Interest Account and used for the purpose of such Account.

Earnings on investments in a Series Reserve Account shall unless otherwise therein provided in a Supplemental Indenture be disposed of as follows:

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

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

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

ARTICLE VI CONCERNING THE TRUSTEE

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

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Supplemental Indenture, and as to any Trustee, its resignation or removal thereof. As security for the foregoing, the District hereby grants to the Trustee a security interest in and to the amounts of deposit in all Series Funds and Accounts (other than the Rebate Fund) thereby, in effect, granting the Trustee a first charge against these moneys following an Event of Default for its fees and expenses (including legal counsel and default administration costs and expenses), subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905(a) upon the occurrence of an Event of Default.

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

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

Section 607. Obligation to Act on Default. Before taking any action under this Master Indenture or any Supplemental

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expressly set forth herein, and no duties shall be implied against the Trustee.

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

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

Section 604. Compensation and Indemnity. The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, and to the extent permitted under Florida law shall indemnify the Trustee and hold the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder except with respect to its own negligence or misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received or held by the Trustee under this Master Indenture or any Supplemental Indenture and payable to the District other than moneys from a Credit Facility or a Liquidity Facility. This provision shall survive termination of this Master Indenture and any

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

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

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resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within sixty (60) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed.

Section 612. Removal of Trustee. Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, upon application of the District; provided, however, that if an Event of Default has occurred hereunder and is continuing with respect to a Series of Bonds, then the Trustee hereunder may be removed only by an instrument appointing a successor to the Trustee so removed executed by the Majority Owners of the Series as to which Event of Default exists and filed with the Trustee and the District.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Indenture or any Supplemental Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the District; provided that no Event of Default has occurred hereunder and is continuing, or upon the application of the Owners of not less than 20% in aggregate principal amount of the Bonds then Outstanding.

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

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

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

Section 618. Removal of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may be removed at any time prior to any Event of Default by the District by filing with the Paying Agent or Bond Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by an Authorized Officer appointing a successor. Such removal shall be effective thirty

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unreasonably withheld, of any Credit Facility issuer, and any Liquidity Facility issuer, to the appointment of such successor Trustee. If an Event of Default has occurred hereunder and is continuing and the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and a successor may be appointed by any court of competent jurisdiction upon the application of the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding and such successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Registrar, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

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.

Section 615. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder; and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. After withholding from the funds on hand any amounts owed to itself hereunder, the Trustee ceasing to act hereunder shall pay over to the successor Trustee all moneys held by it hereunder; and the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act except for the rights granted under Section 604 hereof. The successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

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(30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder.

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

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

Section 621. Acceptance of Duties by Successor Paying Agent or Bond Registrar. Any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become fully 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

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such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or registrar shall pay over and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

Section 622. Successor by Merger or Consolidation.

Any corporation into which any Paying Agent or Bond Registrar hereunder may be merged or converted or with which it may be consolidated or into which substantially all of its corporate trust assets shall be sold or otherwise conveyed, or any corporation resulting from any merger or consolidation to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Master Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Master Indenture to the contrary notwithstanding.

**ARTICLE VII
FUNDS CONSTITUTE TRUST FUNDS**

Section 701. Trust Funds. Subject to the provisions of Section 604 and Section 905(a) hereof, all amounts on deposit in Series Funds or Accounts for the benefit of a Series of Bonds shall:

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

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

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

(d) until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and any pari passu obligations to issuers of Credit or Liquidity Facilities with respect to such series of Bonds, which lien is hereby created, prior and

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 Owners hereunder against all claims and demands of all other persons whomsoever.

Section 805. Power to Undertake Series Projects and to Collect Pledged Revenue.

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

Section 806. Sale of Series Projects. The District covenants that, until such time as there are no Bonds of a Series Outstanding, it will not sell, lease or otherwise dispose of or encumber the related Series Project or any part thereof other than as provided herein. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments, or other movable property acquired by the District in connection with a Series Project, or any materials used in connection therewith, if the District shall determine that such articles are no longer needed or are no longer useful in connection with the acquisition, construction, operation or

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

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

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

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

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

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

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 as provided in the Supplemental Indenture of the related Series. The District may from time to time sell or lease such other property forming part of a Series Project which it may determine is not needed or serves no useful purpose in connection with the maintenance and operation of such Series Project, if the Consulting Engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as hereinabove provided for the proceeds of the sale or disposal of movable property. The proceeds of any lease as described above shall be deposited as provided in the Supplemental Indenture of the related Series.

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

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

Section 808. Accounts and Reports.

(a) **Annual Report.** The District shall, within thirty days of receipt and approval by the District, so long as any Bonds are Outstanding, deliver to each Requesting Owner (hereinafter defined) and file with the Trustee, solely as a repository of such information, and otherwise as provided by law, a copy of its annual audit for such year, accompanied by an Accountant's Certificate, including: (a) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (b) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis. For purposes of the foregoing, the term "Requesting Owner" shall mean the Owner (or beneficial owner in the case of book-entry Bonds) of more than \$1,000,000 aggregate principal amount of any Series of Bonds who requests such information in writing to the District.

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, a certificate of an Authorized Officer upon the occurrence of an Event of Default as described in Section 902(g) hereof, such certificate to contain a description of the nature of such default and actions taken or to be taken to remedy with default.

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

(d) **Reports Pursuant to Uniform Special District Accountability Act of 1989.** The District covenants and agrees that it will comply with the provisions of Chapter 189.401 et seq., Florida Statutes, as amended, the Uniform Special District Accountability Act

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

Section 813. Deposit of Proceeds from Sale of Tax Certificates. If any tax certificates relating to Delinquent Assessments which are pledged to a Series of Bonds are sold by the Tax Collector pursuant to the provisions of Section 197.432, Florida Statutes, or if any such tax certificates are not sold but are later redeemed, the proceeds of such sale or redemption (to the extent that such proceeds relate to the 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 related Series Revenue Account.

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

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of 1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District. The District may contract with a service provider selected by the District to ensure such compliance.

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

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

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

Section 812. Delinquent Assessment. If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment or Benefit Special Assessment, pledged to a Series of Bonds, then such Assessment or Benefit Special Assessments, shall be enforced in accordance with the provisions of Chapters 170 and/or 197,

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the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments or Benefit Special Assessments were pledged. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Account. Not less than ten (10) days prior to the filing of any foreclosure action as herein provided, the District shall cause written notice thereof to be mailed to any designated agents of the Owners of the related Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to such representatives. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the related Series of Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Owners of at least fifteen percent (15%) in aggregate principal amount of the Outstanding Bonds of such Series.

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

Section 816. Re-Assessments. If any Assessments or Benefit Special Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the District shall be satisfied that any such Assessments or Benefit Special Assessments is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessments or Benefit Special Assessments when it might have done so, the District shall either: (i) take all necessary steps to cause a new

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Assessment or Benefit Special Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment or Benefit Special Assessment from legally available moneys, which moneys shall be deposited into the related Series Revenue Account. In case any such subsequent Assessment or Benefit Special Assessment shall also be annulled, the District shall obtain and make other Assessments or Benefit Special Assessments until a valid Assessment or Benefit Special Assessment shall be made.

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

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

Section 818. Secondary Market Disclosure. The District covenants and agrees with the Owners, from time to time, of the Bonds issued hereunder to make best efforts to provide, or cause to be provided, on a timely basis, all appropriate information repositories such information and documents as shall be required by applicable law to enable Owners to purchase and resell the Bonds issued, from time to time, hereunder. For purposes of complying with the above-described provision, the District may rely on an opinion of counsel which is familiar with disclosure of information relating to municipal securities. Nothing herein shall, however, require the District to provide disclosure in order to enable the purchaser of a security in a "private placement transaction" within the meaning of applicable securities laws, to offer or re-sell such security in other than a "private placement transaction. All financial statements provided to a repository shall be in accordance with generally accepted governmental accounting principles and shall be provided to such repository as soon as practicable after the same becomes available. The financial statements shall contain such information as shall be customary for local

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court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;

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

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

(g) Any portion of the Assessments pledged to a Series shall have become Delinquent Assessments and, as the result thereof, the Indenture provides for the Trustee to withdraw funds in an amount greater than twenty-five percent (25%) of the amount on deposit in a Series Reserve Account to pay Debt Service on the corresponding Series of Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the Series Reserve Account to pay Debt Service on the corresponding Series of Bonds);

(h) Material breach by the District of any material covenant made by it in the Indenture securing a Series of Bonds, whether or not notice of such breach has been given; and

(i) More than twenty percent (20%) of the operation and maintenance Assessments levied by the District on tax parcels subject to Assessments pledged to a Series of Bonds are not paid by the date such are due and payable.

Section 903. Acceleration of Maturities of Bonds of a Series Under Certain Circumstances. Upon the happening and continuance of any Event of Default specified in clauses (a) through (g) of Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Majority Owners of such Series then Outstanding, by a notice in writing to the District, declare the

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governments, such as the District. Nothing in this Section 818 is intended to impose upon the District, and this Section 818 shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law; provided, however, 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.

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, but no other Series of Bonds unless otherwise provided in the Supplemental Indenture relating to such Series:

(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

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aggregate principal amount of all of the Bond of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series to the contrary notwithstanding; provided, however, that no such declaration of acceleration shall occur in the case of Bonds of a Series secured by Assessments, except to the extent that the Assessments have been accelerated and are currently due and payable in accordance with applicable law; and provided further, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying 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 Majority Owners of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 904. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee may protect and enforce the rights of the Owners of the Bonds of such Series under Florida law, and under this Master Indenture, the related

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

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

No Owner of such Series of Bonds shall have any right to pursue any other remedy under this Master Indenture or such Series of Bonds unless: (1) an Event of Default shall have occurred and is continuing; (2) the Majority Owners of such Series Outstanding have requested the Trustee, in writing, to exercise the powers granted in this first paragraph of this Section 904 or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within sixty (60) days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Majority Owners of such Series Outstanding. The provisions of this immediately preceding sentence of this Section 904 are conditions precedent to the exercise by any Owner of such Series of Bonds of any remedy hereunder. The exercise of such rights is further subject to the provisions of Section 909, and the second paragraph of this Section 904. No one or more Owner of such Series of Bonds shall

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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 fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any

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have any right in any manner whatever to enforce any right under this Master Indenture, except in the manner herein provided.

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, including Delinquent Direct Billed Operation and Maintenance Assessments, the provisions for the foreclosure of liens of Delinquent Assessments, including Delinquent Direct Billed Operation and Maintenance Assessments, and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of, and on behalf of, the Majority Owners, from time to time, of the Bonds of a Series. Notwithstanding anything to the contrary herein, and unless otherwise directed by the Majority Owners of the Bonds of a Series and allowed pursuant to Federal or State law, the District acknowledges and agrees that (i) upon failure of any property owner to pay an installment of Assessments collected directly by the District when due, that the entire Assessment on the tax parcel as to which such Delinquent Assessment appertains, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and the District shall promptly, but in any event within one hundred twenty (120) days, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties with respect to such tax parcel and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages.

Section 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:

discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

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

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

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

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

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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

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(ii) the District hereby agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Assessments relating to the Bonds of a Series Outstanding, the Bonds of a Series Outstanding or any rights of the Trustee under the Indenture that are inconsistent with any written consent received (or deemed received) from the Trustee;

(iii) the District hereby agrees that it shall seek the written consent of the Trustee prior to filing and voting in any such Proceeding;

(iv) the Trustee shall have the right, by interpleader or otherwise, to seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the Assessments relating to the Bonds of a Series Outstanding would have the right to pursue, and, if the Trustee chooses to exercise any such rights, the District shall not oppose the Trustee in seeking to exercise any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Insolvent Taxpayer, including without limitation, the right to file and/or prosecute and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the Assessments relating to the Bonds of a Series Outstanding, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code; and

(v) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the Assessments relating to the Bonds of a Series Outstanding or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees

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execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. Notwithstanding the foregoing, the indemnification provided by this Section 912 shall not be applicable in cases of the Trustee's gross negligence or willful misconduct.

Section 913. Provision Relating to Bankruptcy or Insolvency of Landowner. (a) The provisions of this Section 913 shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the Assessments pledged to the Bonds of a Series Outstanding (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding"). If the District becomes aware of such Proceeding, it shall provide written notice thereof to the Trustee.

(b) The District acknowledges and agrees that, although the Bonds of a Series were issued by the District, the Owners of the Bonds of a Series are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer:

(i) the District hereby agrees that it shall seek to secure the written consent of the Trustee, acting at the direction of the Majority Owners of the Bonds of a Series Outstanding, prior to making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Assessments relating to the Bonds of a Series Outstanding, the Outstanding Bonds of a Series or any rights of the Trustee under the Indenture (provided, however, Trustee shall be deemed to have consented, on behalf of the Majority Owners of the Bonds of a Series Outstanding, to the proposed action if the District does not receive a written response from the Trustee within thirty (30) days following request for consent);

that the Trustee shall have the right (i) to file a proof of claim with respect to the Assessments pledged to the Bonds of a Series Outstanding, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

(c) Notwithstanding the provisions of the immediately preceding paragraphs, nothing in this Section shall preclude the District from becoming a party to a Proceeding in order to enforce a claim for Operation and Maintenance Assessments, and the District shall be free to pursue such a claim in such manner as it shall deem appropriate in its sole and absolute discretion. Any actions taken by the District in pursuance of its claim for Operation and Maintenance Assessments in any Proceeding shall not be considered an action adverse or inconsistent with the Trustee's rights or consents with respect to the Assessments relating to the Bonds of a Series Outstanding whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (b)(iv) above.

**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.

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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 indentures shall thereafter form a part hereof), without the consent of the Owners, for the following purposes:

- (a) to provide for the initial issuance of a Series of Bonds or refunding bonds of a Series; or
- (b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance thereof (or upon the original issuance of refunding bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or
- (c) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Master Indenture; or
- (d) to grant to the Owners or to the Trustee on behalf of the Owners any additional rights or security that may lawfully be granted; or

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In addition to the foregoing, the Majority Owners of any Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereof, as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any indenture supplemental thereto; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding and affected by such amendment,

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond of such Series;
- (b) a reduction in the principal, premium, or interest on any Bond of such Series;
- (c) a preference or priority of any Bond of such Series over any other Bond of such Series; or
- (d) a reduction in the aggregate principal amount of the Bonds of such Series required for consent to such indenture supplemental to the Supplemental Indenture.

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

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

(f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190, 197 and 298, or other Florida Statutes, so long as, in the opinion of counsel to the District, such changes either: (a) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate; or (b) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or

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

Section 1102. Supplemental Indentures With Owner Consent. Subject to the provisions contained in this Section, and not otherwise, the Majority Owners then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding and affected by such supplement or amendment,

- (a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond;
- (b) a reduction in the principal, premium, or interest on any Bond;
- (c) a preference or priority of any Bond over any other Bond; or
- (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

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

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

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

Section 1105. Insurer or Issuer of a Credit or Liquidity Facility as Owner of Bonds. As long as a Credit or Liquidity Facility securing all or a portion of the Bonds of a Series Outstanding is in effect and the issuer thereof is not in default of any of its obligations

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under such Credit or Liquidity Facility, as the case may be, the issuer of the Credit or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit or Liquidity Facility: (i) at all times for the purpose of the execution and delivery of a supplemental indenture or of any amendment, change or modification of the Master Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Majority Owners of the Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes. Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit or Liquidity Facility with respect to a Series of Bonds will be deemed to be an Owner of the Bonds of such Series with respect to any such Supplemental Indenture or of any amendment, change or modification of the Master Indenture which would have the effect of permitting: (i) a change in the terms of redemption or maturity of any Bonds of a Series Outstanding or of any installment of interest thereon; or (ii) a reduction in the principal amount or the Redemption Price thereof or in rate of interest thereon; or (iii) reducing the percentage or otherwise affecting the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment; or (iv) creating any preference or priority of any Bond of a Series over any other Bond of such Series.

ARTICLE XII DEFESANCE

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

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the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201 if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due shall, as demonstrated in an Accountant's Certificate, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be; (iii) the District shall have 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

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Indenture (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there 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

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respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (ii) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on such Bonds, or obligations under any Letter of Credit Agreement or any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) As to any Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a) or (b) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds and obligations under 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

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

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books

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Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

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

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

To the District, addressed to:
Artisan Lakes Community Development District
c/o District Manager
Rizzetta & Company, Inc.
9530 Marketplace Road, Suite 206
Fort Myers, Florida 33912

To the Trustee, addressed to:
The Bank of New York Mellon Trust
Company, N.A., as trustee
10161 Centurion Parkway
Jacksonville, Florida 32256
Attention: Corporate Trust Department

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

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

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

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

Section 1304. Successorship of District Officers. If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

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

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

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

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

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

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

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

[Signature Page to Artisan Lakes Master Trust Indenture]

(SEAL)

ARTISAN LAKES
COMMUNITY
DEVELOPMENT DISTRICT

By: [Signature]
Chairman

ATTEST:

By: [Signature]
Asst. Secretary

THE BANK OF NEW YORK
MELLON TRUST COMPANY,
N.A., as Trustee

By: [Signature]
Vice President

**EXHIBIT A
FORM OF REQUISITION**

The undersigned, an Authorized Officer of Artisan 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 THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., Jacksonville, Florida, as trustee (the "Trustee"), dated as of December 1, 2013 (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:
- (F) Method of Payment, including wire instructions, if applicable:

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.

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

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

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

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

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ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

TO

U.S. BANK NATIONAL ASSOCIATION,

AS TRUSTEE

Dated as of November 1, 2018

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THIRD SUPPLEMENTAL TRUST INDENTURE

THIS THIRD SUPPLEMENTAL TRUST INDENTURE (the "Third Supplemental Indenture") is dated as of November 1, 2018, from **ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **U.S. BANK NATIONAL ASSOCIATION**, as successor trustee (the "Trustee"), 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 (said national banking association and any bank or trust company becoming successor trustee under this Master Indenture being hereinafter referred to as the "Trustee").

WHEREAS, the District has entered into a Master Trust Indenture, dated as of December 1, 2013 (the "Master Indenture," and together with this Third Supplemental Indenture, the "Indenture") with the Trustee to secure the issuance of its Artisan Lakes Community Development District Capital Improvement Revenue Bonds (the "Bonds"), issuable in one or more Series from time to time; and

WHEREAS, pursuant to Resolution No. 2007-19 (the "Bond Resolution") adopted by the Governing Body of the District on August 20, 2007, the District has authorized the issuance, sale and delivery of not to exceed \$190,000,000 of Bonds, to be issued in one or more Series of Bonds as authorized under the Master Indenture, which Bonds were validated by final judgment of the Circuit Court of Manatee County, Florida on October 12, 2007, the appeal period for which has expired with no appeal having been taken; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2014-7 on December 19, 2013, following a public hearing conducted in accordance with the Act, to fix and establish the Assessments and, among other matters, providing for the acquisition, construction and installation of public assessable capital improvements (the "Capital Improvement Program"), providing estimated Cost of the Capital Improvement Program, defining assessable property to be benefited by the Capital Improvement Program, defining the portion of the Cost of the Capital Improvement Program with respect to which Assessments will be imposed and the manner in which such Assessments shall be levied against such benefited property within the District, and stating the intent of the District to issue Bonds of the District secured by such Assessments to finance the costs of the acquisition, construction and installation of the Capital Improvement Program, which Resolution was supplemented by Resolution No. 2019-1 adopted on October 10, 2018, following a public hearing, with respect to the Series 2018 Bonds (hereinafter defined) and Series 2018 Assessments (hereinafter defined), as supplemented (collectively, the "Assessment Resolution"); and

WHEREAS, the District has previously issued and has Outstanding under the Master Indenture its Capital Improvement Revenue Bonds, Series 2013A-1, its Capital Improvement Revenue Bonds, Series 2013A-2 and its Capital Improvement Revenue Bonds, Series 2013A-3; and

WHEREAS, pursuant to Resolution No. 2019-6, adopted by the Governing Body of the District on October 10, 2018 (the "Award Resolution"), the District has authorized the issuance, sale and delivery of, *inter alia*, its \$6,760,000 Artisan Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018 (the "Series 2018 Bonds"), which are issued hereunder as an issue of Bonds under the Master Indenture, and has authorized the execution and

delivery of the Master Indenture and this Third Supplemental Indenture to secure the issuance of the Series 2018 Bonds and to set forth the terms of the Series 2018 Bonds; and

WHEREAS, the District will apply the proceeds of the Series 2018 Bonds to: (i) finance a portion of the Cost of acquiring, constructing and equipping public assessable infrastructure and improvements (as more particularly described in Exhibit A hereto, the "Series 2018 Project"); (ii) pay certain costs associated with the issuance of the Series 2018 Bonds (the "Costs of Issuance"); (iii) make a deposit into the Series 2018 Reserve Account to be held for the benefit of all of the Series 2018 Bonds, without privilege or priority of one Series 2018 Bond over another; and (iv) pay a portion of the interest to become due on the Series 2018 Bonds; and

WHEREAS, the Series 2018 Bonds will be payable from and secured by revenues derived from Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2018 Project and described in the Assessment Resolutions (the "Series 2018 Assessments"), which, together with the Series 2018 Pledged Funds (hereinafter defined) will comprise the Series 2018 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 2018 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 2018 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 2018 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 2018 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in order to further secure the payment of the principal and Redemption Price of, and interest on, all Series 2018 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder and to further secure the observance and performance by the District of all the covenants, expressed or implied in the Master Indenture, in this Third Supplemental Indenture and in the Series 2018 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 2018 Assessments (the "Series 2018 Pledged Revenues") and the Funds and Accounts (except for the Series 2018 Rebate Account) established hereby (the "Series 2018 Pledged Funds") which shall comprise a part of the Trust Estate securing the Series 2018 Bonds (the "Series 2018 Trust Estate");

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"Acquisition Agreement" shall mean the Amended and Restated Acquisition Agreement (2018 Bonds) dated November 16, 2018 by and between the District and the Developer, also referred to in the Award Resolution as the "2018 Acquisition Agreement Amendment."

"Assessment Methodology" shall mean the Special Assessment Methodology Report for Artisan Lakes Community Development District, dated September 6, 2018 prepared by JP Ward & Associates LLC, as amended and supplemented, including by a report dated October 29, 2018.

"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 public capital improvements established by the District in the Series 2018 Assessment Proceedings, all or a portion of which is comprised of the Series 2018 Project.

"Collateral Assignment" shall mean the Amended and Restated Collateral Assignment Agreement (2018 Bonds) dated November 16, 2018 by and between the District and the Developer, also referred to in the Award Resolution as the "Collateral Assignment."

"Completion Agreement" shall mean the Amended and Restated Completion Agreement (2018 Bonds) dated November 16, 2018 by and between the District and the Developer, also referred to in the Award Resolution as the "2018 Completion Agreement Amendment."

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement dated November 16, 2018 among the Developer, the District and the other parties named therein in connection with the Series 2018 Bonds.

"Delinquent Assessment Interest" shall mean Series 2018 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Series 2018 Assessment Interest has, or would have, become delinquent under State law applicable thereto.

"Delinquent Assessment Principal" shall mean Series 2018 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2018 Assessment Principal has, or would have, become delinquent under State law applicable thereto.

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

"Developer" shall mean Taylor Woodrow Communities at Artisan Lakes, L.L.C., a Florida limited liability company, and any affiliate or any entity which succeeds to all or any part of the interests and assumes any or all responsibilities of such entity, as the developer of the lands within the District.

"DTC" shall mean The Depository Trust Company, New York, New York.

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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, 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 2018 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 2018 Bond over any other Series 2018 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 2018 Bonds or any Series 2018 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 2018 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 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 2018 Bonds or any Series 2018 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 2018 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 2018 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:

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

"Interest Payment Date" shall mean each May 1 and November 1, commencing May 1, 2019.

"Majority Owners" as used herein shall mean the Beneficial Owners of more than fifty percent (50%) of the principal amount of the Outstanding Series 2018 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 Third Supplemental Indenture.

"Redemption Date" shall mean, if in part, each Interest Payment Date, and if in whole, any date.

"Series 2018 Assessment Interest" shall mean the interest on the Series 2018 Assessments which is pledged to the Series 2018 Bonds.

"Series 2018 Assessment Principal" shall mean the principal amount of Series 2018 Assessments received by the District which represents a proportionate amount of the principal of and Amortization Installments of the Series 2018 Bonds, other than applicable Delinquent Assessment Principal and Series 2018 Prepayments.

"Series 2018 Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2018 Assessments which include Resolution No. 2014-7 adopted on December 19, 2013 and Resolution No. 2019-1 adopted on October 10, 2018 adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the Series 2018 Assessments and the Assessment Methodology as approved thereby.

"Series 2018 Assessment Revenues" shall mean all revenues derived by the District from the Series 2018 Assessments, including proceeds from any foreclosure of the lien of Delinquent Assessments and any statutory interest on the Delinquent Assessments collected by the District in excess of the rate of interest on the Series 2018 Bonds.

"Series 2018 Assessments" shall mean the Assessments imposed, levied and collected by the District in respect of the Series 2018 Bonds and the capital project financed with the proceeds thereof.

"Series 2018 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) commercial paper rated in the top two rating category by both Moody's and S&P at the time of purchase;

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

(iv) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category for such funds by Moody's and S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and obligations of any of the following agencies: Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Bank; Tennessee Valley Authority; Farmers Home Administration; Student Loan Marketing Association; Federal Home Loan Mortgage Corporation and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P at the time of purchase;

(v) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are, at the time of purchase, rated "A-" or better by at least two (2) of the following rating agencies: Moody's, S&P or Fitch or "AA-" or better by either S&P or Fitch or "Aa-" or better by Moody's;

(vi) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 or the corresponding provisions of subsequent laws provided that such fund, at the time of purchase, is rated at least "AA" by S&P (without regard to gradation) or at least "Aa" by Moody's (without regard to gradation); and

(vii) U.S. denominated deposit accounts, certificates of deposit and banker's acceptances of any bank, trust company or savings and loan association, including the Trustee or its affiliates, provided that (i) the full amount of the deposit is insured by the Federal Deposit Insurance Corporation (the "FDIC") (including the FDIC's Savings Association Insurance Fund) or (ii) the applicable bank, trust company or savings and loan association including the Trustee or its affiliates, has a rating on their short-term certificates of deposit on the date of purchase in one of the three highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by S&P or Moody's.

"**Series 2018 Pledged Funds**" shall mean all of the Funds and Accounts created hereby with the Trustee, including the Subaccounts therein other than the Series 2018 Rebate Account in the Rebate Fund.

"**Series 2018 Pledged Revenues**" shall mean the Series 2018 Assessment Revenues.

"**Series 2018 Prepayments**" shall mean the excess amount of Series 2018 Assessment Principal received by the District over the Series 2018 Assessment Principal included within an Assessment, whether or not mandated to be prepaid in accordance with the Assessment Proceedings, which shall be identified by the District to the Trustee as such in writing upon

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With respect to Series 2018 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 2018 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 2018 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 2018 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent shall treat and consider the person in whose name each Series 2018 Bond is registered in the registration books kept by the Bond Registrar as the absolute Owner of such Series 2018 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2018 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2018 Bond, for the purpose of registering transfers with respect to such Series 2018 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2018 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds shall designate, in accordance with the provisions hereof.

Section 202. Terms. The Series 2018 Bonds shall be issued as four (4) Term Bonds, each of which shall be dated as of the date of its issuance and delivery to the initial

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deposit. Anything herein or in the Master Indenture to the contrary notwithstanding, the term Series 2018 Prepayments shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

"**Series 2018 Reserve Account Requirement**" shall mean an amount equal to 30% of the Maximum Annual Debt Service Requirement for the Outstanding Series 2018 Bonds (as hereinafter determined) as of the time of any such calculation. For purposes of the foregoing calculation, notwithstanding anything to the contrary in the Master Indenture, the determination of the "Outstanding Series 2018 Bonds" shall take into account any redemptions of Series 2018 Bonds to be made on the next succeeding Redemption Date immediately following the calculation date. Upon the initial issuance of the Series 2018 Bonds, the Series 2018 Reserve Account Requirement is \$137,249.06, which does not exceed the lesser of (a) 125% of the average annual Debt Service for all Outstanding Series 2018 Bonds calculated as of the date of original issuance thereof or (b) 10% of the proceeds of the Series 2018 Bonds calculated as of the date of original issuance thereof.

"**Substantially Absorbed**" shall mean the date when at least ninety percent (90%) of the principal portion of the Series 2018 Assessments have been assigned to residential units within the District that have each received a certificate of occupancy. The Trustee and the District may conclusively rely on a certificate from the District Manager regarding such status of the residential units and the Series 2018 Assessments, and in the absence of such certification, may assume the Series 2018 Assessments have not been Substantially Absorbed.

"**True-Up Agreement**" shall mean the Amended and Restated True-Up Agreement (2018 Bonds) dated November 16, 2018 by and between the District and the Developer, also referred to in the Award Resolution as the "True-Up Agreement."

ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF SERIES 2018 BONDS

Section 201. Authorization of Series 2018 Bonds; Book-Entry Only Form. The Series 2018 Bonds are hereby authorized to be issued in one Series for the purposes enumerated in the recitals hereto to be designated "\$6,760,000 Artisan Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018." The Series 2018 Bonds shall be substantially in the form set forth as Exhibit B to this Third Supplemental Indenture. Each Series 2018 Bond shall bear the designation "2018R" and shall be numbered consecutively from 1 upwards.

The Series 2018 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2018 Bond for each maturity thereof. Upon initial issuance, the ownership of each such Series 2018 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 2018 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

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purchasers thereof, shall bear interest at the fixed interest rate per annum and shall mature in the amount and on the date set forth below:

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
\$550,000	May 1, 2024	4.375%	04315YAE7
\$685,000	May 1, 2029	4.875%	04315YAF4
\$2,030,000	May 1, 2039	5.375%	04315YAG2
\$3,495,000	May 1, 2049	5.500%	04315YAH0

Section 203. Dating and Interest Accrual. Each Series 2018 Bond shall be dated November 16, 2018. Each Series 2018 Bond also shall bear its date of authentication. Each Series 2018 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 2018 Bond has been paid, in which event such Series 2018 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2018 Bonds, in which event, such Series 2018 Bond shall bear interest from its date. Interest on the Series 2018 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2019, and shall be computed on the basis of a 360-day year composed of twelve 30-day months.

Section 204. Denominations. The Series 2018 Bonds shall be issued in \$5,000 or any integral multiple thereof; provided, however, that the Series 2018 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of \$5,000 in excess of \$100,000.

Section 205. Paying Agent. The District appoints the Trustee as Paying Agent for the Series 2018 Bonds.

Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the Series 2018 Bonds.

Section 207. Conditions Precedent to Issuance of Series 2018 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2018 Bonds, all the Series 2018 Bonds shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of:

- (a) Certified copies of the Series 2018 Assessment Proceedings;
- (b) Executed copies of the Master Indenture and this Third Supplemental Indenture;
- (c) A customary Bond Counsel opinion;
- (d) The District Counsel opinion required by the Master Indenture;

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(e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2018 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) An Engineers' Certificate or Engineers' Certificates which set forth the estimated Cost of the Series 2018 Project;

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

(h) An executed Continuing Disclosure Agreement; and

(i) An executed Collateral Assignment, executed Completion Agreement, executed True-Up Agreement and executed Acquisition Agreement;

Payment to the Trustee of \$6,624,800.00 (representing the original principal amount of the Series 2018 Bonds of \$6,760,000.00 less an underwriter's discount of \$135,200.00) shall conclusively evidence satisfaction of the foregoing conditions precedent.

ARTICLE III REDEMPTION OF SERIES 2018 BONDS

Section 301. Bonds Subject to Redemption. The Series 2018 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 2018 Bonds which are called for redemption shall be paid on the Redemption Date from the Series 2018 Interest Account or from the Series 2018 Revenue Account to the extent monies in the Series 2018 Interest Account are insufficient for such purpose. Moneys in the Series 2018 Optional Redemption Subaccount in the Series 2018 Redemption Account shall be applied in accordance with Section 506 of the Master Indenture to the optional redemption of Series 2018 Bonds.

Section 302. Redemption from Excess Acquisition and Construction Account Proceeds. Excess moneys on deposit in the Series 2018 Acquisition and Construction Account which are to be deposited into the Series 2018 Prepayment Subaccount in the Series 2018 Redemption Account in accordance with Section 403(a)(2) hereof shall be deposited into the Series 2018 Prepayment Subaccount and applied to the extraordinary mandatory redemption of Series 2018 Bonds in accordance with the directions of an Authorized Officer of the District accompanied by a cash flow certificate demonstrating that each of the installments of Series 2018 Assessment Principal and Series 2018 Assessment Interest corresponding to the Series 2018 Bonds, after giving effect to the credits for the redemption for such excess, will, in the current and each succeeding Bond Year, be at least equal to the maturing principal of and interest on the Series 2018 Bonds in such Bond Year. The Trustee shall have no duty to verify such calculation.

Section 403. Series 2018 Acquisition and Construction Account.

(1) Amounts on deposit in the Series 2018 Acquisition and Construction Account shall be applied to pay the Cost of the Series 2018 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and upon receipt by the Trustee of a requisition in the form attached hereto as Exhibit C and executed by the District and the Consulting Engineers.

(2) Anything in the Master Indenture to the contrary notwithstanding, the Consulting Engineers shall establish a Date of Completion for the Series 2018 Project, and any balance remaining in the Series 2018 Acquisition and Construction Account (taking into account the moneys currently on deposit therein to pay any accrued but unpaid Cost of the Series 2018 Project which are required to be reserved in the Series 2018 Acquisition and Construction Account in accordance with the certificate of the Consulting Engineers delivered to the District and the Trustee establishing such Date of Completion), shall be transferred to the Series 2018 Prepayment Subaccount and applied in accordance with Section 302 hereof to the extraordinary mandatory redemption of the Series 2018 Bonds in the manner prescribed in the form of Series 2018 Bonds set forth as Exhibit B hereto, whereupon the Series 2018 Acquisition and Construction Account shall be closed.

(b) Amounts on deposit in the Series 2018 Capitalized Interest Account shall, until and including November 1, 2019, be transferred into the Series 2018 Interest Account and applied to the payment of interest first coming due on the Series 2018 Bonds. Any amounts remaining in the Series 2018 Capitalized Interest Account after November 1, 2019 shall be transferred into the Series 2018 Acquisition and Construction Account, whereupon the Series 2018 Capitalized Interest Account shall be closed.

Section 404. Series 2018 Costs of Issuance Account. The amount deposited in the Series 2018 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 2018 Bonds. On the earlier to occur of: (x) the written direction of an Authorized Officer or (y) six (6) months from the date of issuance of the Series 2018 Bonds, any amounts deposited in the Series 2018 Costs of Issuance Account which have not been requisitioned shall be transferred over and deposited into the Series 2018 Acquisition and Construction Account and used for the purposes permitted therefor, whereupon the Series 2018 Costs of Issuance Account shall be closed.

Section 405. Series 2018 Reserve Account. The Series 2018 Reserve Account shall be funded and maintained at all times, subject to the provisions of the Master Indenture, as supplemented by this Third Supplemental Indenture, in an amount equal to the Series 2018 Reserve Account Requirement. Except as otherwise provided herein or in the Master Indenture, amounts on deposit in the Series 2018 Reserve Account shall be used only for the purpose of making payments into the Series 2018 Interest Account and the Series 2018 Sinking Fund Account to pay Debt Service on the Series 2018 Bonds, when due, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Account shall consist only of cash and Series 2018 Investment Obligations.

ARTICLE IV DEPOSIT OF SERIES 2018 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION THEREOF

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

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee: (i) a Series 2018 Acquisition and Construction Account and (ii) a Series 2018 Costs of Issuance Account;

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a Series 2018 Debt Service Account and therein a Series 2018 Sinking Fund Account, a Series 2018 Interest Account and a Series 2018 Capitalized Interest Account; and (ii) a Series 2018 Redemption Account, and, therein a Series 2018 Prepayment Subaccount and a Series 2018 Optional Redemption Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a Series 2018 Reserve Account, which shall be held for the benefit of all of the Series 2018 Bonds, without distinction as to Series 2018 Bonds and without privilege or priority of one Series 2018 Bond over another;

(d) There is hereby established within the Revenue Fund held by the Trustee a Series 2018 Revenue Account; and

(e) There is hereby established within the Rebate Fund held by the Trustee a Series 2018 Rebate Account.

Section 402. Use of Series 2018 Bond Proceeds. The net proceeds of sale of the Series 2018 Bonds, \$6,624,800.00, 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) \$137,249.06, representing the Series 2018 Reserve Account Requirement at the time of issuance of the Series 2018 Bonds shall be deposited to the credit of the Series 2018 Reserve Account;

(b) \$200,177.92, representing the Costs of Issuance relating to the Series 2018 Bonds shall be deposited to the credit of the Series 2018 Costs of Issuance Account;

(c) \$343,844.02, representing Capitalized Interest on the Series 2018 Bonds through and including November 1, 2019, shall be deposited to the credit of the Series 2018 Capitalized Interest Account; and

(d) \$5,943,529.00 shall be deposited to the credit of the Series 2018 Acquisition and Construction Account.

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) (or such other date that corresponds to the date mutually determined by the Trustee and the District pursuant to Section 408(c) hereof), the Trustee is hereby authorized and directed to recalculate the Series 2018 Reserve Account Requirement and to transfer any excess on deposit in the Series 2018 Reserve Account (other than excess resulting from investment earnings which shall be applied as provided in Section 408(f) hereof) into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account to be applied to the extraordinary mandatory redemption of the Series 2018 Bonds.

On the earliest date on which there is on deposit in the Series 2018 Reserve Account sufficient monies, after taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2018 Bonds, together with accrued interest on such Series 2018 Bonds to the earliest Redemption Date permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2018 Reserve Account into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account to pay and redeem all of the Outstanding Series 2018 Bonds on the earliest Redemption Date permitted therein and herein.

Anything herein or in the Master Indenture to the contrary notwithstanding, amounts on deposit in the Series 2018 Reserve Account shall, upon the occurrence and continuance of an Event of Default, be subject to a first charge by the Trustee for its fees and expenses, including fees and expenses of collection of Delinquent Assessments.

Section 406. Amortization Installments. (a) The Amortization Installments established for the Series 2018 Bonds shall be as set forth in the form of the Series 2018 Bonds attached hereto.

(b) Upon any redemption of Series 2018 Bonds (other than (i) Series 2018 Bonds redeemed in accordance with scheduled Amortization Installments or (ii) Series 2018 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 Trustee shall cause Series 2018 Bonds to be redeemed in such amounts and having such maturities so as to result in Amortization Installments recalculated by the District, in such manner as shall amortize all the Outstanding Series 2018 Bonds of all of the terms in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining terms of all of the Series 2018 Bonds.

Section 407. Tax Covenants and Rebate Account. The District shall comply with the tax regulatory covenants set forth in the District's tax certificate executed in connection with the issuance of the Series 2018 Bonds.

Section 408. Establishment of Series 2018 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 2018 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein by this Section 408 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 2018 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

(b) The Trustee shall deposit into the Series 2018 Revenue Account the Series 2018 Assessment Revenues other than the Series 2018 Prepayments, which shall be identified by the District to the Trustee as such in writing upon deposit and which shall be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, and any other revenues required by other provisions of the Indenture to be deposited therein.

(c) On the forty-fifth (45th) day preceding each Redemption Date with respect to the Series 2018 Bonds (or if such forty-fifth (45th) day is not a Business Day, on the Business Day next preceding such forty-fifth (45th) day), (or such other date mutually determined by the Trustee and the District that is closer to a particular Redemption Date and will give the Trustee sufficient time to provide notice of the extraordinary mandatory redemption of Series 2018 Bonds as herein provided), the Trustee shall determine the amount on deposit in the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account, and, if the balance therein is greater than zero, shall transfer, but only at the written direction of the District, from the Series 2018 Revenue Account for deposit into the Series 2018 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000 (provided that there are sufficient funds remaining therein to pay Debt Service coming due on the Series 2018 Bonds on the next Interest Payment Date), and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2018 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2018 Prepayment Subaccount in accordance with the provisions for extraordinary mandatory redemption of the Series 2018 Bonds set forth in the form of Series 2018 Bond attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the Series 2018 Capitalized Interest Account to the Series 2018 Interest Account the lesser of (x) the amount of interest coming due on the Series 2018 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the Series 2018 Capitalized Interest Account.

Following the foregoing transfer, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer from the amounts on deposit in the Series 2018 Revenue Account to the Funds and Accounts designated below the following amounts in the following order of priority:

FIRST, to the Series 2018 Interest Account, an amount equal to the amount of interest payable on all Series 2018 Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the Series 2018 Capitalized Interest Account in accordance with Section 403(b) hereof and less any other amount already on deposit in the Series 2018 Interest Account not previously credited;

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Earnings on investments in the Series 2018 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 2018 Reserve Account as of the most recent date on which amounts on deposit in the Series 2018 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2018 Reserve Account since such date which have created a deficiency, then earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account; and

(ii) if as of the last date on which amounts on deposit in the Series 2018 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 2018 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2018 Reserve Account shall be deposited into the Series 2018 Reserve Account until the amount on deposit therein is equal to the Series 2018 Reserve Account Requirement, and then earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Capitalized Interest Account through November 1, 2019, and, thereafter earnings on the Series 2018 Reserve Account shall be deposited into the Series 2018 Revenue Account and used for the purpose of such Account.

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 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. 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.

ARTICLE VI ADDITIONAL BONDS

Section 601. Limitation on Parity Bonds. Other than Bonds issued to refund the then Outstanding Series 2018 Bonds, the issuance of which results in net present value debt service savings, the District shall not, while any Series 2018 Bonds are Outstanding, issue or incur any debt payable in whole or in part from the Series 2018 Trust Estate. The District further covenants and agrees that so long as the Series 2018 Bonds are Outstanding, it will not impose Assessments for capital projects on any lands subject to the Series 2018 Assessments, without

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SECOND, on each May 1, commencing May 1, 2020, to the Series 2018 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2018 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2018 Sinking Fund Account not previously credited;

THIRD, to the Series 2018 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2018 Reserve Account Requirement with respect to the Series 2018 Bonds; and

FOURTH, the balance shall be retained in the Series 2018 Revenue Account subject to the following paragraph.

Anything in the Master Indenture or herein to the contrary notwithstanding, it shall not, in and of itself, constitute an Event of Default hereunder if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefore. The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the District, withdraw any moneys held for the credit of the Series 2018 Revenue Account as of November 2nd of such year which are not otherwise required to be deposited to other Funds and Accounts pursuant to this Section on such immediately preceding Interest Payment Date and deposit such moneys first to the credit of the Series 2018 Rebate Account in the amount, and to the extent necessary, so the amount on deposit therein equals the accrued rebate obligation under Section 148(f) of the Code, if the Trustee has received a certification from the District by such date detailing the amount of such obligation which shall be deposited. Any remaining amounts in the Series 2018 Revenue Account on November 2nd of any calendar year after making the payment, if any, required under the immediately preceding sentence, shall next be transferred to the District, at its written request, to be used to pay the operating and administrative costs and expenses of the District or be used for any other lawful purpose of the District; provided, however, that on the proposed payment date of any proposed transfer to the District, the amount on deposit in the Series 2018 Reserve Account shall be equal to the Series 2018 Reserve Requirement and, provided further, that the Trustee shall not have actual knowledge of an Event of Default hereunder, including payment of Trustee's fees and expenses then due.

(e) On any date required by the Code, the District shall give the Trustee written direction to, and the Trustee shall, transfer from the Series 2018 Revenue Account to the Series 2018 Rebate Account established for the Series 2018 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 the Code.

(f) Anything herein or in the Master Indenture to the contrary notwithstanding, moneys on deposit in all of the Funds and Accounts held as security for the Series 2018 Bonds shall be invested only in Series 2018 Investment Obligations, and further, earnings on the Series 2018 Acquisition and Construction Account, the Series 2018 Interest Account and the Series 2018 Capitalized Interest Account shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Accounts or subaccounts. Earnings on investments in the Funds and Accounts other than the Series 2018 Reserve Account, and other than as set forth above, shall be deposited, as realized, to the credit of the Series 2018 Revenue Account and used for the purpose of such Account.

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the written consent of the Majority Owners, unless the Series 2018 Assessments have been Substantially Absorbed. Notwithstanding the prior sentence, the foregoing shall not preclude the imposition of capital Special Assessments on property subject to the Series 2018 Assessments which are necessary, as determined by the District, for health, safety or welfare reasons or to remediate a natural disaster or Operation and Maintenance Assessments. The Trustee is entitled to assume that the Series 2018 Assessments have not been Substantially Absorbed absent delivery to the Trustee of a certificate of the District Manager to the contrary on which the Trustee may conclusively rely.

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 2018 Bonds issued hereunder. Notwithstanding anything to the contrary herein, the requirements of Section 808(a), (b) and (c) shall not apply to the Series 2018 Bonds and the District shall not be required to comply with the provisions thereof in connection with the Series 2018 Bonds. To the extent of any conflicts between the terms and provisions of the Master Indenture and this Third Supplemental Indenture the terms and provisions hereof shall control. Notwithstanding anything to the contrary in the Master Indenture, with respect to the Series 2018 Bonds:

(i) The references to the 45th day prior to a redemption date (relating to the date by which the District must notify the Trustee, including in its capacity as Bond Registrar, of a proposed redemption of the Series 2018 Bonds) shall be replaced with a reference to the 31st Business Day prior to the date of redemption;

(ii) The phrase in Section 302 of the Master Indenture "(and for any Owner of \$1,000,000 or more in the principal amount of Bonds, to one additional address if written request is provided to the Bond Registrar prior to the Record Date)" shall not apply to the Series 2018 Bonds;

(iii) The words "immediately deposit" in two places in Section 504 of the Master Indenture shall be replaced with the words "promptly deposit, within a reasonable time as determined by the District;" and

(iv) Any deficiency in the Series 2018 Reserve Account determined upon valuation of the Series 2018 Reserve Account pursuant to Section 509 of the Master Indenture shall not, in and of itself, constitute an Event of Default or require any action by the District unless an Event of Default has occurred, in which case, upon receipt of notice of a deficiency while an Event of Default has occurred and is continuing, the District shall immediately pay the amount of such deficiency to the Trustee, for deposit in the Series 2018 Reserve Account, from any legally available sources of the District.

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Section 702. Continuing Disclosure Agreement. Contemporaneously with the execution and delivery hereof, the District has executed and delivered the 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 as provided in the Master Indenture and such Continuing Disclosure Agreement.

Section 703. Additional Covenants Regarding Assessments. In addition to, 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 2018 Assessments, including the Assessment Resolution and the Assessment Methodology, and to levy the Series 2018 Assessments and any required True-Up Payments set forth in the Assessment Methodology, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2018 Bonds, when due. The District covenants and agrees that upon the occurrence and continuance of an Event of Default with respect to the 2018 Bonds, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of Delinquent Assessments that are directly billed and collected by the District, and the provisions for the foreclosure of liens of Delinquent Assessments that are directly billed and collected by the District, all in a manner consistent with the Master Indenture and this Third Supplemental Indenture.

Section 704. Collection of Assessments. Anything herein or in the Master Indenture to the contrary notwithstanding, subject to the next succeeding sentence, Series 2018 Assessments shall be collected pursuant to the Uniform Method; provided that Series 2018 Assessments levied on platted lots owned by the Developer and levied on unplatted lots may be billed and collected directly by the District pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method. Prior to an Event of Default, the election to collect and enforce Series 2018 Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the District from electing to collect and enforce Series 2018 Assessments pursuant to any other method permitted by law in any subsequent year. Following an Event of Default, Series 2018 Assessments shall be collected pursuant to the Uniform Method; provided that Series 2018 Assessments levied on platted lots owned by the Developer and levied on unplatted lots may be billed and collected directly by the District pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method, in each case unless the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, provides written consent to a different method of collection. All Series 2018 Assessments that are billed and collected directly by the District and not via the Uniform Method shall be due and payable by the landowner no later than thirty-one (31) Business Days prior to each Interest Payment Date; provided, however, that such Series 2018 Assessments shall not be deemed to be Delinquent Assessments unless and until same are not paid by the applicable Interest Payment Date with respect to which they have been billed.

Section 705. Foreclosure of Assessment Lien. (a) Notwithstanding Section 814 of the Master Indenture or any other provision of the Indenture to the contrary, the following provisions shall apply with respect to the Series 2018 Assessments and Series 2018 Bonds.

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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 more than fifty percent of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Owners.

Section 707. Assignment of District's Rights Under Collateral Assignment. Subject to the terms of the Collateral Assignment, and without intending to alter the same, the District hereby assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of the Series 2018 Bonds. Such assignment shall not be considered an assumption by the Trustee of any obligations thereunder. Anything in the Master Indenture or herein to the contrary notwithstanding, the Collateral Assignment provides that it is for the benefit of the Outstanding Series 2018 Bonds and the Outstanding Capital Improvement Revenue Bonds, Series 2013A-3 issued pursuant to the Master Indenture, subject to the terms and conditions of such Collateral Assignment.

Section 708. Enforcement of True-Up Agreement and Completion Agreement; Additional Matters Relating to Events of Default. The District, either through its own actions, or actions caused to be taken through the Trustee, covenants that it shall strictly enforce all of the provisions of the Completion Agreement and the True-Up Agreement, and upon occurrence and continuance of a default under any or all of such Agreements, the District covenants and agrees that the Trustee, at the written direction of the Majority Owners shall act on behalf of, and in the District's stead, to enforce the provisions of such Agreements and to pursue all available remedies under applicable law or in equity. Anything herein or in the Master Indenture to the contrary notwithstanding, failure of the District to enforce, or permit the Trustee to enforce in its stead, all of the provisions of such the Completion Agreement and the True-Up Agreement upon demand of the Majority Owners, or the Trustee at the direction of the Majority Owners, shall constitute an Event of Default under the Indenture without benefit of any period for cure. Anything in the Master Indenture or herein to the contrary notwithstanding, the Completion Agreement and the True-Up Agreement provide, respectively, that such Agreements are for the benefit of the Outstanding Series 2018 Bonds and the Outstanding Capital Improvement Revenue Bonds, Series 2013A-3 issued pursuant to the Master Indenture, subject to the terms and conditions of the applicable Agreements.

Anything in the Master Indenture or herein to the contrary notwithstanding, the District hereby acknowledges that (i) the Series 2018 Pledged Funds includes, without limitation, all amounts on deposit in the Series 2018 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may not be used by the District (whether to pay costs of the Series 2018 Project or otherwise) without the consent of the Majority Owners, except to the extent that prior to the occurrence of the Event of Default the District had incurred a binding obligation with third parties for work on the Series 2018 Project and payment is for such work and (iii) upon the occurrence of an Event of Default with respect to the Series 2018 Bonds, the Series 2018 Pledged Funds may be used by the Trustee and/or the District, to the extent acting individually or jointly, to pursue remedies, at the direction or with the approval of the Majority Owners, to pay costs and expenses incurred in connection with the pursuit of remedies under the Master Indenture, as supplemented hereby, provided such action does not adversely impact the tax-exempt status of the Series 2018 Bonds. After the occurrence of an Event of Default, the District shall not enter into any binding agreement to expend any

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If any property shall be offered for sale for the nonpayment of any Series 2018 Assessments and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2018 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the District, after receiving the written direction of the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, specifying whether the District is to take title to the property in its corporate name or in the name of a special purpose entity, may purchase the property for an amount less than or equal to the balance due on the Series 2018 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special-purpose entity title to the property for the benefit of the Owners of the Series 2018 Bonds. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, shall have the power to and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2018 Revenue Account. The District, either through its own actions, or actions caused to be taken by the District through the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, agrees that it shall, after being provided assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for listing for sale of property acquired by it as trustee for the Owners of the Series 2018 Bonds within sixty (60) days after the receipt of the request therefore signed by the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding. The District may pay costs associated with any actions taken by the District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture, provided such action does not adversely impact the tax-exempt status of the Series 2018 Bonds.

(b) Notwithstanding anything to the contrary herein or in the Master Indenture, the District acknowledges and agrees that (i) upon failure of any property owner to pay when due any installment of Series 2018 Assessments that are billed directly by the District, that the entire Series 2018 Assessments levied on the property for which such installment of Series 2018 Assessments is due and unpaid, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and, with the written direction of the Trustee, acting at the direction of the Majority Owners of the Series 2018 Bonds Outstanding, the District after being provided assurances satisfactory to it of payment, of its fees, costs and expenses for doing so, shall promptly, but in any event within one hundred twenty (120) days of the receipt of such direction, cause to be brought the necessary legal proceedings for the foreclosure of liens of Delinquent Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by Florida law.

(c) Notwithstanding anything to the contrary herein or in the Master Indenture, the District and/or the Trustee, to the extent acting individually or jointly, in pursuing foreclosure proceedings with respect to any lot or parcel delinquent in the payment of any Series 2018 Assessments, shall be entitled to first recover from any foreclosure, before such proceeds are applied to the payment of principal or interest on the Series 2018 Bonds, all fees and costs expended in connection with such foreclosure, regardless whether such fees and costs could be construed as Series 2018 Assessments or Series 2018 Pledged Revenues.

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amounts included in the Series 2018 Trust Estate unless authorized in writing by the Majority Owners.

Notwithstanding anything to the contrary in the Master Indenture (a) the occurrence of an event specified in Section 902(g) of the Master Indenture (a "Series 2018 Reserve Account Event") shall not be an Event of Default with respect to the Series 2018 Bonds if within sixty (60) days from the Series 2018 Reserve Account Event the District has either (i) replenished the amounts, if any, withdrawn from the Series 2018 Reserve Account or (ii) the portion of the Delinquent Assessments giving rise to the Series 2018 Reserve Account Event are paid and are no longer Delinquent Assessments; and (b) the provisions of Section 902(h) and Section 902(i) of the Master Indenture are deemed modified in their entireties with respect to the Series 2018 Bonds as follows:

"(h) Material breach by the District of any material covenant made by it in the Indenture securing the Series 2018 Bonds, and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the District by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Majority Owners of such Series 2018 Bonds; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the District shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; and

(i) More than twenty-five percent (25%) of the Operation and Maintenance Assessments that are directly billed by the District and levied by the District on tax parcels subject to the Series 2018 Assessments the revenues from which are pledged to pay the Series 2018 Bonds are not paid by the date such are due and payable and such default continues for sixty (60) days after the date when due."

Section 709. Interpretation of Third Supplemental Indenture. This Third Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2018 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Third Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Third Supplemental Indenture shall be read and construed as one document.

Section 710. Amendments. Any amendments to this Third Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

Section 711. Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

Section 712. Appendices and Exhibits. Any and all schedules, appendices or exhibits referred to in and attached to this Third Supplemental Indenture are hereby incorporated herein and made a part of this Third Supplemental Indenture for all purposes.

Section 713. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the Series 2018 Bonds or the date fixed for the redemption of any Series 2018 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

Section 714. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2018 Bonds.

Section 715. Brokerage Statements. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive individual confirmations of security transactions at no additional cost, as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

Section 716. Patriot Act Requirements of the Trustee. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[Remainder of Page Intentionally Left Blank]

STATE OF FLORIDA)
) SS:
COUNTY OF MANATEE)

On this ___ day of November, 2018, before me, a notary public in and for the State and County aforesaid, personally appeared Michael Bachman, the Chairperson of the Board of Supervisors of Artisan Lakes Community Development District, who acknowledged that he did sign the foregoing instrument as such officer, for and on behalf of Artisan Lakes Community Development District; that the same is his free act and deed as such officer, and the free act and deed of Artisan Lakes Community Development District; and that the seal affixed to said instrument is the seal of Artisan Lakes Community Development District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

My Commission expires: _____
Notary Public, State of Florida

[NOTARIAL SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF _____)

On this ___ day of November, 2018, before me, a notary public in and for the State and County aforesaid, personally appeared James P. Ward, the Secretary of the Board of Supervisors of Artisan Lakes Community Development District, who acknowledged that he did sign the foregoing instrument as such officer, for and on behalf of Artisan Lakes Community Development District; that the same is his free act and deed as such officer, and the free act and deed of Artisan Lakes Community Development District; and that the seal affixed to said instrument is the seal of Artisan Lakes Community Development District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

My Commission expires: _____
Notary Public, State of Florida

[NOTARIAL SEAL]

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

(SEAL) **ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT**

Attest: _____
Secretary By: _____
Chairperson, Board of Supervisors

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Assistant Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF MANATEE)

On this ___ day of November, 2018, before me, a notary public in and for the State and County aforesaid, personally appeared Robert Hedgecock, an Assistant Vice President of U.S. Bank National Association, as Trustee, who acknowledged that he did sign said instrument as such officer for and on behalf of said national banking association and that the same is his free act and deed as such officer and the free act and deed of said national banking association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

My Commission expires: _____
Notary Public, State of Florida

[NOTARIAL SEAL]

EXHIBIT A

DESCRIPTION OF SERIES 2018 PROJECT

[See Report of District's Consulting Engineers Attached Hereto.]

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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"), unless the Bonds are held in the book entry system in which case presentation shall not be required. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the Series 2018 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year composed of twelve 30-day months. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the hereinafter defined Indenture.

This Bond is one of a duly authorized issue of bonds of the District designated "\$6,760,000 Artisan Lakes Community Development District Capital Improvement Revenue Bonds, Series 2018" (the "Series 2018 Bonds") issued under a Master Trust Indenture, dated as of December 1, 2013 (the "Master Indenture"), between the District and U.S. Bank National Association, located in Fort Lauderdale, Florida, as trustee (the "Trustee"), as amended and supplemented by a Third Supplemental Trust Indenture, dated as of November 1, 2018 (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 2018 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"). The District will apply the proceeds of the Series 2018 Bonds to: (i) finance the Cost of acquiring, constructing and equipping assessable improvements (as more particularly described in Exhibit A to the Supplemental Indenture, the "Series 2018 Project"); (ii) pay certain costs associated with the issuance of the Series 2018 Bonds; (iii) make a deposit into the Series 2018 Reserve Account for the benefit of all of the Series 2018 Bonds without privilege or priority of one Series 2018 Bond over another; and (iv) pay a portion of the interest to become due on the Series 2018 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 2018 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

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EXHIBIT B

FORM OF SERIES 2018 BONDS

No. R-[1][2][3][4] \$[550,000][685,000][2,030,000][3,495,000]

United States of America
State of Florida
ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 2018

Interest Rate	Maturity Date	Dated Date	CUSIP
[4.375][4.875]	May 1, 20[24][29][39][49]	November 16, 2018	04315Y
[5.375][5.500]%		[AE7][AF4][AG2][AH0]	

Registered Owner: CEDE & CO.

Principal Amount: [FIVE HUNDRED FIFTY THOUSAND][SIX HUNDRED EIGHTY-FIVE THOUSAND][TWO MILLION THIRTY THOUSAND][THREE MILLION FOUR HUNDRED NINETY FIVE THOUSAND] DOLLARS

ARTISAN 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 hereinafter mentioned) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on May 1, 2019, 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

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INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2018 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2018 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2018 TRUST ESTATE, INCLUDING THE SERIES 2018 PLEDGED REVENUES AND THE SERIES 2018 PLEDGED FUNDS, PLEDGED TO THE SERIES 2018 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes (2018), 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 Series 2018 Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal and Redemption Price of, and the interest on, the Series 2018 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments, the terms and conditions under which the Series 2018 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 Series 2018 Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The Series 2018 Bonds are equally and ratably secured by the Series 2018 Trust Estate, without preference or priority of one Series 2018 Bond over another. The Supplemental Indenture does not authorize the issuance of any Additional Bonds ranking on parity with the Series 2018 Bonds as to the lien and pledge of the Series 2018 Trust Estate.

The Series 2018 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"); provided, however, that the Series 2018 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in 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 maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Series 2018 Bonds are subject to redemption prior to maturity at the option of the District, in whole or part on any date, on or after May 1, 2029 at the Redemption Price of the

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principal amount of the Series 2018 Bonds or portions thereof to be redeemed together with accrued interest to the Redemption Date.

The Series 2018 Bonds maturing May 1, 2024 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>
2020	\$100,000	2023	\$115,000
2021	105,000	2024*	120,000
2022	110,000		

* Maturity

The Series 2018 Bonds maturing May 1, 2029 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>
2025	\$125,000	2028	\$145,000
2026	130,000	2029*	150,000
2027	135,000		

* Maturity

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principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2018 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Series 2018 Bonds (other than (i) Series 2018 Bonds redeemed in accordance with scheduled Amortization Installments or (ii) Series 2018 Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section 506(b) of the Master Indenture) so as to re-amortize the remaining Outstanding principal balance of the Series 2018 Bonds as set forth in Section 406(b) of the Supplemental Indenture.

The Series 2018 Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the Redemption Date, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the Series 2018 Project, by application of moneys transferred from the Series 2018 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account in accordance with the terms of the Indenture; or

(b) from amounts, including Series 2018 Prepayments and transfers made pursuant to Section 403 of the Supplemental Indenture, required by the Indenture to be deposited into the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account; or

(c) from amounts transferred to the Series 2018 Prepayment Subaccount of the Series 2018 Redemption Account resulting from a reduction in the Series 2018 Reserve Account Requirement as provided for in the Indenture; or

(d) on and after the date on which the amount on deposit in the Series 2018 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2018 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2018 Bonds shall be called for redemption, the particular Series 2018 Bonds or portions of Series 2018 Bonds to be redeemed shall be selected by lot by the Bond Registrar as provided in the Indenture, or as provided or directed by DTC.

Notice of each redemption of Series 2018 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 2018 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 2018 Bonds or such portions thereof so called for redemption shall become due and payable at the Redemption Price provided for the redemption of such Series 2018 Bonds or such portions thereof on such date, interest on such Series 2018 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2018 Bonds or such portions thereof so

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The Series 2018 Bonds maturing May 1, 2039 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>
2030	\$160,000	2035	\$205,000
2031	165,000	2036	220,000
2032	175,000	2037	230,000
2033	185,000	2038	240,000
2034	195,000	2039*	255,000

* Maturity

The Series 2018 Bonds maturing May 1, 2049 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2018 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the Redemption Date on May 1 of the years and in the principal amounts set forth below:

<u>May 1 of the Year</u>	<u>Amortization Installment</u>	<u>May 1 of the Year</u>	<u>Amortization Installment</u>
2040	\$270,000	2045	\$355,000
2041	285,000	2046	375,000
2042	300,000	2047	395,000
2043	320,000	2048	420,000
2044	335,000	2049*	440,000

* Maturity

As more particularly set forth in the Indenture, any Series 2018 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the

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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 2018 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. As provided in 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.

The Owner of this Bond shall have no right to enforce the provisions of the Master Indenture or to institute any 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 2018 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

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

Any moneys held by the Trustee or 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 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 2018 Bonds as to the Series 2018 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.

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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, Artisan Lakes Community Development District has caused this Bond to bear the signature of the Chairperson of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

**ARTISAN LAKES COMMUNITY
DEVELOPMENT DISTRICT**

Attest:

Secretary

By: _____
Chairperson, Board of Supervisors

[Official Seal]

**CERTIFICATE OF AUTHENTICATION
FOR SERIES 2018 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:

November 16, 2018

By: _____
Vice President

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CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Manatee County, Florida rendered on October 12, 2007.

**ARTISAN LAKES COMMUNITY
DEVELOPMENT DISTRICT**

Chairperson

ABBREVIATIONS FOR SERIES 2018 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

JT 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 2018 BONDS

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

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

Dated:

Social Security Number or Employer

Identification Number of Transferee:

Signature guaranteed:

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

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

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EXHIBIT C

FORM OF REQUISITION FOR SERIES 2018 PROJECT

The undersigned, an Authorized Officer of Artisan 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 U.S. Bank National Association, Fort Lauderdale, Florida, as trustee (the "Trustee"), dated as of December 1, 2013 (the "Master Indenture"), as amended and supplemented by the Third Supplemental Trust Indenture from the District to the Trustee, dated as of November 1, 2018 (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):

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 Series 2018 Acquisition and Construction Account, that each disbursement set forth above was incurred in connection with the acquisition and construction of the Series 2018 Project and each represents a Cost of the Series 2018 Project, and has not previously been paid] OR [this requisition is for Costs of Issuance payable from the Series 2018 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.

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 Series 2018 Costs of Issuance Account or for payment of capitalized interest, there shall be attached a resolution of the Governing Body of the District approving this requisition or approving the specific contract with respect to which disbursements pursuant to this requisition are due and payable.

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

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

By: _____ Authorized Officer

CONSULTING ENGINEERS' APPROVAL FOR NON-COSTS OF ISSUANCE REQUESTS ONLY

If this requisition is for a disbursement for other than Costs of Issuance, the undersigned Consulting Engineers hereby certify that this disbursement is for a Cost of the Series 2018 Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the corresponding Series 2018 Project segment and portion of the Series 2018 Project with respect to which such disbursement is being made; and (iii) the report of the Consulting Engineers attached as an Exhibit to the Third Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

The undersigned further certifies that (a) the Series 2018 Project improvements to be acquired with this disbursement will be (1) owned by the District or another governmental entity and located on public property or within public rights of way or easements and (2) accessible by the general public and/or part of a public water management system; (b) the purchase price to be paid by the District for the Series 2018 Project improvements to be acquired with this disbursement is no more than the lesser of (i) the fair market value of such improvements and (ii) the actual cost of construction of such improvements; (c) the plans and specifications for the Series 2018 Project improvements have been approved by all regulatory bodies required to approve them or such approval can reasonably be expected to be obtained; (d) all currently required approvals and permits for the acquisition, construction, reconstruction, installation and equipping of the portion of the Series 2018 Project for which disbursement is made have been obtained from all applicable regulatory bodies; and (e) subject to permitted retainage under the applicable contracts, the seller has paid all contractors, subcontractors, and materialmen that have provided services or materials in connection with the portions of the Series 2018 Project for which disbursement is made hereby, if acquisition is being made pursuant to the Acquisition Agreement and/or Completion Agreement.

Consulting Engineers

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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[FORM OF BOND COUNSEL OPINION]

Upon delivery of the Series 2018 Bonds in definitive form, Greenspoon Marder LLP, Bond Counsel, proposes to render its final approving opinion with respect to such Series 2018 Bonds in substantially the following form:

[Date of Delivery]

Board of Supervisors
Artisan Lakes Community Development District
Manatee County, Florida

Re: \$6,760,000 Artisan Lakes Community Development District Capital
Improvement Revenue Bonds, Series 2018 (the “Bonds”)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Artisan Lakes Community Development District (the “District”) of the above-referenced Bonds. The Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including particularly, Chapter 190, Florida Statutes (the Uniform Community Development District Act of 1980), as amended, and Ordinance No. 07-64 enacted by Manatee County, Florida on August 7, 2007, effective August 16, 2007, as amended (collectively, the “Act”) and Resolution Nos. 2007-19 and 2019-6 adopted by the Board of Supervisors of the District (the “Board”) on August 20, 2007 and October 10, 2018, respectively (collectively, the “Resolution”). The Bonds are being further issued and secured by a Master Trust Indenture dated as of December 1, 2013 between the District and U.S. Bank National Association, as successor trustee (the “Master Indenture”), as supplemented by a Third Supplemental Trust Indenture dated as of November 1, 2018 between the District and the Trustee (the “Supplemental Indenture” and, together with the Master Indenture, the “Indenture”). All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Indenture or in the Limited Offering Memorandum dated October 29, 2018 relating to the Bonds.

We have examined the Act, the Resolution, the Indenture, the Federal Tax Certificate dated of even date herewith executed by the District in connection with the Bonds, the proceedings for validation in Case No. 2007 CA 5485 in the Twelfth Judicial Circuit Court in and for Manatee County, Florida (the “Validation Proceedings”) and such certified copies of the proceedings of the District and such other documents and opinions as we have deemed necessary to render this opinion and we are relying on certain findings, covenants and agreements of the District set forth therein and such certified copies of the proceedings of the District and such other documents and opinions as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Resolution and the Indenture and in the certified proceedings and other

certifications and representations of public officials and others which have been furnished to us without undertaking to verify the same by independent investigation. In rendering the opinions set forth herein, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified in connection with the Bonds, including by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings, the authenticity of documents submitted as originals, the conformity to originals of documents submitted as copies and the legal capacity of all natural persons. Reference is made to the opinion of even date herewith of Hopping Green & Sams, P.A., counsel to the District, on which we have relied, as to the due creation and valid existence of the District, the due authorization, execution and delivery of the Indenture by the District, and the due authorization of the Resolution and other resolutions and proceedings of the District relating to the Bonds, including with respect to the Series 2018 Assessments included in the Series 2018 Pledged Revenues. We have also relied upon all findings in the final judgment of the Twelfth Circuit Court in and for Manatee County, Florida rendered in the Validation Proceedings and certain certifications and representations provided as of the date hereof by the Developer, as the primary landowner and developer of the lands within the boundaries of the District subject to the Series 2018 Assessments. Reference is also made to the opinion of even date herewith of counsel to the Trustee, on which we have relied, as to the due authorization and execution of the Indenture by the Trustee and of the enforceability of the Indenture against the Trustee.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Indenture has been duly authorized, executed and delivered by the District. The Indenture creates a valid pledge of the Series 2018 Trust Estate and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

2. The issuance and sale of the Bonds has been duly authorized by the District, and, assuming the due authentication thereof, the Bonds constitute valid and binding special limited obligations of the District payable solely in accordance with, and as limited by, the terms of the Indenture.

3. Under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code").

The opinions set forth in the preceding paragraph are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for federal income tax purposes. The District has covenanted in the Indenture to comply with such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. In rendering the opinions set

forth in the preceding paragraph, we have assumed continuing compliance with the requirements of the Code that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The opinions set forth in the preceding paragraph are predicated upon present law and interpretations thereof and we assume no affirmative obligation with respect to any change of circumstances or law that may adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.

4. The 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. We express no opinion regarding other state tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds.

5. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939.

The scope of our engagement in relation to the issuance of the Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. In addition, we have not been engaged to, and therefore, do not express any opinion as to compliance by the District with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds. The opinions expressed herein shall not be deemed or treated as offering material or as an offering circular, prospectus or Limited Offering Memorandums and are not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Bonds. We have not been engaged, nor have we undertaken, to review, confirm or verify, and, accordingly, we express no opinion as to, the accuracy, completeness, fairness or sufficiency of any of the statements in the Limited Offering Memorandum relating to the Bonds, including the appendices thereto, or other offering material relating to the Bonds (except to the extent stated in such Limited Offering Memorandum and in our supplemental opinion of even date herewith addressed to the District and the underwriter of the Bonds).

The opinions set forth herein are qualified to the extent that the rights of the holders of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, now or hereafter in effect, and by the exercise of judicial discretion in appropriate cases in accordance with equitable principles.

We wish to call to your attention that the Bonds are special limited obligations of the District payable solely in accordance with, and as limited by, the terms of the Indenture and

neither the full faith and credit nor the taxing power of the District, Manatee County, Florida, the State of Florida or any other political subdivision thereof is pledged as security for the payment of the Bonds. The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory provision or limitation.

This opinion letter is rendered to you in connection with the Bonds. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Respectfully submitted,

GREENSPOON MARDER LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated November 16, 2018, is executed and delivered by the Artisan Lakes Community Development District (the "Issuer"), Taylor Woodrow Communities at Artisan Lakes, L.L.C. (the "Developer") and Disclosure Services, LLC, as Dissemination Agent (the "Dissemination Agent") in connection with the issuance by the Issuer of its \$6,760,000 aggregate principal amount of Capital Improvement Revenue Bonds, Series 2018 (the "Series 2018 Bonds"). The Series 2018 Bonds are being issued pursuant to a Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture") by and between the Issuer and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented from time to time, and as particularly amended and supplemented by the Third Supplemental Trust Indenture by and between the District and the Trustee and dated as of November 1, 2018 (the "Third Supplemental Indenture," and, together with the Master Indenture, the "Indenture"). The Issuer, the Developer and the Dissemination Agent covenant and agree as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Developer, and the Dissemination Agent for the benefit of the Beneficial Owners of the Series 2018 Bonds and to assist the Participating Underwriter in complying with the continuing disclosure requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended from time to time (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 herein, 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 payment of the Series 2018 Bonds pursuant to the Indenture.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Bonds (including persons holding Series 2018 Bonds through nominees, depositories or other

intermediaries), or (b) is treated as the owner of any Series 2018 Bonds for federal income tax purposes.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Trustee is required, or authorized or not prohibited by law (including executive orders), to close and is closed, or on any day on which the New York Stock Exchange is closed.

“Developer” shall mean Taylor Woodrow Communities at Artisan Lakes, L.L.C.

“Developer Report” shall mean any Developer Report provided by the Developer, its successors or assigns, pursuant to, and as described in, Sections 5 and 6 of this Disclosure Agreement.

“Development” shall have meaning ascribed thereto in the Limited Offering Memorandum.

“Dissemination Agent” shall mean, initially, Disclosure Services, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer.

“District Manager” shall mean JPWard and Associates, LLC, or a successor District Manager.

“Event of Bankruptcy” shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

“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.

“Issuer Disclosure Representative” shall mean the District Manager of the Issuer or his/her/its designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Limited Offering Memorandum” shall mean the final offering document relating to the Series 2018 Bonds.

“Listed Events” shall mean any of the events listed in Section 7(a) of this Disclosure Agreement.

“Obligated Person” shall mean any person, including the Issuer and the Developer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all or part (twenty percent (20%) or more) of the obligations on the Series 2018 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Participating Underwriter” shall mean the original underwriter of the Series 2018 Bonds required to comply with the Rule in connection with offering of the Series 2018 Bonds.

“Quarterly Filing Date” shall mean for the quarter ending: (i) March 31, due each May 1; (ii) June 30, due each August 1; (iii) September 30, due each November 1; and (iv) December 31, due each February 1 of the following year. The first Quarterly Filing Date shall be May 1, 2019. If any Quarterly Filing Date falls on a date that is not a Business Day, then such Quarterly Filing Date shall be the next succeeding Business Day.

“Repository” shall mean each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the SEC may be found by visiting the SEC’s website at “<http://www.sec.gov/info/municipal/nrmsir.htm>.” As of the date hereof, the Repository recognized by the SEC for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access (“EMMA”) web portal at “<http://emma.msrb.org>.”

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

“State” shall mean the State of Florida.

3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, no later than April 1 following the end of the Issuer’s Fiscal Year, beginning with the fiscal year ending September 30, 2019 (the “Annual Filing Date”) with respect to the report for the 2019 Fiscal Year, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided, however, the Issuer shall file its audited financial statements for the fiscal year ended September 30, 2018, within such time period as required to be filed pursuant to State law. 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 later than the date required above, but in no event later than the date required to be filed with the State of Florida pursuant

to applicable State law, for the filing of the Annual Report if they are not available by that date. 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 7(a). The Annual Report may be combined with the Developer Report so long as the combined report is filed with the Repository as required herein with respect to the Annual Report and is filed by the Annual Filing Date.

(b) If on the fifteenth (15th) day prior to each Annual Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 3(a) above. Upon such reminder, the Issuer 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) instruct 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, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 7(a)(15) has occurred and to immediately send a notice to any Repository in electronic format as required by such Repository in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name, address and filing requirements of any Repository; and

(ii) within five (5) Business Days of filing the Annual Report, file a notice with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing any Repository to which it was provided.

4. Content of Issuer's Annual Report.

(a) The Issuer's Annual Report shall contain or incorporate by reference the following, which includes an update of the financial and operating data of the Issuer to the extent presented in the Limited Offering Memorandum. All information in the Annual Report shall be presented for the immediately preceding Fiscal Year and, to the extent available, the current Fiscal Year:

(i) The amount of net Assessments levied (excluding any discounts and/or fees charged pursuant to the Uniform Method (as defined in the Limited Offering Memorandum) of collection with respect to Assessments collected in this manner.

(ii) The amount of Assessments received from property owners with respect to Assessments billed and collected directly by the Issuer and the amount

of Assessments received from the County Tax Collector with respect to Assessments collected pursuant to the Uniform Method.

(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 Assessments due in any year, a list of delinquent property owners with respect to Assessments billed and collected directly by the Issuer or, if received by the Issuer from the County Tax Collector, a list of delinquent property owners with respect to Assessments collected pursuant to the Uniform Method.

(iv) If received by the District from the County Tax Collector, the amount of tax certificates sold, if any, and the balance, if any, remaining for sale.

(v) All fund balances in all Funds and Accounts for the Series 2018 Bonds.

(vi) The total amount of Series 2018 Bonds Outstanding.

(vii) The amount of principal and interest due on the Series 2018 Bonds.

(viii) The most recent audited financial statements of the Issuer which shall be prepared in accordance with governmental accounting standards promulgated by the Government Accounting Standards Board.

(ix) Any amendment or waiver of the provisions hereof as described in Section 11 hereof.

(b) To the extent any of the items set forth in subsections (i) through (vii) above are included in the audited financial statements referred to in subsection (viii) above, they do not have to be separately set forth.

(c) The Issuer acknowledges that the information to be collected and disseminated by the Dissemination Agent will be provided by the Issuer and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the Issuer or others as thereafter disseminated by the Dissemination Agent.

The information provided under this Section 4 may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on EMMA (or any successor Repository's website) or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

5. Provision of Developer Report.

(a) The Developer shall provide a Developer Report which contains the information in Section 6(b) of this Disclosure Agreement to the Dissemination Agent no later than the Quarterly Filing Date for such Developer Report. Promptly upon receipt but in any event no later than the Quarterly Filing Date with respect to a Developer Report, the Dissemination Agent shall file the Developer Report provided to it by the Developer with each Repository. The Developer Report may be combined with the Annual Report so long as the combined report is filed with the Repository as required herein with respect to the Developer Report and is filed by the Quarterly Filing Date.

(b) If on the seventh (7th) day prior to each Quarterly Filing Date the Dissemination Agent has not received a copy of the Developer Report due on such Quarterly Filing Date, the Dissemination Agent shall contact the Developer by telephone and in writing (which may be by e-mail) to remind the Developer of its undertaking to provide the Developer Report pursuant to Section 5. Upon such reminder, the Developer shall either (i) provide the Dissemination Agent with an electronic copy of the Developer Report in accordance with Section 5(a) above, or (ii) instruct the Dissemination Agent in writing that the Developer will not be able to file the Developer Report within the time required under this Disclosure Agreement and state the date by which such Developer Report will be provided.

(d) If the Dissemination Agent has not received a Developer Report that contains the information in Section 6(b) of this Disclosure Agreement by 12:00 noon on the first Business Day following each Quarterly Filing Date, a Listed Event described in Section 7(a)(15) shall have occurred and the Issuer and the Developer hereby direct the Dissemination Agent to send a notice to each Repository in substantially the form attached as Exhibit A hereto, with a copy to the Issuer and the Developer. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Filing Date.

(e) The Dissemination Agent shall:

(i) determine prior to each Quarterly Filing Date the name and address of each Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Developer and the Issuer stating that the Developer Report has been provided pursuant to this Disclosure Agreement and stating the date(s) it was provided.

6. Content of Developer Report.

(a) The Developer, so long as it is an Obligated Person for purposes of this Disclosure Agreement, shall prepare a Developer Report for submission to the Dissemination Agent as required by Section 5 above commencing with the calendar quarter ending March 31, 2019. At such time as the Developer is no longer an Obligated Person, the Developer will no longer be obligated to prepare any quarterly Developer Report pursuant to this Disclosure Agreement.

(b) The Developer Report shall contain the following information:

(i) An update of the number of units by product type in the table included in subsection "THE DEVELOPMENT – Land Use/Phasing" in the Limited Offering Memorandum;

(ii) An update of the table in the subsection "Product Offerings/Pricing" under the caption "THE DEVELOPMENT" in the Limited Offering Memorandum;

(iii) A description of the infrastructure improvements and recreational amenities needed for the Development that have been completed and that are currently under construction, including infrastructure financed by the Series 2018 Bonds;

(iv) The percentage of the infrastructure financed by the Series 2018 Bonds that has been completed;

(v) The number of assessable units planned on property subject to the Assessments;

(vi) The number of single-family homes closed with retail end users;

(vii) The number of single-family homes under contract with retail end users;

(viii) The number of single-family lots under contract with builders, together with the name of each builder;

(ix) The number of single-family lots closed with builders, together with the name of each builder;

(x) The estimated date of complete build-out of residential units;

(xi) Whether the Developer has made any bulk sale of the land subject to the Assessments other than as contemplated by the Limited Offering Memorandum;

(xii) The status of development approvals for the Development;

(xiii) Materially adverse changes or determinations to permits/approvals for the Development which necessitate changes to the Developer's land-use or other plans for the Development;

(xiv) Updated plan of finance (i.e., status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer, additional mortgage debt, etc.); and

(xv) Any event that would have a material adverse impact on the implementation of the Development as described in the Limited Offering Memorandum or on the Developer's ability to undertake the Development as described in the Limited Offering Memorandum.

(c) Any of the items listed in subsection (b) above may be incorporated by reference from other documents which have been submitted to each of the Repository or the SEC. The Developer shall clearly identify each such other document so incorporated by reference.

(d) If the Developer sells, assigns or otherwise transfers ownership of real property in the Development to a third party, which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a "Transfer"), the Developer hereby agrees to require such third party to comply with the disclosure obligations of the Developer hereunder for so long as such third party is an Obligated Person hereunder, to the same extent as if such third party were a party to this Disclosure Agreement. The Developer involved in such Transfer shall promptly notify the Issuer and the Dissemination Agent in writing of the Transfer. For purposes of Sections 5 and 6 hereof, the term "Developer" shall be deemed to include the Developer and any third party that becomes an Obligated Person hereunder as a result of a Transfer. In the event that the Developer remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Developer from its obligations hereunder pertaining to the Developer. The Issuer shall have no obligation to cause, or ascertain, compliance by the Developer with the foregoing provisions or of any other obligations of the Developer hereunder.

7. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 7, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2018 Bonds and the Issuer (and shall have no obligation to provide any such notice with respect to the Developer) and the Developer shall give, or cause to be given, notice of the occurrence of numbers 12, 13 and 15 of the following events as they pertain to the Developer, to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10)

Business Days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties*;
5. substitution of credit or liquidity providers, or their failure to perform*;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2018 Bonds, or other material events affecting the tax status of the Series 2018 Bonds;
7. modifications to rights of the holders of the Series 2018 Bonds, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Series 2018 Bonds, if material;
11. ratings changes[†];
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

* At the time of issuance of the Series 2018 Bonds, the Series 2018 Bonds are not credit enhanced and there are no credit or liquidity providers for the Series 2018 Bonds.

[†] At the time of issuance of the Series 2018 Bonds, the Series 2018 Bonds are not rated.

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof or of the Developer to meet the requirements of Section 5 hereof; and
16. the termination of the Issuer's obligations under this Disclosure Agreement prior to the final maturity of the Series 2018 Bonds, pursuant to Section 9 hereof.

(b) The notice required to be given in paragraph 7(a) above shall be filed by the Dissemination Agent upon receipt by the Issuer or the Developer, as applicable, with any Repository, in electronic format as prescribed by such Repository.

8. Identifying Information. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Agreement to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but shall not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

9. Termination of Disclosure Agreement. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2018 Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. The Developer's obligations shall terminate at such time as the Developer is no longer an Obligated Person. If any such termination occurs prior to the final maturity of the Series 2018 Bonds, the Issuer and/or the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 7.

10. Dissemination Agent. The 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 Disclosure Services, LLC. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

11. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the Developer and the Dissemination Agent (if the Dissemination Agent is not the Issuer) may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer and/or the Developer, or the type of business conducted;

(b) The undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2018 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the holders, as determined either (i) by parties unaffiliated with the Issuer (such as the trustee or Bond Counsel), or (ii) by the approving vote of bondholders pursuant to the terms of the Indenture at the time of the amendment.

Notwithstanding the foregoing, the Issuer, the Developer and the Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the SEC from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer and the Developer shall describe such amendment in its next Annual Report (or in the financial statements included in such 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 of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer or the Developer, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements of the Issuer, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 7(b), and (ii) the financial statements included in the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding anything to the contrary herein requiring consent of the Developer, the Issuer may amend this Disclosure Agreement without the consent of the Developer with respect to any provision hereof that does not affect the Developer.

12. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer or the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer or the Developer 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 or the Developer 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.

13. Default. In the event of a failure of the Issuer, the Developer, the Issuer 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 Owners of more than 50% aggregate principal amount of outstanding Series 2018 Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Series 2018 Bond may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer, the Developer, the Issuer 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 Developer, the Issuer Disclosure Representative or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

14. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Developer, the Dissemination Agent, the Trustee, the Participating Underwriter and Beneficial Owners of the Series 2018 Bonds, and shall create no rights in any other person or entity.

16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida and federal law.

18. Trustee Cooperation. The Issuer represents that the Dissemination Agent is a bona fide agent of the Issuer and directs the Trustee to deliver to the Dissemination Agent at the

expense of the Issuer, any information or reports it requests that the Issuer has a right to request from the Trustee (inclusive of balances, payments, etc.) that are readily available to the Trustee.

[End of document – signatures to follow]

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

[SEAL]

**ARTISAN LAKES COMMUNITY
DEVELOPMENT DISTRICT, AS ISSUER**

CONSENTED TO AND AGREED TO BY:

JPWARD & ASSOCIATES, LLC, and its
successors and assigns, as Issuer Disclosure
Representative

By: _____
Chairperson, Board of Supervisors

By: _____
Name: James P. Ward
Title: Chief Operating Officer

**JOINED BY U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE, FOR PURPOSES
OF SECTIONS 13, 15 AND 18 ONLY**

By: _____
Name: Scott A. Schuhle
Title: Vice President

**TAYLOR WOODROW COMMUNITIES AT
ARTISAN LAKES, L.L.C.**, a Florida limited
liability company

By: _____
Name: _____
Title: _____

**DISCLOSURE SERVICES, LLC,
AS DISSEMINATION AGENT**

By: _____
Name: _____
Title: _____

[Signature page to Continuing Disclosure Agreement]

EXHIBIT A

**NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Artisan Lakes Community Development District
Name of Bond Issue: \$6,760,000 Capital Improvement Revenue Bonds, Series 2018
Date of Issuance: November 16, 2018
CUSIPS: 04315YAE7; 04315YAF4; 04315YAG2; 04315YAH0

NOTICE IS HEREBY GIVEN that the [Issuer] [Developer] has not provided an Annual Report with respect to the above-named Bonds as required by [Section 3] [Section 5] of the Continuing Disclosure Agreement dated November 15, 2018, among the Issuer, the Developer and the Dissemination Agent named therein. The [Issuer] [Developer] has advised the undersigned that it anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____, _____, Dissemination Agent

cc: [Issuer] [Developer]

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APPENDIX F

FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING SEPTEMBER 30, 2017

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The background is a dark blue gradient with a white grid pattern. Overlaid on the grid are several white, curved, abstract lines that resemble stylized waves or paths. In the top left corner, there are four small white circles arranged in a 2x2 square.

**ARTISAN LAKES
COMMUNITY
DEVELOPMENT
DISTRICT**

FINANCIAL REPORT
Year Ended September 30, 2017

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

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Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Artisan Lakes Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Artisan Lakes Community Development District* (the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

MCDIRMIT DAVIS & COMPANY, LLC
934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

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, 2017, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 22, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis & Company, LLC

Orlando, Florida
May 22, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the *Artisan Lakes Community Development District's* (the "District") financial performance provides an overview of the District's financial activities for the fiscal years ended September 30, 2017 and 2016. Please read it in conjunction with the District's financial statements which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2017:

- The District's total assets exceeded its liabilities at September 30, 2017 by \$681,923, an increase of \$543,831 in the government wide statement on page 8, in comparison with the prior year. This increase is primarily attributable to property owner's prepaying the entire special assessment for their property. Government wide statements do not consider principal to be an expense.
- At September 30, 2017, the District's governmental funds reported a combined fund balance of \$1,440,049, an increase of \$170,479 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 7 and 8 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one fund type: Governmental Funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 13 through 26 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2017 and 2016:

Artisan Lakes Community Development District
Statement of Net Position

	September 30, 2017	September 30, 2016
Assets, excluding capital assets	\$ 1,446,974	\$ 1,277,315
Capital Assets, net of depreciation	6,548,629	6,848,768
Total assets	7,995,603	8,126,083
Liabilities, excluding long-term liabilities	213,680	232,991
Long-term Liabilities	7,100,000	7,755,000
Total liabilities	7,313,680	7,987,991
Net Position		
Net investment in capital assets	(551,371)	(906,232)
Restricted for debt service	1,150,749	985,266
Unrestricted	82,545	59,058
Total net position	\$ 681,923	\$ 138,092

Governmental activities for the year ended September 30, 2017 increased the District's net position by \$543,831, as reflected in the table below:

Changes in Net Position
Year ended September 30,

	2017	2016
Revenues:		
Program revenues	\$ 1,408,493	\$ 1,153,666
General revenues	-	3
Total revenues	1,408,493	1,153,669
Expenses:		
General government	351,172	356,191
Interest on long-term debt	513,490	553,206
Total expenses	864,662	909,397
Change in net position	543,831	244,272
Net position - beginning	138,092	(106,180)
Net position - ending	\$ 681,923	\$ 138,092

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, an unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. The General and Debt Service Funds comprise the total governmental funds. The fund balance of the Debt Service Fund increased by \$146,992 in the current year because assessment revenue exceeded debt service payments. The fund balance of the General Fund increased \$23,487 from the prior year.

Capital Asset and Debt Administration

The District's investment in capital assets, net of accumulated depreciation, for its governmental activities as of September 30, 2017, amounts to \$6,548,629 and consists of land and improvements and infrastructure.

At the end of the year, the District had total bonded debt outstanding of \$7,100,000. The District's debt represents bonds secured solely by a specified revenue source (i.e., revenue bonds).

Additional information on the District's long-term debt can be found in Note 5 on pages 24 through 25 of this report.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the general fund budget. The legal level of budgetary control is at the fund level.

Requests for Information

This financial report is designed to provide a general overview of *Artisan Lakes Community Development District's* finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Artisan Lakes Community Development District; JPWard & Associates, LLC, 2900 Northeast 12th Terrace, Suite 1, Oakland Park, Florida 33334.

FINANCIAL STATEMENTS

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2017

	<u>Governmental Activities</u>
Assets:	
Cash	\$ 89,394
Assessments receivable	370,058
Restricted assets:	
Temporarily restricted investments	987,522
Capital assets:	
Capital assets being depreciated, net	<u>6,548,629</u>
Total assets	<u>7,995,603</u>
Liabilities:	
Accounts payable and accrued expenses	6,925
Accrued interest payable	206,755
Noncurrent liabilities:	
Due within one year	95,000
Due in more than one year	<u>7,005,000</u>
Total liabilities	<u>7,313,680</u>
Net Position:	
Net investment in capital assets	(551,371)
Restricted for debt service	1,150,749
Unrestricted	<u>82,545</u>
Total net position	<u><u>\$ 681,923</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Program Revenue</u>			Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	Revenue and
		<u>Services</u>	<u>and</u>	Changes in Net
			<u>Contributions</u>	Position
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
General government	\$ 351,172	\$ 74,520	\$ -	\$ (276,652)
Interest on long-term debt	513,490	1,289,338	44,635	820,483
Total governmental activities	<u>\$ 864,662</u>	<u>\$ 1,363,858</u>	<u>\$ 44,635</u>	<u>543,831</u>
General Revenues:				-
Change in net position				543,831
Net Position - beginning				<u>138,092</u>
Net Position - ending				<u>\$ 681,923</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets:			
Cash	\$ 89,394	\$ -	\$ 89,394
Investments	-	987,522	987,522
Assessments receivable	370,058	-	370,058
Due from other funds	-	369,982	369,982
Total assets	<u>\$ 459,452</u>	<u>\$ 1,357,504</u>	<u>\$ 1,816,956</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued expenses	\$ 6,925	\$ -	\$ 6,925
Due to other funds	369,982	-	369,982
Total liabilities	<u>376,907</u>	<u>-</u>	<u>376,907</u>
Fund Balances:			
Restricted for debt service	-	1,357,504	1,357,504
Unassigned	82,545	-	82,545
Total fund balances	<u>82,545</u>	<u>1,357,504</u>	<u>1,440,049</u>
Total liabilities and fund balances	<u>\$ 459,452</u>	<u>\$ 1,357,504</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 6,548,629

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Accrued interest payable	(206,755)	
Bonds payable	<u>(7,100,000)</u>	<u>(7,306,755)</u>
Net Position of Governmental Activities		<u><u>\$ 681,923</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended September 30, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Special assessments	\$ 74,520	\$ 757,239	\$ 831,759
Special assessments - prepayments	-	532,099	532,099
Investment income	-	44,635	44,635
Total revenues	<u>74,520</u>	<u>1,333,973</u>	<u>1,408,493</u>
Expenditures:			
Current:			
General government	51,033	-	51,033
Debt service:			
Interest	-	531,981	531,981
Principal	-	655,000	655,000
Total expenditures	<u>51,033</u>	<u>1,186,981</u>	<u>1,238,014</u>
Excess (Deficit) of Revenues Over Expenditures	23,487	146,992	170,479
Fund Balances - beginning of year	<u>59,058</u>	<u>1,210,512</u>	<u>1,269,570</u>
Fund Balances - end of year	<u>\$ 82,545</u>	<u>\$ 1,357,504</u>	<u>\$ 1,440,049</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended September 30, 2017

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances - total governmental funds (page 10)	\$ 170,479
Depreciation on capital assets is not recognized in the governmental fund statement, however, depreciation is reported as an expense in the statement of net position.	(300,139)
Governmental funds report outlays for capital assets as expenditure because such outlays use current financial resources; however, in the statement of net position the cost of those assets is recorded as capital assets.	-
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.	655,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest	<u>18,491</u>
Change in Net Position of Governmental Activities (page 8)	<u><u>\$ 543,831</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Special Assessments	\$ 75,652	\$ 75,652	\$ 74,520	\$ (1,132)
Total revenues	<u>75,652</u>	<u>75,652</u>	<u>74,520</u>	<u>(1,132)</u>
Expenditures:				
Current:				
General government	<u>75,652</u>	<u>75,652</u>	<u>51,033</u>	<u>24,619</u>
Total expenditures	<u>75,652</u>	<u>75,652</u>	<u>51,033</u>	<u>24,619</u>
Net change in fund balance	-	-	23,487	23,487
Fund Balance - beginning	<u>59,058</u>	<u>59,058</u>	<u>59,058</u>	<u>-</u>
Fund Balance - ending	<u>\$ 59,058</u>	<u>\$ 59,058</u>	<u>\$ 82,545</u>	<u>\$ 23,487</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2017

Note 1 - Organization and Operations

The Artisan Lakes Community Development District (the "District") was established on August 16, 2007, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 of the Florida Statutes by Manatee County Ordinance 07-64. The Act provides, among other things, the power to manage basic services for community development, the 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 purpose of planning, financing, constructing, operating and maintaining certain portions of community-wide infrastructure. The District consists of 664 acres of land and is located entirely within Manatee County, Florida.

The District is governed by a Board of Supervisors (the "Board"), which is composed of five members. The Supervisors are elected on an at large basis by the owners of property within the District, and ownership of land within the District entitles the owner to one vote per acre. Three of the Board members are affiliated with Taylor Woodrow Communities at Artisan Lakes, LLC (the "Developer") at September 30, 2017. The District is economically dependent on the Developer. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has a final responsibility for:

- Assessing and levying special assessments
- Approving and adopting budgets
- Exercising control over facilities and property
- Controlling the use of funds generated by the District
- Hiring the District Manager, District Engineer and District Attorney
- Financing, operating and maintaining improvements.

Note 2 - Summary of Significant Accounting Policies:

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The District's more significant accounting policies are described below:

The Financial Reporting Entity

The criteria used for including component units consist of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting district's financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Basis of Presentation

Financial Statements - Government-Wide and Fund Financial Statements

The financial statements include both government-wide and fund financial statements.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the district's activities are classified as governmental activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2017, the District did not have any business-type activities and 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. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Basis of Presentation (Continued)

Financial Statements - Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of the funds are accounted for with separate self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures.

The District reports the following governmental funds:

General Fund - This fund is used to account for all operating activities of the District. At this time, revenues are derived principally from non-ad valorem assessments and interest income.

Debt Service Fund - This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest and other financing costs.

For the year ended September 30, 2017, the District does not report any proprietary funds.

Measurement Focus, Basis of Accounting and Presentation

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current year.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Budget

A budget is adopted for the General Fund on an annual basis. Appropriations lapse at fiscal year-end. Changes or amendments to the total budgeted expenditures of the District must be approved by the District Board of Supervisors.

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 property owner's comments.
- c. Prior to October 1, the budget is legally adopted by the District Board.
- d. The budgets are adopted on a basis consistent with generally accepted accounting principles.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

Investments of the District are reported at fair value and are categorized within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The District's investments consist of investments authorized in accordance with Section 218.415, Florida Statutes.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Capital Assets

Capital assets, which include land and improvements, infrastructure and machinery and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Stormwater Improvements	25
Parkway Improvements	20

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2017.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2017.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Special Assessments

The District's Assessments are included on the property tax bill that all landowners receive. The Florida Statutes provide that special assessments may be collected by using the Uniform Method. Under the Uniform Method, the District's Assessments will be collected together with County and other taxes. These Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provided that County taxes become due and payable on November 1 of the year when assessed or as soon thereafter as 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 (together with any assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the District's Assessments. Upon any receipt of moneys by the Tax Collector from the Assessments, such moneys will be delivered to the District.

All city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal and interest on bonds, including the District Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment pursuant to certain conditions in Florida Statutes and other applicable law.

Under the Uniform Method, if the Assessments are paid during November when due or at any time within thirty (30) days after mailing of the original tax notice 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. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the District's Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of the notices to taxpayers may result in a delay throughout this process.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Special Assessments (Continued)

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead exemption under Section 196.075, Florida Statutes that are 65 year old or older may defer taxes and assessments in their entirety.

Collection of Delinquent 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 Assessment due.

Equity Classifications

Government-wide statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation, if applicable, and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction or improvement of those assets
- b. Restricted net position - consist of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Fund Statements

The District presents fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements presents fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has no Nonspendable fund balances as of September 30, 2017.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance as of September 30, 2017.

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District did not have any assigned fund balances as of September 30, 2017.

Unassigned - This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 2 - Summary of Significant Accounting Policies (Continued):

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 - Deposits and Investments:

Deposits

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 equal to various percentages of the average daily balance for each month of all public deposits 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)*.

Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The District adopted GASB 72 during the fiscal year.

Under GASB 72, assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the District's own data in measuring unobservable inputs.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 3 - Deposits and Investments (Continued):

The following is a summary of the District's investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
First American Government Obligation Fund Class Y	\$ 987,522	AAAm	18 days

The District has the following recurring fair value measurements as of September 30, 2017:

- Money market mutual funds of \$987,522 are valued using Level 2 inputs.

These deposits and investments are reflected in the accompanying statement of net position and balance sheet - governmental funds in cash and cash equivalents.

Credit Risk

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated AAAm by Standard and Poor's and AAA-mf by Moody's Investors Service.

Custodial Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, 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. The money market mutual funds are not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

Florida Statutes provide that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due.

Concentration Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2017, the District's investments were not subject to custodial credit risk.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance October 1, 2016	Additions	Disposals	Balance at September 30, 2017
Governmental Activities:				
Capital Assets Being Depreciated:				
Stormwater improvements	\$ 3,966,480	\$ -	\$ -	\$ 3,966,480
Parkway improvements	3,489,593	-	-	3,489,593
Total capital assets being depreciated	<u>7,456,073</u>	<u>-</u>	<u>-</u>	<u>7,456,073</u>
Total capital assets	<u>7,456,073</u>	<u>-</u>	<u>-</u>	<u>7,456,073</u>
Less Accumulated Depreciation for:				
Stormwater improvements	(316,818)	(158,659)	-	(475,477)
Parkway improvements	(290,487)	(141,480)	-	(431,967)
Total accumulated depreciation	<u>(607,305)</u>	<u>(300,139)</u>	<u>-</u>	<u>(907,444)</u>
Total capital assets being depreciated, net	<u>6,848,768</u>	<u>(300,139)</u>	<u>-</u>	<u>6,548,629</u>
Governmental activities capital assets, net	<u>\$ 6,848,768</u>	<u>\$ (300,139)</u>	<u>\$ -</u>	<u>\$ 6,548,629</u>

Provision for depreciation was charged to functions as follows:

Governmental Activities:

General government	<u>\$ 300,139</u>
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ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 5 - Long-Term Debt:

Summary of Long-Term Debt of Governmental Activities

Long-term debt of the governmental activities at September 30, 2017 is comprised of the following:

\$8,515,000 Capital Improvement Revenue Bonds, Series 2013; due in annual installments commencing 2015 through 2044; interest payable semi-annually ranging from 6.75% to 7.25%. \$ 7,100,000

The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2017:

	<u>Balance October 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2017</u>	<u>Due Within One Year</u>
Special Assessment Revenue Bonds, Series 2013	\$ 7,755,000	\$ -	\$ (655,000)	\$ 7,100,000	\$ 95,000
Total	<u>\$ 7,755,000</u>	<u>\$ -</u>	<u>\$ (655,000)</u>	<u>\$ 7,100,000</u>	<u>\$ 95,000</u>

Summary of Significant Debt Terms of Governmental Activities

In December 2013, the District issued \$8,515,000 Series 2013 Capital Improvement Revenue Bonds consisting of Series 2013A-1 \$1,480,000 due May 1, 2034 at 6.75% interest, Series 2013A-1 \$1,950,000 due May 1, 2044 at 7.0% interest, Series 2013A-2 \$2,585,000 due May 1, 2044 at 6.75% interest, and Series 2013A-3 \$2,500,000 due May 1, 2044 at 7.25% interest. The Bonds were issued for the purpose of funding certain capital projects within the boundaries of the District. 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.

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

Note 5 - Long-Term Debt (Continued):

Summary of Significant Debt Terms of Governmental Activities (Continued)

The District is required by the Bond Indenture to levy and collect special assessments pursuant to Florida Statutes, Section 190.022. The collection of these assessments is restricted and applied to the debt service requirements of the Bond issue. Further, the District covenants to levy special assessments in annual amounts adequate to provide for the payment of principal and interest on the Bonds as they become due.

The Bonds are subject to redemption at the option of the District prior to their maturity and on or after May 1, 2024. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture requires a reserve fund requirement as well as other restrictions and requirements related principally to the use of proceeds to pay for the infrastructure improvement and the procedures to be followed by the District on assessments to property owners. As of September 30, 2017, the reserve fund account balance was sufficient to satisfy this requirement.

Total principal and interest remaining the Bonds is \$16,047,826. For the current year ended September 30, 2017, total principal and interest paid on the Bonds was \$1,186,981 and special assessment revenue pledged was \$1,289,338.

The annual debt service requirements for the Series 2013 Capital Improvement Revenue Bonds consist of:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 95,000	\$ 496,213	\$ 591,213
2019	100,000	489,650	589,650
2020	105,000	482,750	587,750
2021	115,000	475,488	590,488
2022	125,000	467,550	592,550
2023 - 2027	755,000	2,197,712	2,952,712
2028 - 2032	1,065,000	1,897,488	2,962,488
2033 - 2037	1,515,000	1,469,150	2,984,150
2038 - 2042	2,135,000	855,663	2,990,663
2043 - 2046	1,090,000	116,162	1,206,162
	<u>\$ 7,100,000</u>	<u>\$ 8,947,826</u>	<u>\$ 16,047,826</u>

ARTISAN LAKES COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2017

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. To mitigate this risk, the District purchases an insurance policy that provides coverage for the cost of general liability for the year ending September 30, 2017. Another insurance policy carried by the District during the year includes public official's liability. Deductible amounts ranged from \$0 to \$2,500. There have been no claims against the District during the last three fiscal years.

Note 7 - Concentration:

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, the loss of which could have a materially adverse effect on the District's ability to pay the principal and interest on the District Series 2013 Bonds, along with the operations of the District. For the period ending September 30, 2017, the Developer's share of annual assessment revenue was 46%. Prepayment of total lot debt is not mandatory by property owners. There was \$370,058 due from the Developer at year end.

At September 30, 2017, three of the members of the Board of Supervisors are affiliated with the Developer.

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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
Artisan Lakes Community Development District

We have audited, 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, the financial statements of the governmental activities, and each major fund of the *Artisan Lakes Community Development District* (the "District") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 22, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDiarmid Davis & Company, LLC

Orlando, Florida
May 22, 2018

MANAGEMENT COMMENTS

Board of Supervisors
Artisan Lakes Community Development District

Report on the Financial Statements

We have audited the financial statements of the *Artisan Lakes Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 22, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550. Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 22, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require 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 such findings in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

29MCDIRMIT DAVIS & COMPANY, LLC

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Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDiarmid Davis & Company, LLC

Orlando, Florida
May 22, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors
Artisan Lakes Community Development District

We have examined Artisan Lakes Community Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

MCDIRMIT DAVIS & COMPANY, LLC

Orlando, Florida
May 22, 2018

