

JPWard and Associates, LLC

**ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT DISTRICT**

REGULAR MEETING

**AGENDA
May 15, 2019**



James P. Ward
District Manager
2900 NE 12th Terrace, Suite 1
Oakland Park, FL. 33334

Phone: 954-658-4900
E-mail:
JimWard@JPWardAssociates.com



**Prepared by:
JPWard and Associates, LLC
TOTAL Commitment to Excellence**

ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT

May 7, 2019

Board of Supervisors
Esplanade Lake Club Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Esplanade Lake Club Community Development District will be held on **Wednesday, May 15, 2019 at 1:00 p.m.** at **Waldrop Engineering, 28100 Bonita Grande Drive, Suite 304, Bonita Springs, Florida 34135**

1. Call to Order & Roll Call.
2. Consideration of acceptance of the resignations of Mr. Thomas Buckley from Seat 3 effective January 16, 2019 and Mr. Adam Painter from Seat 2 effective February 13, 2019 and the appointment to fill the vacancy in seats two (2) and three (3).
 - I. Acceptance of Resignation of Mr. Buckley
 - II. Acceptance of Resignation of Mr. Painter.
 - III. Consideration of Appointment to fill the unexpired term of office for Seat 2 and Seat 3.
 - IV. Oath of Office.
 - V. Guide to the Sunshine Law and Code of Ethics for Public Employees.
 - VI. Form 1 – Statement of Financial Interests.
3. Consideration of Resolution 2019-18 re-designating the officers of the Esplanade Lake Club Community Development District.
4. Consideration of ranking of engineering proposal to serve as district engineer and agreement(s) with Waldrop Engineering.
 - a) Ranking of engineering proposal (one proposal received)
 - b) Master engineering services agreement
5. Authorizing the execution of an Agreement with Taylor Morrison of Florida and Bond Counsel waiving any conflict of interest, relative to Greenspoon Marder, LLP representation of Taylor Woodrow of Florida, Inc. in various transactions unrelated to the District.
6. Consideration of Resolution 2019-19 designating a date, time and location of a public hearing regarding the District's intent to use the uniform method for the levy, collection, and enforcement of non-ad valorem special assessments as authorized by Section 197.3632, Florida Statutes. The Public hearing will be held on **Wednesday June 19, 2019 at 1:00 P.M. at the offices of Waldrop Engineering, 28100 Bonita Grande Drive, Suite 304, Bonita Springs, Florida 34135.**



James P. Ward
District Manager

2900 NORTHEAST 12TH TERRACE, SUITE 1
OAKLAND PARK, FLORIDA 33334
PHONE (954) 658-4900
E-MAIL JimWard@JPWardAssociates.com

7. Consideration of Resolution 2019-20 declaring special assessments, designating the nature and location of the proposed improvements, declaring the total estimated cost of the improvements (\$30,070,00) the portion to be paid by assessments, and the manner and timing in which the assessments are to be paid, designating the lands upon which the assessments shall be levied, providing for an assessment plat and a preliminary assessment roll, addressing the setting of a public hearing and providing for publication. The Public hearing will be held on **Wednesday June 19, 2019 at 1:00 P.M. at the offices of Waldrop Engineering, 28100 Bonita Grande Drive, Suite 304, Bonita Springs, Florida 34135.**

8. Consideration of Resolution 2019-21 authorizing the issuance of it's capital improvement revenue bonds, in one or more series, in an aggregate principal amount of not exceeding \$30,070,000 to finance the cost of public infrastructure and facilities benefitting District lands and/or acquiring related interests in land and for refunding purposes, approving the form of a master trust indenture relating to the bonds and authorizing execution of the master trust indenture, providing for indentures supplemental thereto, appointing a trustee, paying agent and bond registrar for the bonds, approving the form of and authorizing execution of the bonds, authorizing the application of the proceeds of the bonds, authorizing judicial validation of the bonds.

9. Consideration of Resolution 2019-22 approving the District's post-issuance compliance guide for tax-exempt bonds.

10. Staff Reports
 - a) District Attorney
 - b) District Engineer
 - c) District Manager
 - I. Report on Registered Voters
 - II. Financial Statements March 31, 2019 (Unaudited)

11. Supervisor's Requests and Audience Comments

12. Adjournment



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PHONE (954) 658-4900

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The second order of business is the acceptance of the resignations of Mr. Buckley (Seat 3) and Mr. Painter (Seat 2). Enclosed is the resignation letters from Mr. Buckley and Mr. Painter, which, as a matter of law, is effective on the date provided in the letter of resignation, which is January 16, 2019 for Mr. Buckley and February 13, 2019 for Mr. Painter. For the record only, we will ask for the Board to accept the resignation of Mr. Buckley (seat 3) and Mr. Painter (Seat 2).

The next item deals with the replacement of the member(s) who have resigned from the Board. The District's Charter, Chapter 190 F.S. provides the mechanism for which to replace a member(s) who have resigned. Essentially, the remaining members, by majority vote of the Board of Supervisor's have the sole responsibility for filling the unexpired term of office of the resigning member(s).

Once the Board appoints an individual to fill the seats, I will take the opportunity to swear those individuals into office.

The newly appointed Board Member must file a Form 1 – Statement of Financial Interests, which must be filed with the Supervisor of Election's in the County in which he/she resides within thirty (30) days of being seated on this Board.

Additionally, if any of the newly appointed Board currently sits as members of any other Community Development District Board's, you must amend your current Form 1 – Statement of Financial Interests to now include the Flow Way Community Development District. The amended form must be filed with the Supervisor of Election's in the County in which you reside within thirty (30) days of being seated on this Board of Supervisors.

The third order of business is consideration of Resolution 2019-18 which re-designates the officer of the Board of Supervisor's.

The forth order of business is consideration of the ranking of the engineering proposals that were received in response to the District's request for qualifications. There was one proposal received, from Waldrop Engineering, P.A. The required procedure requires the Board to rank the proposals, (non price based proposals) based on each firms qualifications, and I have enclosed an engineering ranking form for your use. The ranking form itself is NOT required, and you may use any procedure that you would like. Once ranked, then staff must negotiate a contract with the number one ranked firm and that proposed agreement will then be brought to the Board.

In order to shorten the process somewhat, I have enclosed a form of engineering agreement that we will ask the Board to approve, subject only to non-substantive changes that may be needed once we review the agreement with the number one (1) ranked firm.



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In addition, and deferred from the last meeting, is an agreement with Waldrop Engineering P.A. for the preparation of the master engineer's report for the proposed capital infrastructure program.

The fifth order of business is the acceptance of the agreement with Taylor Morrison of Florida and Bond Counsel waiving any conflict of interest, relative to Greenspoon Marder, LLP representation of Taylor Woodrow of Florida, Inc. in various transactions unrelated to the District.

The sixth order of business is the consideration of Resolution 2019-19 designating a date, time and location of a public hearing regarding the District's intent to use the uniform method for the levy, collection, and enforcement of non-ad valorem special assessments. The Public hearing will be held on **Wednesday June 19, 2019 at 1:00 P.M. at the offices of Waldrop Engineering, 28100 Bonita Grande Drive, Suite 304, Bonita Springs, Florida 34135.**

The seventh order of business is the consideration of Resolution 2019-20 declaring special assessments, designating the nature and location of the proposed improvements, declaring the total estimated cost of the improvements the portion to be paid by assessments, and the manner and timing in which the assessments are to be paid, designating the lands upon which the assessments shall be levied, providing for an assessment plat and a preliminary assessment roll, addressing the setting of a public hearing and providing for publication. The Public hearing will be held on **Wednesday June 19, 2019 at 1:00 P.M. at the offices of Waldrop Engineering, 28100 Bonita Grande Drive, Suite 304, Bonita Springs, Florida 34135.**

The eight order of business is the consideration of Resolution 2019-21 authorizing the issuance of its capital improvement revenue bonds, in one or more series, in an aggregate principal amount of not exceeding \$30,070,000 to finance the cost of public infrastructure and facilities benefitting District lands and/or acquiring related interests in land and for refunding purposes, approving the form of a master trust indenture relating to the bonds and authorizing execution of the master trust indenture, providing for indentures supplemental thereto, appointing a trustee, paying agent and bond registrar for the bonds, approving the form of and authorizing execution of the bonds, authorizing the application of the proceeds of the bonds, authorizing judicial validation of the bonds.

The ninth order of business Consideration of Resolution 2019-22 approving the District's post-issuance compliance guide for tax-exempt bonds.



James P. Ward
District Manager

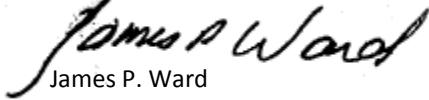
2900 NORTHEAST 12TH TERRACE, SUITE 1
OAKLAND PARK, FLORIDA 33334

PHONE (954) 658-4900

E-MAIL JimWard@JPWardAssociates.com

The remainder of the Agenda is standard in nature, and in the meantime, if you have any questions or comments; please do not hesitate to contact me directly at (954) 658-4900.

Esplanade Lake Club Community Development District



James P. Ward
District Manager



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District Manager

2900 NORTHEAST 12TH TERRACE, SUITE 1
OAKLAND PARK, FLORIDA 33334

PHONE (954) 658-4900

E-MAIL JimWard@JPWardAssociates.com

THOMAS BUCKLEY
6287 Anise Drive, Sarasota, Florida 34238

January 16, 2019

Sent via email: JimWard@JPWardAssociates.com

Esplanade Lake Community Development District
2900 Northeast 12th Terrace, Suite 1
Oakland Park, Florida 33334

Subject: Board of Supervisor's

Attention: Board of Supervisor's

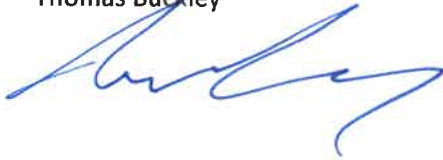
Dear Board Members,

I hereby submit my resignation to the Board of Supervisor's, effective immediately.

Thank you,

Yours sincerely,

Thomas Buckley



ADAM PAINTER
120 Paramount Drive Apt 102
Sarasota, Florida 34232

February 13, 2019

Esplanade Lake Club Community Development District
2900 Northeast 12th Terrace, Suite 1
Oakland Park, Florida 33334

Subject: Board of Supervisor's

Attention: Board of Supervisor's

Dear Board Members,

I hereby submit my resignation to the Board of Supervisor's, effective immediately.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Adam Painter", with a stylized flourish at the end.

Adam Painter

Oath or Affirmation of Office

I _____ a citizen of the State of Florida and of the United States of America, and being an officer of the **Esplanade Lake Club Community Development District** and a recipient of public funds as such officer, do hereby solemnly swear or affirm that I will support the Constitution of the United States and of the State of Florida, and will faithfully, honestly and impartially discharge the duties devolving upon me as a member of the Board of Supervisors of the **Esplanade Lake Club Community Development District**, Lee County, Florida.

Signature

Printed Name

STATE OF FLORIDA
COUNTY OF LEE

Sworn to (or affirmed) before me this _____ day of _____, 2019, by _____, whose signature appears hereinabove, who is personally known to me or who produced _____ as identification.

NOTARY PUBLIC
STATE OF FLORIDA

Print Name

My Commission Expires: _____

FLORIDA COMMISSION ON ETHICS



GUIDE
to the
SUNSHINE AMENDMENT
and
CODE of ETHICS
for Public Officers and Employees

2018

State of Florida
COMMISSION ON ETHICS

Michelle Anchors, Chair
Ft. Walton Beach

Michael Cox, Vice Chair
Trinity

Jason David Berger
Palm City

Daniel Brady, PH.D.
Miami Shores

Matthew J. Carson
Tallahassee

Guy W. Norris
Lake City

Kimberly Bonder Rezanka
Cocoa

Virindia Doss
Executive Director
P.O. Drawer 15709
Tallahassee, FL 32317-5709
www.ethics.state.fl.us
(850) 488-7864*

*Please direct all requests for information to this number.

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I. HISTORY OF FLORIDA'S ETHICS LAWS

Florida has been a leader among the states in establishing ethics standards for public officials and recognizing the right of citizens to protect the public trust against abuse. Our state Constitution was revised in 1968 to require a code of ethics, prescribed by law, for all state employees and non-judicial officers prohibiting conflict between public duty and private interests.

Florida's first successful constitutional initiative resulted in the adoption of the Sunshine Amendment in 1976, providing additional constitutional guarantees concerning ethics in government. In the area of enforcement, the Sunshine Amendment requires that there be an independent commission (the Commission on Ethics) to investigate complaints concerning breaches of public trust by public officers and employees other than judges.

The Code of Ethics for Public Officers and Employees is found in Chapter 112 (Part III) of the Florida Statutes. Foremost among the goals of the Code is to promote the public interest and maintain the respect of the people for their government. The Code is also intended to ensure that public officials conduct themselves independently and impartially, not using their offices for private gain other than compensation provided by law. While seeking to protect the integrity of government, the Code also seeks to avoid the creation of unnecessary barriers to public service.

Criminal penalties, which initially applied to violations of the Code, were eliminated in 1974 in favor of administrative enforcement. The Legislature created the Commission on Ethics that year "to serve as guardian of the standards of conduct" for public officials, state and local. Five of the Commission's nine members are appointed by the Governor, and two each are appointed by the President of the Senate and Speaker of the House of Representatives. No more than five Commission members may be members of the same political party, and none may be lobbyists, or hold any public employment during their two-year terms of office. A chair is selected from among the members to serve a one-year term and may not succeed himself or herself.

II. ROLE OF THE COMMISSION ON ETHICS

In addition to its constitutional duties regarding the investigation of complaints, the Commission:

- Renders advisory opinions to public officials;
- Prescribes forms for public disclosure;
- Prepares mailing lists of public officials subject to financial disclosure for use by Supervisors of Elections and the Commission in distributing forms and notifying delinquent filers;
- Makes recommendations to disciplinary officials when appropriate for violations of ethics and disclosure laws, since it does not impose penalties;

- Administers the Executive Branch Lobbyist Registration and Reporting Law;
- Maintains financial disclosure filings of constitutional officers and state officers and employees; and,
- Administers automatic fines for public officers and employees who fail to timely file required annual financial disclosure.

III. THE ETHICS LAWS

The ethics laws generally consist of two types of provisions, those prohibiting certain actions or conduct and those requiring that certain disclosures be made to the public. The following descriptions of these laws have been simplified in an effort to provide notice of their requirements. Therefore, we suggest that you also review the wording of the actual law. Citations to the appropriate laws are in brackets.

The laws summarized below apply generally to all public officers and employees, state and local, including members of advisory bodies. The principal exception to this broad coverage is the exclusion of judges, as they fall within the jurisdiction of the Judicial Qualifications Commission.

Public Service Commission (PSC) members and employees, as well as members of the PSC Nominating Council, are subject to additional ethics standards that are enforced by the Commission on Ethics under Chapter 350, Florida Statutes. Further, members of the governing boards of charter schools are subject to some of the provisions of the Code of Ethics [Sec. 1002.33(26), Fla. Stat.], as are the officers, directors, chief executive officers and some employees of business entities that serve as the chief administrative or executive officer or employee of a political subdivision. [Sec. 112.3136, Fla. Stat.].

A. PROHIBITED ACTIONS OR CONDUCT

1. *Solicitation and Acceptance of Gifts*

Public officers, employees, local government attorneys, and candidates are prohibited from soliciting or accepting anything of value, such as a gift, loan, reward, promise of future employment, favor, or service that is based on an understanding that their vote, official action, or judgment would be influenced by such gift. [Sec. 112.313(2), Fla. Stat.]

Persons required to file financial disclosure FORM 1 or FORM 6 (see Part III F of this brochure), and state procurement employees, are prohibited from **soliciting** any gift from a political committee, lobbyist who has lobbied the official or his or her agency within the past 12 months, or the partner, firm, employer, or principal of such a lobbyist or from a vendor doing business with the official's agency. [Sec. 112.3148, Fla. Stat.]

Persons required to file FORM 1 or FORM 6, and state procurement employees are prohibited from directly or indirectly **accepting** a gift worth more than \$100 from such a lobbyist, from a partner, firm, employer, or principal of the lobbyist, or from a political committee or vendor doing business with their agency. [Sec.112.3148, Fla. Stat.]

However, effective in 2006 and notwithstanding Sec. 112.3148, Fla. Stat., no Executive Branch lobbyist or principal shall make, directly or indirectly, and no Executive Branch agency official who files FORM 1 or FORM 6 shall knowingly accept, directly or indirectly, **any expenditure** made for the purpose of lobbying. [Sec. 112.3215, Fla. Stat.] Typically, this would include gifts valued at less than \$100 that formerly were permitted under Section 112.3148, Fla. Stat. Similar rules apply to members and employees of the Legislature. However, these laws are not administered by the Commission on Ethics. [Sec. 11.045, Fla. Stat.]

Also, effective May 1, 2013, persons required to file Form 1 or Form 6, and state procurement employees and members of their immediate families, are prohibited from accepting any gift from a political committee. [Sec. 112.31485, Fla. Stat.]

2. Unauthorized Compensation

Public officers or employees, local government attorneys, and their spouses and minor children are prohibited from accepting any compensation, payment, or thing of value when they know, or with the exercise of reasonable care should know, that it is given to influence a vote or other official action. [Sec. 112.313(4), Fla. Stat.]

3. Misuse of Public Position

Public officers and employees, and local government attorneys are prohibited from corruptly using or attempting to use their official positions or the resources thereof to obtain a special privilege or benefit for themselves or others. [Sec. 112.313(6), Fla. Stat.]

4. Disclosure or Use of Certain Information

Public officers and employees and local government attorneys are prohibited from disclosing or using information not available to the public and obtained by reason of their public position, for the personal benefit of themselves or others. [Sec. 112.313(8), Fla. Stat.]

5. *Solicitation or Acceptance of Honoraria*

Persons required to file financial disclosure FORM 1 or FORM 6 (see Part III F of this brochure), and state procurement employees, are prohibited from **soliciting** honoraria related to their public offices or duties. [Sec. 112.3149, Fla. Stat.]

Persons required to file FORM 1 or FORM 6, and state procurement employees, are prohibited from knowingly **accepting** an honorarium from a political committee, lobbyist who has lobbied the person's agency within the past 12 months, or the partner, firm, employer, or principal of such a lobbyist, or from a vendor doing business with the official's agency. However, they may accept the payment of expenses related to an honorarium event from such individuals or entities, provided that the expenses are disclosed. See Part III F of this brochure. [Sec. 112.3149, Fla. Stat.]

Lobbyists and their partners, firms, employers, and principals, as well as political committees and vendors, are prohibited from **giving** an honorarium to persons required to file FORM 1 or FORM 6 and to state procurement employees. Violations of this law may result in fines of up to \$5,000 and prohibitions against lobbying for up to two years. [Sec. 112.3149, Fla. Stat.]

However, notwithstanding Sec. 112.3149, Fla. Stat., no Executive Branch or legislative lobbyist or principal shall make, directly or indirectly, and no Executive Branch agency official who files FORM 1 or FORM 6 shall knowingly accept, directly or indirectly, **any expenditure** made for the purpose of lobbying. [Sec. 112.3215, Fla. Stat.] This may include honorarium event related expenses that formerly were permitted under Sec. 112.3149, Fla. Stat. Similar rules apply to members and employees of the Legislature. However, these laws are not administered by the Commission on Ethics. [Sec. 11.045, Fla. Stat.]

B. PROHIBITED EMPLOYMENT AND BUSINESS RELATIONSHIPS

1. *Doing Business With One's Agency*

(a) A public employee acting as a purchasing agent, or public officer acting in an official capacity, is prohibited from purchasing, renting, or leasing any realty, goods, or services for his or her agency from a business entity in which the officer or employee or his or her spouse or child owns more than a 5% interest. [Sec. 112.313(3), Fla. Stat.]

(b) A public officer or employee, acting in a private capacity, also is prohibited from renting, leasing, or selling any realty, goods, or services to his or her own agency if the officer or employee is a state officer or employee, or, if he or she is an officer or employee of a political subdivision, to that subdivision or any of its agencies. [Sec. 112.313(3), Fla. Stat.]

2. *Conflicting Employment or Contractual Relationship*

(a) A public officer or employee is prohibited from holding any employment or contract with any business entity or agency regulated by or doing business with his or her public agency. [Sec. 112.313(7), Fla. Stat.]

(b) A public officer or employee also is prohibited from holding any employment or having a contractual relationship which will pose a frequently recurring conflict between the official's private interests and public duties or which will impede the full and faithful discharge of the official's public duties. [Sec. 112.313(7), Fla. Stat.]

(c) Limited exceptions to this prohibition have been created in the law for legislative bodies, certain special tax districts, drainage districts, and persons whose professions or occupations qualify them to hold their public positions. [Sec. 112.313(7)(a) and (b), Fla. Stat.]

3. *Exemptions—Pursuant to Sec. 112.313(12), Fla. Stat., the prohibitions against doing business with one's agency and having conflicting employment may not apply:*

(a) When the business is rotated among all qualified suppliers in a city or county.

(b) When the business is awarded by sealed, competitive bidding and neither the official nor his or her spouse or child have attempted to persuade agency personnel to enter the contract. NOTE: Disclosure of the interest of the official, spouse, or child and the nature of the business must be filed prior to or at the time of submission of the bid on Commission FORM 3A with the Commission on Ethics or Supervisor of Elections, depending on whether the official serves at the state or local level.

(c) When the purchase or sale is for legal advertising, utilities service, or for passage on a common carrier.

(d) When an emergency purchase must be made to protect the public health, safety, or welfare.

(e) When the business entity is the only source of supply within the political subdivision and there is full disclosure of the official's interest to the governing body on Commission FORM 4A.

(f) When the aggregate of any such transactions does not exceed \$500 in a calendar year.

(g) When the business transacted is the deposit of agency funds in a bank of which a county, city, or district official is an officer, director, or stockholder, so long as agency records show that the governing body has determined that the member did not favor his or her bank over other qualified banks.

(h) When the prohibitions are waived in the case of ADVISORY BOARD MEMBERS by the appointing person or by a two-thirds vote of the appointing body (after disclosure on Commission FORM 4A).

(i) When the public officer or employee purchases in a private capacity goods or services, at a price and upon terms available to similarly situated members of the general public, from a business entity which is doing business with his or her agency.

(j) When the public officer or employee in a private capacity purchases goods or services from a business entity which is subject to the regulation of his or her agency where the price and terms of the transaction are available to similarly situated members of the general public and the officer or employee makes full disclosure of the relationship to the agency head or governing body prior to the transaction.

4. Additional Exemptions

No elected public officer is in violation of the conflicting employment prohibition when employed by a tax exempt organization contracting with his or her agency so long as the officer is not directly or indirectly compensated as a result of the contract, does not participate in any way in the decision to enter into the contract, abstains from voting on any matter involving the employer, and makes certain disclosures. [Sec. 112.313(15), Fla. Stat.] A qualified blind trust established pursuant to Sec. 112.31425, Fla. Stat., may afford an official protection from conflicts of interest arising from assets placed in the trust.

5. Legislators Lobbying State Agencies

A member of the Legislature is prohibited from representing another person or entity for compensation during his or her term of office before any state agency other than judicial tribunals. [Art. II, Sec. 8(e), Fla. Const., and Sec. 112.313(9), Fla. Stat.]

6. Employees Holding Office

A public employee is prohibited from being a member of the governing body which serves as his or her employer. [Sec. 112.313(10), Fla. Stat.]

7. Professional and Occupational Licensing Board Members

An officer, director, or administrator of a state, county, or regional professional or occupational organization or association, while holding such position, may not serve as a member of a state examining or licensing board for the profession or occupation. [Sec. 112.313(11), Fla. Stat.]

8. *Contractual Services: Prohibited Employment*

A state employee of the executive or judicial branch who participates in the decision-making process involving a purchase request, who influences the content of any specification or procurement standard, or who renders advice, investigation, or auditing, regarding his or her agency's contract for services, is prohibited from being employed with a person holding such a contract with his or her agency. [Sec. 112.3185(2), Fla. Stat.]

9. *Local Government Attorneys*

Local government attorneys, such as the city attorney or county attorney, and their law firms are prohibited from representing private individuals and entities before the unit of local government which they serve. A local government attorney cannot recommend or otherwise refer to his or her firm legal work involving the local government unit unless the attorney's contract authorizes or mandates the use of that firm. [Sec. 112.313(16), Fla. Stat.]

10. *Dual Public Employment*

Candidates and elected officers are prohibited from accepting public employment if they know or should know it is being offered for the purpose of influence. Further, public employment may not be accepted unless the position was already in existence or was created without the anticipation of the official's interest, was publicly advertised, and the officer had to meet the same qualifications and go through the same hiring process as other applicants. For elected public officers already holding public employment, no promotion given for the purpose of influence may be accepted, nor may promotions that are inconsistent with those given other similarly situated employees. [Sec. 112.3125, Fla. Stat.]

C. RESTRICTIONS ON APPOINTING, EMPLOYING, AND CONTRACTING WITH RELATIVES

1. *Anti-Nepotism Law*

A public official is prohibited from seeking for a relative any appointment, employment, promotion, or advancement in the agency in which he or she is serving or over which the official exercises jurisdiction or control. No person may be appointed, employed, promoted, or advanced in or to a position in an agency if such action has been advocated by a related public official who is serving in or exercising jurisdiction or control over the agency; this includes relatives of members of collegial government bodies. NOTE: This prohibition does not apply to school districts (except as provided in Sec. 1012.23, Fla. Stat.), community colleges and state universities, or to appointments of boards, other than those with land-planning or zoning responsibilities, in municipalities of fewer than 35,000 residents. Also, the approval of budgets does not constitute "jurisdiction or control" for the purposes

of this prohibition. This provision does not apply to volunteer emergency medical, firefighting, or police service providers. [Sec. 112.3135, Fla. Stat.]

2. Additional Restrictions

A state employee of the executive or judicial branch or the PSC is prohibited from directly or indirectly procuring contractual services for his or her agency from a business entity of which a relative is an officer, partner, director, or proprietor, or in which the employee, or his or her spouse, or children own more than a 5% interest. [Sec. 112.3185(6), Fla. Stat.]

D. POST OFFICE HOLDING AND EMPLOYMENT (REVOLVING DOOR) RESTRICTIONS

1. Lobbying by Former Legislators, Statewide Elected Officers, and Appointed State Officers

A member of the Legislature or a statewide elected or appointed state official is prohibited for two years following vacation of office from representing another person or entity for compensation before the government body or agency of which the individual was an officer or member. Former members of the Legislature are also prohibited for two years from lobbying the executive branch. [Art. II, Sec. 8(e), Fla. Const. and Sec. 112.313(9), Fla. Stat.]

2. Lobbying by Former State Employees

Certain employees of the executive and legislative branches of state government are prohibited from personally representing another person or entity for compensation before the agency with which they were employed for a period of two years after leaving their positions, unless employed by another agency of state government. [Sec. 112.313(9), Fla. Stat.] These employees include the following:

(a) Executive and legislative branch employees serving in the Senior Management Service and Selected Exempt Service, as well as any person employed by the Department of the Lottery having authority over policy or procurement.

(b) Persons serving in the following position classifications: the Auditor General; the director of the Office of Program Policy Analysis and Government Accountability (OPPAGA); the Sergeant at Arms and Secretary of the Senate; the Sergeant at Arms and Clerk of the House of Representatives; the executive director and deputy executive director of the Commission on Ethics; an executive director, staff director, or deputy staff director of each joint committee, standing committee, or select committee of the Legislature; an executive director, staff director, executive assistant, legislative analyst, or attorney serving in the Office of the President of the Senate, the Office of the Speaker of the House of Representatives, the Senate Majority Party Office, the Senate Minority Party Office, the

House Majority Party Office, or the House Minority Party Office; the Chancellor and Vice-Chancellors of the State University System; the general counsel to the Board of Regents; the president, vice presidents, and deans of each state university; any person hired on a contractual basis and having the power normally conferred upon such persons, by whatever title; and any person having the power normally conferred upon the above positions.

This prohibition does not apply to a person who was employed by the Legislature or other agency prior to July 1, 1989; who was a defined employee of the State University System or the Public Service Commission who held such employment on December 31, 1994; or who reached normal retirement age and retired by July 1, 1991. It does apply to OPS employees.

PENALTIES: Persons found in violation of this section are subject to the penalties contained in the Code (see PENALTIES, Part V) as well as a civil penalty in an amount equal to the compensation which the person received for the prohibited conduct. [Sec. 112.313(9)(a)5, Fla. Stat.]

3. Additional Restrictions on Former State Employees

A former executive or judicial branch employee or PSC employee is prohibited from having employment or a contractual relationship, at any time after retirement or termination of employment, with any business entity (other than a public agency) in connection with a contract in which the employee participated personally and substantially by recommendation or decision while a public employee. [Sec. 112.3185(3), Fla. Stat.]

A former executive or judicial branch employee or PSC employee who has retired or terminated employment is prohibited from having any employment or contractual relationship for two years with any business entity (other than a public agency) in connection with a contract for services which was within his or her responsibility while serving as a state employee. [Sec.112.3185(4), Fla. Stat.]

Unless waived by the agency head, a former executive or judicial branch employee or PSC employee may not be paid more for contractual services provided by him or her to the former agency during the first year after leaving the agency than his or her annual salary before leaving. [Sec. 112.3185(5), Fla. Stat.]

These prohibitions do not apply to PSC employees who were so employed on or before Dec. 31, 1994.

4. Lobbying by Former Local Government Officers and Employees

A person elected to county, municipal, school district, or special district office is prohibited from representing another person or entity for compensation before the government body or agency of

which he or she was an officer for two years after leaving office. Appointed officers and employees of counties, municipalities, school districts, and special districts may be subject to a similar restriction by local ordinance or resolution. [Sec. 112.313(13) and (14), Fla. Stat.]

E. VOTING CONFLICTS OF INTEREST

State public officers are prohibited from voting in an official capacity on any measure which they know would inure to their own special private gain or loss. A state public officer who abstains, or who votes on a measure which the officer knows would inure to the special private gain or loss of any principal by whom he or she is retained, of the parent organization or subsidiary or sibling of a corporate principal by which he or she is retained, of a relative, or of a business associate, must make every reasonable effort to file a memorandum of voting conflict with the recording secretary in advance of the vote. If that is not possible, it must be filed within 15 days after the vote occurs. The memorandum must disclose the nature of the officer's interest in the matter.

No county, municipal, or other local public officer shall vote in an official capacity upon any measure which would inure to his or her special private gain or loss, or which the officer knows would inure to the special private gain or loss of any principal by whom he or she is retained, of the parent organization or subsidiary or sibling of a corporate principal by which he or she is retained, of a relative, or of a business associate. The officer must publicly announce the nature of his or her interest before the vote and must file a memorandum of voting conflict on Commission Form 8B with the meeting's recording officer within 15 days after the vote occurs disclosing the nature of his or her interest in the matter. However, members of community redevelopment agencies and district officers elected on a one-acre, one-vote basis are not required to abstain when voting in that capacity.

No appointed state or local officer shall participate in any matter which would inure to the officer's special private gain or loss, the special private gain or loss of any principal by whom he or she is retained, of the parent organization or subsidiary or sibling of a corporate principal by which he or she is retained, of a relative, or of a business associate, without first disclosing the nature of his or her interest in the matter. The memorandum of voting conflict (Commission Form 8A or 8B) must be filed with the meeting's recording officer, be provided to the other members of the agency, and be read publicly at the next meeting.

If the conflict is unknown or not disclosed prior to the meeting, the appointed official must orally disclose the conflict at the meeting when the conflict becomes known. Also, a written memorandum of voting conflict must be filed with the meeting's recording officer within 15 days of the disclosure being made and must be provided to the other members of the agency, with the disclosure being read publicly at the next scheduled meeting. [Sec. 112.3143, Fla. Stat.]

A qualified blind trust established pursuant to Sec. 112.31425, Fla. Stat., may afford an official protection from voting conflicts of interest arising from assets placed in the trust.

F. DISCLOSURES

Conflicts of interest may occur when public officials are in a position to make decisions that affect their personal financial interests. This is why public officers and employees, as well as candidates who run for public office, are required to publicly disclose their financial interests. The disclosure process serves to remind officials of their obligation to put the public interest above personal considerations. It also helps citizens to monitor the considerations of those who spend their tax dollars and participate in public policy decisions or administration.

All public officials and candidates do not file the same degree of disclosure; nor do they all file at the same time or place. Thus, care must be taken to determine which disclosure forms a particular official or candidate is required to file.

The following forms are described below to set forth the requirements of the various disclosures and the steps for correctly providing the information in a timely manner.

1. FORM 1 - Limited Financial Disclosure

Who Must File:

Persons required to file FORM 1 include all state officers, local officers, candidates for local elective office, and specified state employees as defined below (other than those officers who are required by law to file FORM 6).

STATE OFFICERS include:

- 1) Elected public officials not serving in a political subdivision of the state and any person appointed to fill a vacancy in such office, unless required to file full disclosure on Form 6.

- 2) Appointed members of each board, commission, authority, or council having statewide jurisdiction, excluding members of solely advisory bodies; but including judicial nominating commission members; directors of Enterprise Florida, Scripps Florida Funding Corporation, and CareerSource Florida, and members of the Council on the Social Status of Black Men and Boys; the Executive Director, governors, and senior managers of Citizens Property Insurance Corporation; governors and senior managers of Florida Workers' Compensation Joint Underwriting Association, board members of the Northeast Florida Regional Transportation Commission, and members of the board of Triumph Gulf Coast, Inc.;

members of the board of Florida is for Veterans, Inc.; and members of the Technology Advisory Council within the Agency for State Technology.

3) The Commissioner of Education, members of the State Board of Education, the Board of Governors, local boards of trustees and presidents of state universities, and members of the Florida Prepaid College Board.

LOCAL OFFICERS include:

1) Persons elected to office in any political subdivision (such as municipalities, counties, and special districts) and any person appointed to fill a vacancy in such office, unless required to file full disclosure on Form 6.

2) Appointed members of the following boards, councils, commissions, authorities, or other bodies of any county, municipality, school district, independent special district, or other political subdivision: the governing body of the subdivision; a community college or junior college district board of trustees; a board having the power to enforce local code provisions; a planning or zoning board, board of adjustments or appeals, community redevelopment agency board, or other board having the power to recommend, create, or modify land planning or zoning within the political subdivision, except for citizen advisory committees, technical coordinating committees, and similar groups who only have the power to make recommendations to planning or zoning boards, except for representatives of a military installation acting on behalf of all military installations within that jurisdiction; a pension board or retirement board empowered to invest pension or retirement funds or to determine entitlement to or amount of a pension or other retirement benefit.

3) Any other appointed member of a local government board who is required to file a statement of financial interests by the appointing authority or the enabling legislation, ordinance, or resolution creating the board.

4) Persons holding any of these positions in local government: mayor; county or city manager; chief administrative employee or finance director of a county, municipality, or other political subdivision; county or municipal attorney; chief county or municipal building inspector; county or municipal water resources coordinator; county or municipal pollution control director; county or municipal environmental control director; county or municipal administrator with power to grant or deny a land development permit; chief of police; fire chief; municipal clerk; appointed district school superintendent; community college president; district medical examiner; purchasing agent (regardless of title) having the authority to make any purchase exceeding \$20,000 for the local governmental unit.

5) Members of governing boards of charter schools operated by a city or other public entity.

6) The officers, directors, and chief executive officer of a corporation, partnership, or other business entity that is serving as the chief administrative or executive officer or employee of a political subdivision, and any business entity employee who is acting as the chief administrative or executive officer or employee of the political subdivision. [Sec. 112.3136, Fla. Stat.]

SPECIFIED STATE EMPLOYEE includes:

1) Employees in the Office of the Governor or of a Cabinet member who are exempt from the Career Service System, excluding secretarial, clerical, and similar positions.

2) The following positions in each state department, commission, board, or council: secretary or state surgeon general, assistant or deputy secretary, executive director, assistant or deputy executive director, and anyone having the power normally conferred upon such persons, regardless of title.

3) The following positions in each state department or division: director, assistant or deputy director, bureau chief, assistant bureau chief, and any person having the power normally conferred upon such persons, regardless of title.

4) Assistant state attorneys, assistant public defenders, criminal conflict and civil regional counsel, assistant criminal conflict and civil regional counsel, public counsel, full-time state employees serving as counsel or assistant counsel to a state agency, judges of compensation claims, administrative law judges, and hearing officers.

5) The superintendent or director of a state mental health institute established for training and research in the mental health field, or any major state institution or facility established for corrections, training, treatment, or rehabilitation.

6) State agency business managers, finance and accounting directors, personnel officers, grant coordinators, and purchasing agents (regardless of title) with power to make a purchase exceeding \$20,000.

7) The following positions in legislative branch agencies: each employee (other than those employed in maintenance, clerical, secretarial, or similar positions and legislative assistants exempted by the presiding officer of their house); and each employee of the Commission on Ethics.

What Must Be Disclosed:

FORM 1 requirements are set forth fully on the form. In general, this includes the reporting person's sources and types of financial interests, such as the names of employers and addresses of real property holdings. NO DOLLAR VALUES ARE REQUIRED TO BE LISTED. In addition, the form requires the

disclosure of certain relationships with, and ownership interests in, specified types of businesses such as banks, savings and loans, insurance companies, and utility companies.

When to File:

CANDIDATES for elected local office must file FORM 1 together with and at the same time they file their qualifying papers.

STATE and LOCAL OFFICERS and SPECIFIED STATE EMPLOYEES are required to file disclosure by July 1 of each year. They also must file within thirty days from the date of appointment or the beginning of employment. Those appointees requiring Senate confirmation must file prior to confirmation.

Where to File:

Each LOCAL OFFICER files FORM 1 with the Supervisor of Elections in the county in which he or she permanently resides.

A STATE OFFICER or SPECIFIED STATE EMPLOYEE files with the Commission on Ethics. [Sec. 112.3145, Fla. Stat.]

2. *FORM 1F - Final Form 1 Limited Financial Disclosure*

FORM 1F is the disclosure form required to be filed within 60 days after a public officer or employee required to file FORM 1 leaves his or her public position. The form covers the disclosure period between January 1 and the last day of office or employment within that year.

3. *FORM 2 - Quarterly Client Disclosure*

The state officers, local officers, and specified state employees listed above, as well as elected constitutional officers, must file a FORM 2 if they or a partner or associate of their professional firm represent a client for compensation before an agency at their level of government.

A FORM 2 disclosure includes the names of clients represented by the reporting person or by any partner or associate of his or her professional firm for a fee or commission before agencies at the reporting person's level of government. Such representations do not include appearances in ministerial matters, appearances before judges of compensation claims, or representations on behalf of one's agency in one's official capacity. Nor does the term include the preparation and filing of forms and applications merely for the purpose of obtaining or transferring a license, so long as the issuance of the license does not require a variance, special consideration, or a certificate of public convenience and necessity.

When to File:

This disclosure should be filed quarterly, by the end of the calendar quarter following the calendar quarter during which a reportable representation was made. FORM 2 need not be filed merely to indicate that no reportable representations occurred during the preceding quarter; it should be filed ONLY when reportable representations were made during the quarter.

Where To File:

LOCAL OFFICERS file with the Supervisor of Elections of the county in which they permanently reside.

STATE OFFICERS and SPECIFIED STATE EMPLOYEES file with the Commission on Ethics. [Sec. 112.3145(4), Fla. Stat.]

4. *FORM 6 - Full and Public Disclosure*

Who Must File:

Persons required by law to file FORM 6 include all elected constitutional officers and candidates for such office; the mayor and members of the city council and candidates for these offices in Jacksonville; the Duval County Superintendent of Schools; judges of compensation claims (pursuant to Sec. 440.442, Fla. Stat.); members of the Florida Housing Finance Corporation Board and members of expressway authorities, transportation authorities (except the Jacksonville Transportation Authority), bridge authority, or toll authorities created pursuant to Ch. 348 or 343, or 349, or other general law.

What Must be Disclosed:

FORM 6 is a detailed disclosure of assets, liabilities, and sources of income over \$1,000 and their values, as well as net worth. Officials may opt to file their most recent income tax return in lieu of listing sources of income but still must disclose their assets, liabilities, and net worth. In addition, the form requires the disclosure of certain relationships with, and ownership interests in, specified types of businesses such as banks, savings and loans, insurance companies, and utility companies.

When and Where To File:

Incumbent officials must file FORM 6 annually by July 1 with the Commission on Ethics. CANDIDATES must file with the officer before whom they qualify at the time of qualifying. [Art. II, Sec. 8(a) and (i), Fla. Const., and Sec. 112.3144, Fla. Stat.]

5. *FORM 6F - Final Form 6 Full and Public Disclosure*

This is the disclosure form required to be filed within 60 days after a public officer or employee required to file FORM 6 leaves his or her public position. The form covers the disclosure period between January 1 and the last day of office or employment within that year.

6. *FORM 9 - Quarterly Gift Disclosure*

Each person required to file FORM 1 or FORM 6, and each state procurement employee, must file a FORM 9, Quarterly Gift Disclosure, with the Commission on Ethics on the last day of any calendar quarter following the calendar quarter in which he or she received a gift worth more than \$100, other than gifts from relatives, gifts prohibited from being accepted, gifts primarily associated with his or her business or employment, and gifts otherwise required to be disclosed. FORM 9 NEED NOT BE FILED if no such gift was received during the calendar quarter.

Information to be disclosed includes a description of the gift and its value, the name and address of the donor, the date of the gift, and a copy of any receipt for the gift provided by the donor. [Sec. 112.3148, Fla. Stat.]

7. *FORM 10 - Annual Disclosure of Gifts from Government Agencies and Direct-Support Organizations and Honorarium Event Related Expenses*

State government entities, airport authorities, counties, municipalities, school boards, water management districts, and the South Florida Regional Transportation Authority, may give a gift worth more than \$100 to a person required to file FORM 1 or FORM 6, and to state procurement employees, if a public purpose can be shown for the gift. Also, a direct-support organization for a governmental entity may give such a gift to a person who is an officer or employee of that entity. These gifts are to be reported on FORM 10, to be filed by July 1.

The governmental entity or direct-support organization giving the gift must provide the officer or employee with a statement about the gift no later than March 1 of the following year. The officer or employee then must disclose this information by filing a statement by July 1 with his or her annual financial disclosure that describes the gift and lists the donor, the date of the gift, and the value of the total gifts provided during the calendar year. State procurement employees file their statements with the Commission on Ethics. [Sec. 112.3148, Fla. Stat.]

In addition, a person required to file FORM 1 or FORM 6, or a state procurement employee, who receives expenses or payment of expenses related to an honorarium event from someone who is prohibited from giving him or her an honorarium, must disclose annually the name, address, and affiliation of the donor, the amount of the expenses, the date of the event, a description of the

expenses paid or provided, and the total value of the expenses on FORM 10. The donor paying the expenses must provide the officer or employee with a statement about the expenses within 60 days of the honorarium event.

The disclosure must be filed by July 1, for expenses received during the previous calendar year, with the officer's or employee's FORM 1 or FORM 6. State procurement employees file their statements with the Commission on Ethics. [Sec. 112.3149, Fla. Stat.]

However, notwithstanding Sec. 112.3149, Fla. Stat., no executive branch or legislative lobbyist or principal shall make, directly or indirectly, and no executive branch agency official or employee who files FORM 1 or FORM 6 shall knowingly accept, directly or indirectly, **any expenditure** made for the purpose of lobbying. This may include gifts or honorarium event related expenses that formerly were permitted under Sections 112.3148 and 112.3149. [Sec. 112.3215, Fla. Stat.] Similar prohibitions apply to legislative officials and employees. However, these laws are not administered by the Commission on Ethics. [Sec. 11.045, Fla. Stat.] In addition, gifts, which include anything not primarily related to political activities authorized under ch. 106, are prohibited from political committees. [Sec. 112.31485 Fla. Stat.]

8. *FORM 30 - Donor's Quarterly Gift Disclosure*

As mentioned above, the following persons and entities generally are prohibited from giving a gift worth more than \$100 to a reporting individual (a person required to file FORM 1 or FORM 6) or to a state procurement employee: a political committee; a lobbyist who lobbies the reporting individual's or procurement employee's agency, and the partner, firm, employer, or principal of such a lobbyist; and vendors. If such person or entity makes a gift worth between \$25 and \$100 to a reporting individual or state procurement employee (that is not accepted in behalf of a governmental entity or charitable organization), the gift should be reported on FORM 30. The donor also must notify the recipient at the time the gift is made that it will be reported.

The FORM 30 should be filed by the last day of the calendar quarter following the calendar quarter in which the gift was made. If the gift was made to an individual in the legislative branch, FORM 30 should be filed with the Lobbyist Registrar. [See page 35 for address.] If the gift was to any other reporting individual or state procurement employee, FORM 30 should be filed with the Commission on Ethics.

However, notwithstanding Section 112.3148, Fla. Stat., no executive branch lobbyist or principal shall make, directly or indirectly, and no executive branch agency official or employee who files FORM 1 or FORM 6 shall knowingly accept, directly or indirectly, **any expenditure** made for the purpose of lobbying. This may include gifts that formerly were permitted under Section 112.3148. [Sec. 112.3215, Fla. Stat.] Similar prohibitions apply to legislative officials and employees. However, these laws are not administered

by the Commission on Ethics. [Sec. 11.045, Fla. Stat.] In addition, gifts from political committees are prohibited. [Sec. 112.31485, Fla. Stat.]

9. *FORM 1X AND FORM 6X - Amendments to Form 1 and Form 6*

These forms are provided for officers or employees to amend their previously filed Form 1 or Form 6.

IV. AVAILABILITY OF FORMS

LOCAL OFFICERS and EMPLOYEES who must file FORM 1 annually will be sent the form by mail from the Supervisor of Elections in the county in which they permanently reside not later than JUNE 1 of each year. Newly elected and appointed officials or employees should contact the heads of their agencies for copies of the form or download it from www.ethics.state.fl.us, as should those persons who are required to file their final disclosure statements within 60 days of leaving office or employment.

ELECTED CONSTITUTIONAL OFFICERS, OTHER STATE OFFICERS, and SPECIFIED STATE EMPLOYEES who must file annually FORM 1 or 6 will be sent these forms by mail from the Commission on Ethics by JUNE 1 of each year. Newly elected and appointed officers and employees should contact the heads of their agencies or the Commission on Ethics for copies of the form or download it from www.ethics.state.fl.us, as should those persons who are required to file their final disclosure statements within 60 days of leaving office or employment.

Any person needing one or more of the other forms described here may also obtain them from a Supervisor of Elections or from the Commission on Ethics, P.O. Drawer 15709, Tallahassee, Florida 32317-5709. They are also available on the Commission's website: www.ethics.state.fl.us.

V. PENALTIES

A. Non-criminal Penalties for Violation of the Sunshine Amendment and the Code of Ethics

There are no criminal penalties for violation of the Sunshine Amendment and the Code of Ethics. Penalties for violation of these laws may include: impeachment, removal from office or employment, suspension, public censure, reprimand, demotion, reduction in salary level, forfeiture of no more than one-third salary per month for no more than twelve months, a civil penalty not to exceed \$10,000, and restitution of any pecuniary benefits received, and triple the value of a gift from a political committee.

B. Penalties for Candidates

CANDIDATES for public office who are found in violation of the Sunshine Amendment or the Code of Ethics may be subject to one or more of the following penalties: disqualification from being on the

ballot, public censure, reprimand, or a civil penalty not to exceed \$10,000, and triple the value of a gift received from a political committee.

C. Penalties for Former Officers and Employees

FORMER PUBLIC OFFICERS or EMPLOYEES who are found in violation of a provision applicable to former officers or employees or whose violation occurred prior to such officer's or employee's leaving public office or employment may be subject to one or more of the following penalties: public censure and reprimand, a civil penalty not to exceed \$10,000, and restitution of any pecuniary benefits received, and triple the value of a gift received from a political committee.

D. Penalties for Lobbyists and Others

An executive branch lobbyist who has failed to comply with the Executive Branch Lobbying Registration law (see Part VIII) may be fined up to \$5,000, reprimanded, censured, or prohibited from lobbying executive branch agencies for up to two years. Lobbyists, their employers, principals, partners, and firms, and political committees and committees of continuous existence who give a prohibited gift or honorarium or fail to comply with the gift reporting requirements for gifts worth between \$25 and \$100, may be penalized by a fine of not more than \$5,000 and a prohibition on lobbying, or employing a lobbyist to lobby, before the agency of the public officer or employee to whom the gift was given for up to two years. Any agent or person acting on behalf of a political committee giving a prohibited gift is personally liable for a civil penalty of up to triple the value of the gift.

Executive Branch lobbying firms that fail to timely file their quarterly compensation reports may be fined \$50 per day per principal for each day the report is late, up to a maximum fine of \$5,000 per report.

E. Felony Convictions: Forfeiture of Retirement Benefits

Public officers and employees are subject to forfeiture of all rights and benefits under the retirement system to which they belong if convicted of certain offenses. The offenses include embezzlement or theft of public funds; bribery; felonies specified in Chapter 838, Florida Statutes; impeachable offenses; and felonies committed with intent to defraud the public or their public agency. [Sec. 112.3173, Fla. Stat.]

F. Automatic Penalties for Failure to File Annual Disclosure

Public officers and employees required to file either Form 1 or Form 6 annual financial disclosure are subject to automatic fines of \$25 for each day late the form is filed after September 1, up to a maximum penalty of \$1,500. [Sec. 112.3144 and 112.3145, Fla. Stat.]

VI. ADVISORY OPINIONS

Conflicts of interest may be avoided by greater awareness of the ethics laws on the part of public officials and employees through advisory assistance from the Commission on Ethics.

A. Who Can Request an Opinion

Any public officer, candidate for public office, or public employee in Florida who is in doubt about the applicability of the standards of conduct or disclosure laws to himself or herself, or anyone who has the power to hire or terminate another public employee, may seek an advisory opinion from the Commission about himself or herself or that employee.

B. How to Request an Opinion

Opinions may be requested by letter presenting a question based on a real situation and including a detailed description of the situation. Opinions are issued by the Commission and are binding on the conduct of the person who is the subject of the opinion, unless material facts were omitted or misstated in the request for the opinion. Published opinions will not bear the name of the persons involved unless they consent to the use of their names; however, the request and all information pertaining to it is a public record, made available to the Commission and to members of the public in advance of the Commission's consideration of the question.

C. How to Obtain Published Opinions

All of the Commission's opinions are available for viewing or download at its website:
www.ethics.state.fl.us.

VII. COMPLAINTS

A. Citizen Involvement

The Commission on Ethics cannot conduct investigations of alleged violations of the Sunshine Amendment or the Code of Ethics unless a person files a sworn complaint with the Commission alleging such violation has occurred, or a referral is received, as discussed below.

If you have knowledge that a person in government has violated the standards of conduct or disclosure laws described above, you may report these violations to the Commission by filing a sworn complaint on the form prescribed by the Commission and available for download at www.ethics.state.fl.us. The Commission is unable to take action based on learning of such misdeeds through newspaper reports, telephone calls, or letters.

You can obtain a complaint form (FORM 50), by contacting the Commission office at the address or phone number shown on the inside front cover of this booklet, or you can download it from the Commission's website:
www.ethics.state.fl.us.

B. Referrals

The Commission may accept referrals from: the Governor, the Florida Department of Law Enforcement, a State Attorney, or a U.S. Attorney. A vote of six of the Commission's nine members is required to proceed on such a referral.

C. Confidentiality

The complaint or referral, as well as all proceedings and records relating thereto, is confidential until the accused requests that such records be made public or until the matter reaches a stage in the Commission's proceedings where it becomes public. This means that unless the Commission receives a written waiver of confidentiality from the accused, the Commission is not free to release any documents or to comment on a complaint or referral to members of the public or press, so long as the complaint or referral remains in a confidential stage.

A COMPLAINT OR REFERRAL MAY NOT BE FILED WITH RESPECT TO A CANDIDATE ON THE DAY OF THE ELECTION, OR WITHIN THE 30 CALENDAR DAYS PRECEDING THE ELECTION DATE, UNLESS IT IS BASED ON PERSONAL INFORMATION OR INFORMATION OTHER THAN HEARSAY.

D. How the Complaint Process Works

Complaints which allege a matter within the Commission's jurisdiction are assigned a tracking number and Commission staff forwards a copy of the original sworn complaint to the accused within five working days of its receipt. Any subsequent sworn amendments to the complaint also are transmitted within five working days of their receipt.

Once a complaint is filed, it goes through three procedural stages under the Commission's rules. The first stage is a determination of whether the allegations of the complaint are legally sufficient: that is, whether they indicate a possible violation of any law over which the Commission has jurisdiction. If the

complaint is found not to be legally sufficient, the Commission will order that the complaint be dismissed without investigation, and all records relating to the complaint will become public at that time.

In cases of very minor financial disclosure violations, the official will be allowed an opportunity to correct or amend his or her disclosure form. Otherwise, if the complaint is found to be legally sufficient, a preliminary investigation will be undertaken by the investigative staff of the Commission. The second stage of the Commission's proceedings involves this preliminary investigation and a decision by the Commission as to whether there is probable cause to believe that there has been a violation of any of the ethics laws. If the Commission finds no probable cause to believe there has been a violation of the ethics laws, the complaint will be dismissed and will become a matter of public record. If the Commission finds probable cause to believe there has been a violation of the ethics laws, the complaint becomes public and usually enters the third stage of proceedings. This stage requires the Commission to decide whether the law was actually violated and, if so, whether a penalty should be recommended. At this stage, the accused has the right to request a public hearing (trial) at which evidence is presented, or the Commission may order that such a hearing be held. Public hearings usually are held in or near the area where the alleged violation occurred.

When the Commission concludes that a violation has been committed, it issues a public report of its findings and may recommend one or more penalties to the appropriate disciplinary body or official.

When the Commission determines that a person has filed a complaint with knowledge that the complaint contains one or more false allegations or with reckless disregard for whether the complaint contains false allegations, the complainant will be liable for costs plus reasonable attorney's fees incurred by the person complained against. The Department of Legal Affairs may bring a civil action to recover such fees and costs, if they are not paid voluntarily within 30 days.

E. Dismissal of Complaints At Any Stage of Disposition

The Commission may, at its discretion, dismiss any complaint at any stage of disposition should it determine that the public interest would not be served by proceeding further, in which case the Commission will issue a public report stating with particularity its reasons for the dismissal. [Sec. 112.324(12), Fla. Stat.]

F. Statute of Limitations

All sworn complaints alleging a violation of the Sunshine Amendment or the Code of Ethics must be filed with the Commission within five years of the alleged violation or other breach of the public trust. Time starts to run on the day AFTER the violation or breach of public trust is committed. The statute of limitations

is tolled on the day a sworn complaint is filed with the Commission. If a complaint is filed and the statute of limitations has run, the complaint will be dismissed. [Sec. 112.3231, Fla. Stat.]

VIII. EXECUTIVE BRANCH LOBBYING

Any person who, for compensation and on behalf of another, lobbies an agency of the executive branch of state government with respect to a decision in the area of policy or procurement may be required to register as an executive branch lobbyist. Registration is required before lobbying an agency and is renewable annually. In addition, each lobbying firm must file a compensation report with the Commission for each calendar quarter during any portion of which one or more of the firm's lobbyists were registered to represent a principal. As noted above, no executive branch lobbyist or principal can make, directly or indirectly, and no executive branch agency official or employee who files FORM 1 or FORM 6 can knowingly accept, directly or indirectly, **any expenditure** made for the purpose of lobbying. [Sec. 112.3215, Fla. Stat.]

Paying an executive branch lobbyist a contingency fee based upon the outcome of any specific executive branch action, and receiving such a fee, is prohibited. A violation of this prohibition is a first degree misdemeanor, and the amount received is subject to forfeiture. This does not prohibit sales people from receiving a commission. [Sec. 112.3217, Fla. Stat.]

Executive branch departments, state universities, community colleges, and water management districts are prohibited from using public funds to retain an executive branch (or legislative branch) lobbyist, although these agencies may use full-time employees as lobbyists. [Sec. 11.062, Fla. Stat.]

Online registration and filing is available at www.floridalobbyist.gov. Additional information about the executive branch lobbyist registration system may be obtained by contacting the Lobbyist Registrar at the following address:

Executive Branch Lobbyist Registration
Room G-68, Claude Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1425
Phone: 850/922-4987

IX. WHISTLE-BLOWER'S ACT

In 1986, the Legislature enacted a "Whistle-blower's Act" to protect employees of agencies and government contractors from adverse personnel actions in retaliation for disclosing information in a sworn complaint alleging certain types of improper activities. Since then, the Legislature has revised this law to afford greater protection to these employees.

While this language is contained within the Code of Ethics, the Commission has no jurisdiction or authority to proceed against persons who violate this Act. Therefore, a person who has disclosed information alleging improper conduct governed by this law and who may suffer adverse consequences as a result should contact one or more of the following: the Office of the Chief Inspector General in the Executive Office of the Governor; the Department of Legal Affairs; the Florida Commission on Human Relations; or a private attorney. [Sec. 112.3187 - 112.31895, Fla. Stat.]

X. ADDITIONAL INFORMATION

As mentioned above, we suggest that you review the language used in each law for a more detailed understanding of Florida's ethics laws. The "Sunshine Amendment" is Article II, Section 8, of the Florida Constitution. The Code of Ethics for Public Officers and Employees is contained in Part III of Chapter 112, Florida Statutes.

Additional information about the Commission's functions and interpretations of these laws may be found in Chapter 34 of the Florida Administrative Code, where the Commission's rules are published, and in The Florida Administrative Law Reports, which until 2005 published many of the Commission's final orders. The Commission's rules, orders, and opinions also are available at www.ethics.state.fl.us.

If you are a public officer or employee concerned about your obligations under these laws, the staff of the Commission will be happy to respond to oral and written inquiries by providing information about the law, the Commission's interpretations of the law, and the Commission's procedures.

XI. TRAINING

Constitutional officers and elected municipal officers are required to receive a total of four hours training, per calendar year, in the area of ethics, public records, and open meetings. The Commission on Ethics does not track compliance or certify providers.

Visit the training page on the Commission's website for up-to-date rules, opinions, audio/video training, and opportunities for live training conducted by Commission staff. A comprehensive online training course addressing Florida's Code of Ethics, as well as Sunshine Law, and Public Records Act is available via a link on the Commission's homepage.

FORM 1

STATEMENT OF FINANCIAL INTERESTS

2018

Please print or type your name, mailing address, agency name, and position below:

FOR OFFICE USE ONLY:

LAST NAME -- FIRST NAME -- MIDDLE NAME :

MAILING ADDRESS :

CITY : ZIP : COUNTY :

NAME OF AGENCY :

NAME OF OFFICE OR POSITION HELD OR SOUGHT :

You are not limited to the space on the lines on this form. Attach additional sheets, if necessary.

CHECK ONLY IF CANDIDATE OR NEW EMPLOYEE OR APPOINTEE

**** **BOTH PARTS OF THIS SECTION MUST BE COMPLETED** ****

DISCLOSURE PERIOD:

THIS STATEMENT REFLECTS YOUR FINANCIAL INTERESTS FOR THE PRECEDING TAX YEAR, WHETHER BASED ON A CALENDAR YEAR OR ON A FISCAL YEAR. PLEASE STATE BELOW WHETHER THIS STATEMENT IS FOR THE PRECEDING TAX YEAR ENDING EITHER (must check one):

DECEMBER 31, 2018 OR SPECIFY TAX YEAR IF OTHER THAN THE CALENDAR YEAR: _____

MANNER OF CALCULATING REPORTABLE INTERESTS:

FILERS HAVE THE OPTION OF USING REPORTING THRESHOLDS THAT ARE ABSOLUTE DOLLAR VALUES, WHICH REQUIRES FEWER CALCULATIONS, OR USING COMPARATIVE THRESHOLDS, WHICH ARE USUALLY BASED ON PERCENTAGE VALUES (see instructions for further details). CHECK THE ONE YOU ARE USING (must check one):

COMPARATIVE (PERCENTAGE) THRESHOLDS OR **DOLLAR VALUE THRESHOLDS**

PART A -- PRIMARY SOURCES OF INCOME [Major sources of income to the reporting person - See instructions]

(If you have nothing to report, write "none" or "n/a")

NAME OF SOURCE OF INCOME	SOURCE'S ADDRESS	DESCRIPTION OF THE SOURCE'S PRINCIPAL BUSINESS ACTIVITY

PART B -- SECONDARY SOURCES OF INCOME

[Major customers, clients, and other sources of income to businesses owned by the reporting person - See instructions]

(If you have nothing to report, write "none" or "n/a")

NAME OF BUSINESS ENTITY	NAME OF MAJOR SOURCES OF BUSINESS' INCOME	ADDRESS OF SOURCE	PRINCIPAL BUSINESS ACTIVITY OF SOURCE

PART C -- REAL PROPERTY [Land, buildings owned by the reporting person - See instructions]

(If you have nothing to report, write "none" or "n/a")

FILING INSTRUCTIONS for when and where to file this form are located at the bottom of page 2.

INSTRUCTIONS on who must file this form and how to fill it out begin on page 3.

PART D — INTANGIBLE PERSONAL PROPERTY [Stocks, bonds, certificates of deposit, etc. - See instructions]
 (If you have nothing to report, write "none" or "n/a")

TYPE OF INTANGIBLE	BUSINESS ENTITY TO WHICH THE PROPERTY RELATES

PART E — LIABILITIES [Major debts - See instructions]
 (If you have nothing to report, write "none" or "n/a")

NAME OF CREDITOR	ADDRESS OF CREDITOR

PART F — INTERESTS IN SPECIFIED BUSINESSES [Ownership or positions in certain types of businesses - See instructions]
 (If you have nothing to report, write "none" or "n/a")

	BUSINESS ENTITY # 1	BUSINESS ENTITY # 2
NAME OF BUSINESS ENTITY		
ADDRESS OF BUSINESS ENTITY		
PRINCIPAL BUSINESS ACTIVITY		
POSITION HELD WITH ENTITY		
I OWN MORE THAN A 5% INTEREST IN THE BUSINESS		
NATURE OF MY OWNERSHIP INTEREST		

PART G — TRAINING

For **elected municipal officers** required to complete annual ethics training pursuant to section 112.3142, F.S.

I CERTIFY THAT I HAVE COMPLETED THE REQUIRED TRAINING.

IF ANY OF PARTS A THROUGH G ARE CONTINUED ON A SEPARATE SHEET, PLEASE CHECK HERE

SIGNATURE OF FILER:

Signature:

Date Signed:

CPA or ATTORNEY SIGNATURE ONLY

If a certified public accountant licensed under Chapter 473, or attorney in good standing with the Florida Bar prepared this form for you, he or she must complete the following statement:

I, _____, prepared the CE Form 1 in accordance with Section 112.3145, Florida Statutes, and the instructions to the form. Upon my reasonable knowledge and belief, the disclosure herein is true and correct.

CPA/Attorney Signature: _____

Date Signed: _____

FILING INSTRUCTIONS:

If you were mailed the form by the Commission on Ethics or a County Supervisor of Elections for your annual disclosure filing, return the form to that location. To determine what category your position falls under, see page 3 of instructions.

Local officers/employees file with the Supervisor of Elections of the county in which they permanently reside. (If you do not permanently reside in Florida, file with the Supervisor of the county where your agency has its headquarters.) Form 1 filers who file with the Supervisor of Elections may file by mail or email. Contact your Supervisor of Elections for the mailing address or email address to use. Do not email your form to the Commission on Ethics, it will be returned.

State officers or specified state employees who file with the Commission on Ethics may file by mail or email. To file by mail, send the completed form to P.O. Drawer 15709, Tallahassee, FL 32317-5709; physical address: 325 John Knox Rd, Bldg E, Ste 200, Tallahassee, FL 32303. To file with the Commission by email, scan your completed form and any attachments as a pdf (do not use any other format) and send it to CEForm1@leg.state.fl.us. Do not file by both mail and email. Choose only one filing method. Form 6s will not be accepted via email.

Candidates file this form together with their filing papers.

MULTIPLE FILING UNNECESSARY: A candidate who files a Form 1 with a qualifying officer is not required to file with the Commission or Supervisor of Elections.

WHEN TO FILE: Initially, each local officer/employee, state officer, and specified state employee must file **within 30 days** of the date of his or her appointment or of the beginning of employment. Appointees who must be confirmed by the Senate must file prior to confirmation, even if that is less than 30 days from the date of their appointment.

Candidates must file at the same time they file their qualifying papers.

Thereafter, file by July 1 following each calendar year in which they hold their positions.

Finally, file a final disclosure form (Form 1F) within 60 days of leaving office or employment. Filing a CE Form 1F (Final Statement of Financial Interests) does not relieve the filer of filing a CE Form 1 if the filer was in his or her position on December 31, 2018.

NOTICE

Annual Statements of Financial Interests are due July 1. If the annual form is not filed or postmarked by September 1, an automatic fine of \$25 for each day late will be imposed, up to a maximum penalty of \$1,500. Failure to file also can result in removal from public office or employment. [s. 112.3145, F.S.]

In addition, failure to make any required disclosure constitutes grounds for and may be punished by one or more of the following: disqualification from being on the ballot, impeachment, removal or suspension from office or employment, demotion, reduction in salary, reprimand, or a civil penalty not exceeding \$10,000. [s. 112.317, F.S.]

WHO MUST FILE FORM 1:

1) Elected public officials not serving in a political subdivision of the state and any person appointed to fill a vacancy in such office, unless required to file full disclosure on Form 6.

2) Appointed members of each board, commission, authority, or council having statewide jurisdiction, excluding members of solely advisory bodies, but including judicial nominating commission members; Directors of Enterprise Florida, Scripps Florida Funding Corporation, and Career Source Florida; and members of the Council on the Social Status of Black Men and Boys; the Executive Director, Governors, and senior managers of Citizens Property Insurance Corporation; Governors and senior managers of Florida Workers' Compensation Joint Underwriting Association; board members of the Northeast Fla. Regional Transportation Commission; board members of Triumph Gulf Coast, Inc; board members of Florida Is For Veterans, Inc.; and members of the Technology Advisory Council within the Agency for State Technology.

3) The Commissioner of Education, members of the State Board of Education, the Board of Governors, the local Boards of Trustees and Presidents of state universities, and the Florida Prepaid College Board.

4) Persons elected to office in any political subdivision (such as municipalities, counties, and special districts) and any person appointed to fill a vacancy in such office, unless required to file Form 6.

5) Appointed members of the following boards, councils, commissions, authorities, or other bodies of county, municipality, school district, independent special district, or other political subdivision: the governing body of the subdivision; community college or junior college district boards of trustees; boards having the power to enforce local code provisions; boards of adjustment; community redevelopment agencies; planning or zoning boards having the power to recommend, create, or modify land planning or zoning within a political subdivision, except for citizen advisory committees, technical coordinating committees, and similar groups who only have the power to make recommendations to planning or zoning boards, and except for representatives of a military installation acting on behalf of all military installations within that jurisdiction; pension or retirement boards empowered to invest pension or retirement funds or determine entitlement to or amount of pensions or other retirement benefits, and the Pinellas County Construction Licensing Board.

6) Any appointed member of a local government board who is required to file a statement of financial interests by the appointing authority or the enabling legislation, ordinance, or resolution creating the board.

7) Persons holding any of these positions in local government: mayor; county or city manager; chief administrative employee or finance

director of a county, municipality, or other political subdivision; county or municipal attorney; chief county or municipal building inspector; county or municipal water resources coordinator; county or municipal pollution control director; county or municipal environmental control director; county or municipal administrator with power to grant or deny a land development permit; chief of police; fire chief; municipal clerk; appointed district school superintendent; community college president; district medical examiner; purchasing agent (regardless of title) having the authority to make any purchase exceeding \$20,000 for the local governmental unit.

8) Officers and employees of entities serving as chief administrative officer of a political subdivision.

9) Members of governing boards of charter schools operated by a city or other public entity.

10) Employees in the office of the Governor or of a Cabinet member who are exempt from the Career Service System, excluding secretarial, clerical, and similar positions.

11) The following positions in each state department, commission, board, or council: Secretary, Assistant or Deputy Secretary, Executive Director, Assistant or Deputy Executive Director, and anyone having the power normally conferred upon such persons, regardless of title.

12) The following positions in each state department or division: Director, Assistant or Deputy Director, Bureau Chief, Assistant Bureau Chief, and any person having the power normally conferred upon such persons, regardless of title.

13) Assistant State Attorneys, Assistant Public Defenders, criminal conflict and civil regional counsel, and assistant criminal conflict and civil regional counsel, Public Counsel, full-time state employees serving as counsel or assistant counsel to a state agency, administrative law judges, and hearing officers.

14) The Superintendent or Director of a state mental health institute established for training and research in the mental health field, or any major state institution or facility established for corrections, training, treatment, or rehabilitation.

15) State agency Business Managers, Finance and Accounting Directors, Personnel Officers, Grant Coordinators, and purchasing agents (regardless of title) with power to make a purchase exceeding \$20,000.

16) The following positions in legislative branch agencies: each employee (other than those employed in maintenance, clerical, secretarial, or similar positions and legislative assistants exempted by the presiding officer of their house); and each employee of the Commission on Ethics.

INSTRUCTIONS FOR COMPLETING FORM 1:

INTRODUCTORY INFORMATION (Top of Form): If your name, mailing address, public agency, and position are already printed on the form, you do not need to provide this information unless it should be changed. To change any of this information, write the correct information on the form, and contact your agency's financial disclosure coordinator. You can find your coordinator on the Commission on Ethics website: www.ethics.state.fl.us.

NAME OF AGENCY: The name of the governmental unit which you serve or served, by which you are or were employed, or for which you are a candidate.

OFFICE OR POSITION HELD OR SOUGHT: The title of the office or position you hold, are seeking, or held during the disclosure period even if you have since left that position. If you are a candidate for office or are a new employee or appointee, check the appropriate box.

PUBLIC RECORD: The disclosure form and everything attached to it is a public record. Your Social Security Number is not required and you should redact it from any documents you file. If you are an active or former officer or employee listed in Section 119.071, F.S., whose home address is exempt from disclosure, the Commission will maintain that confidentiality if you submit a written request.

DISCLOSURE PERIOD: The tax year for most individuals is the calendar year (January 1 through December 31). If that is the case for you, then your financial interests should be reported for the calendar year 2018; check that box. If you file your IRS tax return based on a tax year that is not the calendar year, you should specify the dates of your tax year in this portion of the form and check the appropriate box. This is the "disclosure period" for your report.

MANNER OF CALCULATING REPORTABLE INTEREST

Filers have the option of reporting based on either thresholds that are comparative (usually, based on percentage values) or thresholds that are based on absolute dollar values. The instructions on the following pages specifically describe the different thresholds. Check the box that reflects the choice you have made. You must use the type of threshold you have chosen for each part of the form. In other words, if you choose to report based on absolute dollar value thresholds, you cannot use a percentage threshold on any part of the form.

IF YOU HAVE CHOSEN DOLLAR VALUE THRESHOLDS THE FOLLOWING INSTRUCTIONS APPLY

PART A — PRIMARY SOURCES OF INCOME

[Required by s. 112.3145(3)(b)1, F.S.]

Part A is intended to require the disclosure of your principal sources of income during the disclosure period. You do not have to disclose the amount of income received, and you need not list your public salary from serving in the position(s) which requires you to file this form. The income of your spouse need not be disclosed; however, if there is joint income to you and your spouse from property you own jointly (such as interest or dividends from a bank account or stocks), you should disclose the source of that income if it exceeded the threshold.

Please list in this part of the form the name, address, and principal business activity of each source of your income which exceeded \$2,500 of gross income received by you in your own name or by any other person for your use or benefit.

"Gross income" means the same as it does for income tax purposes, even if the income is not actually taxable, such as interest on tax-free bonds. Examples include: compensation for services, income from business, gains from property dealings, interest, rents, dividends, pensions, IRA distributions, social security, distributive share of partnership gross income, and alimony, but not child support.

Examples:

— If you were employed by a company that manufactures computers and received more than \$2,500, list the name of the company, its address, and its principal business activity (computer manufacturing).

— If you were a partner in a law firm and your distributive share of partnership gross income exceeded \$2,500, list the name of the firm, its address, and its principal business activity (practice of law).

— If you were the sole proprietor of a retail gift business and your gross income from the business exceeded \$2,500, list the name of the business, its address, and its principal business activity (retail gift sales).

— If you received income from investments in stocks and bonds, list each individual company from which you derived more than \$2,500. Do not aggregate all of your investment income.

— If more than \$2,500 of your gross income was gain from the sale of property (not just the selling price), list as a source of income the purchaser's name, address and principal business activity. If the purchaser's identity is unknown, such as where securities listed on an exchange are sold through a brokerage firm, the source of income should be listed as "sale of (name of company) stock," for example.

— If more than \$2,500 of your gross income was in the form of interest from one particular financial institution (aggregating interest from all CD's, accounts, etc., at that institution), list the name of the institution, its address, and its principal business activity.

PART B — SECONDARY SOURCES OF INCOME

[Required by s. 112.3145(3)(b)2, F.S.]

This part is intended to require the disclosure of major customers, clients, and other sources of income to businesses in which you own an interest. It is not for reporting income from second jobs. That kind of income should be reported in Part A "Primary Sources of Income," if it meets the reporting threshold. You will not have anything to report unless, during the disclosure period:

(1) You owned (either directly or indirectly in the form of an equitable or beneficial interest) more than 5% of the total assets or capital stock of

a business entity (a corporation, partnership, LLC, limited partnership, proprietorship, joint venture, trust, firm, etc., doing business in Florida); **and,**

(2) You received more than \$5,000 of your gross income during the disclosure period from that business entity.

If your interests and gross income exceeded these thresholds, then for that business entity you must list every source of income to the business entity which exceeded 10% of the business entity's gross income (computed on the basis of the business entity's most recently completed fiscal year), the source's address, and the source's principal business activity.

Examples:

— You are the sole proprietor of a dry cleaning business, from which you received more than \$5,000. If only one customer, a uniform rental company, provided more than 10% of your dry cleaning business, you must list the name of the uniform rental company, its address, and its principal business activity (uniform rentals).

— You are a 20% partner in a partnership that owns a shopping mall and your partnership income exceeded the above thresholds. List each tenant of the mall that provided more than 10% of the partnership's gross income and the tenant's address and principal business activity.

PART C — REAL PROPERTY

[Required by s. 112.3145(3)(b)3, F.S.]

In this part, list the location or description of all real property in Florida in which you owned directly or indirectly at any time during the disclosure period in excess of 5% of the property's value. You are not required to list your residences. You should list any vacation homes if you derive income from them.

Indirect ownership includes situations where you are a beneficiary of a trust that owns the property, as well as situations where you own more than 5% of a partnership or corporation that owns the property. The value of the property may be determined by the most recently assessed value for tax purposes, in the absence of a more current appraisal.

The location or description of the property should be sufficient to enable anyone who looks at the form to identify the property. A street address should be used, if one exists.

PART D — INTANGIBLE PERSONAL PROPERTY

[Required by s. 112.3145(3)(b)3, F.S.]

Describe any intangible personal property that, at any time during the disclosure period, was worth more than \$10,000 and state the business entity to which the property related. Intangible personal property includes things such as cash on hand, stocks, bonds, certificates of deposit, vehicle leases, interests in businesses, beneficial interests in trusts, money owed you, Deferred Retirement Option Program (DRO) accounts, the Florida Prepaid College Plan, and bank accounts. Intangible personal property also includes investment products held in IRAs, brokerage accounts, and the Florida College Investment Plan. Note that the product contained in a brokerage account, IRA, or the Florida College Investment Plan is your asset—not the account or plan itself. Things like automobiles and houses you own, jewelry, and paintings are not intangible property. Intangibles relating to the same business entity may be aggregated; for example, CDs and savings accounts with the same bank. Property owned as tenants by the entirety or as joint tenants with right of survivorship should be valued at 100%. The value of a leased vehicle is the vehicle's present value minus the lease residual (a number found on the lease document).

PART E — LIABILITIES

[Required by s. 112.3145(3)(b)4, F.S.]

List the name and address of each creditor to whom you owed more than \$10,000 at any time during the disclosure period. The amount of the liability of a vehicle lease is the sum of any past-due payments and all unpaid prospective lease payments. You are not required to list the amount of any debt. You do not have to disclose credit card and retail installment accounts, taxes owed (unless reduced to a judgment), indebtedness on a life insurance policy owed to the company of issuance, or contingent liabilities. A "contingent liability" is one that will become an actual liability only when one or more future events occur or fail to occur, such as where you are liable only as a guarantor, surety, or endorser on a promissory note. If you are a "co-maker" and are jointly liable or jointly and severally liable, then it is not a contingent liability.

PART F — INTERESTS IN SPECIFIED BUSINESSES

[Required by s. 112.3145(6), F.S.]

The types of businesses covered in this disclosure include: state and federally chartered banks; state and federal savings and loan associations; cemetery companies; insurance companies; mortgage companies; credit unions; small loan companies; alcoholic beverage licensees; pari-mutuel wagering companies, utility companies, entities controlled by the Public Service Commission; and entities granted a franchise to operate by either a city or a county government.

Disclose in this part the fact that you owned during the disclosure period an interest in, or held any of certain positions with the types of businesses listed above. You must make this disclosure if you own or owned (either directly or indirectly in the form of an equitable or beneficial interest) at any time during the disclosure period more than 5% of the total assets or capital stock of one of the types of business entities listed above. You also must complete this part of the form for each of these types of businesses for which you are, or were at any time during the disclosure period, an officer, director, partner, proprietor, or agent (other than a resident agent solely for service of process).

If you have or held such a position or ownership interest in one of these types of businesses, list the name of the business, its address and principal business activity, and the position held with the business (if any). If you own(ed) more than a 5% interest in the business, indicate that fact and describe the nature of your interest.

PART G — TRAINING CERTIFICATION

[Required by s. 112.3142, F.S.]

If you are a Constitutional or elected municipal officer whose service began before March 31 of the year for which you are filing, you are required to complete four hours of ethics training which addresses Article II, Section 8 of the Florida Constitution, the Code of Ethics for Public Officers and Employees, and the public records and open meetings laws of the state. You are required to certify on this form that you have taken such training.

(End of Dollar Value Thresholds Instructions.)

IF YOU HAVE CHOSEN COMPARATIVE (PERCENTAGE) THRESHOLDS THE FOLLOWING INSTRUCTIONS APPLY

PART A — PRIMARY SOURCES OF INCOME

[Required by s. 112.3145(3)(a)1, F.S.]

Part A is intended to require the disclosure of your principal sources of income during the disclosure period. You do not have to disclose the amount of income received, and you need not list your public salary received from serving in the position(s) which requires you to file this form, but this amount should be included when calculating your gross income for the disclosure period. The income of your spouse need not be disclosed; however, if there is joint income to you and your spouse from property you own jointly (such as interest or dividends from a bank account or stocks), you should include all of that income when calculating your gross income and disclose the source of that income if it exceeded the threshold.

Please list in this part of the form the name, address, and principal business activity of each source of your income which exceeded 5% of the gross income received by you in your own name or by any other person for your benefit or use during the disclosure period.

"Gross income" means the same as it does for income tax purposes, even if the income is not actually taxable, such as interest on tax-free bonds. Examples include: compensation for services, income from business, gains from property dealings, interest, rents, dividends, pensions, IRA distributions, social security, distributive share of partnership gross income, and alimony, but not child support.

Examples:

— If you were employed by a company that manufactures computers and received more than 5% of your gross income from the company, list the name of the company, its address, and its principal business activity (computer manufacturing).

— If you were a partner in a law firm and your distributive share of partnership gross income exceeded 5% of your gross income, then list the name of the firm, its address, and its principal business activity (practice of law).

— If you were the sole proprietor of a retail gift business and your gross income from the business exceeded 5% of your total gross income, list the name of the business, its address, and its principal business activity (retail gift sales).

— If you received income from investments in stocks and bonds, list each individual company from which you derived

more than 5% of your gross income. Do not aggregate all of your investment income.

— If more than 5% of your gross income was gain from the sale of property (not just the selling price), list as a source of income the purchaser's name, address, and principal business activity. If the purchaser's identity is unknown, such as where securities listed on an exchange are sold through a brokerage firm, the source of income should be listed as "sale of (name of company) stock," for example.

— If more than 5% of your gross income was in the form of interest from one particular financial institution (aggregating interest from all CD's, accounts, etc., at that institution), list the name of the institution, its address, and its principal business activity.

PART B — SECONDARY SOURCES OF INCOME

[Required by s. 112.3145(3)(a)2, F.S.]

This part is intended to require the disclosure of major customers, clients, and other sources of income to businesses in which you own an interest. It is not for reporting income from second jobs. That kind of income should be reported in Part A, "Primary Sources of Income," if it meets the reporting threshold. You will **not** have anything to report **unless** during the disclosure period:

(1) You owned (either directly or indirectly in the form of an equitable or beneficial interest) more than 5% of the total assets or capital stock of a business entity (a corporation, partnership, LLC, limited partnership, proprietorship, joint venture, trust, firm, etc., doing business in Florida); **and**,

(2) You received more than 10% of your gross income from that business entity; **and**,

(3) You received more than \$1,500 in gross income from that business entity.

If your interests and gross income exceeded these thresholds, then for that business entity you must list every source of income to the business entity which exceeded 10% of the business entity's gross income (computed on the basis of the business entity's most recently completed fiscal year), the source's address, and the source's principal business activity.

Examples:

- You are the sole proprietor of a dry cleaning business, from which you received more than 10% of your gross income—an amount that was more than \$1,500. If only one customer, a uniform rental company, provided more than 10% of your dry cleaning business, you must list the name of the uniform rental company, its address, and its principal business activity (uniform rentals).
- You are a 20% partner in a partnership that owns a shopping mall and your partnership income exceeded the thresholds listed above. You should list each tenant of the mall that provided more than 10% of the partnership's gross income, and the tenant's address and principal business activity.

PART C — REAL PROPERTY

[Required by s. 112.3145(3)(a)3, F.S.]

In this part, list the location or description of all real property in Florida in which you owned directly or indirectly at any time during the disclosure period in excess of 5% of the property's value. You are not required to list your residences. You should list any vacation homes, if you derive income from them.

Indirect ownership includes situations where you are a beneficiary of a trust that owns the property, as well as situations where you own more than 5% of a partnership or corporation that owns the property. The value of the property may be determined by the most recently assessed value for tax purposes, in the absence of a more current appraisal.

The location or description of the property should be sufficient to enable anyone who looks at the form to identify the property. A street address should be used, if one exists.

PART D — INTANGIBLE PERSONAL PROPERTY

[Required by s. 112.3145(3)(a)3, F.S.]

Describe any intangible personal property that, at any time during the disclosure period, was worth more than 10% of your total assets, and state the business entity to which the property related. Intangible personal property includes things such as cash on hand, stocks, bonds, certificates of deposit, vehicle leases, interests in businesses, beneficial interests in trusts, money owed you, Deferred Retirement Option Program (DROP) accounts, the Florida Prepaid College Plan, and bank accounts. Intangible personal property also includes investment products held in IRAs, brokerage accounts, and the Florida College Investment Plan. Note that the product contained in a brokerage account, IRA, or the Florida College Investment Plan is your asset—not the account or plan itself. Things like automobiles and houses you own, jewelry, and paintings are not intangible property. Intangibles relating to the same business entity may be aggregated; for example, CD's and savings accounts with the same bank.

Calculations: To determine whether the intangible property exceeds 10% of your total assets, total the fair market value of all of your assets (including real property, intangible property, and tangible personal property such as jewelry, furniture, etc.). When making this calculation, do not subtract any liabilities (debts) that may relate to the property. Multiply the total figure by 10% to arrive at the disclosure threshold. List only the intangibles that exceed this threshold amount. The value of a leased vehicle is the vehicle's present value minus the lease residual (a number which can be found on the lease document). Property that is only jointly owned property should be valued according to the percentage of your joint ownership. Property owned as tenants by the entirety or as joint tenants with right of survivorship should be valued at 100%. None of your calculations or the value of the property have to be disclosed on the form.

Example: You own 50% of the stock of a small corporation that is worth \$100,000, the estimated fair market value of your home and other property (bank accounts, automobile, furniture, etc.) is \$200,000. As your total assets are worth \$250,000, you must disclose intangibles worth over \$25,000. Since the value of the stock exceeds this threshold, you should list "stock" and the name of the corporation. If your accounts with a particular bank exceed \$25,000, you should list "bank accounts" and bank's name.

PART E — LIABILITIES

[Required by s. 112.3145(3)(b)4, F.S.]

List the name and address of each creditor to whom you owed any amount that, at any time during the disclosure period, exceeded your net worth. You are not required to list the amount of any debt or your net worth. You do not have to disclose: credit card and retail installment accounts, taxes owed (unless reduced to a judgment), indebtedness on a life insurance policy owed to the company of issuance, or contingent liabilities. A "contingent liability" is one that will become an actual liability only when one or more future events occur or fail to occur, such as where you are liable only as a guarantor, surety, or endorser on a promissory note. If you are a "co-maker" and are jointly liable or jointly and severally liable, it is not a contingent liability.

Calculations: To determine whether the debt exceeds your net worth, total all of your liabilities (including promissory notes, mortgages, credit card debts, judgments against you, etc.). The amount of the liability of a vehicle lease is the sum of any past-due payments and all unpaid prospective lease payments. Subtract the sum total of your liabilities from the value of all your assets as calculated above for Part D. This is your "net worth." List each creditor to whom your debt exceeded this amount unless it is one of the types of indebtedness listed in the paragraph above (credit card and retail installment accounts, etc.). Joint liabilities with others for which you are "jointly and severally liable," meaning that you may be liable for either your part or the whole of the obligation, should be included in your calculations at 100% of the amount owed.

Example: You owe \$15,000 to a bank for student loans, \$5,000 for credit card debts, and \$60,000 (with spouse) to a savings and loan for a home mortgage. Your home (owned by you and your spouse) is worth \$80,000 and your other property is worth \$20,000. Since your net worth is \$20,000 (\$100,000 minus \$80,000), you must report only the name and address of the savings and loan.

PART F — INTERESTS IN SPECIFIED BUSINESSES

[Required by s. 112.3145, F.S.]

The types of businesses covered in this disclosure include: state and federally chartered banks; state and federal savings and loan associations; cemetery companies; insurance companies; mortgage companies; credit unions; small loan companies; alcoholic beverage licensees; pari-mutuel wagering companies, utility companies, entities controlled by the Public Service Commission; and entities granted a franchise to operate by either a city or a county government.

Disclose in this part the fact that you owned during the disclosure period an interest in, or held any of certain positions with, the types of businesses listed above. You are required to make this disclosure if you own or owned (either directly or indirectly in the form of an equitable or beneficial interest) at any time during the disclosure period more than 5% of the total assets or capital stock of one of the types of business entities listed above. You also must complete this part of the form for each of these types of businesses for which you are, or were at any time during the disclosure period, an officer, director, partner, proprietor, or agent (other than a resident agent solely for service of process).

If you have or held such a position or ownership interest in one of these types of businesses, list the name of the business, its address and principal business activity, and the position held with the business (if any). If you own(ed) more than a 5% interest in the business, indicate that fact and describe the nature of your interest.

PART G — TRAINING CERTIFICATION

[Required by s. 112.3142, F.S.]

If you are a Constitutional or elected municipal officer whose service began before March 31 of the year for which you are filing, you are required to complete four hours of ethics training which addresses Article II, Section 8 of the Florida Constitution, the Code of Ethics for Public Officers and Employees, and the public records and open meetings laws of the state. You are required to certify on this form that you have taken such training.

(End of Percentage Thresholds Instructions.)

RESOLUTION 2019-18

**A RESOLUTION RE-DESIGNATING THE OFFICERS OF THE
ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT;
PROVIDING FOR SEVERABILITY AND INVALID PROVISIONS;
PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE
DATE.**

1 **WHEREAS**, the Board of Supervisors of the Esplanade Lake Club Community Development District desire to appoint the below recited person(s) to the offices specified.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF
SUPERVISORS OF THE ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT:**

SECTION 1: DESIGNATION OF OFFICER’S OF THE DISTRICT. The following persons are appointed to the offices shown:

Chairman	John Wollard
Vice Chairman	_____
Secretary	James P. Ward
Treasurer	James P. Ward
Assistant Secretary	Jason Besse
Assistant Secretary	Andrew Miller
Assistant Secretary	_____

SECTION 2: SEVERABILITY AND INVALID PROVISIONS. If any one of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contract to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way effect the validity of the other provisions hereof.

RESOLUTION 2019-18

**A RESOLUTION RE-DESIGNATING THE OFFICERS OF THE
ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT;
PROVIDING FOR SEVERABILITY AND INVALID PROVISIONS;
PROVIDING FOR CONFLICT AND PROVIDING FOR AN EFFECTIVE
DATE.**

SECTION 3: CONFLICT. That all Sections or parts of Sections of any Resolutions, Agreements or actions of the Board of Supervisor's in conflict are hereby repealed to the extent of such conflict.

SECTION 4: PROVIDING FOR AN EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

PASSED AND ADOPTED this 15th day of May, 2019

ATTEST:

**ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT DISTRICT**

James P. Ward, Secretary

_____, Chairman

March 29, 2019

Mr. James P. Ward
District Manager
Esplanade Lake Club Community Development District
2900 NE 12th Terrace, Suite 1, Oakland Park, FL 33334
Fort Lauderdale, Florida 33301

**RE: Esplanade Lake Club Community Development District
Request for Qualifications – District Engineer**

Dear Mr. Ward:

Waldrop Engineering, P.A. is pleased to submit the enclosed response to the Request for Qualifications for Esplanade Lake Club Community Development District (CDD) District Engineer.

The Waldrop Engineering Team consists of experts in the areas of civil engineering, landscape architecture, land use planning, GIS and AutoCAD design. With offices in Bonita Springs, Fort Myers, Tampa, Sarasota, and Orlando, FL. Waldrop Engineering offers full service civil engineering services based upon honesty, a strong work ethic, and an unmatched commitment to our client's success.

Since opening our doors in 2000, we have designed and permitted numerous master-planned residential communities across Southwest Florida and are the Engineer-of-Record for the Mirasol project. This expertise and project-specific knowledge provides our team with an in-depth understanding of the District's needs and the capacity to ensure the highest quality of development.

The following summary exemplifies why Waldrop Engineering is most qualified to serve as District Engineer for the Esplanade Lake Club CDD:

Unmatched Knowledge of the Project. Waldrop Engineering's team of experienced civil engineers are currently serving as the Engineer-of-Record for the Esplanade Lake Club project and have secured local construction plan approval and the South Florida Water Management District (SFWMD) Environmental Resource Permit (ERP) for the first phase of development. This understanding of the water management system design, the unique environmental conditions both within and surrounding the community, as well as the status of existing and pending permits provides our team with an unparalleled advantage to serve as the District Engineer.

Experienced Local Leadership. As a Senior Vice President of Waldrop Engineering, Jeremy Arnold, P.E. will lead our commitment to the Esplanade Lake Club CDD as Project Director/Point-of-Contact. Jeremy has over 20 years of project management and civil engineering design experience in Southwest Florida and currently serves as Project Director for the Esplanade Lake Club project. Jeremy's project knowledge and strong relationships with SFWMD and Lee County will ensure the District's service requirements are not only met, but exceeded in terms of budgets, project schedules, and implementation of the development program.

Similar Experience. Jeremy L. Fireline, P.E. will serve as the District Engineer, and has extensive experience serving as a CDD Engineer for numerous master-planned communities across Southwest Florida. Jeremy has served as District Engineer for Artisan Lakes CDD for 2 years, and currently performs all duties relating to the operation and management of the CDD. Jeremy currently serves as interim District Engineer for the Esplanade Lake Club CDD, the LT Ranch CDD in Sarasota, FL, the Artisan Lakes East CDD in Manatee County, FL.

Competence & Capacity. With five (4) Florida registered Professional Engineers in the Bonita Springs office, and a total of nine (14) P.E.'s company-wide, The Waldrop Team has the institutional knowledge and experience to ensure accurate implementation of CDD's infrastructure, in addition to its appropriate long-term maintenance.

Thank you for the opportunity to provide our services to the District. We are confident that our project-specific expertise, local knowledge, and commitment to quality design and customer service position us as the clear choice for Esplanade Lake Club CDD District Engineer.

If you require further information do not hesitate to contact me directly at (239) 908-3420 or jeremy.arnold@waldropengineering.com.

Sincerely,

WALDROP ENGINEERING, P.A.

Jeremy Arnold, P.E.
Senior Vice President



ARCHITECT - ENGINEER QUALIFICATIONS

PART I - CONTRACT-SPECIFIC QUALIFICATIONS

A. CONTRACT INFORMATION

1. TITLE AND LOCATION <i>(City and State)</i> Esplanade Lake Club Community Development District	
2. PUBLIC NOTICE DATE March 8, 2019	3. SOLICITATION OR PROJECT NUMBER Request for Qualifications - District Engineer

B. ARCHITECT-ENGINEER POINT OF CONTACT

4. NAME AND TITLE Jeremy Arnold, P.E.		
5. NAME OF FIRM Waldrop Engineering		
6. TELEPHONE NUMBER (239) 405-7777	7. FAX NUMBER (239) 405-7899	8. E-MAIL ADDRESS Jeremy.Arnold@WaldropEngineering.com

C. PROPOSED TEAM

(Complete this section for the prime contractor and all key subcontractors.)

	(Check)				9. FIRM NAME	10. ADDRESS	11. ROLE IN THIS CONTRACT
	PRIME	J-V	PARTNER	SUBCON-TRACTOR			
a.	✓				Waldrop Engineering <input type="checkbox"/> CHECK IF BRANCH OFFICE	28100 Bonita Grande Dr Ste 305 Bonita Springs FL 34135	District Engineer
b.					<input type="checkbox"/> CHECK IF BRANCH OFFICE		
c.					<input type="checkbox"/> CHECK IF BRANCH OFFICE		
d.					<input type="checkbox"/> CHECK IF BRANCH OFFICE		
e.					<input type="checkbox"/> CHECK IF BRANCH OFFICE		
f.					<input type="checkbox"/> CHECK IF BRANCH OFFICE		

D. ORGANIZATIONAL CHART OF PROPOSED TEAM

(Attached)

E. RESUMES OF KEY PERSONNEL PROPOSED FOR THIS CONTRACT

(Complete one Section E for each key person.)

12. NAME Jeremy Arnold, P.E.	13. ROLE IN THIS CONTRACT Project Director	14. YEARS EXPERIENCE	
		a. TOTAL 17	b. WITH CURRENT FIRM 7
15. FIRM NAME AND LOCATION <i>(City and State)</i> Waldrop Engineering (Bonita Springs FL)			
16. EDUCATION <i>(Degree and Specialization)</i> B.S., Civil Engineering - University of Kentucky		17. CURRENT PROFESSIONAL REGISTRATION <i>(State and Discipline)</i> FL P.E. # 66421	
18. OTHER PROFESSIONAL QUALIFICATIONS <i>(Publications, Organizations, Training, Awards, etc.)</i>			

19. RELEVANT PROJECTS

(1) TITLE AND LOCATION <i>(City and State)</i>	(2) YEAR COMPLETED	
	PROFESSIONAL SERVICES	CONSTRUCTION <i>(If applicable)</i>
Flow Way - Esplanade (Naples FL)	2014 - Present	2014 - Present
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm a. Engineer of Record and Project Director for design, permitting, and construction oversight of public and private infrastructure. Directed development of project budget, and served as District Engineer.		
Esplanade Lake Club	2017 - Present	2018 - Present
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm b. Engineer of Record and Project Director for design, permitting, and construction oversight of public and private infrastructure. Directed development of project budget and CIP development.		
Skye Ranch (fka LT Ranch)		
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm c. Engineer of Record and Project Director for design, permitting, and construction oversight of public and private infrastructure. Directed development of project budget and CIP development.		
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input type="checkbox"/> Check if project performed with current firm d.		
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input type="checkbox"/> Check if project performed with current firm e.		

E. RESUMES OF KEY PERSONNEL PROPOSED FOR THIS CONTRACT

(Complete one Section E for each key person.)

12. NAME Jeremy L. Fireline, P.E.	13. ROLE IN THIS CONTRACT District Engineer	14. YEARS EXPERIENCE	
		a. TOTAL 18	b. WITH CURRENT FIRM 2
15. FIRM NAME AND LOCATION <i>(City and State)</i> Waldrop Engineering (Sarasota FL)			
16. EDUCATION <i>(Degree and Specialization)</i> B.S., Civil Engineering - Purdue University B.S., Land Survey Engineering - Purdue University Master of Environmental Engineering - North Carolina State University		17. CURRENT PROFESSIONAL REGISTRATION <i>(State and Discipline)</i> FL P.E. # 63987 NC P.E. # 037020	
18. OTHER PROFESSIONAL QUALIFICATIONS <i>(Publications, Organizations, Training, Awards, etc.)</i> Project Management Professional (PMP)			

19. RELEVANT PROJECTS

(1) TITLE AND LOCATION <i>(City and State)</i>	(2) YEAR COMPLETED	
	PROFESSIONAL SERVICES	CONSTRUCTION <i>(If applicable)</i>
Flow Way CDD (Naples FL)	1	1
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm a. Served as District Engineer since 2018. Provided consulting services for development of supplemental engineer's report to support final bond issuance. Develop cost estimates for public infrastructure to be produced by the district.		
Artisan Lakes CDD (Manatee County FL)	2	2
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm b. Served as District Engineer since 2017. Provided consulting services for development of supplemental engineer's report to support final bond issuance. Develop cost estimates for public infrastructure to be produced by the district.		
Artisan Lakes East CDD (Manatee County FL)	1	1
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm c. Served as Interim District Engineer. Provided consulting services for district establishment and expert testimony for bond validation proceedings. Developed master engineer's report and support for infrastructure acquisition.		
LT Ranch CDD (Sarasota FL)	1	1
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm d. Served as Interim District Engineer. Provided consulting services for district establishment and expert testimony for bond validation proceedings. Developed master engineer's report and support for infrastructure acquisition.		
Esplanade Lake Club CDD (Lee County FL)	1	1
(3) BRIEF DESCRIPTION <i>(Brief scope, size, cost, etc.)</i> AND SPECIFIC ROLE <input checked="" type="checkbox"/> Check if project performed with current firm e. Served as Interim District Engineer. Provided consulting services for district establishment and expert testimony for bond validation proceedings. Developed master engineer's report and support for infrastructure acquisition.		

F. EXAMPLE PROJECTS WHICH BEST ILLUSTRATE PROPOSED TEAM'S QUALIFICATIONS FOR THIS CONTRACT
(Present as many projects as requested by the agency, or 10 projects, if not specified. Complete one Section F for each project.)

20. EXAMPLE PROJECT KEY NUMBER
 1

21. TITLE AND LOCATION <i>(City and State)</i> Flow Way CDD (Naples FL)	22. YEAR COMPLETED	
	PROFESSIONAL SERVICES 2013 - Present	CONSTRUCTION <i>(If applicable)</i> 2013 - Present

23. PROJECT OWNER'S INFORMATION

a. PROJECT OWNER Taylor Morrison of Florida, Inc.	b. POINT OF CONTACT NAME Andrew Miller	c. POINT OF CONTACT TELEPHONE NUMBER (941) 554-2871
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24. BRIEF DESCRIPTION OF PROJECT AND RELEVANCE TO THIS CONTRACT *(Include scope, size, and cost)*

Esplanade Naples is an 1,184 unit development in Naples, Florida. Waldrop Engineering was the Engineer of Record for the design and permitting of the public and private infrastructure for the project, and has served as the District Engineer for the Flow Way CDD, that has acquired public infrastructure through sale of bonds. The total CIP for the Flow Way CDD includes \$39 million of public infrastructure including surface water management, sanitary sewer, potable water, irrigation, exterior landscaping, off-site improvements, environmental preserves and related design and permitting fees.

25. FIRMS FROM SECTION C INVOLVED WITH THIS PROJECT

a.	(1) FIRM NAME Waldrop Engineering	(2) FIRM LOCATION <i>(City and State)</i> Bonita Springs FL	(3) ROLE District Engineer
b.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
c.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
d.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
e.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
f.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE

F. EXAMPLE PROJECTS WHICH BEST ILLUSTRATE PROPOSED TEAM'S QUALIFICATIONS FOR THIS CONTRACT
(Present as many projects as requested by the agency, or 10 projects, if not specified. Complete one Section F for each project.)

20. EXAMPLE PROJECT KEY NUMBER
2

21. TITLE AND LOCATION <i>(City and State)</i> Artisan Lakes CDD (Manatee County FL)	22. YEAR COMPLETED	
	PROFESSIONAL SERVICES 2015 - Present	CONSTRUCTION <i>(If applicable)</i> 2015 - Present

23. PROJECT OWNER'S INFORMATION

a. PROJECT OWNER Taylor Morrison of Florida, Inc.	b. POINT OF CONTACT NAME Jeff Deeson	c. POINT OF CONTACT TELEPHONE NUMBER (813) 838-7838
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24. BRIEF DESCRIPTION OF PROJECT AND RELEVANCE TO THIS CONTRACT *(Include scope, size, and cost)*

Esplanade Artisan Lakes is a 849 unit development in Manatee County, Florida. Waldrop Engineering was the Engineer of Record for the design and permitting of the project and has served as the District Engineer for the Artisan Lakes CDD, that has acquired public infrastructure through sale of bonds. The total CIP for the Artisan Lakes CDD includes \$13 million in public improvements including the stormwater management system, sanitary sewer, potable water and a portion of a public boulevard roadway.

25. FIRMS FROM SECTION C INVOLVED WITH THIS PROJECT

a.	(1) FIRM NAME Waldrop Engineering	(2) FIRM LOCATION <i>(City and State)</i> Tampa FL	(3) ROLE District Engineer
b.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
c.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
d.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
e.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
f.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE

F. EXAMPLE PROJECTS WHICH BEST ILLUSTRATE PROPOSED TEAM'S QUALIFICATIONS FOR THIS CONTRACT
(Present as many projects as requested by the agency, or 10 projects, if not specified. Complete one Section F for each project.)

20. EXAMPLE PROJECT KEY NUMBER
3

21. TITLE AND LOCATION <i>(City and State)</i> Artisan Lakes East CDD (Manatee County FL)	22. YEAR COMPLETED	
	PROFESSIONAL SERVICES 2018 - Present	CONSTRUCTION <i>(If applicable)</i> 2018 - Present

23. PROJECT OWNER'S INFORMATION

a. PROJECT OWNER Taylor Morrison of Florida, Inc.	b. POINT OF CONTACT NAME Jeff Deeson	c. POINT OF CONTACT TELEPHONE NUMBER (813) 838-7838
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24. BRIEF DESCRIPTION OF PROJECT AND RELEVANCE TO THIS CONTRACT *(Include scope, size, and cost)*

Engineers of Record for design and permitting of public and private infrastructure to serve the 1,087 unit Artisan Lakes Eave's Bend. Serve as Interim District Engineers for Artisan Lake East's district formation, bond validation proceedings, and development of CIP and Master Engineer's Report that includes \$24.8 million in public improvements including the stormwater management system, sanitary sewers, potable water, and a portion of a public boulevard roadway.

25. FIRMS FROM SECTION C INVOLVED WITH THIS PROJECT

a.	(1) FIRM NAME Waldrop Engineering	(2) FIRM LOCATION <i>(City and State)</i> Tampa FL	(3) ROLE Interim District Engineer
b.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
c.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
d.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
e.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
f.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE

F. EXAMPLE PROJECTS WHICH BEST ILLUSTRATE PROPOSED TEAM'S QUALIFICATIONS FOR THIS CONTRACT
(Present as many projects as requested by the agency, or 10 projects, if not specified. Complete one Section F for each project.)

20. EXAMPLE PROJECT KEY NUMBER
4

21. TITLE AND LOCATION <i>(City and State)</i> LT Ranch CDD (Sarasota FL)	22. YEAR COMPLETED	
	PROFESSIONAL SERVICES 2018 - Present	CONSTRUCTION <i>(If applicable)</i> 2018 - Present

23. PROJECT OWNER'S INFORMATION

a. PROJECT OWNER Taylor Morrison of Florida, Inc.	b. POINT OF CONTACT NAME Tim Martin	c. POINT OF CONTACT TELEPHONE NUMBER (941) 229-3941
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24. BRIEF DESCRIPTION OF PROJECT AND RELEVANCE TO THIS CONTRACT *(Include scope, size, and cost)*

Engineers of Record for the design and permitting of LT Ranch, which is approved for 3,450 single and multi-family units, as well as 300,000 sq. ft. of non-residential development. Served as Interim District Engineers through district formation and development of initial CIP that includes \$40.8 million in public infrastructure improvements including stormwater and environmental preservation/mitigation areas, sanitary sewer, potable water, off-site public roadways and irrigation infrastructures.

25. FIRMS FROM SECTION C INVOLVED WITH THIS PROJECT

a.	(1) FIRM NAME Waldrop Engineering	(2) FIRM LOCATION <i>(City and State)</i> Sarasota FL	(3) ROLE Interim District Engineer
b.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
c.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
d.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
e.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
f.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE

F. EXAMPLE PROJECTS WHICH BEST ILLUSTRATE PROPOSED TEAM'S QUALIFICATIONS FOR THIS CONTRACT
(Present as many projects as requested by the agency, or 10 projects, if not specified. Complete one Section F for each project.)

20. EXAMPLE PROJECT KEY NUMBER
5

21. TITLE AND LOCATION <i>(City and State)</i> Esplanade Lake Club (Lee County FL)	22. YEAR COMPLETED	
	PROFESSIONAL SERVICES 2018 - Present	CONSTRUCTION <i>(If applicable)</i> 2018 - Present

23. PROJECT OWNER'S INFORMATION

a. PROJECT OWNER Taylor Morrison of Florida, Inc.	b. POINT OF CONTACT NAME Andrew Miller	c. POINT OF CONTACT TELEPHONE NUMBER (941) 554-2871
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24. BRIEF DESCRIPTION OF PROJECT AND RELEVANCE TO THIS CONTRACT *(Include scope, size, and cost)*

Engineers of Record for design and permitting of 620 unit single and multi-family development in Lee County, Florida. Serve as Interim District Engineers for district formation and development of preliminary \$25 million CIP that includes the stormwater management system, potable water, sanitary sewer system, ground improvements, environmental/mitigation and public roadway.

25. FIRMS FROM SECTION C INVOLVED WITH THIS PROJECT

a.	(1) FIRM NAME Waldrop Engineering	(2) FIRM LOCATION <i>(City and State)</i> Bonita Springs FL	(3) ROLE Interim District Engineers
b.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
c.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
d.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
e.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE
f.	(1) FIRM NAME	(2) FIRM LOCATION <i>(City and State)</i>	(3) ROLE

G. KEY PERSONNEL PARTICIPATION IN EXAMPLE PROJECTS

26. NAMES OF KEY PERSONNEL <i>(From Section E, Block 12)</i>	27. ROLE IN THIS CONTRACT <i>(From Section E, Block 13)</i>	28. EXAMPLE PROJECTS LISTED IN SECTION F <i>(Fill in "Example Projects Key" section below before completing table. Place "X" under project key number for participation in same or similar role.)</i>									
		1	2	3	4	5	6	7	8	9	10
Jeremy Arnold, P.E.	Project Director	X			X	X					
Jeremy Fireline, P.E.	District Engineer	X	X	X	X	X					

29. EXAMPLE PROJECTS KEY

NUMBER	TITLE OF EXAMPLE PROJECT <i>(From Section F)</i>	NUMBER	TITLE OF EXAMPLE PROJECT <i>(From Section F)</i>
1	Flow Way CDD	6	
2	Artisan Lakes CDD	7	
3	Artisan Lakes East CDD	8	
4	LT Ranch CDD	9	
5	Esplanade Lake Club CDD	10	

H. ADDITIONAL INFORMATION

30. PROVIDE ANY ADDITIONAL INFORMATION REQUESTED BY THE AGENCY. ATTACH ADDITIONAL SHEETS AS NEEDED

Waldrop Engineering, P.A., offers a diverse set of land development services founded on exceptional client service, quality design, and a solid commitment to our Clients' success. We recognize that each of our Clients and their respective projects are unique and approach each opportunity objectively with our Clients' goals in mind. We provide a range of planning, civil engineering, and landscape architecture services and have successfully completed projects including: master planned residential communities, community parks, commercial and industrial developments, and master stormwater drainage systems.

Our talented team of project managers coordinate every project with an integrative approach to the design development process. From the outset of each project, we utilize the diversity of skills and experience among our multi-disciplinary professionals to ensure innovative problem-solving and a more fluid permitting process. This holistic approach provides our Clients with not only the added value and convenience of "one stop shopping", but with the assurance that their project will be completed both efficiently and accurately. Most importantly, thanks to the caliber of our professionals, we continue to serve satisfied, repeat clientele, as well as build new relationships across the community.

The services Waldrop Engineering offers include:

1. **Civil Engineering**
 - Master Stormwater Design
 - Master Water and Sewer Design
 - Paving and Grading Design
 - Water Distribution Design
 - Lift Station and Force Main Design
 - Construction Plan Preparation

2. **Permitting**
 - Local Construction Plan Permitting
 - Water Management District Permitting
 - FDEP Water and Wastewater Permitting
 - FDOT Permitting
 - National Pollutant Discharge Elimination System Permitting (NPDES)

3. **Construction Administration**
 - Bid Package Preparation
 - Contract Management
 - Construction Observation
 - Certifications

4. **Due Diligence and Feasibility Studies**
 - Lot Fit Analysis
 - Due Diligence Reports
 - Project Feasibility Studies
 - Geographic Information Systems (GIS) Exhibits
 - Preparation

I. AUTHORIZED REPRESENTATIVE

The foregoing is a statement of facts.

31. SIGNATURE

32. DATE

03/29/2019

33. NAME AND TITLE

Jeremy Arnold, P.E., Senior Vice President

ARCHITECT-ENGINEER QUALIFICATIONS

1 SOLICITATION NUMBER (If any)

PART II - GENERAL QUALIFICATIONS

(If a firm has branch offices, complete for each specific branch office seeking work.)

2a. FIRM (or Branch Office) NAME Waldrop Engineering, P.A.				3. YEAR ESTABLISHED 2000		4. UNIQUE ENTITY IDENTIFIER 024122296	
2b. STREET 28100 Bonita Grande Dr Ste 305				5. OWNERSHIP a TYPE Corporation			
2c. CITY Bonita Springs		2d. STATE FL	2e. ZIP CODE 34135				
6a. POINT OF CONTACT NAME AND TITLE Jeremy Arnold, P.E., Senior Vice President				7. NAME OF FIRM (If Block 2a is a Branch Office)			
8b. TELEPHONE NUMBER (239) 908-3420		8c. E-MAIL ADDRESS Jeremy.Arnold@WaldropEngineering.c					

8a. FORMER FIRM NAME(S) (If any)		8b. YEAR ESTABLISHED	8c. UNIQUE ENTITY IDENTIFIER

9. EMPLOYEES BY DISCIPLINE

10. PROFILE OF FIRM'S EXPERIENCE AND ANNUAL AVERAGE REVENUE FOR LAST 5 YEARS

a. Function Code	b. Discipline	c. Number of Employees		a. Profile Code	b. Experience	c. Revenue Index Number (see below)
		(1) FIRM	(2) BRANCH			
02	Administrative	7	4			
08	CADD Technician	10	4			
12	Civil Engineer	32	12			
15	Construction Inspector	1	1			
39	Landscape Architect	24	14			
47	Planner	4	3			
Other Employees						
Total		78	38			

11. ANNUAL AVERAGE PROFESSIONAL SERVICES REVENUES OF FIRM FOR LAST 3 YEARS (Insert revenue index number shown at right)		PROFESSIONAL SERVICES REVENUE INDEX NUMBER								
		1. Less than \$100,000	2. \$100,000 to less than \$250,000	3. \$250,000 to less than \$500,000	4. \$500,000 to less than \$1 million	5. \$1 million to less than \$2 million	6. \$2 million to less than \$5 million	7. \$5 million to less than \$10 million	8. \$10 million to less than \$25 million	9. \$25 million to less than \$50 million
a. Federal Work	1									
b. Non-Federal Work	8									
c. Total Work	9									

12. AUTHORIZED REPRESENTATIVE

The foregoing is a statement of facts.

a. SIGNATURE 		b. DATE 03/29/2019
c. NAME AND TITLE Jeremy Arnold, P.E., Senior Vice President		

ENGINEERING SERVICES AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into as of this 15th day of May 2019 by and between **ESPLANADE LAKE CLUB**, a local unit of special purpose government established and existing pursuant to Chapter 190, Florida Statutes, and the laws of the State of Florida ("District") and **WALDROP ENGINEERING, INC.**, a Florida corporation ("Engineer").

WHEREAS, the District solicited for proposals to serve as the Engineer for the District in accordance with Sections 190.033 and 287.055, Florida Statutes; and

WHEREAS, the Engineer submitted a proposal to serve in this capacity; and

WHEREAS, the District's Board of Supervisors ranked the Engineer as the number one most qualified firm to serve as the Engineer for the District and authorized negotiation of a contract; and

WHEREAS, the District intends to employ the Engineer to perform engineering, surveying, planning, landscaping, environmental management and permitting, and such other services as deemed necessary by the District, as defined in separate work authorizations; and

WHEREAS, the Engineer shall serve as the District's professional representative in each service or project to which this Agreement applies and will provide the required services defined in separate work authorizations to the District during the performance of his services.

NOW THEREFORE, for and in consideration of the premises, the mutual covenants herein contained, the act and deeds to be performed by the parties, the receipt and sufficiency of which are hereby acknowledged, it is mutually covenanted and agreed as follows:

ARTICLE 1. SCOPE OF SERVICES

A. The Engineer will provide general engineering services, as authorized by the Board of Supervisors and supervised by the District's Manager or directed by the District Manager, including:

- 1.** Prepare any necessary reports and attend meetings of the District's Board of Supervisors; and
- 2.** Assistance in meeting with necessary parties pertaining to bond issues, special reports, feasibility studies or other tasks; and
- 3.** Performance of any other duties related to the provision of infrastructure and services,.

B. The Engineer shall prepare construction drawings and specifications for the type of work as authorized by the Board of Supervisors of the District and directed by the District's Manager. This may include rendering assistance in the drafting of forms,

ENGINEERING SERVICES AGREEMENT

proposals and contracts, issuance of certificates of construction and payment, assisting and supervising the bidding processes, and any other activity required by the District.. .

C. The Engineer shall provide general services during the construction phase of a project as authorized by the District and supervised by the District's Manager which may include the following:

1. Periodic visits to the site, or full time services, as directed by the District; and
2. Processing of contractors' pay estimates; and
3. Final inspection and requested certificates for construction including the final certification of construction; and
4. Consultation and advice during construction, including performing all roles and actions required of any construction contract between the District and any contractor(s) in which the Engineer is named as owner's representative or "Engineer"; and
5. Any other activity related to construction as authorized by the District.
6. Land surveying;
7. Topographic surveying;
8. Staking and layout work for construction;
9. Tests of material and underground explorations; and
10. Aerial photographs.

D. The Engineer will assign a project manager to the District, notifying the District in writing, which project manager shall be the primary contact person for the Engineer.

E. In those instances where the Engineer believes that a task, work or project requires additional personnel, the Engineer shall obtain the prior written approval of the District. The Engineer shall optimize the resources available through the District staff before utilizing additional Engineer personnel.

F. Each project shall utilize standard project management methodology.

G. The District retains the right to at any time, without penalty or charge, suspend any previously authorized work, task or project, by providing written notice to the Engineer, provided however that the District shall be responsible to pay the Engineer for all authorized work performed prior to receipt by Engineer of the notice of suspension.

H. The District retains the right to obtain other engineering services.

I. The professional services to be provided by Engineer shall comply with all applicable laws, statutes, ordinances, codes, orders (including, without limitation, the PUD Ordinance), rules and regulations, and shall be performed with the degree of care

ENGINEERING SERVICES AGREEMENT

and diligence and in accordance with the professional standards of professional engineers practicing in the State of Florida. The services shall be performed within the standards of the industry. In the event of any conflict between the rules, regulations and ordinances promulgated by the various governmental authorities controlling construction of improvements, Engineer covenants and agrees that it will design such improvements in accordance with the standards of the industry.

ARTICLE 2. METHOD OF AUTHORIZATION/SCHEDULE

A. Each service or project shall be authorized in writing by the District. The written authorization shall be incorporated in a Work Authorization that shall include the scope of work, compensation, and special provisions or conditions specific to the service or project being authorized. Authorization of services or projects under the contract shall be at the sole option of the District and as agreed to by the Engineer.

B. Engineer shall perform its obligations under this Agreement as expeditiously and efficiently as are consistent with professional skill and care and the orderly progress of the construction of the District's facilities and improvements and meet such project schedules as may be developed by District and consistent with information provided to Engineer by District and applicable government agencies. Engineer agrees that all services shall be provided in such a manner as to meet District's reasonable expectation and to provide Engineer's best efforts to ensure the timely progression of the work being performed by the District.

ARTICLE 3. COMPENSATION

It is understood and agreed that the payment of compensation for services under this contract shall be stipulated in each Work Authorization. One of the following methods shall be utilized:

Lump Sum Amount. For services or projects where the District and Engineer mutually agree to a maximum lump sum amount for the services to be rendered payable monthly in direct proportion to the work accomplished.

Hourly Personnel Rates. For services or projects where the scope of services is not capable of being clearly defined or recurring services or other projects where the District desires the use of the hourly compensation rates, the services shall be charged at the Engineer's current and best rates, a current copy of which is outlined in Schedule A, attached hereto and made a part hereof. If requested by the District, Engineer shall provide the District with written updates of said rate schedule.

ENGINEERING SERVICES AGREEMENT

ARTICLE 4. REIMBURSABLE EXPENSES

Reimbursable expenses consist of actual expenditures made by the Engineer, its employees, or its consultants in the interest of District authorized work for the incidental expenses listed as follows:

- A.** Expenses of transportation and living when traveling in connection with the project, for long distance calls and facsimiles, and fees paid for securing approval of authorities having jurisdiction over the Project. Requests for reimbursements for all such Expenditures shall be made in accordance with Chapter 112, Florida Statutes and with the District's travel policy.
- B.** Actual expense of reproduction, postage and handling of drawings, and specifications except those use for in-house purposes by Engineer.

ARTICLE 5. SPECIAL CONSULTANTS

When authorized in writing by the District, additional special consulting services shall be paid for at the actual cost of the special consultant without any markup by the Engineer..

ARTICLE 6. BILLING AND ACCOUNTING RECORDS

Bills for fees or other compensation for services or expenses shall be submitted in detail sufficient for a proper pre-audit and post-audit thereof. The Engineer, when billing based upon an hourly basis shall record the time expended in increments not less than two-tenths (.2) of an hour, with an accompanying detailed explanation for each time entry. Records of the Engineer pertaining to the services provided hereunder shall be kept on a basis of generally accepted accounting principles and shall be available to the District or its authorized representative for observation or audit at mutually agreeable times. The Engineer shall not charge for time expended in billing preparation or review or for internal administration of this Agreement. The Engineer acknowledges that the provisions of Article 14 of this Agreement may apply to such records.

ARTICLE 7. OWNERSHIP OF PLANS

All plans produced by the Engineer shall immediately become property of the District.

ARTICLE 8. REUSE OF DOCUMENTS

All documents including drawings and specifications furnished by the Engineer pursuant to this Agreement are instruments of service. They are not intended or represented to be suitable for reuse by the District or others on extensions of the work for which they were provided or on any other project. Any reuse without specific written consent by the Engineer will be at the District's sole risk and without liability or legal exposure to the Engineer.

ENGINEERING SERVICES AGREEMENT

ARTICLE 9. ESTIMATE OF COST

Since the Engineer has no control over the cost of labor, materials or equipment, a contractor's(s') methods of determining prices, competitive bidding or market conditions, any opinions of probable cost provided as a service hereunder are to be made on the basis of his experience and qualifications and represent his best judgment as a design professional familiar with the construction industry, but the Engineer cannot and does not guarantee that proposals, bids, or the construction costs will not vary from opinion of probable cost prepared by the contractor. If the District wishes greater assurance as to the construction costs, it shall employ an independent cost estimator at its own expense. Services to modify approved documents to bring the construction cost within any limitation established by the District will be considered additional services and may justify additional fees.

ARTICLE 10. INSURANCE

The Engineer shall, at its own expense, maintain insurance during the performance of its services under this Agreement, with limits of liability not less than the following:

Workers Compensation	Statutory
General Liability <ul style="list-style-type: none">• Bodily Injury (including Contractual)• Property Damage (including Contractual)	\$1,000,000/ \$2,000,000 \$1,000,000/ \$2,000,000
Automobile Liability (if Applicable) <ul style="list-style-type: none">• Bodily Injury• Property Damage	\$1,000,000/ \$1,000,000 \$1,000,000
Professional Liability for Errors and Omissions	\$1,000,000/\$3,000,000

The Engineer shall provide the District with a certificate evidencing compliance with the above terms and naming the District as an additional insured on general and automobile liability policies. The Engineer shall require that the insurer provide the District with thirty (30) days notice of cancellation and provide written certification thereof. At no time shall the Engineer be without insurance in the above amounts.

ARTICLE 11. CONTINGENT FEE

The Engineer warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Engineer, to solicit or secure this Agreement, and that it has not paid or agreed to pay any person, company, corporation, individual, or firm, other than a bona fide employee working solely for the Engineer, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement.

ENGINEERING SERVICES AGREEMENT

ARTICLE 12. AUDIT

The Engineer agrees that the District or any of its duly authorized representatives shall, until the expiration of five years after expenditure of funds under this Agreement, have access to and the right to examine any books, documents, papers, and records of the Engineer involving transactions related to the Agreement. The Engineer agrees that payment made under this Agreement shall be subject to reduction for amounts charged thereto that are found on the basis of audit examination not to constitute allowable costs. All required records shall be maintained until an audit is completed and all questions arising therefrom are resolved, or five years after completion of all work under the Agreement. At the end of said time period, the Engineer shall turn over District records to the District and will be reimbursed for the actual costs to do so.

ARTICLE 13. INDEMNIFICATION

The Engineer agrees, to the fullest extent permitted by law, to indemnify, defend, and hold the District, its Board members, officers, agents, employees harmless of and from any and all liabilities, claims, costs, expenses, causes of action, demands, suits, or losses (including attorneys' fees and costs) arising from the negligent or wrongful acts, errors, or omissions, or the misconduct, of the Engineer, the Engineer's agents, or its employees, in the performance of professional services under this Agreement. The Engineer agrees and covenants that nothing herein shall constitute or be construed as a waiver of the District's sovereign immunity pursuant to section 768.28, F.S. The terms and provisions of this Article shall survive the expiration or termination of this Agreement.

ARTICLE 14. PUBLIC RECORDS

The Engineer agrees and understands that Chapter 119, Florida Statutes, may be applicable to documents prepared in connection with the work provided to the District by Engineer. The Engineer shall allow access to all documents, papers, letters, or other materials subject to the provisions of Chapter 119, F.S. The District shall have the right to unilaterally cancel this Agreement for refusal by the Engineer to allow public access to all documents, papers, letters, or other materials that are subject to the provisions of Chapter 119, F.S. and made or received by the Engineer in conjunction with this Agreement.

ARTICLE 15. EMPLOYMENT VERIFICATION

The Engineer agrees that it shall bear the responsibility for verifying the employment status, under the Immigration Reform and Control Act of 1986, of all persons it employs in the performance of this Agreement.

ENGINEERING SERVICES AGREEMENT

ARTICLE 16. CONTROLLING LAW

The Engineer and the District agree that this Agreement shall be controlled and governed by the laws of the State of Florida. The parties to this Agreement acknowledge venue as lying in Lee County, Florida and further agree that all litigation arising out of this Agreement or the services provided hereunder shall be in the Florida state court of appropriate jurisdiction in Lee County, Florida.

ARTICLE 17. ASSIGNMENT AND AMENDMENT

Neither the District nor the Engineer shall assign, sublet, or transfer any rights under or interest in this Agreement without the express written consent of the other. Nothing in this paragraph shall prevent the Engineer from employing such independent professional associates and consultants, as the Engineer deems appropriate, pursuant to Article 5 herein. Amendment to and waivers of the provisions contained in this Agreement may be made only by an instrument in writing which is executed by both of the parties hereto.

ARTICLE 18. TERMINATION

This Agreement shall commence upon execution of this Agreement by both parties and shall continue until terminated in accordance with the provisions herein. The District may terminate this Agreement, in whole or in part, for non-performance by the Engineer or for convenience and without cause, at the District's discretion, by providing thirty (30) days written notice to the Engineer of the District's intent to terminate. The Engineer may terminate this Agreement without cause upon ninety (90) days written notice. At such time as the Engineer receives notification of the intent of the District to terminate the Agreement, the Engineer shall not perform any further services unless directed to do so by the Board of Supervisors. In the event of any termination, the Engineer will be paid for services rendered to the date of termination and all reimbursable expenses incurred to the date of termination.

ARTICLE 19. RECOVERY OF COSTS AND FEES

In the event either party is required to enforce this Agreement by court proceedings or otherwise, to the extent permitted by law, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs, including those associated with any appeal.

ARTICLE 20. INDEPENDENT CONTRACTOR

In all matters relating to this Agreement, the Engineer shall be acting as an independent contractor. Neither the Engineer nor employees of the Engineer, if any, are employees of the District under the meaning or application of any federal or state Unemployment or Insurance Laws or Old Age Laws or otherwise. The Engineer agrees to assume all liabilities or obligations imposed by anyone or more of such laws with respect to employees of the Engineer, if any, in

ENGINEERING SERVICES AGREEMENT

the performance of this Agreement. The Engineer shall not have any authority to assume or create any obligation, expressed or implied, on behalf of the District and the Engineer shall have no authority to represent as agent, employee, or in any other capacity the District unless set forth differently herein.

ARTICLE 21. NOTICES

Any notice provided by this Agreement to be served in writing upon either of the parties shall be deemed sufficient if hand delivered, sent by commercial overnight courier, or mailed by registered or certified mail, return receipt requested, to the authorized representative of the other party at the addresses below or to such other addresses as the parties hereto may hereafter designate in writing. Any such notice or demand shall be deemed to have been given or made as of the time of actual delivery, or, in the case of certified mailing, such notice shall be effective from the date the same is deposited in the mail with postage prepaid. The addresses for notice purposes are as follows:

IF TO ENGINEER: Waldrop Engineering, Inc.
28100 Bonita Grande Drive, Suite 305
Bonita Springs, Florida 34135
Attention: Mr. Ronald Waldrop, President

IF TO DISTRICT: LT RANCH Community Development District
2900 NE 12th Terrace, Suite 1
Oakland Park, Florida 33334
Phone: 954-658-4900
E-Mail: JimWard@JimWardAssociates.com
Fax: Not Applicable
Attention: Mr. James P. Ward

WITH A COPY TO: Hopping Green & Sams, P.A.
119 South Monroe Street
Tallahassee, Florida 32301
Phone: 850-222-7500
Attention: Mr. Jere Earlywine

ARTICLE 21. OBJECTIVE CONSTRUCTION AND ACCEPTANCE

This Agreement reflects the negotiated agreement of the parties, each represented by competent legal counsel. Accordingly, this Agreement shall be construed as if both parties jointly prepared it, and no presumption against one party or the other shall govern the interpretation or construction of any of the provisions of this Agreement. Acceptance of this Agreement is indicated by the signature of the authorized representative of the District and the Engineer in the spaces provided below.

ENGINEERING SERVICES AGREEMENT

ARTICLE 22. SEVERABILITY

Should any clause, paragraph, or other part of this Agreement be held or declared void or illegal, for any reason, by any court having competent jurisdiction, all other clauses, paragraphs or parts of this Agreement shall nevertheless remain in full force and effect.

ARTICLE 23. ACCEPTANCE

Acceptance of this Agreement is indicated by the signature of the authorized representative of the District and the Engineer in the spaces provided below.

{Signatures appear on the following page}

ENGINEERING SERVICES AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

DISTRICT:

Attest:

**ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT**

James P. Ward, Secretary

By: _____
_____, Chairman

ENGINEER:

WALDROP ENGINEERING, INC.,
a Florida corporation

By: _____
Ronald Waldrop, President

ENGINEERING SERVICES AGREEMENT

SCHEDULE A

WALDROP ENGINEERING STANDARD RATE CODE

CLASSIFICATION	CODE	RATE
PROFESSIONAL CONSULTANT		
Professional Consultant I	PCI	\$95/hr
Professional Consultant II	PCII	\$100/hr
Professional Consultant III	PCIII	\$105/hr
Professional Consultant IV	PCIV	\$110/hr
Professional Consultant V	PCV	\$115/hr
Professional Consultant VI	PCVI	\$120/hr
Professional Consultant VII	PCVII	\$125/hr
Professional Consultant VIII	PCVIII	\$130/hr
Professional Consultant IX	PCIX	\$135/hr
Professional Consultant X	PCX	\$140/hr
Professional Consultant XI	PCXI	\$145/hr
Professional Consultant XII	PCXII	\$150/hr
Professional Consultant XIII	PCXIII	\$155/hr
Professional Consultant XIV	PCXIV	\$160/hr
Professional Consultant XV	PCXV	\$165/hr
Professional Consultant XVI	PCXVI	\$170/hr
Professional Consultant XVII	PCXVII	\$175 hr
Professional Consultant XVIII	PCXVIII	\$180/hr
Professional Consultant XIX	PCXIX	\$185 hr
Professional Consultant XX	PCXX	\$190/hr
Professional Consultant XXI	PCXXI	\$195 hr
Professional Consultant XXII	PCXXII	\$200 hr
EXPERT CONSULTANT		
Expert Consultant I	ECI	\$125/hr
Expert Consultant II	ECII	\$150/hr
Expert Consultant III	ECIII	\$175/hr
Expert Consultant IV	ECIV	\$200/hr
Expert Consultant V	ECV	\$225/hr
ADMINISTRATIVE		
Administrative Assistant I	AAI	\$70/hr
Administrative Assistant II	AAII	\$80/hr
Administrative Assistant III	AAIII	\$90/hr
Administrative Assistant IV	AAIV	\$100/hr
Administrative Assistant V	AAV	\$110/hr
Administrative Assistant VI	AAVI	\$120/hr
REIMBURSABLE EXPENSES		
Reimbursable expenses will be charged at cost.		

**ACKNOWLEDGMENT AND AGREEMENT
WAIVING CONFLICT OF INTEREST**

DEVELOPER: TAYLOR MORRISON OF FLORIDA, INC.
DISTRICT: ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT
TRANSACTION: ISSUANCE OF DISTRICT'S SPECIAL ASSESSMENT BONDS, SERIES
2019

Developer and District hereby acknowledge that Greenspoon Marder LLP (the "Law Firm") has previously represented Developer and its affiliates in various transactions. Developer and District also acknowledge that the Law Firm is representing District as bond counsel in connection with the Transaction. Developer and District acknowledge that the Law Firm has given each party an opportunity to evaluate the Law Firm's proposed representation of District as bond counsel and any conflict of interest which may develop therefrom.

Developer will engage a law firm other than Law Firm to serve as its independent legal counsel in connection with the Transaction and such firm has also advised it as to its rights in connection with this waiver of conflict.

Developer and District hereby consent to the Law Firm's representation of District as bond counsel with respect to the Transaction including, without limitation, all post-closing representation and other representation related to the Transaction. Nothing contained herein shall limit or restrict the ability of the Law Firm to represent Developer or its affiliates or the District in future unrelated matters.

The Law Firm shall not commence, nor render advice with regard to or in contemplation of, any action, adversary proceeding or other contested matter adverse to Developer and its affiliates in connection with, arising out of, or relating to the Transaction.

In the event of any litigation between the Developer and the District with respect to the Transaction, the Law Firm shall not represent either party.

The Law Firm shall not share any confidential or proprietary information derived from its prior representation of the Developer and its affiliates with the District.

This Acknowledgment may be executed by the parties in counterpart.

DEVELOPER:

TAYLOR MORRISON OF FLORIDA, INC.

By: _____
Name: _____
Title: _____
Dated: _____

DISTRICT:

ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Name: _____
Title: _____
Dated: _____

RESOLUTION 2019-19

A RESOLUTION OF THE BOARD OF SUPERVISORS OF ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT RESCINDING RESOLUTION 2019-16 IN ITS ENTIRETY; DESIGNATING A DATE, TIME AND LOCATION OF A PUBLIC HEARING REGARDING THE DISTRICT'S INTENT TO USE THE UNIFORM METHOD FOR THE LEVY, COLLECTION, AND ENFORCEMENT OF NON-AD VALOREM SPECIAL ASSESSMENTS AS AUTHORIZED BY SECTION 197.3632, *FLORIDA STATUTES*; AUTHORIZING THE PUBLICATION OF THE NOTICE OF SUCH HEARING; PROVIDING FOR SEVERABILITY, INVALID PROVISIONS, CONFLICT AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Esplanade Lake Club Community Development District ("**District**") is a local unit of special-purpose government creating and existing pursuant to Chapter 190, Florida Statutes, being situated entirely within Lee County, Florida; and

WHEREAS, the District has previously adopted Resolution 2019-16 regarding the designation of a date, time and location of a public hearing regarding the District's intent to use the uniform method for the levy, collection and enforcement of non-ad valorem special assessments, which the District desires to rescind in its entirety and replace with this Resolution; and

WHEREAS, the District pursuant to the provisions of Chapter 190, Florida Statutes, is authorized to levy, collect and enforce certain special assessments, which include benefit and maintenance assessments and further authorizes the Board of Supervisors of the District ("**Board**") to levy, collect and enforce special assessments pursuant to Chapters 170 and 190, Florida Statutes.

WHEREAS, the District desires to use the Uniform Method for the levy, collection and enforcement of non-ad valorem special assessments authorized by Section 197.3632, Florida Statutes, ("**Uniform Method**").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT:

Section 1. RESCINDMENT OF RESOLUTION 2019-16. Resolution 2019-16 adopted by the Board on November 8, 2018, is hereby superseded and rescinded in its entirety.

Section 2. PUBLIC HEARING. A Public Hearing will be held to adopt the Uniform Method on June 19, 2019, at 1:00 P.M, at the offices of Waldrop Engineering, 28100 Bonita Grande Drive, Suite 304, Bonita Springs, Florida 34135.

Section 3. PROPERTY SUBJECT TO THE LEVY. The property subject to the levy of the assessments of the District include all of the property within the boundaries of the District as shown on Exhibit 1, attached hereto and made a part of this Resolution.

Section 4. PUBLICATION. The District Secretary is directed to publish notice of the hearing in accordance with Section 197.3632, Florida Statutes.

Section 5. SEVERABILITY AND INVALID PROVISIONS. If any one of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contract to the policy of express law, but not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of the other provisions hereof.

Section 6. CONFLICT. That all Sections or parts of Sections of any Resolutions, Agreements or actions of the Board in conflict are hereby repealed to the extent of such conflict.

Section 7. PROVIDING FOR AN EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

PASSED AND ADOPTED this 15th day of May, 2019.

ATTEST:

**ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT**

James P. Ward, Secretary

_____, Chairperson

RESOLUTION 2019-20

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT DECLARING SPECIAL ASSESSMENTS; DESIGNATING THE NATURE AND LOCATION OF THE PROPOSED IMPROVEMENTS; DECLARING THE TOTAL ESTIMATED COST OF THE IMPROVEMENTS, THE PORTION TO BE PAID BY ASSESSMENTS, AND THE MANNER AND TIMING IN WHICH THE ASSESSMENTS ARE TO BE PAID; DESIGNATING THE LANDS UPON WHICH THE ASSESSMENTS SHALL BE LEVIED; PROVIDING FOR AN ASSESSMENT PLAT AND A PRELIMINARY ASSESSMENT ROLL; ADDRESSING THE SETTING OF PUBLIC HEARINGS; PROVIDING FOR PUBLICATION OF THIS RESOLUTION; AND ADDRESSING CONFLICTS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Esplanade Lake Club Community Development District ("**District**") is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, *Florida Statutes*; and

WHEREAS, the District is authorized by Chapter 190, *Florida Statutes*, to finance, fund, plan, establish, acquire, install, equip, operate, extend, construct, or reconstruct certain infrastructure and services necessitated by the development of, and serving lands within, the District; and

WHEREAS, the District hereby determines to undertake, install, plan, establish, construct or reconstruct, enlarge or extend, equip, acquire, operate, and/or maintain the infrastructure improvements ("**Project**") described in the District's *Report of District Engineer*, dated May, 2019, which is attached hereto as **Exhibit A** and incorporated herein by reference; and

WHEREAS, it is in the best interest of the District to pay for all or a portion of the cost of the Project by the levy of special assessments ("**Assessments**"), using the methodology set forth in that *Master Special Assessment Methodology*, dated April 29, 2019, which is attached hereto as **Exhibit B**, incorporated herein by reference, and on file with the District Manager at c/o JP Ward & Associates LLC, 2900 Northeast 12th Terrace, Suite 1, Oakland Park, Florida 33334 ("**District Records Office**"); and

WHEREAS, the District is empowered by Chapter 190, the Uniform Community Development District Act, Chapter 170, Supplemental and Alternative Method of Making Local Municipal Improvements, and Chapter 197, the Uniform Method for the Levy, Collection and Enforcement of Non-Ad Valorem Assessments, *Florida Statutes*, to finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain the Project and to impose, levy and collect the Assessments;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT:

Section 1. AUTHORITY FOR THIS RESOLUTION; INCORPORATION OF RECITALS. This Resolution is adopted pursuant to the provisions of Florida law, including without limitation Chapters 170, 190 and 197, *Florida Statutes*. The recitals stated above are incorporated herein and are adopted by the Board as true and correct statements.

Section 2. DECLARATION OF ASSESSMENTS. The Board hereby declares that it has determined to make the Project and to defray all or a portion of the cost thereof by the Assessments.

Section 3. DESIGNATING THE NATURE AND LOCATION OF IMPROVEMENTS. The nature and general location of, and plans and specifications for, the Project are described in **Exhibit A**, which is on file at the District Records Office. **Exhibit B** is also on file and available for public inspection at the same location.

Section 4. DECLARING THE TOTAL ESTIMATED COST OF THE IMPROVEMENTS, THE PORTION TO BE PAID BY ASSESSMENTS, AND THE MANNER AND TIMING IN WHICH THE ASSESSMENTS ARE TO BE PAID.

- A. The total estimated cost of the Project is \$25,052,450.00 (“**Estimated Cost**”).
- B. The Assessments will defray approximately \$30,070,000.00, which is the anticipated maximum par value of any bonds and which includes all or a portion of the Estimated Cost, as well as other financing-related costs, as set forth in **Exhibit B**, and which is in addition to interest and collection costs. On an annual basis, the Assessments will defray no more than \$2,100,189.91 per year, again as set forth in **Exhibit B**.
- C. The manner in which the Assessments shall be apportioned and paid is set forth in **Exhibit B**, as may be modified by supplemental assessment resolutions. The Assessments may be imposed as one or more special assessment liens, as set forth in applicable supplemental assessment resolutions, and, with respect to any particular lien, the Assessments shall be paid in not more than (30) thirty yearly installments. The Assessments may be payable at the same time and in the same manner as are ad-valorem taxes and collected pursuant to Chapter 197, *Florida Statutes*; provided, however, that in the event the uniform non ad-valorem assessment method of collecting the Assessments is not available to the District in any year, or if determined by the District to be in its best interest, the Assessments may be collected as is otherwise permitted by law, including but not limited to by direct bill. The decision to collect special assessments by any particular method – e.g., on the tax roll or by direct bill – does not mean that such method will be used to collect special assessments in future years, and the District reserves the right in its sole discretion to select collection methods in any given year, regardless of past practices.

Section 5. DESIGNATING THE LANDS UPON WHICH THE SPECIAL ASSESSMENTS SHALL BE LEVIED. The Assessments securing the Project shall be levied on certain lots and lands within the District, as described in **Exhibit B**, and as further designated by the assessment plat hereinafter provided for.

Section 6. ASSESSMENT PLAT. Pursuant to Section 170.04, *Florida Statutes*, there is on file, at the District Records Office, an assessment plat showing the area to be assessed, with certain plans and specifications describing the Project and the estimated cost of the Project, all of which shall be open to inspection by the public.

Section 7. PRELIMINARY ASSESSMENT ROLL. Pursuant to Section 170.06, *Florida Statutes*, the District Manager has caused to be made a preliminary assessment roll, in accordance with the method of assessment described in **Exhibit B** hereto, which shows the lots and lands assessed, the amount of benefit to and the assessment against each lot or parcel of land and the number of annual installments into which the assessment may be divided, which assessment roll is hereby adopted and approved as the District’s preliminary assessment roll.

Section 8. PUBLIC HEARINGS DECLARED; DIRECTION TO PROVIDE NOTICE OF THE HEARINGS. Pursuant to Sections 170.07 and 197.3632(4)(b), *Florida Statutes*, among other provisions of Florida law, there are hereby declared two public hearings to be held as follows:

NOTICE OF PUBLIC HEARINGS

DATE:	Wednesday , June 17, 2019
TIME:	1:00 P.M.
LOCATION:	Waldrop Engineering 28100 Bonita Grande Drive, Suite 304 Bonita Springs, Florida 34135

The purpose of the public hearings is to hear comment and objections to the proposed special assessment program for District improvements as identified in the preliminary assessment roll, a copy of which is on file and as set forth in **Exhibit B**. Interested parties may appear at that hearing or submit their comments in writing prior to the hearings at the District Records Office.

Notice of said hearings shall be advertised in accordance with Chapters 170, 190 and 197, *Florida Statutes*, and the District Manager is hereby authorized and directed to place said notice in a newspaper of general circulation within Lee County (by two publications one week apart with the first publication at least twenty (20) days prior to the date of the hearing established herein). The District Manager shall file a publisher’s affidavit with the District Secretary verifying such publication of notice. The District Manager is further authorized and directed to give thirty (30) days written notice by mail of the time and place of this hearing to the owners of all property to be assessed and include in such notice the amount of the assessment for each such property owner, a description of the areas to be improved and notice that information concerning all assessments may be ascertained at the District Records Office. The District Manager shall file proof of such mailing by affidavit with the District Secretary.

Section 9. PUBLICATION OF RESOLUTION. Pursuant to Section 170.05, *Florida Statutes*, the District Manager is hereby directed to cause this Resolution to be published twice (once a week for two (2) weeks) in a newspaper of general circulation within Lee County and to provide such other notice as may be required by law or desired in the best interests of the District.

Section 10. CONFLICTS. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

Section 11. SEVERABILITY. If any section or part of a section of this resolution be declared invalid or unconstitutional, the validity, force, and effect of any other section or part of a section of this resolution shall not thereby be affected or impaired unless it clearly appears that such other section or

part of a section of this resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

Section 12. EFFECTIVE DATE. This Resolution shall become effective upon its adoption.

PASSED AND ADOPTED this 15th day of May, 2019.

ATTEST:

**ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT**

James P. Ward, Secretary

_____, Chairman

Exhibit A: *Report of District Engineer, dated April, 2019*

Exhibit B: *Master Special Assessment Methodology, dated April 29, 2019*

**Esplanade Lake Club
Community Development District**

Master Engineer's Report

April, 2019

Prepared for:

**Esplanade Lake Club
Community Development District
Lee County, Florida**

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

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INTRODUCTION

Esplanade Lake Club Community Development District (the “**District**”) is a special purpose unit of local government established pursuant to Chapter 190, *Florida Statutes*, and by Ordinance No. 18-21 of the Lee County Board of County Commissioners, which Ordinance became effective September 19, 2018. The District encompasses approximately 778.93 acres of land and is located approximately 1.0 mile east of the Ben Hill Griffin Parkway and Alico Road intersection, in unincorporated Lee County Florida. The project lies within Sections 11, 12, and 13 Township 46 south Range 25 east, and is bounded to the north by Alico Road, to the east by an existing FP&L easement and the future 951 extension, and the west by the Miromar Lake Development. Please refer to **Exhibit 2 – Location Map and Exhibit 3– Aerial Map**, for reference.

The District is part of a master planned community development (the “**Master Development**”) consisting of approximately 886.04+/- acres within the Lee County University Community Future Land Use category in Lee County. The Master Development has been re-zoned by Lee County as a Mixed-Use Planned Development (MPD), pursuant to ordinance approval number Z-17-014, and has since been amended with multiple Administrative Modifications. The approval entitles the Master Development with a maximum of 1,950 dwelling units including a combined maximum of 487 dwelling units allocated for single family. The ordinance also allows for non-residential uses such as retail, commercial, research and development, offices, and a hotel. The maximum square footage of non-residential uses shall not exceed 200,000 of retail, 110,000 of office, 20,000 of research and development, 10,000 of medical office, and 250 hotel/motel rooms. The commercial component of the MPD will be concentrated at the northeast corner of the property outside of the District’s boundary. Please refer to **Exhibit 5** for an overlay of the master site plan and District boundary.

The District represents only a portion of the development area within the Master Development and will consist of approximately 778.93 acres planned for 653 single and multi-family dwelling units to be developed as “Esplanade Lake Club.” The legal description for the District’s boundary is provided as **Exhibit 4 – Legal Description** in the appendices of the report. The matrix shown in **Table 1**, below represents the anticipated product mix for the lands within the District. Please note that this table may be revised as development commences and the final site plan is further refined by the developer.

Table 1: Master Lot Matrix

PRODUCT TYPE	UNIT COUNT	PERCENT OF TOTAL
Twin Villas	186	28.48%
52' lots	224	34.30%
62' lots	155	23.74%
76' lots	77	11.79%
90' lots	11	1.69%
TOTAL	653	100.0%

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 purpose of this report is to outline the scope of the District's "**Capital Improvement Plan**" ("**CIP**") and provide a description of the public infrastructure improvements necessary for future development activities including those to be financed and/or acquired by 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 Lake Club and allocate the costs for the infrastructure improvements. A portion of these public infrastructure improvements will be completed by Taylor Morrison of Florida, Inc. (the "**Developer**"), the primary developer of lands within the District and will be acquired by the District with proceeds of bonds issued by the District. Only those improvements eligible to be funded with tax exempt bonds will be funded 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 Lee County, Florida and the South Florida Water Management District ("**SFWMD**").

The CIP described in this report reflects the District's present intentions. The implementation and completion of the 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. 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.

CAPITAL IMPROVEMENT PLAN

The CIP includes completed and planned infrastructure improvements that will provide special benefit to all assessable land within the District. In particular, the CIP includes: (i) improvements within the District such as the stormwater management system, wastewater system, water distribution system, irrigation mains (to the extent they can be financed by tax exempt bonds), environmental mitigation (ii) certain off-site improvements including portions of the future Roadway Spine Road running north/south through the commercial tract, lying outside the District, and (iii) soft costs such as professional fees and permitting costs.

The estimated total cost of the CIP for Esplanade Lake Club is \$25,052,450.00. Refer to **Table 5** of this report for a summary of the costs by infrastructure category for the completed and planned CIP expenditures.

The CIP status, along with anticipated completion timeline is presented in **Table 2** below.

Table 2: CIP Status and Completion Time Line

Construction Phasing	Estimated Completion Date
Phase I	November 2019
Phase II	2020 (Estimated)
Phase III	2022 (estimated)
Phase IV	2024 (Estimated)
Phase V	2026(Estimated)

A sample phasing plan is attached hereto as **Exhibit 14**, but such plan is subject to change.

PERMITS AND APPROVALS

Exhibit 15 attached hereto lists the status of all applicable permits and approvals for the CIP. The Developer received zoning approval from Lee County in 2014 (Ordinance No. Z-17-014). Compliance with the conditions of the zoning approval and permitting requirements is currently being accomplished. It is our opinion that the CIP is feasible, there are no technical reasons existing at this time which would

prohibit the implementation of the CIP as presented herein and that permits normally obtained by site development engineers not heretofore issued and which are necessary to affect the improvements described herein will be obtained during the ordinary course of development.

LAND USE

As stated, District includes approximately 778.93 acres. **Table 3** below, illustrates the current land use plan in acreage for the District. Such information is subject to change.

Table 3: Land Use Summary for the District

TYPE OF USE ¹	ACRES +/-	PERCENT OF TOTAL
Storm Water Management	47.7	6.1%
Recreational Lakes	340.1	43.7%
Residential Tracts	118.7	15.2%
Road Rights-of-Way	37.0	4.8%
Preservation Areas	23.7	3.0%
Parks and Amenities	9.3	1.2%
Other (Uplands, Open Space, etc.)	202.4	26.0%
TOTAL	778.9	100.0%

1. Areas for “Type of Use” are not meant to represent the areas for potential CDD funding or acquisitions. Refer to Tables 2 and 3 for this information.

ROADWAYS

The CIP includes a public roadway from Alico Road to Esplanade Lake Club through the commercial project outside of the District’s boundaries. See **Exhibit 10**, which identifies the location of the roadway. There are no impact fee credits available from the construction and/or acquisition of the “**CDD Roadways**,” as identified in **Exhibit 10**. Construction of the “CDD Roadway” through the commercial tract is a requirement of the local zoning ordinance approval and the Lee County Comprehensive Plan. This roadway will provide for future interconnectivity from Alico Road to the Florida Gulf Coast University campus.

Three additional access points to Esplanade Lake Club will be provided from the existing Alico Road right-of-way. Alico Road is currently a two-lane roadway which runs east/west along the District's frontage. Alico Road is currently planned for expansion into a 4-lane divided roadway with construction scheduled to commence in the fourth quarter of 2018. It is anticipated that the road construction along the frontage will take two years to complete. The proposed entrance locations can be seen in final build out form on **Exhibit 5 – Overall Site Plan** for reference. Please note that the Alico Road widening improvements are not part of the District's CIP nor funded by the developer but are a Lee County Department of Transportation funded and managed project.

All other roads within Esplanade Lake Club except for the road as identified on **Exhibit 10** as a CDD Roadway are to be private and will be funded by the Developer and dedicated to the Homeowner's Association for ownership and maintenance. All roads will be designed and constructed in accordance with Lee County standards.

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 Alico Road. CIP includes only the undergrounding of electrical utility lines within right-of-way and public utility easements throughout the community. Any lines and transformers would be owned by FP&L and not paid for by the District.

The District may elect to purchase, install and maintain street lights for the CDD roadway. If so, the District would finance such purchase and installation as part of the District's CIP. Alternatively, the District may elect to lease street lights through an agreement with FP&L, in which case the District would fund the street lights through an annual operations and maintenance assessment. Any street lights located on internal roadways would be privately funded by a Homeowner's Association.

STORMWATER MANAGEMENT

Lee County and the South Florida Water Management District (SFWMD) regulate the design criterion for the stormwater management system within the District. The District is located within the Ester River Watershed. The existing site was historically utilized as a commercial mining facility with operations ceasing in approximately 2008. The mining operation left an existing 402-acre lake within the project

limits known as lake 5. The majority of the upland portions of the site were cleared and its terrain altered from the existing condition by either dredging and/or filling operations associated with the mining operations facility. The existing, onsite, naturally occurring wetlands have been delineated by SFWMD and will be preserve according to the existing Environmental Resource Permit for the project.

The Stormwater Management Plan for the District focuses on utilizing newly constructed ponds in the uplands for stormwater treatment in conjunction with dry detention facilities throughout the site.

The primary requirements 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 25-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. The storm water collection system financed by the District does not include any roadway features (i.e. curbs, etc.).

The District will finance, own, operate and maintain the stormwater system, with the exception that the County will own, operate and maintain the inlets and storm sewer systems within County right-of-way. The District's stormwater improvements can be found on **Exhibit 9 – Storm Water Management Facilities**.

NOTE: No private earthwork is included in the CIP. Accordingly, the District will not fund any costs of mass grading of lots, and lake excavation for stormwater ponds within the CIP includes only the portion from the control elevation to the depth required to meet water quality criteria set forth by the

SFWMD. Moreover, 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. Further, all lakes included in the CIP will be constructed in accordance with the applicable requirements of governmental authorities with jurisdiction over lands in the District and not for the purpose of creating fill for private property. Additionally, all improvements within the District-funded stormwater management plan will be located on publicly owned land or within public easements or public rights-of-way. Finally, it is 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 system than to haul such fill off-site.

As identified on the development plan, some portions of the lake 5 shoreline will be modified from the existing condition to provide additional residential water front access to the recreation lake. The modifications to the existing lake 5 will be a Developer-funded improvement and not included as part of the CIP. No other modifications are intended at this time. Lake 5 will be CDD owned and maintained as identified in **Table 4**.

GROUND IMPROVEMENT

As previously mentioned, the District lands were historically utilized as a commercial mining and rock processing facility. A large portion of the District's lands were excavated, and the material processed on-site for varying uses such as site development fill and limestone for roadway construction throughout Lee County. As a result of the processing and on-site wash plant, much of the mined lakes have been backfilled over time with the tailing byproduct of the processed material. Based upon geotechnical engineering analysis including, soil borings, test pits, test cuts, and cone penetration tests it was determined that ground improvement will be required to remove some of the tailing byproduct strata considered unsuitable for structural development. Ground improvement costs included in the CIP are only for those areas required to facilitate the construction of public utilities and underground electrical lines associated with the CIP project. All other ground improvements for the development of private property is considered a private improvement and will be developer funded.

ENVIRONMENTAL CONSERVATION/MITIGATION

There are 37.7 acres of forested/herbaceous wetland and indigenous preserve areas associated with the proper construction of the District's infrastructure and required by SFWMD and the existing Environmental Resource Permit. No land acquisition costs are included in the CIP. The District will be responsible for the design,

permitting, construction, maintenance, and government reporting of the on-site environmental mitigation. Please refer to the site plans. Only the costs of improving these areas will be included in the CIP; no monitoring costs are included in the CIP. The land underlying the environmental conservation/mitigation areas will be conveyed to the District.

WASTEWATER COLLECTION

The District falls within the Lee County utility service area with wastewater treatment service to be provided by the Lee County Public Works Department and its existing infrastructure in the area. The County has sufficient capacity to serve the District's water and wastewater needs at build out. Facilities will be designed and constructed in accordance with County and Florida Department of Environmental Protection Standards. The project's wastewater needs will be served via the existing infrastructure within the Alico Road right-of-way via an existing 12-inch force main along the southern right-of-way line of Alico Road. Wastewater facilities include gravity collection lines with individual services, lift stations, and force mains to connect to the existing County system that runs along the south side of the Alico Road ROW. Approximately 4.8 miles of 8-inch gravity collection lines and 1 mile of on-site 4 to 10-inch force main, and 4 sewage lift stations are to be constructed. Please refer to **Exhibit 7 – Sanitary Sewer Facilities Exhibit** for the project's internal sanitary sewer collections system layout.

The wastewater collection systems for all phases – including but not limited to the off-site systems identified in **Exhibit 7** – will be constructed and/or acquired by the District and then dedicated to Lee County for ownership, operation and maintenance. As such, they are all included within the CIP. There are no impact fee credits associated with the construction of any of these improvements.

WATER DISTRIBUTION SYSTEM

The District falls within the Lee County utility service area with potable water service to be provided by the Lee County Public Works Department and its existing infrastructure in the area. The County has sufficient capacity to serve the District's water and wastewater needs at build out. Facilities will be designed and constructed in accordance with County and Florida Department of Environmental Protection Standards.

The project's potable water needs will be served via the existing infrastructure within the Alico Road right-of-way. Potable water service will be provided via the existing two (2) 24" potable water mains. Please note that these mains are scheduled to be placed out of service with the construction of the Alico Road Widening project and a single 36" potable water main will be constructed along the

northern right-of-way line in their place. The water facilities include potable distribution mains along with necessary valving, fire hydrants and water services to individual units and common areas. Approximately 6 miles of 8 to 12-inch water mains will be constructed. The planned water distribution system is shown in **Exhibit 6 – Potable Water Facilities Exhibit**.

The water distribution systems for all phases – including but not limited to the off-site systems identified in **Exhibit 6** – will be constructed and/or acquired by the District and then dedicated to Lee County for ownership, operation and maintenance. As such, they are all included within the CIP. There are no impact fee credits associated with the construction of any of these improvements.

LANDSCAPING, IRRIGATION, & HARDSCAPING

Significant landscape, walls, and associated irrigation systems are planned for Esplanade Lake Club. Walls, landscaping, irrigation, hardscaping and lighting within what is identified as a “**CDD Landscape Buffer**” will be owned and maintained by the District. Please refer to **Exhibit 11 – Exterior Landscape Exhibit** for the location of the public irrigation, hardscape, landscaping, and lighting facilities. Such infrastructure, to the extent that it is located in right-of-ways owned by the County will be maintained pursuant to a right-of-way agreement to be entered into with the County. All other landscaping, hardscape, and lighting is to be considered private and shall be funded by the Developer and maintained by the Homeowner’s Association.

The project’s irrigation demands will be served by surface water from proposed lakes with re-charge wells. The back-bone irrigation facilities, i.e. pump stations, wells, piping, and appurtenances will be owned and maintained by the CDD. All costs for the public irrigation (i.e. costs other than costs for individual lot irrigation) have been included in the CIP; only the portions of the public irrigation system that can be financed by tax exempt bonds will be acquired by the District. Please refer to **Exhibit 8 – Irrigation Facilities Exhibit** for the location of public irrigation facilities.

RECREATIONAL FACILITIES

Esplanade Lake Club will have two main recreational amenities for the exclusive use by Esplanade Lake Club’s residents. The amenities locations will provide the typical programming such as clubhouses, pools, parks, and sports courts. In addition to these facilities, the amenities will accommodate boating access to the large recreational lake within and adjacent to the CDD boundary. This lake is shared by the residents of the Miromar Lakes Development and the Florida Gulf Coast University. Boating and the use of the Lake 5

will be in accordance with the approved Tri-Party boaters management plan. All amenity facilities are considered common elements for the benefit of the community. Further, all amenity facilities will be funded by the Developer to be owned and maintained by the HOA. Although the CIP benefits the recreational amenities, they are not assessed pursuant to state law, as they are a common element for the Esplanade Lake Club 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

OWNERSHIP AND MAINTENANCE

The ownership and maintenance responsibilities of the proposed infrastructure improvements are set forth in **Table 4** below.

Any CDD-financed components of the CIP maintained by an HOA will be pursuant to an arrangement that is reviewed by bond counsel to the CDD.

Table 4: Ownership and Maintenance Responsibilities

FACILITY	FUNDED BY	O & M	OWNERSHIP
Private Roadways	Developer	HOA	HOA
Recreational Facilities	Developer	HOA	HOA
Exterior Landscaping, Hardscape & Irrigation	CDD	CDD/HOA	CDD
Interior Landscaping	Developer	HOA	HOA
Water & Wastewater Facilities	CDD	COUNTY	COUNTY
Public Irrigation Facilities	CDD	CDD/HOA	CDD
Stormwater Management	CDD	CDD/HOA	CDD
CDD Roadways	CDD	CDD/HOA	CDD
Preserve Areas	CDD	CDD/HOA	CDD
Existing Lake 5	CDD	CDD	CDD

PROJECT COSTS

The CIP's identifiable total costs associated with the infrastructure improvements are estimated to be \$25,052,450.00. The public infrastructure improvements include: **CDD Roadways as identified on Exhibit 10** (including landscaping, irrigation, walls and street lights), exterior landscape, hardscape, and public irrigation (as discussed above) streetlights, sewer, water, storm water management systems, and preserve areas that will benefit the developable, assessable land within the District. Private infrastructure, which is not included with the CIP, includes landscaping/hardscaping, internal roadways, portions of the excavation and grading, and the various amenity centers serving the Esplanade Lake Club development.

The Summary of Estimated Project costs shown below in **Table 5**, outlines the anticipated costs associated with the construction and acquisition of public infrastructure comprising the CIP, as well as private infrastructure to be funded by the Developer.

Table 5: Cost Estimates

No.	Facility	Districts Capital Improvement Plan		Private Development		Total Project Costs
		Project - Completed Improvements	Future Improvements	Completed Private Improvements	Future Private Improvements	
1	Exterior Landscaping & Hardscape	\$0.00	\$3,250,000.00	\$0.00	\$2,550,000.00	\$5,800,000.00
2	Subdivision Potable Water System	\$0.00	\$1,820,000.00	\$0.00	\$0.00	\$1,820,000.00
3	Subdivision WasteWater System	\$0.00	\$4,240,000.00	\$0.00	\$0.00	\$4,240,000.00
4	Irrigation Facilities	\$0.00	\$1,620,000.00	\$0.00	\$0.00	\$1,620,000.00
5	Storm Water Facilities	\$0.00	\$4,410,000.00	\$0.00	\$0.00	\$4,410,000.00
6	Ground Improvement	\$0.00	\$1,810,000.00	\$0.00	\$9,860,000.00	\$11,670,000.00
7	Excavation	\$0.00	\$0.00	\$0.00	\$10,590,000.00	\$10,590,000.00
8	Environmental Preservation & Mitigation	\$0.00	\$540,000.00	\$0.00	\$0.00	\$540,000.00
9	Off-Site Improvements	\$0.00	\$1,973,000.00	\$0.00	\$0.00	\$1,973,000.00
10	Private Streets	\$0.00	\$0.00	\$0.00	\$3,040,000.00	\$3,040,000.00
11	Amenities	\$0.00	\$0.00	\$0.00	\$8,270,000.00	\$8,270,000.00
12	Electrical	\$0.00	\$0.00	\$0.00	\$690,000.00	\$690,000.00
13	Miscellaneous Structures	\$0.00	\$0.00	\$0.00	\$900,000.00	\$900,000.00
14	Municipal Fees & Permits	\$0.00	\$0.00	\$0.00	\$2,120,000.00	\$2,120,000.00
	Subtotal (Improvements Benefiting All Units)	\$0.00	\$19,663,000.00	\$0.00	\$38,020,000.00	\$57,683,000.00
15	Contingency (15%)	\$0.00	\$2,949,450.00	\$0.00	\$5,703,000.00	\$8,652,450.00
16	Professional Fees	\$0.00	\$2,440,000.00	\$0.00	\$2,060,000.00	\$4,500,000.00
	Total Improvements	\$0.00	\$25,052,450.00	\$0.00	\$45,783,000.00	\$70,835,450.00

The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change. Accordingly, the 'CIP' 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 Lake Club. Stated differently, during development and implementation of the public infrastructure improvements as described for the District, it may be necessary to make modifications and/or deviations for the plans, and the District expressly reserves the right to do so.

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 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 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 estimated infrastructure costs provided herein for the District improvements are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to all developable lands within the District. 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 Lake Club CIP functions as a system of improvements benefitting all lands within the District.

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 Lee 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

EXHIBIT 1
COVER SHEET

CDD EXHIBITS FOR
ESPLANADE LAKE CLUB
 PART OF SECTION 11,12 & 13 TOWNSHIP 46 SOUTH, RANGE 25 EAST
 LEE COUNTY, FLORIDA

SHEET INDEX

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2	EXHIBIT 2 - LOCATION MAP
3	EXHIBIT 3 - AERIAL MAP
4	EXHIBIT 4 - LEGAL DESCRIPTION
5	EXHIBIT 5 - OVERALL SITE PLAN
6	EXHIBIT 6 - POTABLE WATER FACILITIES EXHIBIT
7	EXHIBIT 7 - SANITARY SEWER FACILITIES EXHIBIT
8	EXHIBIT 8 - IRRIGATION FACILITIES EXHIBIT
9	EXHIBIT 9 - STORM WATER MANAGEMENT FACILITIES EXHIBIT
10	EXHIBIT 10 - ROADWAY EXHIBIT
11	EXHIBIT 11 - EXTERIOR LANDSCAPE EXHIBIT
12	EXHIBIT 12 - EXISITING ZONING MAP
13	EXHIBIT 13 - FUTURE LAND USE MAP
14	EXHIBIT 14 - PHASING PLAN
15	EXHIBIT 15 - PERMIT APPROVALS

PLAN REVISIONS	REV00 <<SUBMITTED>> XX/XX/XX


ESPLANADE LAKE CLUB		EXHIBIT 1 - COVER SHEET		 <small>CIVIL ENGINEERING PLANNING LANDSCAPE ARCHITECTURE</small>
PREPARED FOR: TAYLOR MORRISON OF FLORIDA, INC. 551 NORTH CATTLEMEN ROAD SARASOTA, FLORIDA 34232 PHONE: (941) 371-0008 FAX: (941) 371-7998		SECTION: TOWNSHIP: RANGE: 11, 12, 13 46S 25E LEE COUNTY, FLORIDA FILE NAME: 684050101.dwg SHEET: 1 OF 13		
				28100 BONITA GRANDE DRIVE - SUITE 305 BONITA SPRINGS, FL 34135 P: 239-405-7777 F: 239-405-7899 EMAIL: info@waldropengineering.com

EXHIBIT TWO
LOCATION MAP



NORTH
NOT TO SCALE

SOUTHWEST FLORIDA
INTERNATIONAL
AIRPORT

**PROJECT
LOCATION**

INTERSTATE 75

EXIT 128

ALICO ROAD

ALICO ROAD

CDD BOUNDARY

US 41 (TAMIAMI TRAIL)

THREE OAKS
PARKWAY

BEN HILL GRIFFIN
PARKWAY

CORKSCREW ROAD

ESPLANADE LAKE CLUB

EXHIBIT 2 - LOCATION MAP

PREPARED FOR:

TAYLOR MORRISON OF FLORIDA, INC.

551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232

PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:

11, 12, 13 46S 25E

LEE COUNTY FLORIDA

FILE NAME: 684050102.dwg

SHEET: 2 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

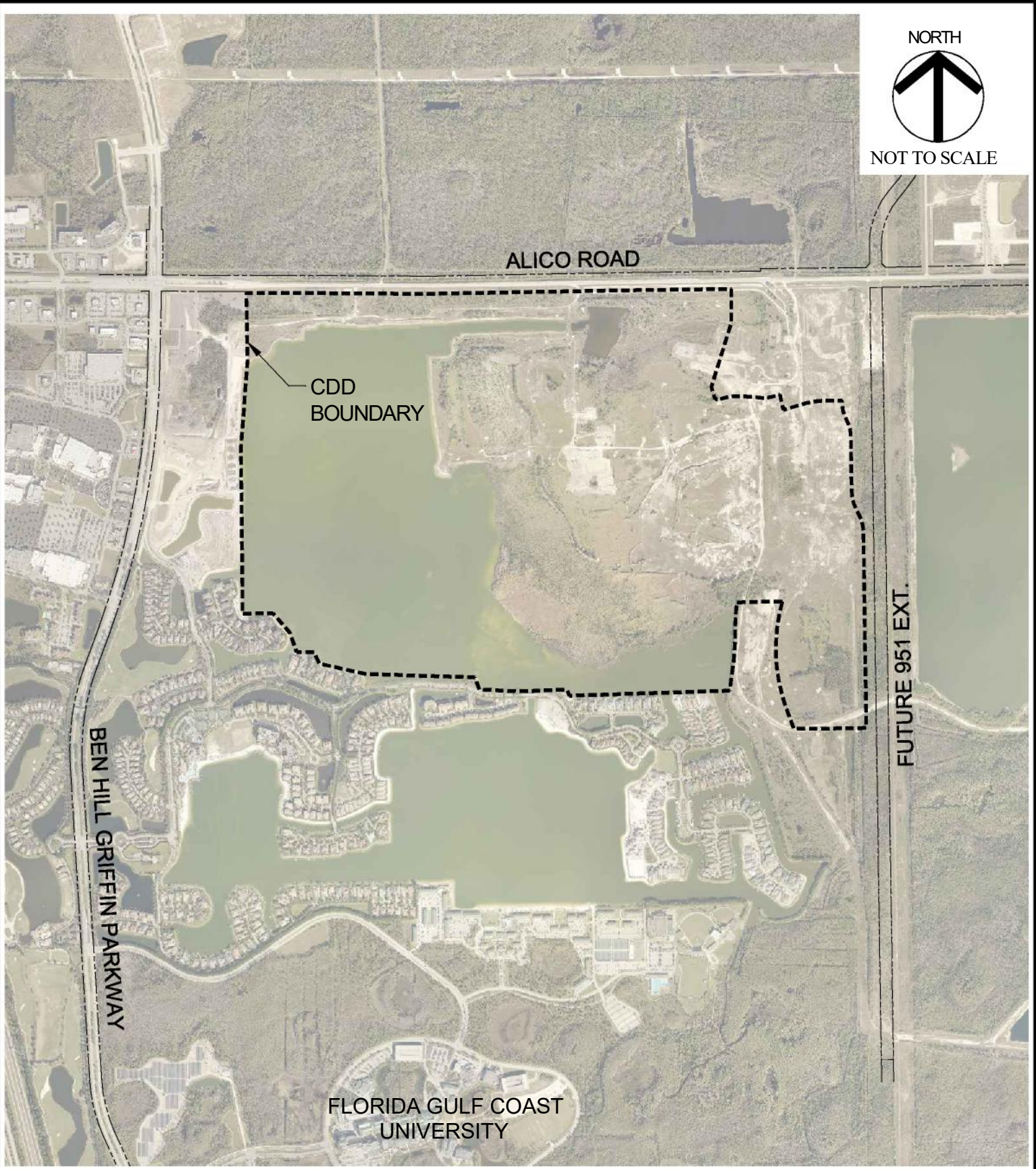


28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 3
AERIAL MAP



NORTH
NOT TO SCALE



ESPLANADE LAKE CLUB

EXHIBIT 3 - AERIAL MAP

PREPARED FOR:

TAYLOR MORRISON OF FLORIDA, INC.

551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232

PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
11, 12, 13 46S 25E
LEE COUNTY FLORIDA

FILE NAME: 684050103.dwg
SHEET: 3 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 4
LEGAL DESCRIPTION

LEGAL DESCRIPTION:

PARCEL 1

A TRACT OR PARCEL OF LAND LYING IN SECTIONS 11, 12 AND 13, TOWNSHIP 46 SOUTH, RANGE 25 EAST AND SECTIONS 7 AND 18, TOWNSHIP 46 SOUTH, RANGE 26 EAST, LEE COUNTY, FLORIDA, SAID TRACT OR PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 11 RUN N89°43'01"W ALONG THE NORTH LINE OF THE NORTHEAST QUARTER (NE 1/4) OF SAID SECTION 11 FOR 2,244.43 FEET TO AN INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORDS BOOK 3165, AT PAGE 1800, LEE COUNTY RECORDS; THENCE RUN S01°00'21"E ALONG SAID NORTHERLY PROLONGATION AND CONTINUING ALONG SAID EASTERLY LINE OF LANDS FOR 125.03 FEET TO AN INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF ALICO ROAD, BEING 125 FEET SOUTH AS MEASURED PERPENDICULAR TO THE CENTER LINE THEREOF, AS DESCRIBED IN A DEED RECORDED IN INSTRUMENT NO. 2015000025953, LEE COUNTY RECORDS AND THE POINT OF BEGINNING.

FROM SAID POINT OF BEGINNING RUN ALONG SAID SOUTH RIGHT OF WAY LINE FOLLOWING THREE (3) COURSES: S89°43'01"E FOR 2,243.03 FEET; N88°58'52"E FOR 2,674.00 FEET AND N89°27'22" E FOR 1,065.43 FEET; THENCE RUN S00°32'38" E FOR 408.17 FEET; THENCE RUN S17°15'51" W FOR 835.69 FEET; THENCE RUN S16°27'38" E FOR 126.05 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHEASTERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 50.00 FEET (DELTA 94°29'05") (CHORD BEARING S63°42'10" E) (CHORD 73.42 FEET) FOR 82.45 FEET TO A POINT OF REVERSE CURVATURE; THENCE RUN EASTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 615.00 FEET (DELTA 25°21'45") (CHORD BEARING N81°44'10" E) (CHORD 270.02 FEET) FOR 272.24 FEET TO A POINT OF TANGENCY; THENCE RUN S85°34'57" E FOR 257.22 FEET TO A POINT OF CURVATURE; THENCE RUN EASTERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 335.00 FEET (DELTA 20°59'28") (CHORD BEARING N83°55'19" E) (CHORD 122.05 FEET) FOR 122.73 FEET TO A POINT OF TANGENCY; THENCE RUN N73°25'35" E FOR 101.88 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 1,250.00 FEET (DELTA 07°35'07") (CHORD BEARING S12°46'52" E) (CHORD 165.36 FEET) FOR 165.48 FEET TO A POINT OF TANGENCY; THENCE RUN S16°34'25" E FOR 31.50 FEET; THENCE RUN N73°25'35" E FOR 291.52 FEET TO A POINT OF CURVATURE; THENCE RUN EASTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 718.50 FEET (DELTA 15°43'39") (CHORD BEARING N81°17'24" E) (CHORD 196.61 FEET) FOR 197.22 FEET TO A POINT OF TANGENCY; THENCE RUN N89°09'13" E FOR 229.65 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHEASTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 20.00 FEET (DELTA 90°00'00") (CHORD BEARING S45°50'47" E) (CHORD 28.28 FEET) FOR 31.42 FEET TO A POINT OF TANGENCY; THENCE RUN S00°50'47" E FOR 20.40 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 400.00 FEET (DELTA 23°15'15") (CHORD BEARING S12°28'24" E) (CHORD 161.23 FEET) FOR 162.34 FEET TO A POINT OF TANGENCY; THENCE RUN S24°06'02" E FOR 109.25 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 300.00 FEET (DELTA 23°15'15") (CHORD BEARING S12°28'24" E) (CHORD 120.92 FEET) FOR 121.76 FEET TO A POINT OF TANGENCY; THENCE RUN S00°50'47" E FOR 690.09 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 550.00 FEET (DELTA 25°57'46") (CHORD BEARING S13°49'40" E) (CHORD 247.10 FEET) FOR 249.22 FEET TO A POINT OF TANGENCY; THENCE RUN S26°48'32" E FOR 85.62 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 450.00 FEET (DELTA 25°57'46") (CHORD BEARING S13°49'40" E) (CHORD 202.17 FEET) FOR 203.91 FEET TO A POINT OF TANGENCY; THENCE RUN S00°50'47" E FOR 2,423.60 FEET; THENCE RUN S89°09'13" W FOR 893.46 FEET; THENCE RUN N20°03'48" W FOR 267.98 FEET TO A POINT OF CURVATURE; THENCE RUN NORTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 2,150.00 FEET (DELTA 35°48'07") (CHORD BEARING N02°09'45"W) (CHORD 1,321.71 FEET) FOR 1,343.46 FEET; THENCE RUN S89°09'13"W ALONG A NON-TANGENT LINE FOR 563.00 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 2,000.00 FEET (DELTA 06°22'28") (CHORD BEARING S04°16'59"W) (CHORD 222.39 FEET) FOR 222.51 FEET TO A POINT OF TANGENCY; THENCE RUN S01°05'46"W FOR 292.24 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 2,000.00 FEET (DELTA 06°33'04") (CHORD BEARING S04°22'18"W) (CHORD 228.56 FEET) FOR 228.68 FEET TO A POINT OF TANGENCY; THENCE RUN S07°38'50"W FOR 351.57 FEET TO AN INTERSECTION WITH THE NORTHERLY LINE OF LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORDS BOOK 3345, AT PAGE 815, LEE COUNTY RECORDS; THENCE RUN S88°10'32"W ALONG THE NORTHERLY LINE OF SAID LANDS AND CONTINUING ALONG THE WESTERLY PROLONGATION THEREOF FOR 1,980.90 FEET TO AN INTERSECTION WITH THE NORTHERLY LINE OF SAID LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORDS BOOK 3165, AT PAGE 1800, LEE COUNTY RECORDS; THENCE RUN ALONG THE NORTHERLY AND EASTERLY LINE OF SAID LANDS THE FOLLOWING FIFTEEN (15) COURSES: N21°30'12"W FOR 81.17 FEET; S88°02'24"W FOR 612.22 FEET; N87°09'14"W FOR 469.81 FEET; N19°42'33"W FOR 157.74 FEET; N88°10'13"W FOR 1,363.08 FEET; N77°09'26"W FOR 573.01 FEET; N24°26'51"W FOR 150.17 FEET; N88°53'18"W FOR 216.95 FEET; N19°01'18"W FOR 249.76 FEET; N40°48'12"W FOR 322.81 FEET; S88°47'46"W FOR 376.79 FEET; N00°16'17"W FOR 606.52 FEET; N00°39'26"W FOR 1,432.24 FEET; N04°19'45"E FOR 1,091.78 FEET AND N01°00'21"W FOR 832.93 FEET TO THE POINT OF BEGINNING.

CONTAINING 33,930,196 SQUARE FEET OR 778.930 ACRES, MORE OR LESS.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT FOR THE PURPOSES OF DRAINAGE, WATER STORAGE OR RETENTION AND RELATED PURPOSES OVER PARCEL FOUR AS SET FORTH AND DESCRIBED IN SECTION A.3.(A) OF THE WARRANTY DEED RECORDED IN OFFICIAL RECORDS BOOK 3165 PAGE 1800, PUBLIC RECORDS OF LEE COUNTY, FLORIDA.

ESPLANADE LAKE CLUB

EXHIBIT 4 - LEGAL DESCRIPTION

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232
PHONE: (941) 371-0008 FAX: (941) 371-7998

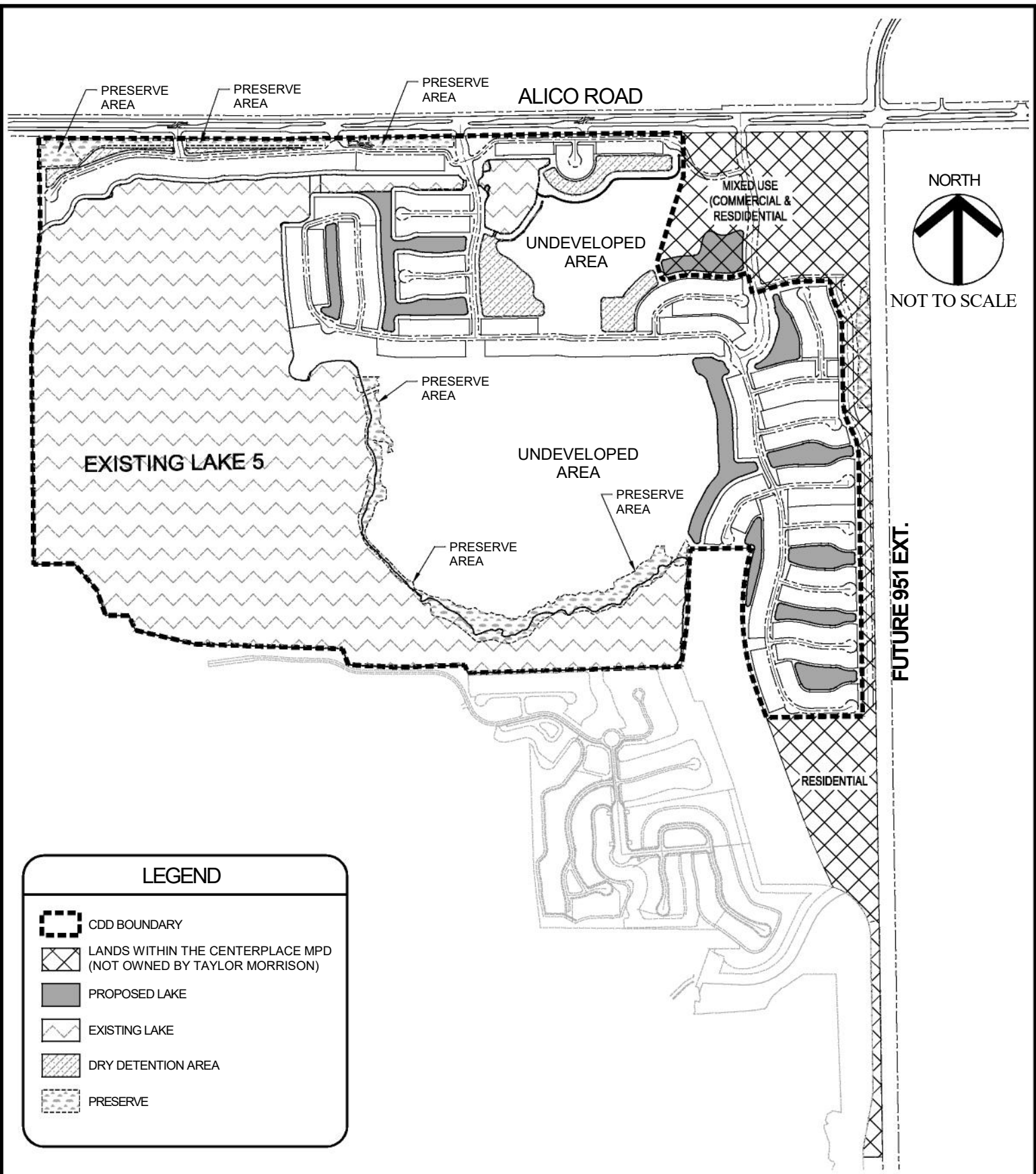
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11, 12, 13 46S 25E
LEE COUNTY FLORIDA
FILE NAME: 68405104.dwg
SHEET: 4 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636









28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 5
OVERALL SITE PLAN



LEGEND

-  CDD BOUNDARY
-  LANDS WITHIN THE CENTERPLACE MPD (NOT OWNED BY TAYLOR MORRISON)
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE

ESPLANADE LAKE CLUB

EXHIBIT 5 - OVERALL SITE PLAN

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
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 LEE COUNTY FLORIDA

FILE NAME: 684050105.dwg
 SHEET: 5 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 6
POTABLE WATER FACILITIES EXHIBIT

EXISTING 36" POTABLE
WATER MAIN

ALICO ROAD

OFF-SITE
WATER MAIN

NORTH



NOT TO SCALE




UNDEVELOPED
AREA

UNDEVELOPED
AREA

EXISTING LAKE 5

FUTURE 951 EXT.

LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  PROPOSED WATER MAIN
-  EXISTING WATER MAIN

ESPLANADE LAKE CLUB EXHIBIT 6 - POTABLE WATER FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

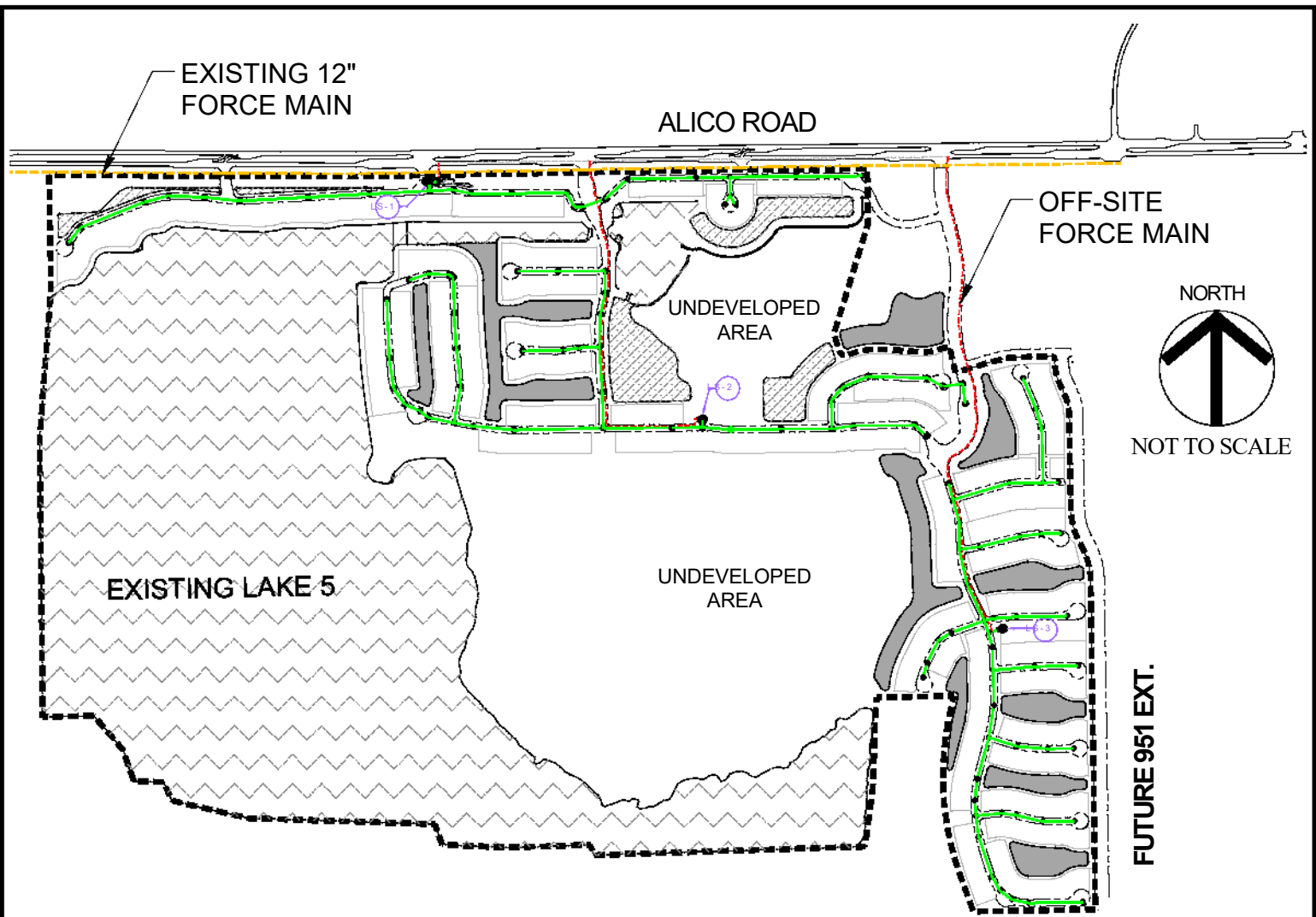
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LEE COUNTY FLORIDA
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FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 7
SANITARY SEWER FACILITIES EXHIBIT



LEGEND

- PROPOSED CDD BOUNDARY
- PROPOSED LAKE
- EXISTING LAKE
- DRY DETENTION AREA
- PRESERVE
- PROPOSED SANITARY SEWER
- PROPOSED FORCE MAIN
- EXISTING FORCE MAIN
- PROPOSED PUMP STATION

ESPLANADE LAKE CLUB EXHIBIT 7 - SANITARY SEWER FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

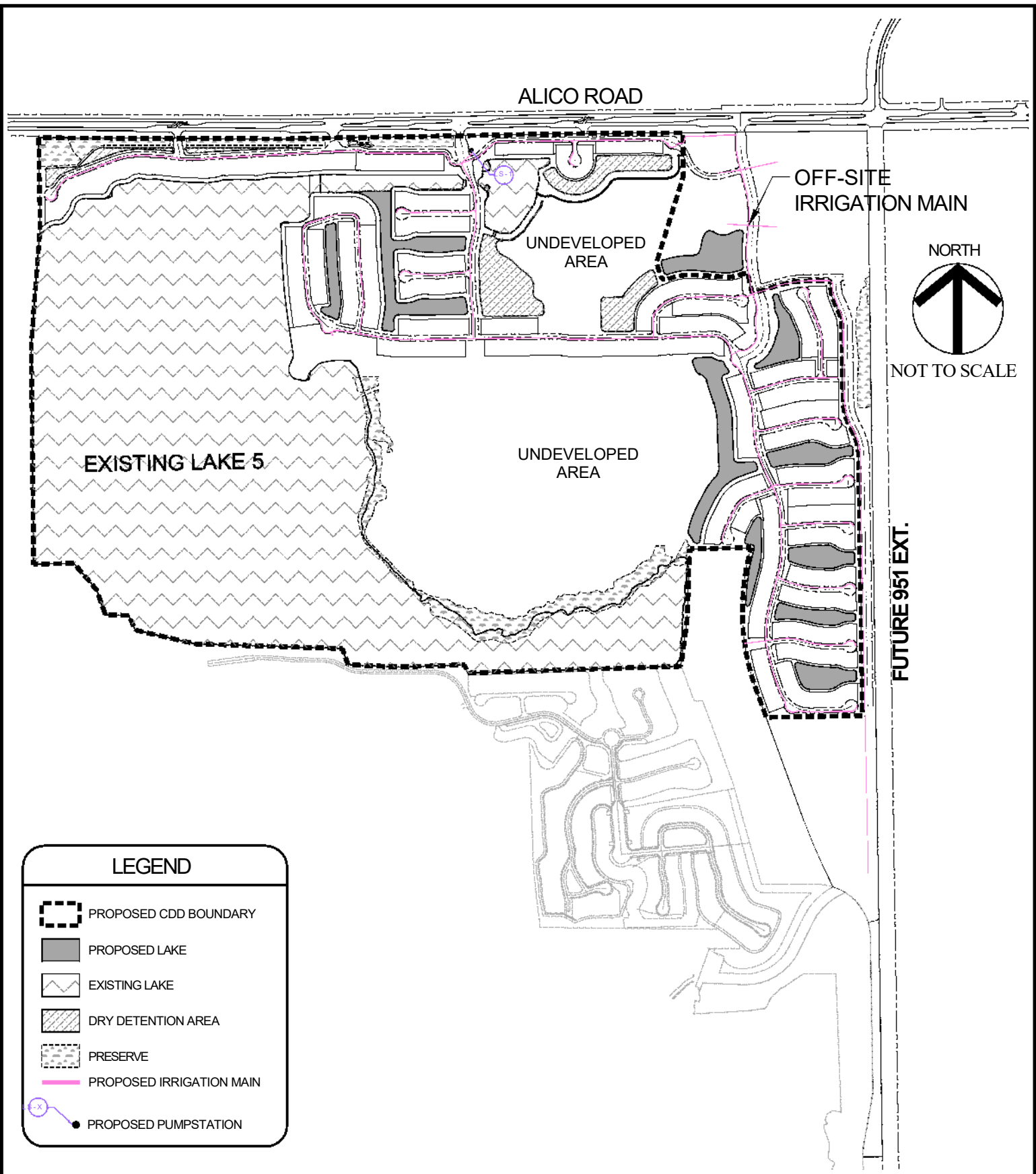
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LEE COUNTY FLORIDA
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





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 CIVIL ENGINEERING | PLANNING | LANDSCAPE ARCHITECTURE

28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 8
IRRIGATION FACILITIES EXHIBIT



LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  PROPOSED IRRIGATION MAIN
-  PROPOSED PUMPSTATION

ESPLANADE LAKE CLUB EXHIBIT 8 - IRRIGATION FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

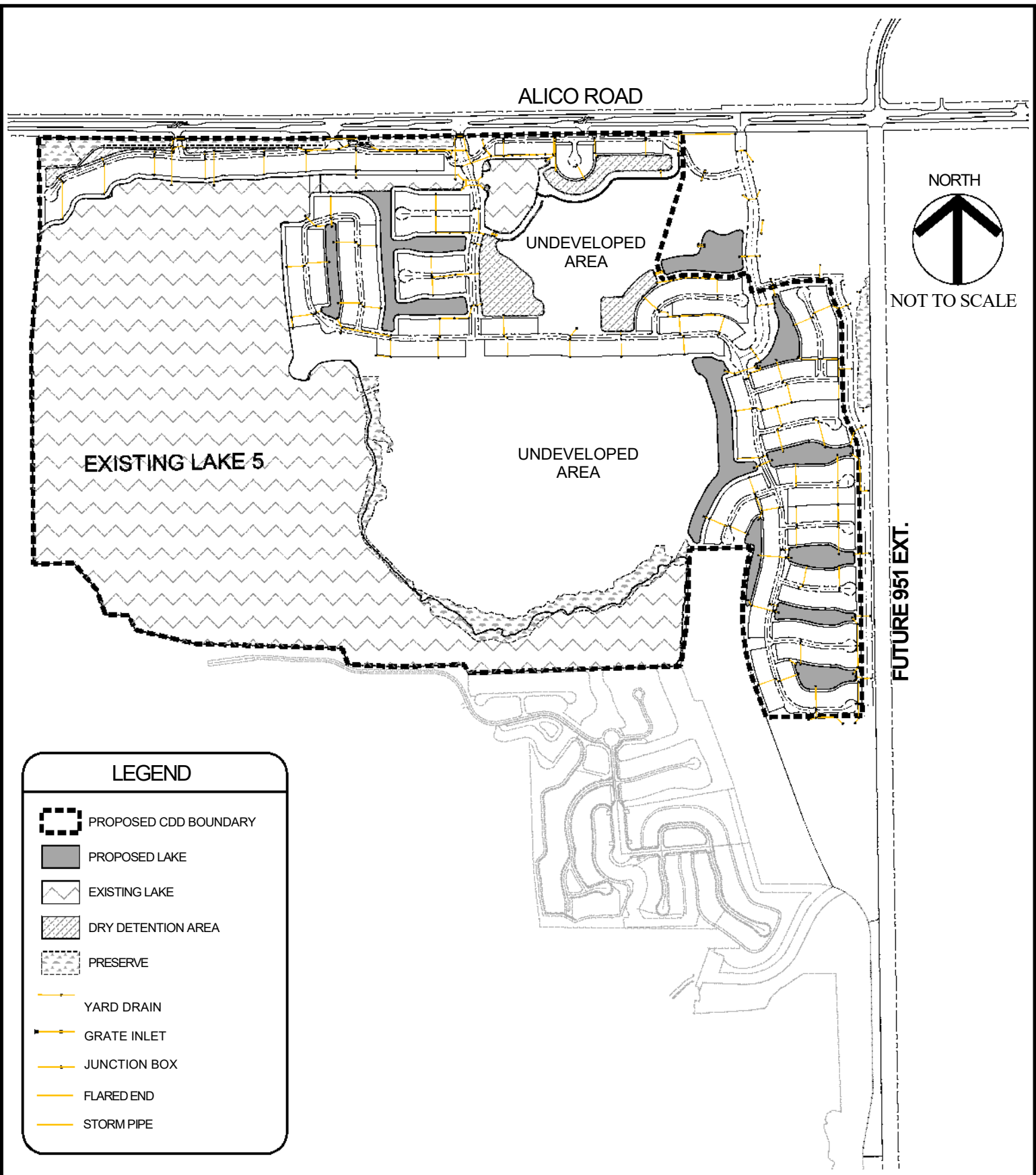
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LEE COUNTY FLORIDA
 FILE NAME: 684050108.dwg
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FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 9
STORMWATER MANAGEMENT FACILITIES













NORTH

 NOT TO SCALE

FUTURE 951 EXT.

LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  YARD DRAIN
-  GRATE INLET
-  JUNCTION BOX
-  FLARED END
-  STORM PIPE

ESPLANADE LAKE CLUB
EXHIBIT 9 - STORM WATER MANAGEMENT FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

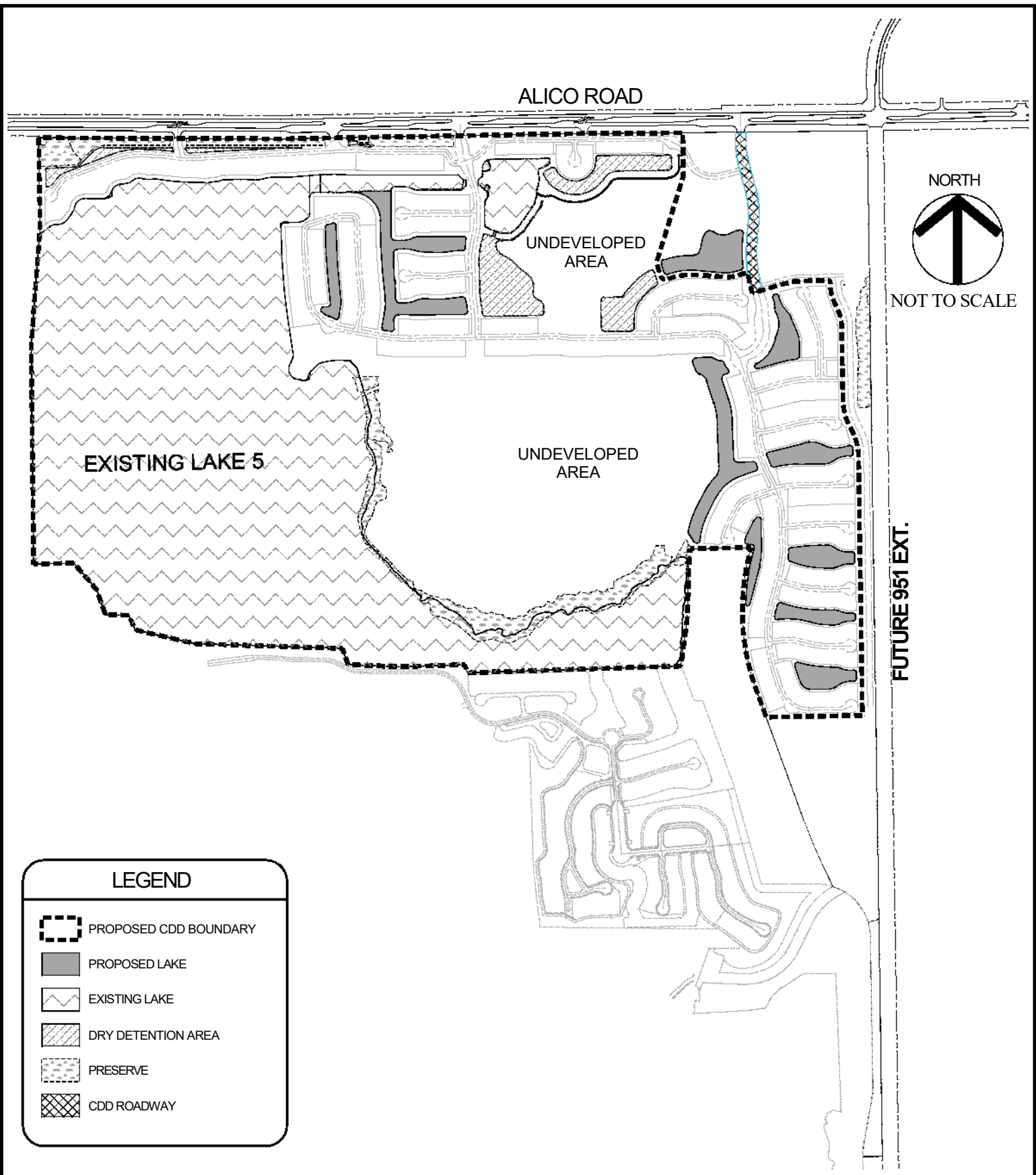
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LEE COUNTY FLORIDA
 FILE NAME: 684050109.dwg
 SHEET: 9 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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ENGINEERING
 CIVIL ENGINEERING | PLANNING | LANDSCAPE ARCHITECTURE

28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 10
ROADWAY EXHIBIT



ESPLANADE LAKE CLUB

EXHIBIT 10 - ROADWAY EXHIBIT

PREPARED FOR:

TAYLOR MORRISON OF FLORIDA, INC.

551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232

PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
11, 12, 13 46S 25E
LEE COUNTY FLORIDA

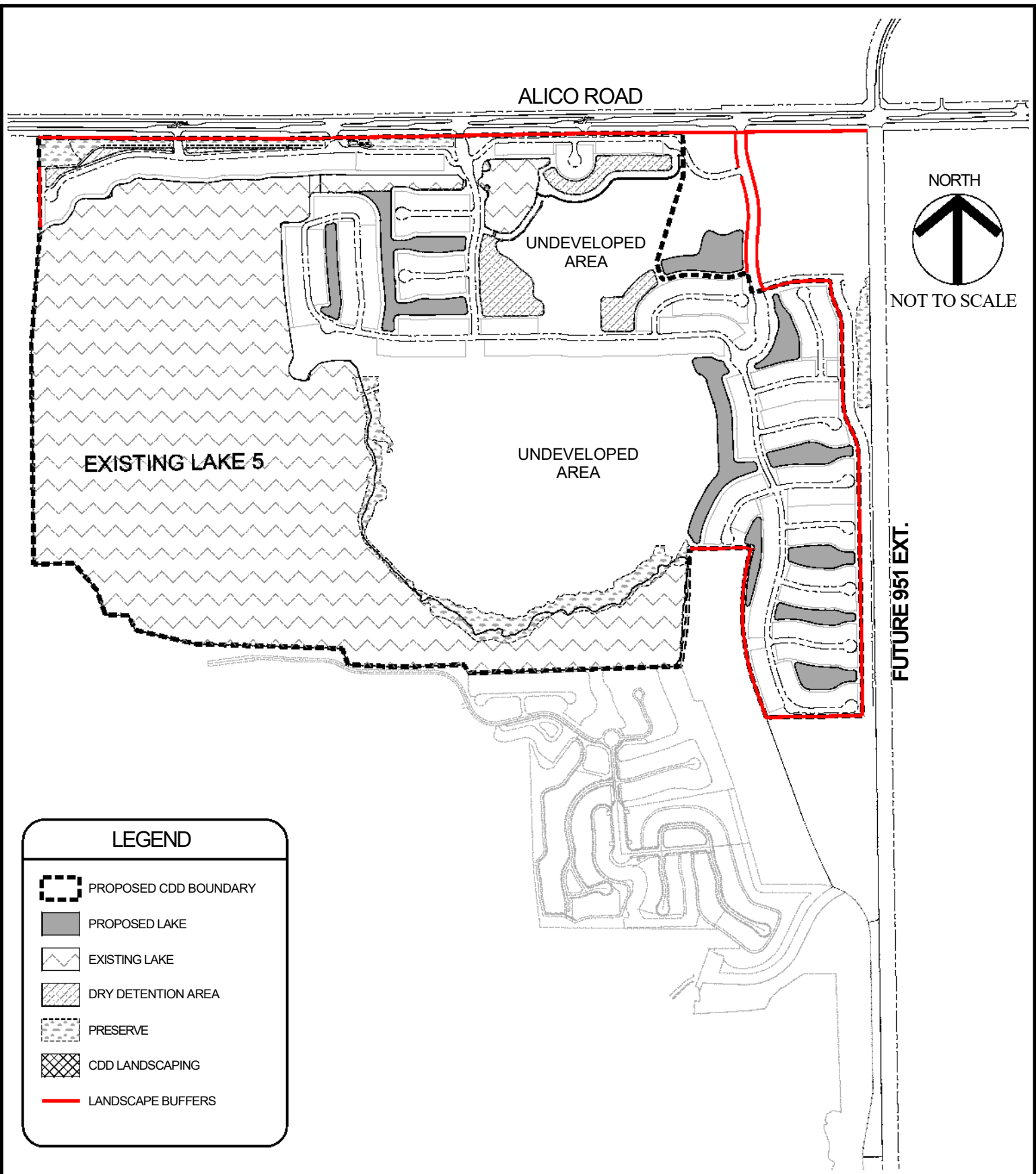
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SHEET: 10 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636










28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 11
EXTERIOR LANDSCAPE EXHIBIT



LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  CDD LANDSCAPING
-  LANDSCAPE BUFFERS

ESPLANADE LAKE CLUB EXHIBIT 11 - EXTERIOR LANDSCAPE EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
LEE COUNTY FLORIDA
 FILE NAME: 6840501011.dwg
 SHEET: 11 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

WALDROP
ENGINEERING
 CIVIL ENGINEERING | PLANNING | LANDSCAPE ARCHITECTURE

28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 12
EXISTING ZONING MAP



NOT TO SCALE

ZONING: MPD/ DRI
GULF COAST TOWN CENTER
DEVELOPED

ALICO ROAD






FUTURE 951 EXT.

ZONING: MPD/ DRI
MIROMAR LAKES
DEVELOPED

ZONING: MPD
WILD BLUE
UNDEVELOPED

ZONING: A6-2
FLORIDA GULF COAST UNIVERSITY
DEVELOPED

TITLE

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE

25.sid

B:\Ima

ESPLANADE LAKE CLUB

EXHIBIT 12 - EXISITING ZONING MAP



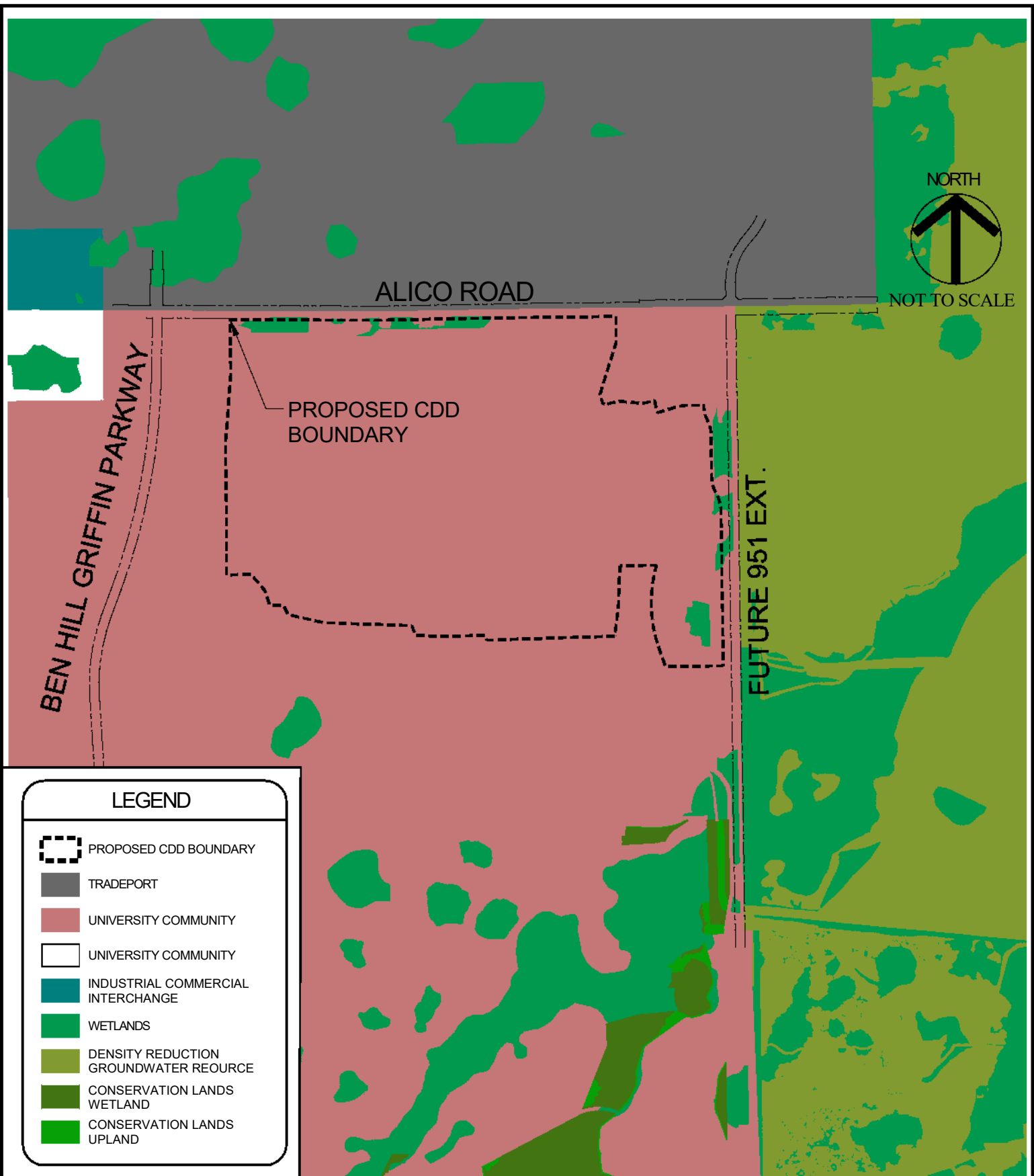
PREPARED FOR:
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SECTION: TOWNSHIP: RANGE:
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LEE COUNTY FLORIDA
 FILE NAME: 6840501012.dwg
 SHEET: 12 OF 13










FLORIDA CERTIFICATE OF AUTHORIZATION #8636

28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 13
FUTURE LAND USE MAP



LEGEND

-  PROPOSED CDD BOUNDARY
-  TRADEPORT
-  UNIVERSITY COMMUNITY
-  UNIVERSITY COMMUNITY
-  INDUSTRIAL COMMERCIAL INTERCHANGE
-  WETLANDS
-  DENSITY REDUCTION GROUNDWATER RESOURCE
-  CONSERVATION LANDS WETLAND
-  CONSERVATION LANDS UPLAND

ESPLANADE LAKE CLUB

EXHIBIT 13 - FUTURE LAND USE MAP

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
LEE COUNTY FLORIDA

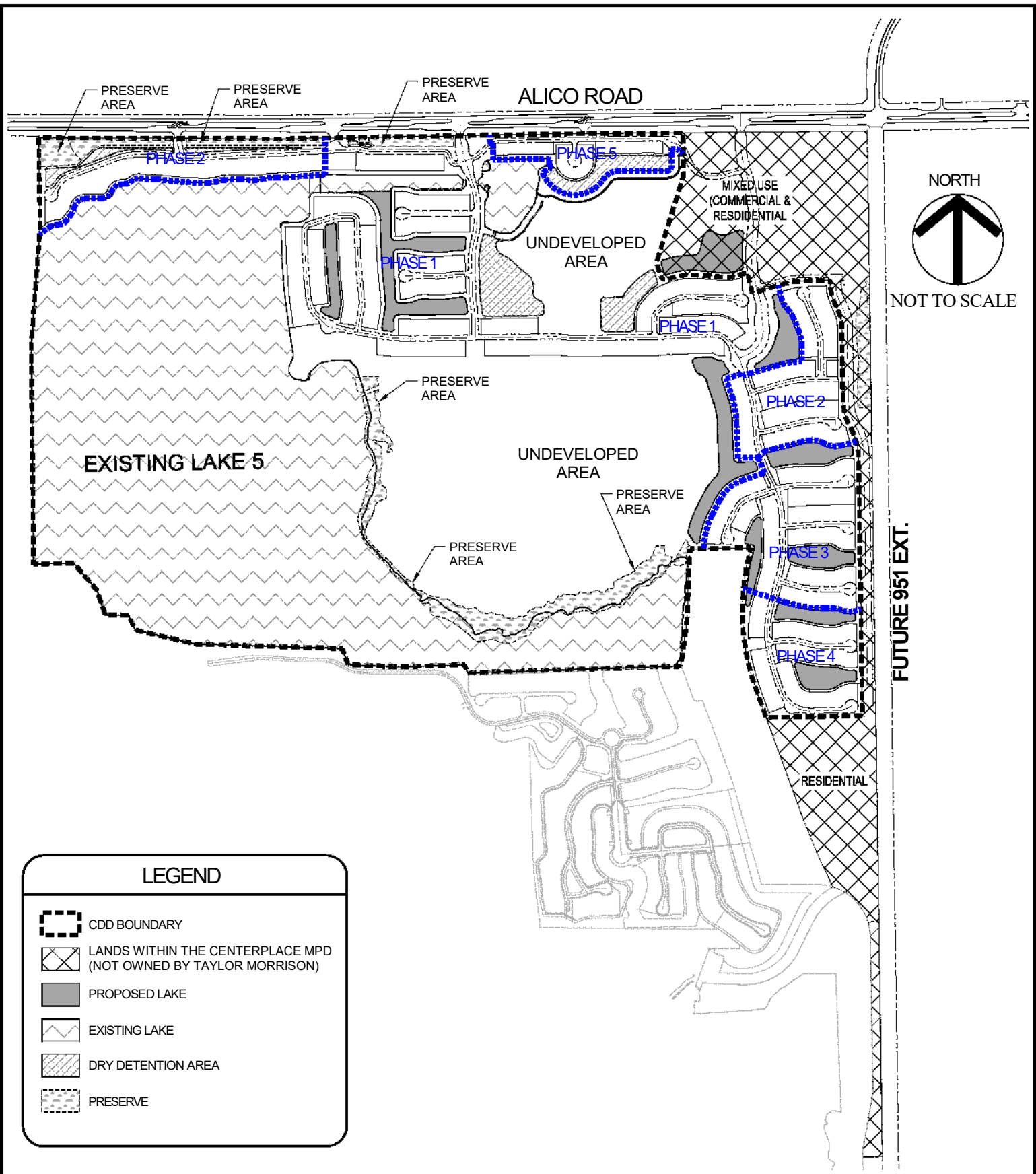
FILE NAME: 6840501013.dwg
 SHEET: 13 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636







WALDROP ENGINEERING
 CIVIL ENGINEERING | PLANNING | LANDSCAPE ARCHITECTURE

28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 14
PHASING PLAN



LEGEND

-  CDD BOUNDARY
-  LANDS WITHIN THE CENTERPLACE MPD (NOT OWNED BY TAYLOR MORRISON)
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE

ESPLANADE LAKE CLUB

EXHIBIT 14 - PHASING PLAN

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
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 SHEET: 14 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

WALDROP ENGINEERING
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EXHIBIT 15
PERMIT APPROVALS

Approval Date	Anticipated Date	Agency	Application/Permit No.	Permit Name
7/16/2017	--	Lee County	Z-17-014	MPD (Zoning Approval)
10/9/2017		Lee County	ADD2017-00139	MPD (Administrative Amendment)
4/2/2018		Lee County	ADD2017-00170	MPD (Administrative Amendment)
7/6/2018		Lee County	ADD2018-00100	MPD (Administrative Amendment)
4/27/2016		Lee County	DOS2016-00008	Development Order
5/26/2017		Lee County	DOS2016-00008 A01	Development Order Admendment
	9/10/2018	Lee County	DOS2018-00038	Development Order
6/15/2018		South Florida Water Management District	36-03568-P-05	Environmental Reasource Permit

ESPLANADE LAKE CLUB

EXHIBIT 15 - PERMIT APPROVALS

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
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 FILE NAME: 6840501015.dwg
 SHEET: 15 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



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 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT DISTRICT

Master Special Assessment Methodology

Prepared by:

4/29/2019

JPWard & Associates LLC

JAMES P. WARD

954.658.4900

JimWard@JPWardAssociates.com



2900 NORTHEAST 12TH TERRACE SUITE 1
OAKLAND PARK,
FLORIDA 33305

1.0 INTRODUCTION

This Master Assessment Report is intended to stand alone as the initial allocation report for the District's special assessments and is not an amendment, supplement, or restatement of any assessment methodologies considered and/or adopted by the District for previous financings.

This assessment methodology applies the principles and allocations outlined herein to the financings proposed for the Esplanade Lake Club Community Development District ("**District**") public infrastructure capital improvement program ("**CIP**"), which is described in that *Master Engineer's Report, April, 2019* prepared by Waldrop Engineering ("**Engineer's Report**"). This CIP will allow for the development of the property within the District and will be partially or fully funded through the issuance of District bonds. The debt will be repaid from the proceeds of assessments levied by the District's Board of Supervisors on properties within the District that benefit from the implementation of the CIP. These non-ad valorem special assessments will be liens against properties within the boundary of the District that receive special benefits from the CIP.

With that said, the District's limited purpose is to manage the construction, acquisition, maintenance and financing of its public works including basic infrastructure, system, facilities, services and improvement.¹

This assessment methodology report will identify the special and peculiar benefits for the works and services including added use of the property, added enjoyment of the property, and probability of increased marketability, value of the property and decreased insurance premiums

¹ See Florida Statutes sections 190.002(1)(a) and (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.

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.

2.0 THE DISTRICT AND BOND STRUCTURE

Esplanade Lake Club Community Development District, (the “**District**”) is a special purpose unit of local government established pursuant to Chapter 190, Florida Statutes, and by Ordinance 18-21 of the Lee County Board of County Commissioners, which Ordinance became effective on September 19, 2018. The District encompasses approximately 778.93+/- acres of land.

The District is part of a master planned community development (the “Master Development”) consisting of approximately 886.01+/- acres within the Lee County University Community Future Land Use category in Lee County. The Master Development has been re-zoned as a Mixed-Use Planned Development (MPD), pursuant to ordinance approval number Z-17-014, and has since been amended with multiple Administrative Modifications. The approval entitles the Master Development with a maximum of 1,950 dwelling units including a combined maximum of 487 dwelling units allocated for single family. The ordinance also allows for non-residential uses such as retail, commercial, research and development, offices and a hotel. The maximum square footage of non-residential uses shall not exceed 200, 000 of retail, 110,000 of office, 20,000 of research and development, 10,000 of medical office, and 250 hotel/motel rooms. The commercial component of the MPD will be concentrated at the northeast corner of the property outside of the District’s boundary.

The District represents only a portion of the development area within the Master Development and will consist of approximately 778.93 acres with 653 single and multi-family dwelling units. The table below represents the anticipated product mix for the lands within the District. Please note that this table may be revised as development commences and the final site plan is further refined by the developer.

Master Lot Matrix

PRODUCT TYPE	UNIT COUNT	PERCENT OF TOTAL
Twin Villas	186	28.48%
52' lots	224	34.30%
62' lots	155	23.74%
76' lots	77	11.79%
90' lots	11	1.69%
TOTAL	653	100.0%

Access to CenterPlace will be provided via four entrances locations from the existing Alico Road right-of-way. Alico Road is currently a two-lane roadway which runs east/west along the District's frontage. Alico Road is currently planned for expansion into a 4-lane divided roadway with construction scheduled to commence in the fourth quarter of 2018. It is anticipated that the road construction along the frontage will take two years to complete. The proposed entrance locations can in the final build our form can be seen on Exhibit 3 – Overall Site Plan for reference. Please note that the Alico Road widening improvements is not part of the District's CIP and is not funded by the project or the developer.

3.0 PURPOSE OF THIS REPORT

This Special Assessment Report and the Methodology described herein have been developed to provide a roadmap, and the report 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 CIP (hereinafter defined) will allow for the development of property within the District and will be partially or fully funded through the issuance by the District of tax-exempt bonds (the "**Bonds**") to be repaid from the proceeds of non-ad valorem special assessments (the "**Assessments**") levied by the Board on properties within the District that benefit from the implementation of the CIP. The Assessments will be liens against properties that receive special benefits from the CIP.

The Methodology described herein has two goals: (1) determining the special and peculiar benefits that flow to the properties in the District 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. As noted above, the

District has adopted CIP comprising certain public infrastructure and facilities. The District plans to fund the CIP, all or in part, through the issuance of Bonds in phases which are intended to tie into the development phasing for the community. The Methodology herein is intended to set forth a framework to apportion the special and peculiar benefits from the portions of the CIP financed with the proceeds of the Bonds payable from and secured by the Assessments imposed and levied on the properties in the District. The report is designed to conform to the requirements of the Constitution, Chapters 170, 190 and 197 F.S. with respect to the Assessments and is consistent with our understanding of the case law on this subject. Once levied by the Board, the Assessments will constitute liens co-equal with the liens of State, County, municipal and school board taxes, against properties within the District that receive special benefits from the CIP

4.0 MASTER DEVELOPMENT PROGRAM

4.1 Land Use Plan

The anticipated Land Use Plan for the District is identified in Table I, 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 this in the 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 noted herein.

4.2 Capital Requirements

Waldrop Engineering (the “**District Engineer**”) has identified certain public infrastructure and services that are being provided by the District for the entire development and has provided a cost estimate for these improvements, as described in the Engineer’s Report. The cost estimate for the District’s CIP can be found below in Table II. It is estimated the cost of the District CIP will be approximately \$25,052,450.00 and will be constructed in one or more phases without taking into consideration the various costs of financing the improvements.

5.0 BOND REQUIRMENTS

The District intends to finance some or all of its CIP through the issuance of the Bonds. As shown in Table III, it is estimated that the District may issue not exceeding an aggregate principal amount of \$30,070,000 in Bonds to fund the implementation of the CIP, assuming all of the CIP is financed. A number of items comprise the estimated bond size required to fund the \$25,052,450.00 necessary to complete the District’s CIP. 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, also noted in Table III.

As the finance plan is implemented a supplemental methodology will be issued for each phase of development, that mirrors the master methodology, and the final source and use of funds will be determined at the time of issuance of the Bonds and is dependent on a variety of factors, most importantly, the interest rate that the District is able to secure on the Bonds, along with such items as the capitalized interest period, reserve requirement and costs of issuance. Stated another way, this master assessment allocation methodology described herein is intended to establish, without the need for a further public hearing, the necessary benefit and fair and reasonable allocation findings for a master assessment lien, which may give rise to one or more individual assessment liens relating to individual bond issuances necessary to fund all or a portion of the project(s) referenced herein. All such liens shall be within the benefit limits established herein and using the allocation methodology described herein, and shall be described in one or more supplemental reports.

As set forth in any supplemental report, and for any particular bond issuance, the project developer may opt to "buy down" the assessments on particular product types and/or lands using a contribution of cash, infrastructure or other consideration, and in order for assessments to reach certain target levels. Note that any debt reduction payment or "true-up," as described herein, may require a payment to satisfy the "true-up" obligations as well as additional contributions to maintain such target assessment levels. Any amounts contributed by the developer to pay down assessments will not be eligible for "deferred costs," if any are provided for in connection with any particular bond issuance.

6.0 ASSIGNMENT OF ASSESSMENTS

It is useful to consider three broad states or conditions of development. 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 applicable special assessment area (as may be defined in a supplemental assessment resolution) is considered unplatted acreage ("Unplatted Acres"). In the unplatted state, all of the lands within the applicable special assessment area receive benefit from all or a portion of the components of the financed CIP and assessments would be imposed upon all of the land within the special 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 CIP 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 CIP 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 CIP will function as a system of improvements and provide special benefit to all lands within the District. Stated differently, this infrastructure project is a program of improvements and was designed specifically to facilitate the development of the lands within the District, from both a legal and socio-economic standpoint. Therefore, special benefits will accrue to the land uses within the District.

Also, two private amenity facilities are planned as part of the CIP. However, a debt assessment is not appropriate in connection with the development of the amenities because the amenities will be owned and operated by a homeowner's association, and are considered a common element for the exclusive benefit of lot owners. Stated differently, any benefit for these facilities flows directly to the benefit of all of the Platted Lots in the District. As such, no assessment would be assigned to these amenities.

B. Allocation/Assignment Methodology

The Assessments assignable to Platted Lots and Unplatted Acres in Table IV. This table provides the maximum assessments for the entire District. 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. When the Unplatted Acres are platted into Platted Units, Assessments will be assigned on a first-assigned, first-platted basis, as set forth in more detail in the supplemental special assessment methodolog(ies) applicable to particular series of Bonds. Note that while the CIP functions as a system of improvements benefitting all lands within the District, debt assessments associated with different bond issuances may differ in amount, due to changes in construction costs, financing costs, or other matters.

7.0 Prepayment of Assessments

The assessments encumbering a Platted Unit may be prepaid in full at anytime, at such times and in such manner as more fully described in the related assessment proceedings of the District, without penalty, together with interest at the rate on the bond series to the Interest Payment Date (as defined in the applicable 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. 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 Unit being prepaid is subject to an assessment delinquency.

8.0 Overview of the Inventory Adjustment Determination

This Methodology is based on the development plan that is currently proposed by the Developer. 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 assessments 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 will 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 ensure 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

Exhibit I provides the current folio numbers derived from the Lee County Tax Rolls and matches those folio number's with the anticipated product on each folio numbers.

**Esplanade Lake Club Community Development District
Land use Type - Master Development
Table I**

Product Type						
Description	30' - 39'	50' - 59'	60' -69'	70' -80'	>80'	Total
<i>Esplanade Lake Club CIP Units</i>	186	224	155	77	11	653
Total	186	224	155	77	11	653

**Esplanade Lake Club Community Development District
Capital Improvement Program Cost Estimate - Master Development
Table II**

No.	Facility	Districts Capital Improvement Plan		Private Development		Total Project Costs
		Project - Completed Improvements	Future Improvements	Completed Private Improvements	Future Private Improvements	
1	Exterior Landscaping & Hardscape	\$0.00	\$3,250,000.00	\$0.00	\$2,550,000.00	\$5,800,000.00
2	Subdivision Potable Water System	\$0.00	\$1,820,000.00	\$0.00	\$0.00	\$1,820,000.00
3	Subdivision WasteWater System	\$0.00	\$4,240,000.00	\$0.00	\$0.00	\$4,240,000.00
4	Irrigation Facilities	\$0.00	\$1,620,000.00	\$0.00	\$0.00	\$1,620,000.00
5	Storm Water Facilities ⁽¹⁾⁽²⁾⁽³⁾	\$0.00	\$4,410,000.00	\$0.00	\$0.00	\$4,410,000.00
6	Gound Improvement	\$0.00	\$1,810,000.00	\$0.00	\$9,860,000.00	\$11,670,000.00
7	Excavation	\$0.00	\$0.00	\$0.00	\$10,590,000.00	\$10,590,000.00
8	Environmental Preservation & Mitigation	\$0.00	\$540,000.00	\$0.00	\$0.00	\$540,000.00
9	Off-Site Improvements	\$0.00	\$1,973,000.00	\$0.00	\$0.00	\$1,973,000.00
10	Private Streets	\$0.00	\$0.00	\$0.00	\$3,040,000.00	\$3,040,000.00
11	Amenities	\$0.00	\$0.00	\$0.00	\$8,270,000.00	\$8,270,000.00
12	Electrical	\$0.00	\$0.00	\$0.00	\$690,000.00	\$690,000.00
13	Miscellaneous Structures	\$0.00	\$0.00	\$0.00	\$900,000.00	\$900,000.00
14	Municipal Fees & Permits	\$0.00	\$0.00	\$0.00	\$2,120,000.00	\$2,120,000.00
	Subtotal (Improvements Benefiting All Units)	\$0.00	\$19,663,000.00	\$0.00	\$38,020,000.00	\$57,683,000.00
15	Contingency (15%)	\$0.00	\$2,949,450.00	\$0.00	\$5,703,000.00	\$8,652,450.00
16	Professional Fees	\$0.00	\$2,440,000.00	\$0.00	\$2,060,000.00	\$4,500,000.00
	Total Improvements	\$0.00	\$25,052,450.00	\$0.00	\$45,783,000.00	\$70,835,450.00

Total Public Infrastructure - Master CIP \$25,052,450.00

The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change. Accordingly, the 'CIP 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) Includes Lake Excavation to a 10' minimum depth required by the South Florida Water Maangement District
- (4) The portions of the 2018 Project financed by the 2018 Bonds will be detailed in a supplement to this report prepared prior to the issue of the 2018 Bonds.

**Esplanade Lake Club Community Development District
Special Assessment Bonds
ESTIMATED - Source and Use of Funds - Master CIP**

Table III		
Sources:		
Bond Proceeds		
Par Amount	\$	30,070,000.00
	\$	30,070,000.00
Uses:		
Project Funds Deposit		
Const of Construction	\$	25,052,450.00
Rounding Proceeds	\$	5,770.18
	\$	25,058,220.18
Other Funds Deposits:		
Capitalized Interest (One Year)		\$2,100,189.91
Debt Service Reserve at 100% of MADS		\$2,100,189.91
		\$4,200,379.82
Delivery Date Expenses		
Cost of Issuance	\$	210,000.00
Underwriter's Discount	\$	601,400.00
	\$	811,400.00
	\$	30,070,000.00
Average Coupon:		
		5.75%
Capitalized Interest		
		One Year (12 months)
ESTIMATED - Max Annual Debt Service		
		\$2,100,189.91

**Esplanade Lake Club Community Development District
Assessment Allocation - Entire Project
Table IV**

Description of Product	EAU Factor	Development Plan	Total EAU	Total Par Debt Allocation	Total Par Debt Allocation Per Unit	Estimated Annual Debt Service (1)	Estimated Discounts and Collections (2)	Estimated Total Annual Debt Service Per Unit	Estimated Total Annual Debt Service (1)	Total Annual Debt Service (4)
Single Family 30' - 39'	0.65	186	120.9	\$ 6,449,858.96	\$ 34,676.66	\$2,421.93	\$169.54	\$2,591.47	\$450,479.84	\$482,013.43
Single Family 50' - 59'	0.85	224	190.4	\$ 10,157,594.25	\$ 45,346.40	\$3,167.15	\$221.70	\$3,388.85	\$709,440.54	\$759,101.37
Single Family 60' - 69'	1	155	155	\$ 8,269,049.94	\$ 53,348.71	\$3,726.05	\$260.82	\$3,986.88	\$577,538.25	\$617,965.93
Single Family 70' - 89'	1.1	77	84.7	\$ 4,518,635.68	\$ 58,683.58	\$4,098.66	\$286.91	\$4,385.56	\$315,596.71	\$337,688.48
Single Family 80' and up	1.15	11	12.65	\$ 674,861.17	\$ 61,351.02	\$4,284.96	\$299.95	\$4,584.91	\$47,134.57	\$50,433.99
Total Units:		653	564	\$ 30,070,000.00					\$2,100,189.91	\$2,247,203.20
Estimated Max Annual Debt Service:									\$2,100,189.91	
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

Esplanade Lake Club Community Development District
 EXHIBIT 1 - Assessment Roll - Capital Improvement Program

New Lot Number	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'	50' - 59'	60' -69'	70' -80'	>80'	
N/A	10585625	778.90	0	Taylor Woodrow at CenterPlace LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	\$ 38,605.73	\$ 30,070,000.00	186	223	155	77	11	652
Totals:		778.90				\$ -	186	223	155	77	11	652

Total Assessment - All Assessment Area	30,070,000.00
Total Assessment - Assigned to Platted Lots	-
Total Assessment - Assigned to Unplatted Acreage	30,070,000.00
Unplatted Per Acre Assessment	38,605.73
	30,070,000.00

RESOLUTION 2019-21

A RESOLUTION OF THE ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING THE ISSUANCE OF ITS CAPITAL IMPROVEMENT REVENUE BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$30,000,000.00 TO FINANCE THE COST OF PUBLIC INFRASTRUCTURE AND FACILITIES BENEFITING DISTRICT LANDS` AND/OR ACQUIRING RELATED INTERESTS IN LAND AND FOR REFUNDING PURPOSES; APPROVING THE FORM OF A MASTER TRUST INDENTURE RELATING TO THE BONDS AND AUTHORIZING EXECUTION OF THE MASTER TRUST INDENTURE; PROVIDING FOR INDENTURES SUPPLEMENTAL THERETO; APPOINTING A TRUSTEE, PAYING AGENT AND BOND REGISTRAR FOR THE BONDS; APPROVING THE FORM OF AND AUTHORIZING EXECUTION OF THE BONDS; AUTHORIZING THE APPLICATION OF THE PROCEEDS OF THE BONDS; AUTHORIZING JUDICIAL VALIDATION OF THE BONDS; APPROVING A MASTER ENGINEER'S REPORT; APPROVING A MASTER ASSESSMENT METHODOLOGY REPORT; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION; DEFINITIONS. The Board of Supervisors (the "Board") of the Esplanade Lake Club Community Development District (the "District" or the "Issuer") is authorized to adopt this Resolution under the authority granted by the provisions of Chapter 190, Florida Statutes, as amended, its Charter (as set forth in Ordinance No. 18-21 enacted by Lee County, Florida, which became effective on September 19, 2018 [the "Ordinance"]) and other applicable provisions of law (collectively, the "Act"). All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the form of Master Trust Indenture attached hereto as Exhibit A (the "Master Indenture").

SECTION 2. FINDINGS.

A. The Issuer is a community development district, a local unit of special purpose government organized and existing under and pursuant to the Act. The Issuer was established for the purpose, among other things, of delivering certain community development services and facilities as authorized by the Act, including planning, financing, constructing, acquiring, owning, operating and maintaining the "Series Projects" and "Additional Series Projects."

B. The Issuer is empowered by the Act to provide projects such as the Series Projects and Additional Series Projects and desires to authorize the financing and refinancing

thereof and the issuance of its Bonds and its Subordinate Debt as permitted by, and in accordance with, the Act.

C. The Issuer desires to appoint U.S. Bank National Association (the “Trustee”), as Trustee, Paying Agent, and Bond Registrar with respect to the Bonds and Subordinate Debt.

D. The Issuer desires to authorize the judicial validation of the Bonds and Subordinate Debt.

SECTION 3. AUTHORIZATION OF THE BONDS AND SUBORDINATE DEBT. The Issuer hereby authorizes the issuance of its Bonds for the purpose of paying all or a part of the Cost of a Series Project or Additional Series Project (including for completion purposes) and for refunding Bonds of a Series. The Bonds shall be issued from time to time, in one or more Series, pursuant to the Master Indenture, as supplemented by one or more Supplemental Indentures, and designated as Capital Improvement Revenue Bonds, Series _____” (the series designation(s) to be as set forth in a Supplemental Indenture relating to the Bonds of such Series). The aggregate principal amount of the Bonds which may be issued pursuant to the Master Indenture is unlimited. The District hereby authorizes the issuance of Bonds in one or more Series pursuant to the Master Indenture Bonds in one or more Series in an aggregate principal amount not exceeding Thirty Million Dollars (\$30,000,000.00) (excluding any Bonds issued to refund such Bonds), which shall be subject to judicial validation prior to the date of issuance thereof. The details of the Bonds of each Series, including the aggregate principal amount of such Bonds, the per annum rate of interest of such Bonds, the dated date and maturity date of such Bonds (which shall not exceed the maximum date permitted by law), and the related redemption provisions, shall be as provided in a Supplemental Indenture relating to such Series of Bonds and in the subsequent resolution of the Issuer approving such Supplemental Indenture. Each Series of Bonds shall be substantially in the form of the bond attached to the Master Indenture. Each Series of Bonds shall be executed in the manner provided in the Master Indenture. The aggregate principal amount of Subordinate Debt that may be issued pursuant to the Master Indenture or otherwise is not limited. Subordinate Debt may be evidenced by a promissory note or similar obligation issued by the Issuer from time to time. The terms of any Subordinate Debt shall be as set forth in a Supplemental Indenture of the Issuer authorizing such Subordinate Debt.

SECTION 4. APPOINTMENT OF TRUSTEE, PAYING AGENT AND BOND REGISTRAR; AUTHORIZATION OF MASTER INDENTURE.

(a) The Issuer hereby appoints U.S. Bank National Association (the “Trustee”) as the Trustee, Paying Agent and Bond Registrar under the Master Indenture and each Supplemental Indenture.

(b) The form of the Master Indenture attached hereto as Exhibit A to be entered into between the Issuer and the Trustee is hereby authorized and approved. The

Chairman of the Board or his designee (the "Chairman") is hereby authorized to execute, and the Secretary of the Board and his or her designee (the "Secretary") is hereby authorized to attest, the Master Indenture in substantially the form attached, with such changes therein as are necessary or desirable and as shall be approved by officer of the Issuer executing the same, in consultation with the District's General Counsel and Bond Counsel, such approval to be conclusively evidenced by the execution thereof.

(c) As contemplated by the Master Indenture, the Issuer and the Trustee shall enter into a Supplemental Indenture in connection with each Series of the Bonds and may enter into a Supplemental Indenture with respect to Subordinate Debt. The issuance of a particular Series of Bonds, particular Subordinate Debt and the execution and delivery of the related Supplemental Indenture(s) shall be authorized by subsequent resolutions of the Issuer

(d) The form of the Bonds is attached as Exhibit A to the Master Indenture. The Bonds shall be substantially of the tenor set forth in such Exhibit, with such modifications, omissions, insertions and variations as may be determined by the Chairman or the Vice-Chairman of the Board to be necessary or desirable or as may be authorized or permitted by the Master Indenture and any Supplemental Indenture adopted prior to the issuance of the Bonds of a Series, or as may be necessary to comply with applicable laws, rules and regulations of the United States of America and the State of Florida in effect upon the issuance thereof. The Chairman or Vice-Chairman is hereby authorized and directed to execute and/or to cause his facsimile signature to be placed on each of the Bonds and the Secretary is hereby authorized to attest such signature by manual or facsimile signature. The Chairman or Vice-Chairman and the Secretary are further authorized to cause the corporate seal of the District to be imprinted or reproduced on each of the Bonds, to cause the Bonds to be printed in certificated form, and to deliver the Bonds to the Trustee for authentication and delivery.

SECTION 5. APPLICATION OF THE PROCEEDS OF THE BONDS. The proceeds derived from the sale of the Bonds of each Series shall be applied by the District simultaneously with the delivery thereof for the purposes stated in, and in a manner consistent with, the Indenture. The specific amounts to be deposited in the Funds and Accounts shall be as set forth in a certificate executed by the Chairman or Vice-Chairman and delivered at the time of issuance of the Bonds of each Series.

SECTION 6. BOND VALIDATION. The District's General Counsel and Bond Counsel are hereby authorized and directed to take appropriate proceedings in the Circuit Court in and for Lee County, Florida, for validation and the proceedings incident thereto for the Bonds and Subordinate Debt. The Chairman or Vice-Chairman is authorized to sign any pleadings and to offer testimony in any such proceedings for and on behalf of the District. The other members of the Board, the officers of the District and the agents and employees of the District, including, without limitation, the District's manager and engineer, are hereby also authorized to offer testimony for and on behalf of the District in connection with any such validation proceedings.

SECTION 7. APPROVAL OF MASTER ENGINEER’S REPORT AND MASTER ASSESSMENT REPORT. The Master Engineer’s Report prepared by Waldrop Engineering and the Master Special Assessment Methodology Report prepared by JPWard & Associates LLC, in each case, in connection with the Bonds, are hereby approved, substantially in the forms attached hereto as Exhibit B and Exhibit C, respectively.

SECTION 8. MISCELLANEOUS. The Chairman, Vice-Chairman and Secretary of the Board, the District’s General Counsel, Bond Counsel, District Manager, Consulting Engineers, Accountant, and other authorized officers of the District are authorized and directed to execute and deliver all documents, contracts, instruments and certificates and to take all actions and steps on behalf of the District, including a Letter of Representations with The Depository Trust Company, that are necessary or desirable in connection with the Indenture, the Bonds, Subordinate Debt, the validation authorized herein, or otherwise in connection with any of the foregoing, which are not inconsistent with the terms and provisions of this Resolution or the Indenture.

SECTION 9. SEVERABILITY. Should any sentence, section, clause, part or provision of this Resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this Resolution as a whole, or any part thereof, other than the part declared invalid.

SECTION 10. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Board of Supervisors of the Esplanade Lake Club Community Development District this 15th day of May, 2019.

**ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT**

[SEAL]

_____, Chairman

ATTEST:

James P. Ward, District Secretary

EXHIBIT A

FORM OF MASTER INDENTURE

Draft #1

MASTER TRUST INDENTURE

ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT DISTRICT

TO

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

Dated as of ____ 1, 2019

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MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of ____ 1, 2019, by and between **ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the "Trustee"), a national banking association 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 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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

"Act" shall mean Chapter 190, Florida Statutes, as amended 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 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 Anticipation Notes" shall mean bond anticipation notes issued pursuant to a Supplemental Indenture in anticipation of the sale of an authorized Series of Bonds in a principal amount not exceeding the principal amount 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 or a day on which the New York Stock Exchange 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.

"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 Facility 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 Facility or Liquidity Facility if then in effect.

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

"Date of Completion" with respect to a Series Project or Additional Series Project shall mean: (i) the date upon which 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 Engineers 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 Engineers, 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 Engineers 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.

"Defeasance 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.

"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 Esplanade Lake Club 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.

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

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

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

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

"Indenture" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures, and, shall mean when used with 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 for the authorization of Notes or Bonds, any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

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

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

"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 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.

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

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

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

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

"Property Appraiser" shall mean the Property Appraiser of Lee County, Florida, or the person succeeding to 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 and shall exclude any special record date established pursuant to Section 202 hereof.

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

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

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

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

"S&P" shall mean S&P Global Ratings, a division of S&P Global Inc., 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 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, a 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 amount equal to the least 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 least 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, among other things, 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.

"Tax Collector" shall mean the Tax Collector of Lee 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.

"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 U.S. Bank National Association, with its designated office in Fort Lauderdale, Florida, and any successor trustee appointed or serving pursuant to Article VI hereof.

"Uniform Method" shall mean the uniform method for the levy, collection and enforcement of Special Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes.

"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, subject to the requirements, if any, set forth in that or any other applicable Supplemental Indenture.

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 Fort Lauderdale, Florida, provided, however, that presentation shall not be required if the Bonds are in book-entry only form. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment by delivery of written notice to the Paying Agent prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000, or, if less than such amount, all of the Outstanding Bonds of a Series, in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Section 203. Execution and Form of Bonds. The Bonds shall be signed by, or bear the facsimile signature of the Chairman, shall be attested and countersigned by the Secretary, and the certificate of authentication appearing on the face of the Bonds shall be

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

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

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

Section 206. Special Obligations. Each Series of Bonds shall be a special and direct obligation of the District. Neither the Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the

District within the meaning of the Constitution and laws of Florida. The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Series Pledged Revenues and the Series Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

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

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

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

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

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

issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute binding obligations of the District, enforceable against the District in accordance with their terms except as enforcement thereof may be affected by bankruptcy and other similar laws relating to creditor's rights generally;

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

The Trustee shall be provided with reliance letters with respect to the opinions required in paragraphs (iii) and (iv) above. When the documents mentioned in subsections (i) through (iv) above shall have been received, and when the Bonds of such Series shall have been executed and authenticated as required by this Master Indenture, such Series of Bonds shall be delivered to, or upon the order of, the District, but only upon payment to the Trustee of the purchase price of such Series of Bonds, together with accrued interest, if any, thereon as set forth in a certificate of delivery and payment executed by the Chairman or Vice Chairman of the District. The delivery to the Trustee of the net proceeds from the sale of a Series of Bonds shall be conclusive evidence of the delivery of the above items to the satisfaction of the underwriter(s) of the applicable Series of Bonds and 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, if any, or the initial cost of satisfying the Series Reserve Account Requirement if not satisfied by the deposit of cash, shall be deposited to the credit of the Series Reserve Account; and

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

Section 208. Temporary Bonds. Pending delivery of definitive Bonds, there may be executed, authenticated, and delivered to the Owners thereof, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in Authorized Denominations, substantially of the tenor set forth in the Bond form to be set forth in the Supplemental Indenture authorizing such Series of Bonds. The District shall cause definitive Bonds to be prepared and to be executed, endorsed, registered and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel

the same or cause the same to be canceled and cause to be authenticated and delivered, in exchange therefor, at the place designated by the Owner, without expense to the Owner, definitive Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest or yield to maturity at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits of this Master Indenture and any Supplemental Indenture as the definitive Bonds to be issued hereunder.

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

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

Section 211. Bond Anticipation Notes. Whenever the District shall authorize the issuance of a Series of Bonds, the District may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Series Project or Projects for which the proceeds of the Bond Anticipation Notes will be applied shall not exceed such Cost. The interest on such Bond Anticipation Notes may be payable out of the related Series Interest Account to the extent provided in the resolution of the District authorizing such Bond Anticipation Notes. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the District available therefor or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions authorizing such Bond Anticipation Notes may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit, in the related Series Interest Account. In the event that the District adopts a resolution authorizing the issuance of Bond Anticipation Notes, the District will

promptly furnish to the Trustee a copy of such resolution, certified by an Authorized Officer, together with such information with respect to such Bond Anticipation Notes as the Trustee may reasonably request, including, without limitation, information as to the paying agent or agents for such Bond Anticipation Notes. The Trustee shall have no duties or obligations to the holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the District authorizing the issuance of such Bond Anticipation Notes and unless the Trustee accepts in writing such duties and obligations.

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

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption Generally. The Bonds of any Series shall be subject to redemption, either in whole on any date or in part on any Interest Payment Date, and at such times, in the manner and at such prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Series of Bonds. The District shall provide written notice to the Trustee of any optional redemption on or before the thirty-first (31st) Business 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 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 thirty-first (31st) Business 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 a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond, in each case stating: (i) the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption); (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the series designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; and (viii) the notice date, redemption date, and redemption price. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price (except as otherwise provided in a Supplemental Indenture relating to a Series of Bonds) 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.

Notwithstanding any other provision of this Master Indenture, notice of optional redemption may also be conditioned upon the occurrence or non-occurrence of such other 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.

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

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

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

ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

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

Section 402. Payments From Acquisition and Construction Fund. Payments of the Cost of constructing and acquiring a Series Project shall be made from the

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

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

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

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

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

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

(c) Costs of improvements.

(d) Financing charges.

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

(f) Working capital.

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

(h) 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.

(i) 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.

(j) Expenses of Project management and supervision.

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

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

(vii) **Refinancing Costs.** All costs described in (i) through (vi) 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 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, within a reasonable time determined by the District, 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, unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds.

(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 B hereto, signed by an Authorized Officer.

Upon receipt of each such requisition and accompanying certificate of the Consulting Engineers, if required, the Trustee shall promptly withdraw from the Series Acquisition and Construction Account to the extent there are sufficient funds 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 Engineers, 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 the Series Project shall be applied in accordance with the provisions of Section 404 hereof, unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds.

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 promptly deposit, within a reasonable time as determined by the District, upon receipt of all such Pledged Revenues (except Prepayments which the District shall identify as such upon deposit of such funds with the Trustee), when received, into the related Series Revenue Account and to promptly deposit, within a reasonable time as determined by the District, 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, except as otherwise provided in a Supplemental Indenture relating to a Series of Bonds:

(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.

(b) **Disposition of Remaining Amounts on Deposit in Series Revenue Account.** . Subject to the provisions of Section 604 hereof and unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, 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, unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds. After making the payments provided for in this subsection (b), the balance, if any, remaining in the Series Revenue Account on November 2 of a Bond Year shall be retained therein, or, at the written direction of an Authorized Officer to the Trustee, transferred into the Series Redemption Account, unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds.

(c) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be used for the purposes of (i) 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 and as may otherwise be provided in Section 510 or a Supplemental Indenture relating to a Series of Bonds and (ii) as otherwise permitted herein or a related Supplemental Indenture.

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

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

Section 506. Optional Redemption.

(a) **Excess Amounts in Series Redemption Account.** Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, the Trustee shall, but only at the written direction of an Authorized Officer on or prior to the thirty-first (31st) Business Day preceding the date of redemption, call for redemption on each Interest Payment Date on which Bonds are subject to optional redemption or extraordinary mandatory 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 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 accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (ii) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) 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 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. The Trustee has no obligation to pay from its own funds any amounts owed hereunder by the District.

(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 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. Except as otherwise provided in a Supplemental Indenture applicable to a Series of Bonds, the Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, with the exception of a Series Reserve Account, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder. For the purpose of determining the amount on deposit to the credit of a Series Reserve Account, obligations in which money in such Account shall have been invested shall be valued at

the maturity value thereof, plus, in each case, accrued interest. Amortized cost, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

Section 509. Deficiencies and Surpluses in Funds. For purposes of this Section: (a) a "deficiency" shall mean, in the case of a Series Reserve Account, that the amount on deposit therein is less than the Series Reserve Account Requirement, but only after the Bond Year in which the amount on deposit therein 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. Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, any deficiency determined upon such valuation shall not, in and of itself, constitute an Event of Default with respect to the related Series of Bonds 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 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 written direction of an Authorized Officer, to the credit of the Series Redemption Account or the Series Principal Account, unless otherwise provided in a Supplemental Indenture relating to the applicable Series of Bonds.

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

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

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

(a) if there was no deficiency (as defined in Section 509 above) in the Series Reserve Account as of the most recent date on which amounts on deposit in the Series Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series Reserve Account since such date, then earnings on investments in the 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, upon the written request of the District, a certificate in duplicate describing the Bonds so destroyed. One executed certificate shall be filed with the Trustee and the other executed certificate shall be retained by the Paying Agent.

ARTICLE VI CONCERNING THE TRUSTEE

Section 601. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Owners agree. The Trustee shall have only those duties expressly set forth herein, and no duties shall be implied against the Trustee.

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

Section 603. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or 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 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, but without waiving any limitations of liability set forth in Section 768.28, *Florida Statutes*, or other applicable 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 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 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 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, opinion, 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. The Trustee shall have no liability for acting upon the direction of the Majority Owners upon an Event of Default.

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

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

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

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

Section 612. Removal of Trustee. Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, 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 such 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 if an Event of Default has occurred and is continuing, unless the District shall have received the prior written consent, which consent shall not be unreasonably withheld, of any Credit Facility issuer, and any Liquidity Facility issuer, to the appointment of such successor Trustee. If an Event of Default has occurred hereunder and is continuing and the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and a successor may be appointed by any court of competent jurisdiction upon the application of the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds then Outstanding and such successor Trustee shall mail notice of its appointment, including the name and address of the applicable corporate trust office of the successor Trustee, by first-class mail to each Owner as its name and address appears on the Bond 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. Except as provided in Section 616 hereof, 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, except for the rights of the predecessor Trustee under Section 604 hereof, 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 Registrar, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any Liquidity Facility issuer.

Section 616. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated or into which all or substantially all of 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 mailed not less than sixty (60) days prior to such resignation date to each Owner as its name and address appear on the registration books of the District maintained by the Bond Registrar. Such resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the

giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

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

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

Section 620. Qualifications of Successor Paying Agent or Bond Registrar. Every successor Paying Agent or Bond Registrar (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. Except as provided in Section 622 hereof, any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the District shall execute and deliver an instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or Bond 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.

Section 623. 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 624. 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.

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 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.

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, but without intending to waive any limitations on liability set forth in Section 768.28, *Florida Statutes*, or other applicable law, defend, preserve and protect the pledge and lien created by this Master Indenture, any Supplemental Indenture, and all the rights of the Owners hereunder against all claims and demands of all other persons whomsoever.

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

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

All of the foregoing shall be subject to the provisions of Section 809 hereof.

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. Reports. The District covenants and agrees that it will comply with the provisions of Chapter 189, Florida Statutes, as amended, the Uniform Special District Accountability Act of 1989, to the extent applicable to the District with respect to 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 or any undertaking by the District in a federal tax certificate executed and delivered in connection with a Series of Bonds.

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

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

Section 812. Delinquent Assessment. If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment or Benefit Special Assessment, pledged to a Series of Bonds, then such Assessment or Benefit Special Assessments, shall be enforced in accordance with the provisions of Chapters 170 and/or 197, Florida Statutes, including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Assessment or Benefit Special Assessments, the District either on its own behalf, or through the actions of the Trustee may, 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. Notwithstanding anything to the contrary herein, 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 Assessment or Benefit Special Assessment Pledged to a Series of Bonds, shall be entitled to first recover from any foreclosure, before such proceeds are applied to the payment of principal or interest on the applicable Series of Bonds, all fees and costs expended in connection with such foreclosure, regardless whether such fees and costs could be construed as Assessments, Benefit Special Assessments or Pledged Revenues.

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. Unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds, if any property shall be offered for sale for the nonpayment of any Assessment, which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount equal to the full amount due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name or in the name of a special

purpose entity 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; provided that the Trustee shall have the right, acting at the direction of the Majority Owners of the applicable Series of Bonds secured by such Assessments or Benefit Special Assessments, but shall not be obligated, to direct the District with respect to any action taken pursuant to this paragraph. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power to 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 the listing for sale of property acquired by it as trustee for the benefit of the Owners of the related Series of Bonds within sixty (60) days after the receipt of the request therefor signed by the Trustee or the Majority Owners 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 (unless otherwise provided in a Supplemental Indenture) except for fees, commissions, costs, and other charges payable to the Property Appraiser or to the Tax Collector pursuant to Florida law.

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

Section 817. General. The District shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under law and this Master Indenture and any Supplemental 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 by the District to a repository shall be in accordance with generally accepted governmental accounting principles and shall be provided to such repository as soon as practicable after the same becomes available. The financial statements shall contain such information as shall be customary for local governments, such as the District. Nothing in this Section 818 is intended to impose upon the District, and this Section 818 shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law; provided, however, failure to so comply with the provisions of this Section 818 or any agreement executed by the District in furtherance thereof, 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 Bonds 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. In addition to any events set forth in a Supplemental Indenture relating to a Series of Bonds, 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 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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) (each, a "Reserve Account Event") unless within sixty (60) days from the applicable Reserve Account Event the District has either (i) replenished the amounts, if any, withdrawn from the applicable Reserve Account, or (ii) the portion of the Delinquent Assessments giving rise to the applicable Reserve Account Event are paid and are no longer Delinquent Assessments;

(g) Material breach by the District of any material covenant made by it in the Indenture securing a Series of Bonds, the breach of which adversely impacts the District's ability to pay Debt Service on such Series of 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; 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

(h) 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 Assessments the revenues from which are pledged to pay a Series of 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 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 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.

No optional redemption or extraordinary mandatory redemption of a Series of Bonds shall occur unless all of the Bonds of the Series with respect to which an Event of Default has occurred and is continuing will be redeemed or if 100% of the Owners of the affected Series of Bonds agree to such redemption.

Section 904. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee may protect and enforce the rights of the Owners of the Bonds of such Series under Florida law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights, subject to the applicable provisions of a Supplemental Indenture relating to such Series of Bonds.

The Majority Owners of the Bonds of such Series then Outstanding shall, subject to the requirements of Section 607 and any applicable provisions of a Supplemental Indenture relating to such Series of Bonds, 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 or the applicable Supplemental Indenture.

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 Sections 907, 909, 910 and the second paragraph of this Section 904 and the applicable provisions of the related Supplemental Indenture. No one or more Owner of such Series of Bonds shall 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 and/or Delinquent Direct Billed Operation and Maintenance Assessments, the provisions for the foreclosure

of liens of Delinquent Assessments and/or 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, subject to the applicable provisions of the related Supplemental Indenture. 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, and subject to the applicable provisions of the related Supplemental Indenture, 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:

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 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.

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

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

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

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

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

Section 912. Indemnification. Other than to make proper draws under a Credit Facility, the Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Master Indenture or any Supplemental Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to advance its own money, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. Notwithstanding the foregoing, the indemnification provided by this Section 912 shall not be applicable in cases of the Trustee's negligence or willful misconduct and shall not cause the District to

waive any limitations of liability as may be set forth in Section 768.28, Florida Statutes, or other applicable law.

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 parcel or parcels which are in the aggregate 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);

(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 (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);

(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 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. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

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

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

ARTICLE XI SUPPLEMENTAL INDENTURES

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

(a) to provide for the initial issuance of a Series of Bonds or refunding bonds of a Series; or

(b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance thereof (or upon the original issuance of refunding bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or

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

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

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

(f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190, 197 and 298, or other Florida Statutes, so long as, in the opinion of counsel to the District, such changes either: (a) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate; or (b) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or

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

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.

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;
- (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; or
- (e) any amendments to this Article XI.

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

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

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

affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

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

Section 1105. Insurer or Issuer of a Credit or Liquidity Facility as Owner of Bonds. As long as a Credit or Liquidity Facility securing all or a portion of the Bonds of a Series Outstanding is in effect and the issuer thereof is not in default of any of its obligations under such Credit or Liquidity Facility, as the case may be, the issuer of the Credit or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit or Liquidity Facility: (i) at all times for the purpose of the execution and delivery of a supplemental indenture or of any amendment, change or modification of the Master Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the 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 DEFEASANCE

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

(a) If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Letter of Credit Agreement and any Liquidity Agreement, at the times and in the manner stipulated therein and in this Master Indenture and any Letter of Credit Agreement and any Liquidity Agreement and

pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the written 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 Defeasance 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 Defeasance Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All Outstanding Bonds of any particular maturity or Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201 if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance 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 Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section 1201 nor principal or interest payments on any such Defeasance 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 Defeasance Securities deposited with the Trustee: (i) to the extent such cash shall not be required at any time for such purpose as evidenced by an Accountant's Certificate or, and to the extent all obligations under any Letter of Credit Agreement or any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility and any Liquidity Facility securing the Bonds with respect to which such Defeasance 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 Defeasance 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, Defeasance 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 Series Redemption Account, or in such other accounts which are irrevocably pledged to the payment of the Option Bonds, as the District may create and establish by Supplemental Indenture, moneys which together with other moneys lawfully available therefor shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and redemption price, if any, and interest on such Option Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided however, that if, at the time a deposit is made pursuant to this subsection (d), the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (d). If any portion of the moneys deposited for the payment of the principal of and redemption price, if any, and interest on Option Bonds is not required for such purpose and is not needed to reimburse an Insurer or an issuer of any Credit Facility or Liquidity Facility, for obligations under any Letter of Credit Agreement or any Liquidity Agreement, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Option Bonds or otherwise existing under this Master Indenture or any Letter of Credit Agreement or Liquidity Agreement.

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

(f) In the event that the principal and Redemption Price, if applicable, and interest due on the Bonds shall be paid by the Insurer pursuant to a municipal bond insurance policy, the assignment and pledge and all covenants, agreements and other

obligations of the District to the Owners of such Bonds shall continue to exist and the Insurer shall be subrogated to the rights of such Owners.

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

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

ARTICLE XIII MISCELLANEOUS PROVISIONS

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

Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

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

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:

Esplanade Lake Club Community Development District
c/o District Manager
JPWard & Associates, LLC
2900 Northeast 12th Terrace, Suite 1
Oakland Park, Florida 33334

To the Trustee, addressed to:

U.S. Bank National Association
550 W. Cypress Creek Road, Suite 380
Fort Lauderdale, Florida 33309
Attention: Corporate Trust Department

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

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

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

Section 1304. Successorship of District Officers. If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

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

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

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

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

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

Section 1309. Attorneys' Fees. Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall 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 Esplanade Lake Club Master Trust Indenture]

(SEAL)

**ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT
DISTRICT**

By: _____
Chairperson

ATTEST:

By: _____
Secretary

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

By: _____
Assistant Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF LEE)

On this ___ day of _____, 2019, before me, a notary public in and for the State and County aforesaid, personally appeared _____, the Chairperson of the Board of Supervisors of Esplanade Lake Club Community Development District, who acknowledged that he did sign the foregoing instrument as such officer, for and on behalf of Esplanade Lake Club Community Development District; that the same is his free act and deed as such officer, and the free act and deed of Esplanade Lake Club Community Development District; and that the seal affixed to said instrument is the seal of Esplanade Lake Club 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.

Notary Public, State of Florida

My Commission expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF _____)

On this ___ day of _____, 2019, 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 Esplanade Lake Club Community Development District, who acknowledged that he did sign the foregoing instrument as such officer, for and on behalf of Esplanade Lake Club Community Development District; that the same is his free act and deed as such officer, and the free act and deed of Esplanade Lake Club Community Development District; and that the seal affixed to said instrument is the seal of Esplanade Lake Club 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.

Notary Public, State of Florida

My Commission expires:

[NOTARIAL SEAL]

STATE OF FLORIDA)
) SS:
COUNTY OF LEE)

On this ___ day of _____, 2019, before me, a notary public in and for the State and County aforesaid, personally appeared _____, [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.

Notary Public, State of Florida

My Commission expires:

[NOTARIAL SEAL]

EXHIBIT A
FORM OF BONDS

No. R-_____ \$_____

United States of America
State of Florida
ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 20_____

Interest Rate	Maturity Date	Dated Date	CUSIP NO.
------------------	------------------	---------------	-----------

Registered Owner:

Principal Amount:

ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on ____ 1, 20____, until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the registered Owner hereof at the close of business on the regular Record Date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of this Bond. Any

payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank National Association, located in ____, 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 20__ Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months. As long as this Bond is maintained under a book-entry only system, no presentment of this Bond is required. All 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 “\$____ Esplanade Lake Club Community Development District Capital Improvement Revenue Bonds, Series 20____” (collectively, the “Series 20__ Bonds”) issued as on Series under a Master Trust Indenture, dated as of _____ 1, 20__ (the “Master Indenture”), between the District and U.S. Bank National Association, as trustee (the “Trustee”), located in ____, Florida, as amended and supplemented by a _____ Supplemental Trust Indenture, dated as of _____ 1, 20__ (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 20____ 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 20____ Bonds, to: (i) [refinance][finance][complete] the Cost of acquiring, constructing and equipping assessable improvements (as more particularly described in Exhibit A to the Supplemental Indenture, the “Series 20____ Project”); (ii) pay certain costs associated with the issuance of the Series 20____ Bonds; (iii) make a deposit into the Series 20____ Reserve Account for the benefit of all of the Series 20__ Bonds without privilege or priority of one Series 20__ Bond over another; [and (iv) pay a portion of the interest to become due on the Series 20____ 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 20__ BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC

AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 20__ BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 20__ BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 20__ PLEDGED REVENUES AND THE SERIES 20__ PLEDGED FUNDS PLEDGED TO THE SERIES 20__ BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

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

IN WITNESS WHEREOF, Esplanade Lake Club Community Development District has caused this Bond to bear the signature of the Chairman of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT
DISTRICT

(SEAL)

By: _____
Chairman
Board of Supervisors

Attest:

By: _____
Secretary
Board of Supervisors

[FORM OF CERTIFICATE OF AUTHENTICATION FOR SERIES 20__ 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

By: _____
Authorized Signatory

[TEXT OF SERIES 20__ BOND]

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments, the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The Series 20__ Bonds are equally and ratably secured by the Series 20__ Trust Estate, without preference or priority of one Series 20__ Bond over another. The Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on parity with the Series 20__ Bonds as to the lien and pledge of the Trust Estate.

The Series 20__ 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 20__ 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 ____, 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 _____, 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 20__ Bonds are subject to redemption prior to maturity at the option of the District in whole, on any date, or in part on any Redemption Date, on or after May 1, 20__ at the Redemption Price of the principal amount of the Series 20__ Bonds or portions thereof to be redeemed together with accrued interest to the redemption date.]

[The Series 20__ Bonds maturing May 1, 20__ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 20__ Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

Year		Year	
(_____)	Amortization	(_____)	Amortization
1)	<u>Installment</u>	1)	<u>Installment</u>

* Maturity]

As more particularly set forth in the Indenture, any Series 20__ Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be

cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 20___ Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Series 20___ Bonds so as to re-amortize the remaining Outstanding principal balance of the Series 20___ Bonds as set forth in the Supplemental Indenture.

[The Series 20___ Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Redemption Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

- (a) on or after the Date of Completion of the Series 20___ Project (as such term is defined in the Indenture), by application of moneys transferred from the Series 20___ Project Subaccount in the Acquisition and Construction Fund established under the Indenture to the Series 20___ Prepayment Subaccount of the Series 20___ Redemption Account in accordance with the terms of the Indenture; or
- (b) from amounts, including Prepayments of Series 20___ Assessments (as defined in the Indenture), required by the Indenture to be deposited into the Series 20___ Prepayment Subaccount of the Series 20___ Redemption Account.

If less than all of the Series 20___ Bonds shall be called for redemption, the particular Series 20___ Bonds or portions of Series 20___ Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.]

Notice of each redemption of Series 20___ 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 20___ 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 20___ 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 20___ Bonds or such portions thereof on such date, interest on such Series 20___ Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 20___ 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 20___ 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 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.

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 20___ 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 Defeasance Securities (as defined in the Indenture) sufficient to pay the principal or Redemption Price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the Series 20___ Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

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

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

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Lee County, Florida rendered on ____, 2019.

ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT

(SEAL)

By: _____
Chairman
Board of Supervisors

[FORM OF ABBREVIATIONS FOR SERIES 20__ 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 entirety

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

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

Additional abbreviations may also be used

though not in the above list.

[FORM OF ASSIGNMENT FOR SERIES 20__ 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.

EXHIBIT B

FORM OF REQUISITION

The undersigned, an Authorized Officer of Esplanade Lake Club 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, as trustee (the "Trustee"), dated as of _____ 1, 2019 (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.

**ESPLANADE LAKE CLUB
COMMUNITY
DEVELOPMENT DISTRICT**

By:

Authorized Officer

**CONSULTING ENGINEERS' APPROVAL FOR NON-COST OF
ISSUANCE 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. [Additional certifications may be added per the applicable Supplemental Indenture.]

Consulting Engineers

EXHIBIT B

FORM OF MASTER ENGINEER'S REPORT

**Esplanade Lake Club
Community Development District
Master Engineer's Report
September, 2018**

Prepared for:

**Esplanade Lake Club
Community Development District
Lee County, Florida**

Prepared by:

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

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INTRODUCTION

Esplanade Lake Club Community Development District (the “**District**”) is a special purpose unit of local government established pursuant to Chapter 190, *Florida Statutes*, and by Ordinance No. ___ of the Sarasota County Board of County Commissioners, which Ordinance became effective _____, 2018. The District encompasses approximately 778.93 acres of land and is located approximately 1.0 mile east of the Ben Hill Griffin Parkway and Alico Road intersection, in unincorporated Lee County Florida. The project lies within Sections 11, 12, and 13 Township 46 south Range 25 east, and is bounded to the north by Alico Road, to the east by an existing FP&L easement and the future 951 extension, and the west by the Miromar Lake Development. Please refer to **Exhibit One – Location Map and Exhibit Two – Aerial Map**, for reference.

The District is part of a master planned community development (the “**Master Development**”) consisting of approximately 886.04+/- acres within the Lee County University Community Future Land Use category in Lee County. The Master Development has been re-zoned as a Mixed-Use Planned Development (MPD), pursuant to ordinance approval number Z-17-014, and has since been amended with multiple Administrative Modifications. The approval entitles the Master Development with a maximum of 1,950 dwelling units including a combined maximum of 487 dwelling units allocated for single family. The ordinance also allows for non-residential uses such as retail, commercial, research and development, offices, and a hotel. The maximum square footage of non-residential uses shall not exceed 200,000 of retail, 110,000 of office, 20,000 of research and development, 10,000 of medical office, and 250 hotel/motel rooms. The commercial component of the MPD will be concentrated at the northeast corner of the property outside of the District’s boundary. Please refer to **Exhibit Four** for an overlay of the master site plan and District boundary.

The District represents only a portion of the development area within the Master Development and will consist of approximately 778.93 acres with 620 single and multi-family dwelling units. The legal description for the District’s boundary is provided as **Exhibit Three – Legal Description** in the appendices of the report. The matrix shown in **Table 1**, below represents the anticipated product mix for the lands within the District. Please note that this table may be revised as development commences and the final site plan is further refined by the developer.

Table 1: Master Lot Matrix

PRODUCT TYPE	UNIT COUNT	PERCENT OF TOTAL
Twin Villas	200	32.3%
52' lots	204	32.9%
62' lots	157	25.3%
76' lots	49	7.9%
90' lots	10	1.6%
TOTAL	620	100.0%

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 purpose of this report is to outline the scope of the District's "**Capital Improvement Plan**" ("**CIP**") and provide a description of the infrastructure improvements necessary for future development activities including those to be financed and/or acquired by the District. The District will finance, acquire and/or, construct, operate, and maintain a portion of the infrastructure improvements that are needed to serve Esplanade Lake Club and allocate the costs for the infrastructure improvements. A portion of these public infrastructure improvements will be completed by Taylor Morrison of Florida, Inc. (the "**Developer**"), the primary developer of lands within the District and will be acquired 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 CIP described in this report reflects the District's present intentions. The implementation and completion of the 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. 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.

CAPITAL IMPROVEMENT PLAN

The CIP includes completed and planned infrastructure improvements that will provide special benefit to all assessable land within the District. In particular, the CIP includes: (i) improvements within the District such as the stormwater management system, wastewater system, water distribution system, irrigation mains, environmental monitoring and maintenance, (ii) certain off-site improvements including portions of the future Roadway Spine Road running north/south through the commercial tract, lying outside the District, and (iii) soft costs such as professional fees and permitting costs.

The estimated total cost of the CIP for Esplanade Lake Club is \$25,052,450.00. Refer to **Table Five** of this report for a summary of the costs by infrastructure category for the completed and planned CIP expenditures.

The CIP status, along with anticipated completion timeline is presented in **Table Two** below.

Table 2: CIP Status and Completion Time Line

<u>Construction Phasing</u>	<u>Estimated Completion Date</u>
Phase I	November 2019
Phase II	2020 (Estimated)
Phase III	2022 (estimated)
Phase IV	2024 (Estimated)
Phase V	2026(Estimated)

A sample phasing plan is attached hereto as **Exhibit 14**, but such plan is subject to change.

PERMITS AND APPROVALS

Exhibit 15 attached hereto lists the status of all applicable permits and approvals for the CIP. The Developer received zoning approval from Lee County in 2014 (Ordinance No. Z-17-014). Compliance with the conditions of the zoning approval and permitting requirements is currently being accomplished. It is our opinion that the CIP is feasible, there are no technical reasons existing at this time which would

prohibit the implementation of the CIP 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, District includes approximately 778.9 acres. **Table Three** below, illustrates the current land use plan in acreage for the amended District. Such information is subject to change.

Table 3: Land Use Summary for the District

TYPE OF USE ¹	ACRES +/-	PERCENT OF TOTAL
Storm Water Management	47.7	6.1%
Recreational Lakes	340.1	43.7%
Residential Tracts	118.7	15.2%
Road Rights-of-Way	37.0	4.8%
Preservation Areas	23.7	3.0%
Parks and Amenities	9.3	1.2%
Other (Uplands, Open Space, etc.)	202.4	26.0%
TOTAL	778.9	100.0%

1. Areas for “Type of Use” are not meant to represent the areas for potential CDD funding or acquisitions. Refer to Tables 2 and 3 for this information.

ROADWAYS

The CIP includes only a single roadway from Alico Road to Esplanade Lake Club through the commercial project outside of the District’s boundaries. See **Exhibit 10**, which identifies the location of the roadway. There are no impact fee credits available from the construction and/or acquisition of the “**CDD Roadways**,” as identified in **Exhibit 10**. Construction of the “CDD Roadway” through the commercial tract is a requirement of the local zoning ordinance approval and the Lee County Comprehensive Plan. This roadway will provide for future interconnectivity from Alico Road to the Florida Gulf Coast University campus.

More generally, access to Esplanade Lake Club will be provided via four entrances from the existing Alico Road right-of-way. Alico Road is currently a two-lane roadway which runs east/west along the District's frontage. Alico Road is currently planned for expansion into a 4-lane divided roadway with construction scheduled to commence in the fourth quarter of 2018. It is anticipated that the road construction along the frontage will take two years to complete. The proposed entrance locations can be seen in final build out form can be seen on **Exhibit 3 – Overall Site Plan** for reference. Please note that the Alico Road widening improvements are not part of the District's CIP nor funded by the developer, but is a Lee County Department of Transportation funded and managed project.

All other roads within Esplanade Lake Club except for those roads as identified on **Exhibit 10** as CDD Roadways are to be private and will be funded by the Developer and dedicated to the Homeowner's Association for ownership and maintenance. All roads will be designed and constructed in accordance with Lee County standards.

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 Alico Road. CIP includes only the undergrounding of electrical utility lines within right-of-way and public utility easements throughout the community. Any lines and transformers would be owned by FP&L and not paid for by the District.

The District may elect to purchase, install and maintain street lights for the CDD Roadways. If so, the District would finance such purchase and installation as part of the District's CIP. Alternatively, the District may elect to lease street lights through an agreement with FP&L, in which case the District would fund the street lights through an annual operations and maintenance assessment. Any street lights located on internal roadways would be privately funded by a Homeowner's Association

STORMWATER MANAGEMENT

Lee County and the South Florida Water Management District (SFWMD) regulate the design criterion for the stormwater management system within the District. The District is located within the Ester River Watershed. The existing site was historically utilized as a commercial mining facility with operations ceasing in approximately 2008. The mining operation left an existing 402-acre lake within the project

limits known as lake 5. The majority of the upland portions of the site were cleared and its terrain altered from the existing condition by either dredging and/or filling operations associated with the mining operations facility. The existing, onsite, naturally occurring wetlands have been delineated by SFWMD and will be preserve according to the existing Environmental Resource Permit for the project.

The Stormwater Management Plan for the District focuses on utilizing newly constructed ponds in the uplands for stormwater treatment in conjunction with dry detention facilities throughout the site.

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 25-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.

The District will finance, own, operate and maintain the stormwater system, with the exception that the County will own, operate and maintain the inlets and storm sewer systems within County right-of-way. The District's stormwater improvements can be found on **Exhibit 9 – Storm Water Management Facilities**.

NOTE: No private earthwork is included in the CIP. Accordingly, the District will not fund any costs of mass grading of lots, and lake excavation for stormwater ponds within the CIP includes only the portion from the control elevation to the depth required to meet water quality criteria set forth by the

SFWMD. Moreover, 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. Further, all lakes included in the CIP will be constructed in accordance with the applicable requirements of governmental authorities with jurisdiction over lands in the District and not for the purpose of creating fill for private property. Additionally, all improvements within the District-funded stormwater management plan will be located on publicly owned land or within public easements or public rights-of-way. Finally, it is 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 system than to haul such fill off-site.

As identified on the development plan, some portions of the lake 5 shoreline will be modified from the existing condition to provide additional residential water front access to the recreation lake. The modifications to the existing lake 5 will be a private developer funded improvement and not included as part of the CIP. No other modifications are intended at this time. The existing lake will be a CDD owned and maintained as identified in **Table 4**.

GROUND IMPROVEMENT

As previously mentioned, the District lands were historically utilized as a commercial mining and rock processing facility. A large portion of the District's lands were excavated and the material processed on-site for varying uses such as site development fill and limestone for roadway construction throughout Lee County. As a result of the processing and on-site wash plant, much of the mined lakes have been backfilled over time with the tailing byproduct of the processed material. Based upon geotechnical engineering analysis including, soil borings, test pits, test cuts, and cone penetration tests it was determined that ground improvement will be required to remove some of the tailing byproduct strata considered unsuitable for structural development. Ground improvement costs included in the CIP are only for those areas required to facilitate the construction of utilities associated with the CIP project. All other ground improvements for the development of private property is considered a private improvement and will be developer funded.

ENVIRONMENTAL CONSERVATION/MITIGATION

There are 26 acres of forested/herbaceous wetland and indigenous preserve areas associated with the proper construction of the District's infrastructure. The District will be responsible for the design,

permitting, construction, maintenance, and government reporting of the on-site environmental mitigation. Please refer to the site plans

WASTEWATER COLLECTION

The District falls within the Lee County utility service area with wastewater treatment service to be provided by the Lee County Public Works Department and its existing infrastructure in the area. The County has sufficient capacity to serve the District's water and wastewater needs at build out. Facilities will be designed and constructed in accordance with County and Florida Department of Environmental Protection Standards. The project's wastewater needs will be served via the existing infrastructure within the Alico Road right-of-way via an existing 12-inch force main along the southern right-of-way line of Alico Road. Wastewater facilities include gravity collection lines with individual services, lift stations, and force mains to connect to the existing County system that runs along the south side of the Alico Road ROW. Approximately 4.8 miles of 8-inch gravity collection lines and 1 mile of on-site 4 to 10-inch force main, and 4 sewage lift stations are to be constructed. Please refer to **Exhibit 7 – Sanitary Sewer Facilities Exhibit** for the project's internal sanitary sewer collections system layout.

The wastewater collection systems for all phases – including but not limited to the off-site systems identified in **Exhibit 7** – will be constructed and/or acquired by the District and then dedicated to Lee County for ownership, operation and maintenance. As such, they are all included within the CIP. There are no impact fee credits associated with the construction of any of these improvements.

WATER DISTRIBUTION SYSTEM

The District falls within the Lee County utility service area with wastewater treatment service to be provided by the Lee County Public Works Department and its existing infrastructure in the area. The County has sufficient capacity to serve the District's water and wastewater needs at build out. Facilities will be designed and constructed in accordance with County and Florida Department of Environmental Protection Standards.

The project's potable and wastewater needs will be served via the existing infrastructure within the Alico Road right-of-way. Potable water service will be provided via the existing two (2) 24" potable water mains. Please note that these mains are scheduled to be placed out of service with the construction of the Alico Road Widening project and a single 36" potable water main will be constructed along the

northern right-of-way line in their place. The water facilities include potable distribution mains along with necessary valving, fire hydrants and water services to individual units and common areas. Approximately 6 miles of 8 to 12-inch water mains will be constructed. The planned water distribution system is shown in **Exhibit 6 – Potable Water Facilities Exhibit**.

The water distribution systems for all phases – including but not limited to the off-site systems identified in **Exhibit 6** – will be constructed and/or acquired by the District and then dedicated to Lee County for ownership, operation and maintenance. As such, they are all included within the CIP. There are no impact fee credits associated with the construction of any of these improvements.

LANDSCAPING, IRRIGATION, & HARDSCAPING

Significant landscape, entry features, and associated irrigation systems are planned for Esplanade Lake Club. Entry monumentation, landscaping, irrigation, hardscaping and lighting within what is identified as a **“CDD Landscape Buffer”** will be owned and maintained by the District. Please refer to **Exhibit 11 – Exterior Landscape Exhibit** for the location of the public irrigation, hardscape, landscaping, and lighting facilities. Such infrastructure, to the extent that it is located in right-of-ways owned by the County will be maintained pursuant to a right-of-way agreement to be entered into with the County. All other landscaping, hardscape, and lighting is to be considered private and shall be funded by the Developer and maintained by the Homeowner’s Association.

The project’s irrigation demands will be served by surface water from proposed lakes with re-charge wells. The back-bone irrigation facilities, i.e. pump stations, wells, piping, and appurtenances are to be owned and maintained by the CDD and have been included in the CIP. Please refer to **Exhibit 8 – Irrigation Facilities Exhibit** for the location of CDD owned irrigation facilities.

RECREATIONAL FACILITIES

Esplanade Lake Club will have two main recreational amenities for the exclusive use by Esplanade Lake Club’s residents. The amenities locations will provide the typical programing such as clubhouses, pools, parks, and sports courts. In addition to these facilities, the amenities will accommodate boating access to the large recreational lake within and adjacent to the CDD boundary. This lake is shared by the residents of the Miromar Lakes Development and the FGCU University. Boating and the use of the existing lake

will be in accordance with the approved Tri-Party boaters management plan. All amenity facilities are considered common elements for the benefit of the community. Further, all amenity facilities will be funded by the Developer to be owned and maintained by the HOA.

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

OWNERSHIP AND MAINTENANCE

The ownership and maintenance responsibilities of the proposed infrastructure improvements are set forth in **Table 4** below.

Table 4: Ownership and Maintenance Responsibilities

FACILITY	FUNDED BY	O & M	OWNERSHIP
Private Roadways	Developer	HOA	HOA
Recreational Facilities	Developer	HOA	HOA
Exterior Landscaping, Hardscape & Irrigation	CDD	CDD/HOA	CDD
Interior Landscaping	Developer	HOA	HOA
Water & Wastewater Facilities	CDD	COUNTY	COUNTY
Residential Irrigation Facilities	CDD	CDD/HOA	CDD
Stormwater Management	CDD	CDD/HOA	CDD
CDD Roadways	CDD	CDD/HOA	CDD
Preserve Areas	CDD	CDD/HOA	CDD
Existing Lake 5	CDD	CDD	CDD

PROJECT COSTS

The CIP's identifiable total costs associated with the infrastructure improvements are estimated to be \$25,052,450.00. The public infrastructure improvements include: **CDD Roadways as identified on Exhibit 10** (including landscaping, irrigation, hardscaping and street lights), exterior landscape, hardscape, and irrigation???, streetlights, sewer, water, storm water management systems, and preserve areas that will benefit the developable land within the District. Private infrastructure, which is not included with the CIP, includes landscaping/hardscaping, internal roadways, portions of the excavation and grading, and the various amenity centers serving the Esplanade Lake Club development.

The Summary of Estimated Project costs shown below in **Table Five**, outlines the anticipated costs associated with the construction and acquisition of public infrastructure comprising the CIP, as well as private infrastructure to be funded by the Developer.

Table 5: Cost Estimates

No.	Facility	Districts Capital Improvement Plan		Private Development		Total Project Costs
		Project - Completed Improvements	Future Improvements	Completed Private Improvements	Future Private Improvements	
1	Exterior Landscaping & Hardscape	\$0.00	\$3,250,000.00	\$0.00	\$2,550,000.00	\$5,800,000.00
2	Subdivision Potable Water System	\$0.00	\$1,820,000.00	\$0.00	\$0.00	\$1,820,000.00
3	Subdivision WasteWater System	\$0.00	\$4,240,000.00	\$0.00	\$0.00	\$4,240,000.00
4	Irrigation Facilities	\$0.00	\$1,620,000.00	\$0.00	\$0.00	\$1,620,000.00
5	Storm Water Facilities ⁽¹⁾⁽²⁾⁽³⁾	\$0.00	\$4,410,000.00	\$0.00	\$0.00	\$4,410,000.00
6	Ground Improvement	\$0.00	\$1,810,000.00	\$0.00	\$9,860,000.00	\$11,670,000.00
7	Excavation	\$0.00	\$0.00	\$0.00	\$10,590,000.00	\$10,590,000.00
8	Environmental Preservation & Mitigation	\$0.00	\$540,000.00	\$0.00	\$0.00	\$540,000.00
9	Off-Site Improvements	\$0.00	\$1,973,000.00	\$0.00	\$0.00	\$1,973,000.00
10	Private Streets	\$0.00	\$0.00	\$0.00	\$3,040,000.00	\$3,040,000.00
11	Amenities	\$0.00	\$0.00	\$0.00	\$8,270,000.00	\$8,270,000.00
12	Electrical	\$0.00	\$0.00	\$0.00	\$690,000.00	\$690,000.00
13	Miscellaneous Structures	\$0.00	\$0.00	\$0.00	\$900,000.00	\$900,000.00
14	Municipal Fees & Permits	\$0.00	\$0.00	\$0.00	\$2,120,000.00	\$2,120,000.00
	Subtotal (Improvements Benefiting All Units)	\$0.00	\$19,663,000	\$0.00	\$38,020,000	\$57,683,000
15	Contingency (15%)	\$0.00	\$2,949,450	\$0.00	\$5,703,000	\$8,652,450
16	Professional Fees	\$0.00	\$2,440,000	\$0.00	\$2,060,000	\$4,500,000
	Total Improvements	\$0.00	\$25,052,450	\$0.00	\$45,783,000	\$70,835,450

The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change. Accordingly, the ‘CIP’ 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 Lake Club. **Stated differently**, during development and implementation of the public infrastructure improvements as described for the District, it may be necessary to make modifications and/or deviations for the plans, and the District expressly reserves the right to do so.

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 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 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 estimated infrastructure costs provided herein for the District improvements are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to all developable lands within the District. 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 Lake Club CIP functions as a system of improvements benefitting all lands within the District.

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 Lee 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

EXHIBIT 1
COVER SHEET

CDD EXHIBITS FOR
ESPLANADE LAKE CLUB
 PART OF SECTION 11,12 & 13 TOWNSHIP 46 SOUTH, RANGE 25 EAST
 LEE COUNTY, FLORIDA

SHEET INDEX

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7	EXHIBIT 7 - SANITARY SEWER FACILITIES EXHIBIT
8	EXHIBIT 8 - IRRIGATION FACILITIES EXHIBIT
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10	EXHIBIT 10 - ROADWAY EXHIBIT
11	EXHIBIT 11 - EXTERIOR LANDSCAPE EXHIBIT
12	EXHIBIT 12 - EXISTING ZONING MAP
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<u>PLAN REVISIONS</u>	REV00 <<SUBMITTED>> XX/XX/XX

ESPLANADE LAKE CLUB

EXHIBIT 1 - COVER SHEET

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:	11, 12, 13 46S 25E
LEE COUNTY, FLORIDA	
FILE NAME:	684050101.dwg
SHEET:	1 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT TWO
LOCATION MAP



NORTH
NOT TO SCALE

SOUTHWEST FLORIDA
INTERNATIONAL
AIRPORT

**PROJECT
LOCATION**

INTERSTATE 75

EXIT 128

ALICO ROAD

ALICO ROAD

CDD BOUNDARY

US 41 (MIAMI TRAIL)

THREE OAKS
PARKWAY

BEN HILL GRIFFIN
PARKWAY

CORKSCREW ROAD

ESPLANADE LAKE CLUB

EXHIBIT 2 - LOCATION MAP

PREPARED FOR:

TAYLOR MORRISON OF FLORIDA, INC.

551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232

PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:

11, 12, 13 46S 25E
LEE COUNTY, FLORIDA

FILE NAME: 684050102.dwg

SHEET: 2 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

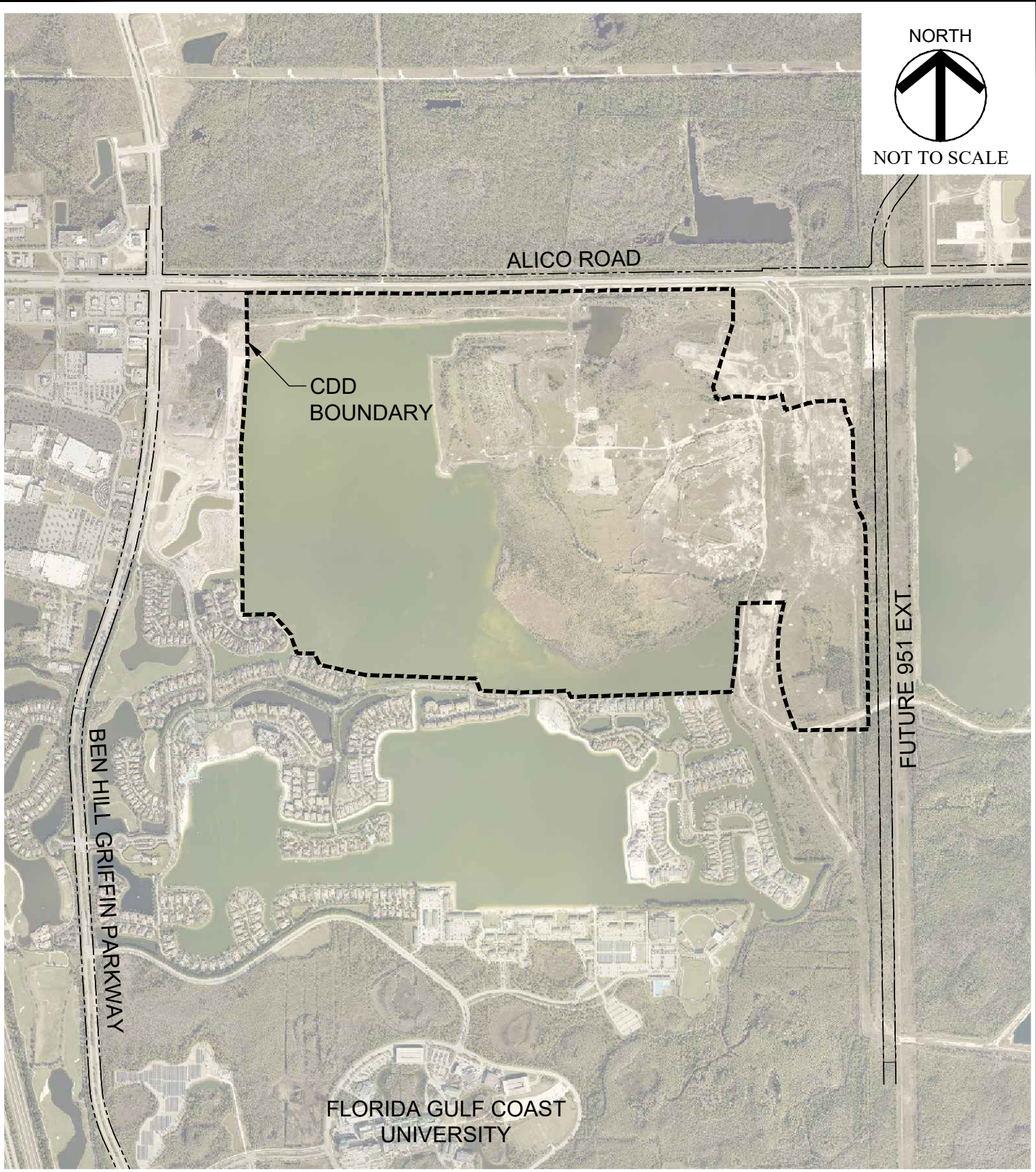


28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 3
AERIAL MAP



NORTH
NOT TO SCALE



ESPLANADE LAKE CLUB

EXHIBIT 3 - AERIAL MAP

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232
PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
11, 12, 13 46S 25E
LEE COUNTY, FLORIDA

FILE NAME: 684050103.dwg
SHEET: 3 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 4
LEGAL DESCRIPTION

LEGAL DESCRIPTION:

PARCEL 1

A TRACT OR PARCEL OF LAND LYING IN SECTIONS 11, 12 AND 13, TOWNSHIP 46 SOUTH, RANGE 25 EAST AND SECTIONS 7 AND 18, TOWNSHIP 46 SOUTH, RANGE 26 EAST, LEE COUNTY, FLORIDA, SAID TRACT OR PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 11 RUN N89°43'01"W ALONG THE NORTH LINE OF THE NORTHEAST QUARTER (NE 1/4) OF SAID SECTION 11 FOR 2,244.43 FEET TO AN INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORDS BOOK 3165, AT PAGE 1800, LEE COUNTY RECORDS; THENCE RUN S01°00'21"E ALONG SAID NORTHERLY PROLONGATION AND CONTINUING ALONG SAID EASTERLY LINE OF LANDS FOR 125.03 FEET TO AN INTERSECTION WITH THE SOUTH RIGHT OF WAY LINE OF ALICO ROAD, BEING 125 FEET SOUTH AS MEASURED PERPENDICULAR TO THE CENTER LINE THEREOF, AS DESCRIBED IN A DEED RECORDED IN INSTRUMENT NO. 2015000025953, LEE COUNTY RECORDS AND THE POINT OF BEGINNING.

FROM SAID POINT OF BEGINNING RUN ALONG SAID SOUTH RIGHT OF WAY LINE FOLLOWING THREE (3) COURSES: S89°43'01"E FOR 2,243.03 FEET; N88°58'52"E FOR 2,674.00 FEET AND N89°27'22" E FOR 1,065.43 FEET; THENCE RUN S00°32'38" E FOR 408.17 FEET; THENCE RUN S17°15'51" W FOR 835.69 FEET; THENCE RUN S16°27'38" E FOR 126.05 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHEASTERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 50.00 FEET (DELTA 94°29'05") (CHORD BEARING S63°42'10" E) (CHORD 73.42 FEET) FOR 82.45 FEET TO A POINT OF REVERSE CURVATURE; THENCE RUN EASTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 615.00 FEET (DELTA 25°21'45") (CHORD BEARING N81°44'10" E) (CHORD 270.02 FEET) FOR 272.24 FEET TO A POINT OF TANGENCY; THENCE RUN S85°34'57" E FOR 257.22 FEET TO A POINT OF CURVATURE; THENCE RUN EASTERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 335.00 FEET (DELTA 20°59'28") (CHORD BEARING N83°55'19" E) (CHORD 122.05 FEET) FOR 122.73 FEET TO A POINT OF TANGENCY; THENCE RUN N73°25'35" E FOR 101.88 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 1,250.00 FEET (DELTA 07°35'07") (CHORD BEARING S12°46'52" E) (CHORD 165.36 FEET) FOR 165.48 FEET TO A POINT OF TANGENCY; THENCE RUN S16°34'25" E FOR 31.50 FEET; THENCE RUN N73°25'35" E FOR 291.52 FEET TO A POINT OF CURVATURE; THENCE RUN EASTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 718.50 FEET (DELTA 15°43'39") (CHORD BEARING N81°17'24" E) (CHORD 196.61 FEET) FOR 197.22 FEET TO A POINT OF TANGENCY; THENCE RUN N89°09'13" E FOR 229.65 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHEASTERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 20.00 FEET (DELTA 90°00'00") (CHORD BEARING S45°50'47" E) (CHORD 28.28 FEET) FOR 31.42 FEET TO A POINT OF TANGENCY; THENCE RUN S00°50'47" E FOR 20.40 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 400.00 FEET (DELTA 23°15'15") (CHORD BEARING S12°28'24" E) (CHORD 161.23 FEET) FOR 162.34 FEET TO A POINT OF TANGENCY; THENCE RUN S24°06'02" E FOR 109.25 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 300.00 FEET (DELTA 23°15'15") (CHORD BEARING S12°28'24" E) (CHORD 120.92 FEET) FOR 121.76 FEET TO A POINT OF TANGENCY; THENCE RUN S00°50'47" E FOR 690.09 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 550.00 FEET (DELTA 25°57'46") (CHORD BEARING S13°49'40" E) (CHORD 247.10 FEET) FOR 249.22 FEET TO A POINT OF TANGENCY; THENCE RUN S26°48'32" E FOR 85.62 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 450.00 FEET (DELTA 25°57'46") (CHORD BEARING S13°49'40" E) (CHORD 202.17 FEET) FOR 203.91 FEET TO A POINT OF TANGENCY; THENCE RUN S00°50'47" E FOR 2,423.60 FEET; THENCE RUN S89°09'13" W FOR 893.46 FEET; THENCE RUN N20°03'48" W FOR 267.98 FEET TO A POINT OF CURVATURE; THENCE RUN NORTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 2,150.00 FEET (DELTA 35°48'07") (CHORD BEARING N02°09'45"W) (CHORD 1,321.71 FEET) FOR 1,343.46 FEET; THENCE RUN S89°09'13"W ALONG A NON-TANGENT LINE FOR 563.00 FEET TO A POINT ON A NON-TANGENT CURVE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE LEFT OF RADIUS 2,000.00 FEET (DELTA 06°22'28") (CHORD BEARING S04°16'59"W) (CHORD 222.39 FEET) FOR 222.51 FEET TO A POINT OF TANGENCY; THENCE RUN S01°05'46"W FOR 292.24 FEET TO A POINT OF CURVATURE; THENCE RUN SOUTHERLY ALONG AN ARC OF A CURVE TO THE RIGHT OF RADIUS 2,000.00 FEET (DELTA 06°33'04") (CHORD BEARING S04°22'18"W) (CHORD 228.56 FEET) FOR 228.68 FEET TO A POINT OF TANGENCY; THENCE RUN S07°38'50"W FOR 351.57 FEET TO AN INTERSECTION WITH THE NORTHERLY LINE OF LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORDS BOOK 3345, AT PAGE 815, LEE COUNTY RECORDS; THENCE RUN S88°10'32"W ALONG THE NORTHERLY LINE OF SAID LANDS AND CONTINUING ALONG THE WESTERLY PROLONGATION THEREOF FOR 1,980.90 FEET TO AN INTERSECTION WITH THE NORTHERLY LINE OF SAID LANDS DESCRIBED IN DEED RECORDED IN OFFICIAL RECORDS BOOK 3165, AT PAGE 1800, LEE COUNTY RECORDS; THENCE RUN ALONG THE NORTHERLY AND EASTERLY LINE OF SAID LANDS THE FOLLOWING FIFTEEN (15) COURSES: N21°30'12"W FOR 81.17 FEET; S88°02'24"W FOR 612.22 FEET; N87°09'14"W FOR 469.81 FEET; N19°42'33"W FOR 157.74 FEET; N88°10'13"W FOR 1,363.08 FEET; N77°09'26"W FOR 573.01 FEET; N24°26'51"W FOR 150.17 FEET; N88°53'18"W FOR 216.95 FEET; N19°01'18"W FOR 249.76 FEET; N40°48'12"W FOR 322.81 FEET; S88°47'46"W FOR 376.79 FEET; N00°16'17"W FOR 606.52 FEET; N00°39'26"W FOR 1,432.24 FEET; N04°19'45"E FOR 1,091.78 FEET AND N01°00'21"W FOR 832.93 FEET TO THE POINT OF BEGINNING.

CONTAINING 33,930,196 SQUARE FEET OR 778.930 ACRES, MORE OR LESS.

PARCEL 2:

A NON-EXCLUSIVE EASEMENT FOR THE PURPOSES OF DRAINAGE, WATER STORAGE OR RETENTION AND RELATED PURPOSES OVER PARCEL FOUR AS SET FORTH AND DESCRIBED IN SECTION A.3.(A) OF THE WARRANTY DEED RECORDED IN OFFICIAL RECORDS BOOK 3165 PAGE 1800, PUBLIC RECORDS OF LEE COUNTY, FLORIDA.

ESPLANADE LAKE CLUB

EXHIBIT 4 - LEGAL DESCRIPTION

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232
PHONE: (941) 371-0008 FAX: (941) 371-7998

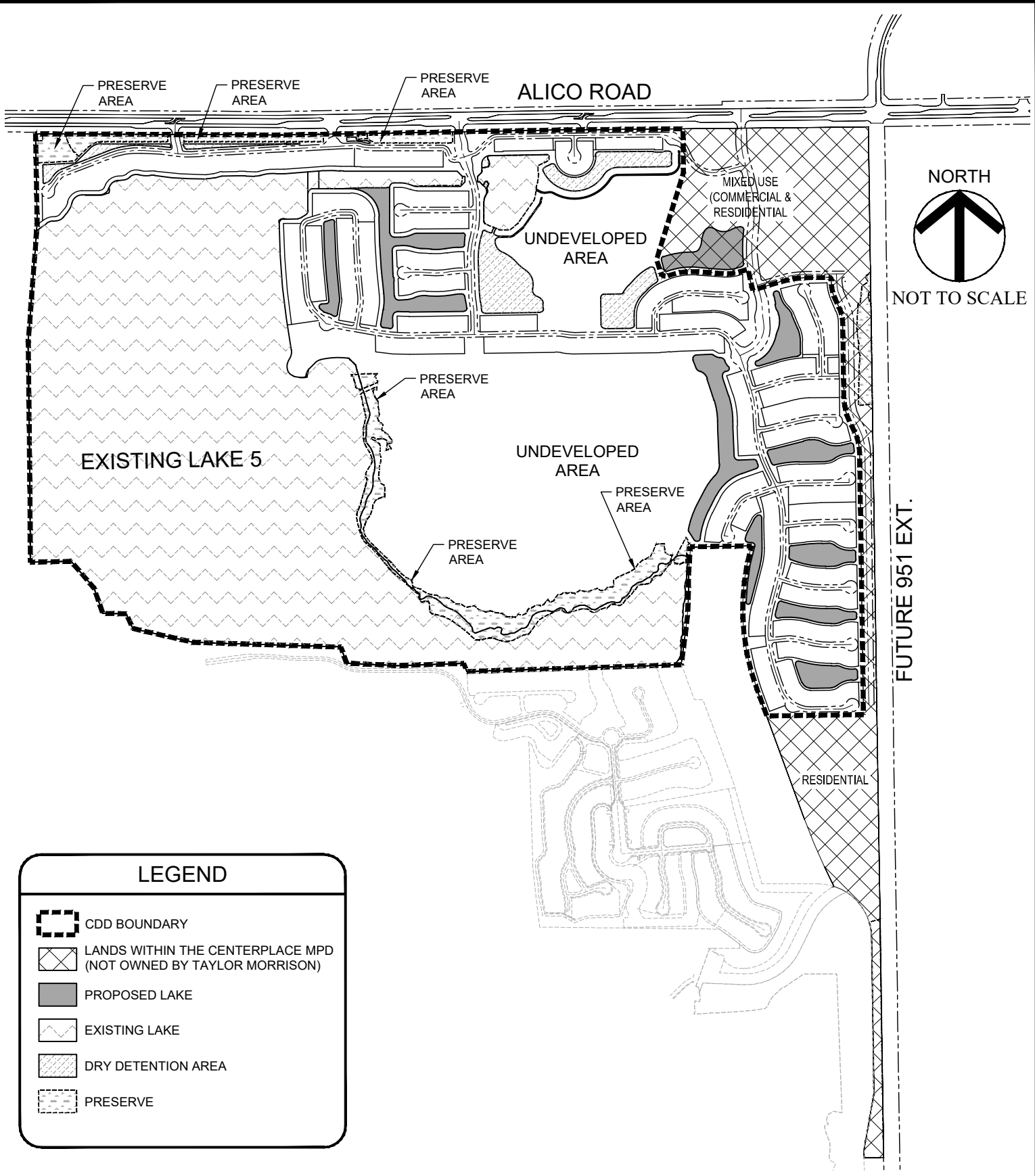
SECTION: TOWNSHIP: RANGE:
11, 12, 13 46S 25E
LEE COUNTY, FLORIDA
FILE NAME: 684050104.dwg
SHEET: 4 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 5
OVERALL SITE PLAN



NORTH

 NOT TO SCALE

FUTURE 951 EXT.

ESPLANADE LAKE CLUB

EXHIBIT 5 - OVERALL SITE PLAN

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA
 FILE NAME: 684050105.dwg
 SHEET: 5 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

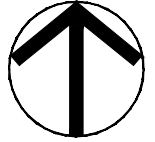
EXHIBIT 6
POTABLE WATER FACILITIES EXHIBIT

EXISTING 36" POTABLE
WATER MAIN

ALICO ROAD

OFF-SITE
WATER MAIN

NORTH



NOT TO SCALE


UNDEVELOPED
AREA

UNDEVELOPED
AREA

EXISTING LAKE 5

FUTURE 951 EXT.

LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  PROPOSED WATER MAIN
-  EXISTING WATER MAIN

ESPLANADE LAKE CLUB EXHIBIT 6 - POTABLE WATER FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA

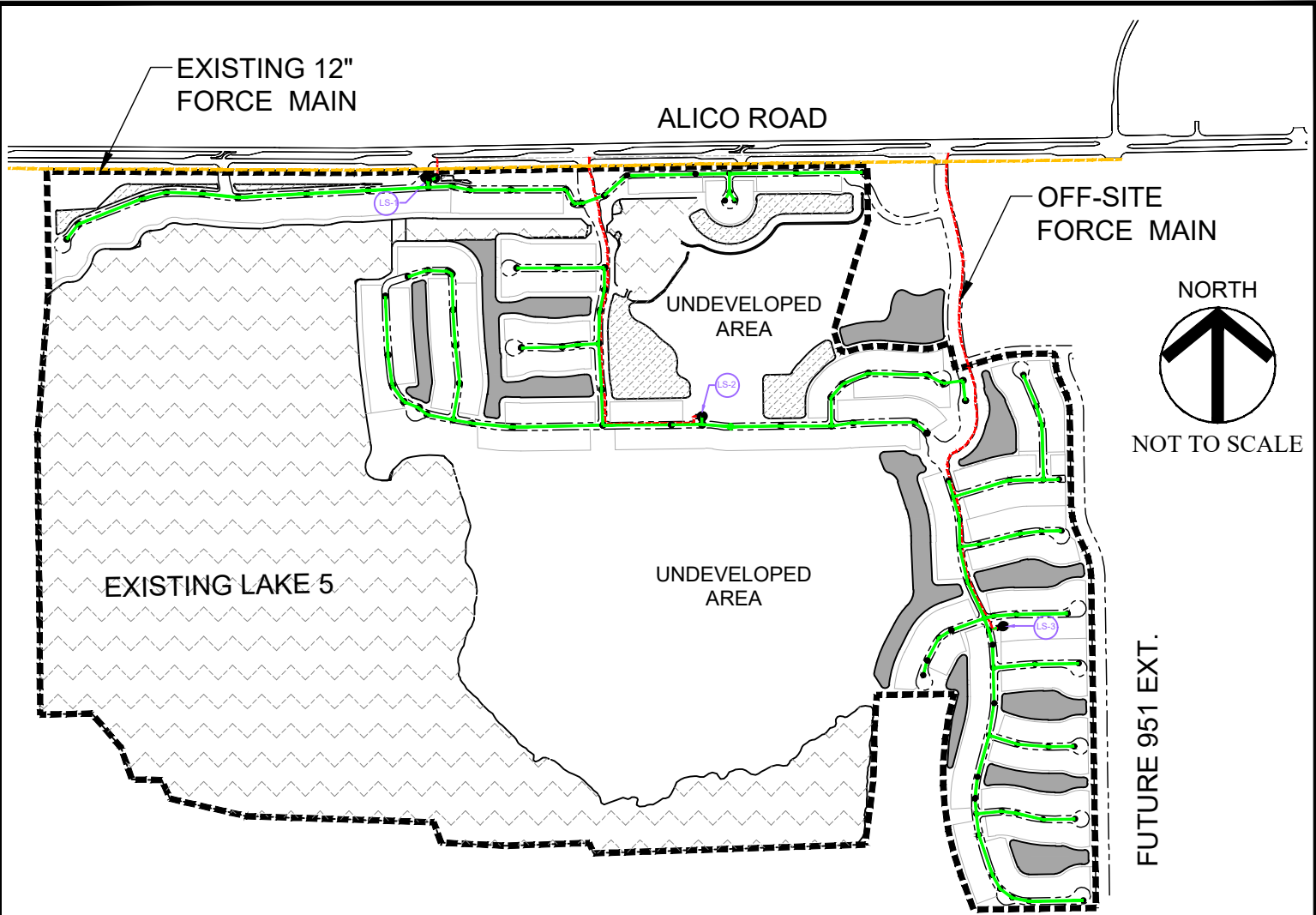
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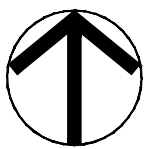
FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 7
SANITARY SEWER FACILITIES EXHIBIT



NORTH

 NOT TO SCALE

FUTURE 951 EXT.

LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  PROPOSED SANITARY SEWER
-  PROPOSED FORCE MAIN
-  EXISTING FORCE MAIN
-  PROPOSED PUMP STATION


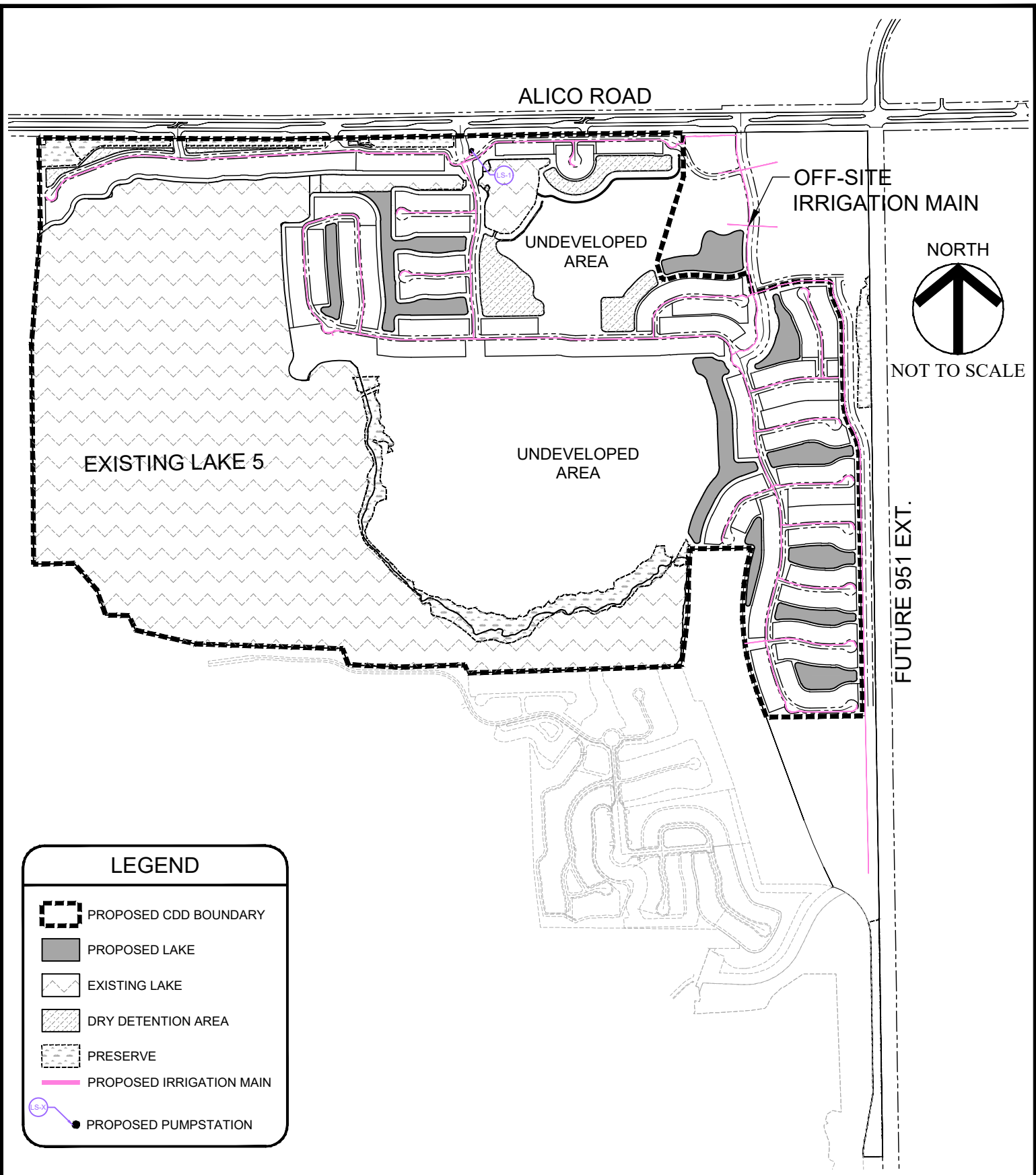







ESPLANADE LAKE CLUB EXHIBIT 7 - SANITARY SEWER FACILITIES EXHIBIT			 <small>CIVIL ENGINEERING PLANNING LANDSCAPE ARCHITECTURE</small>
PREPARED FOR: TAYLOR MORRISON OF FLORIDA, INC. 551 NORTH CATTLEMEN ROAD SARASOTA, FLORIDA 34232 PHONE: (941) 371-0008 FAX: (941) 371-7998	SECTION: TOWNSHIP: RANGE: 11, 12, 13 46S 25E LEE COUNTY, FLORIDA FILE NAME: 684050107.dwg SHEET: 7 OF 13	FLORIDA CERTIFICATE OF AUTHORIZATION #8636	

EXHIBIT 8
IRRIGATION FACILITIES EXHIBIT



LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  PROPOSED IRRIGATION MAIN
-  PROPOSED PUMPSTATION

ESPLANADE LAKE CLUB EXHIBIT 8 - IRRIGATION FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA

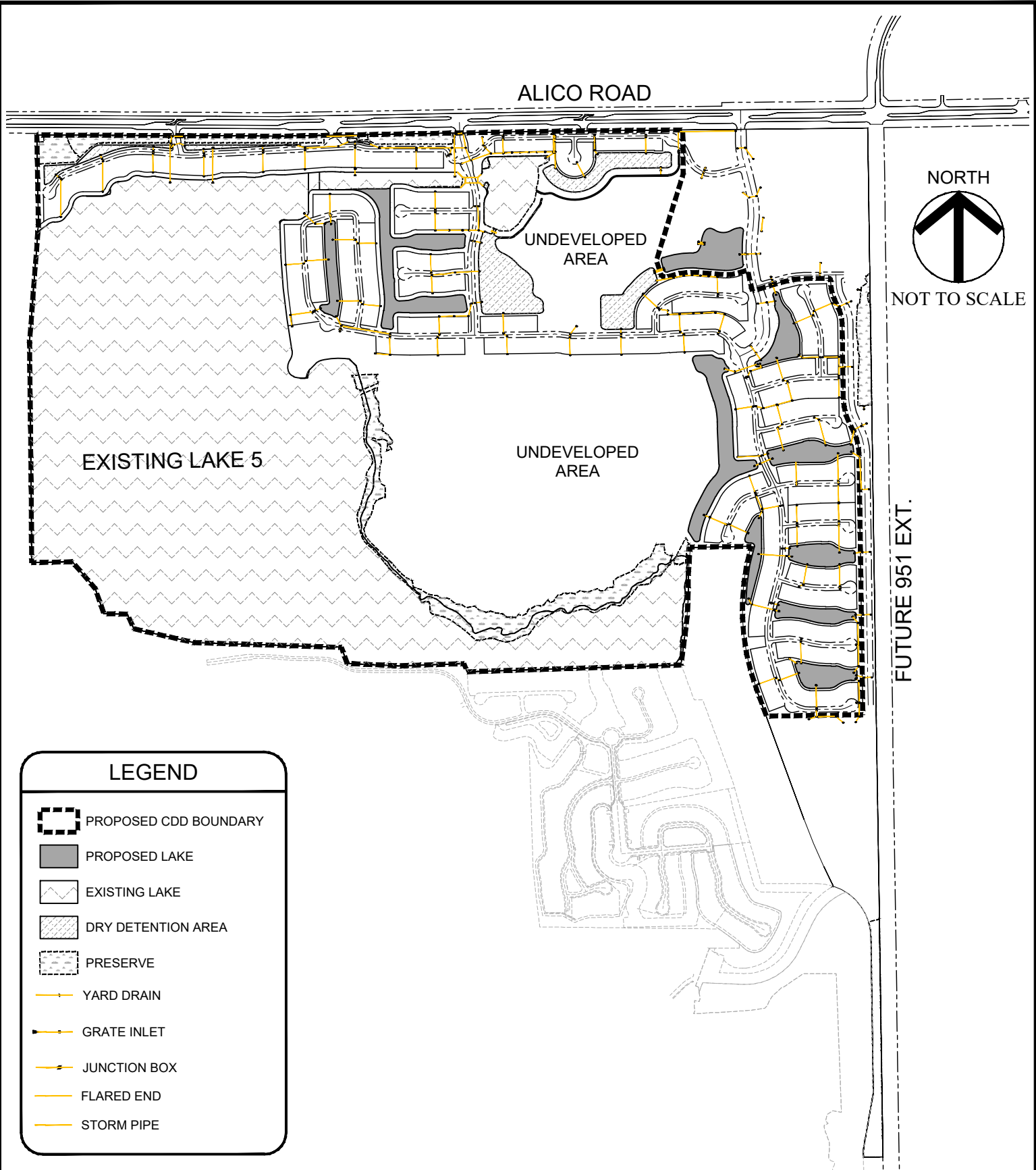
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 SHEET: 8 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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28100 BONITA GRANDE DRIVE - SUITE 305
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 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com











EXHIBIT 9
STORMWATER MANAGEMENT FACILITIES



NORTH

FUTURE 951 EXT.

LEGEND

-  PROPOSED CDD BOUNDARY
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE
-  YARD DRAIN
-  GRATE INLET
-  JUNCTION BOX
-  FLARED END
-  STORM PIPE

ESPLANADE LAKE CLUB EXHIBIT 9 - STORM WATER MANAGEMENT FACILITIES EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA

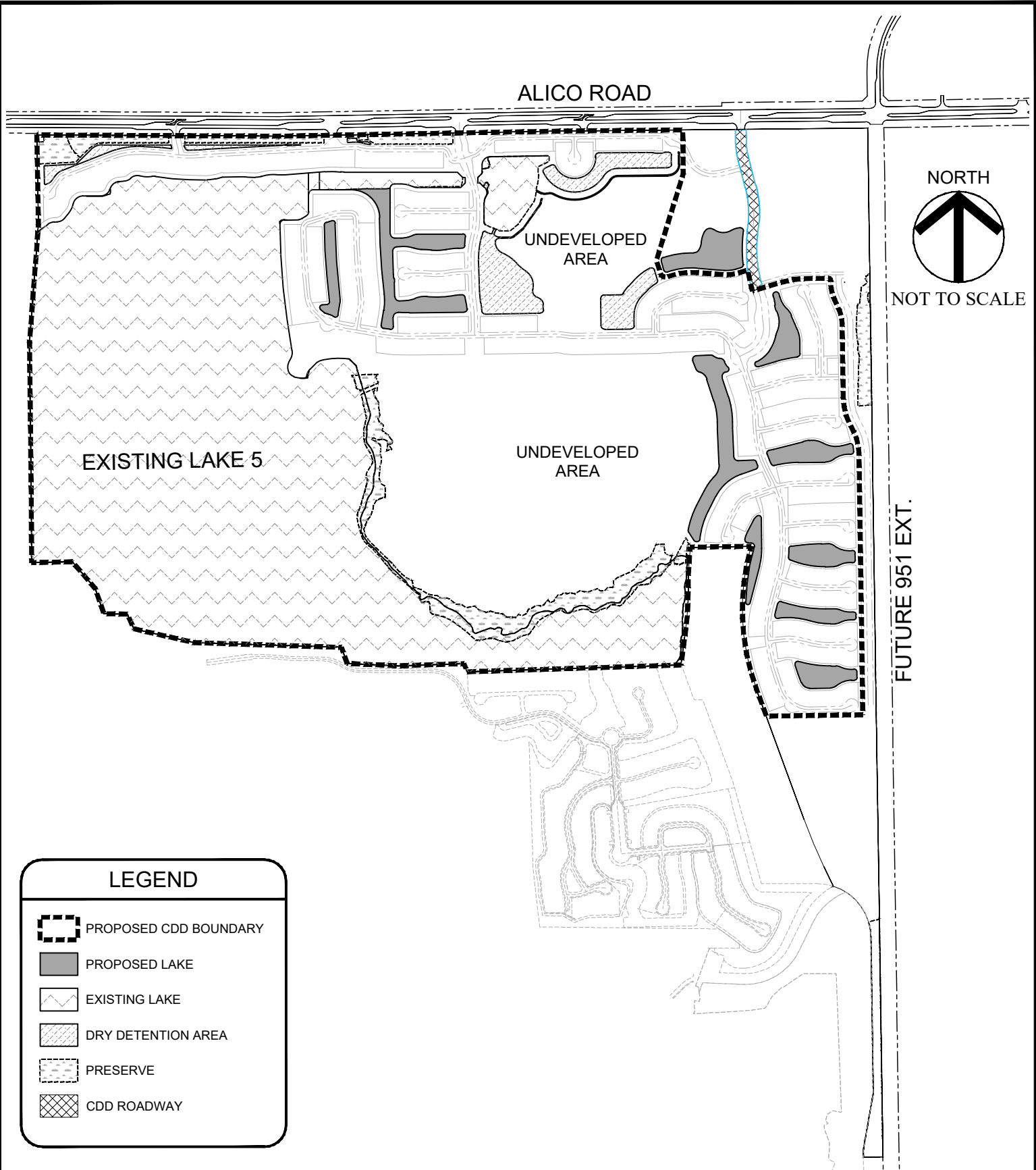
FILE NAME: 684050109.dwg
 SHEET: 9 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 10
ROADWAY EXHIBIT

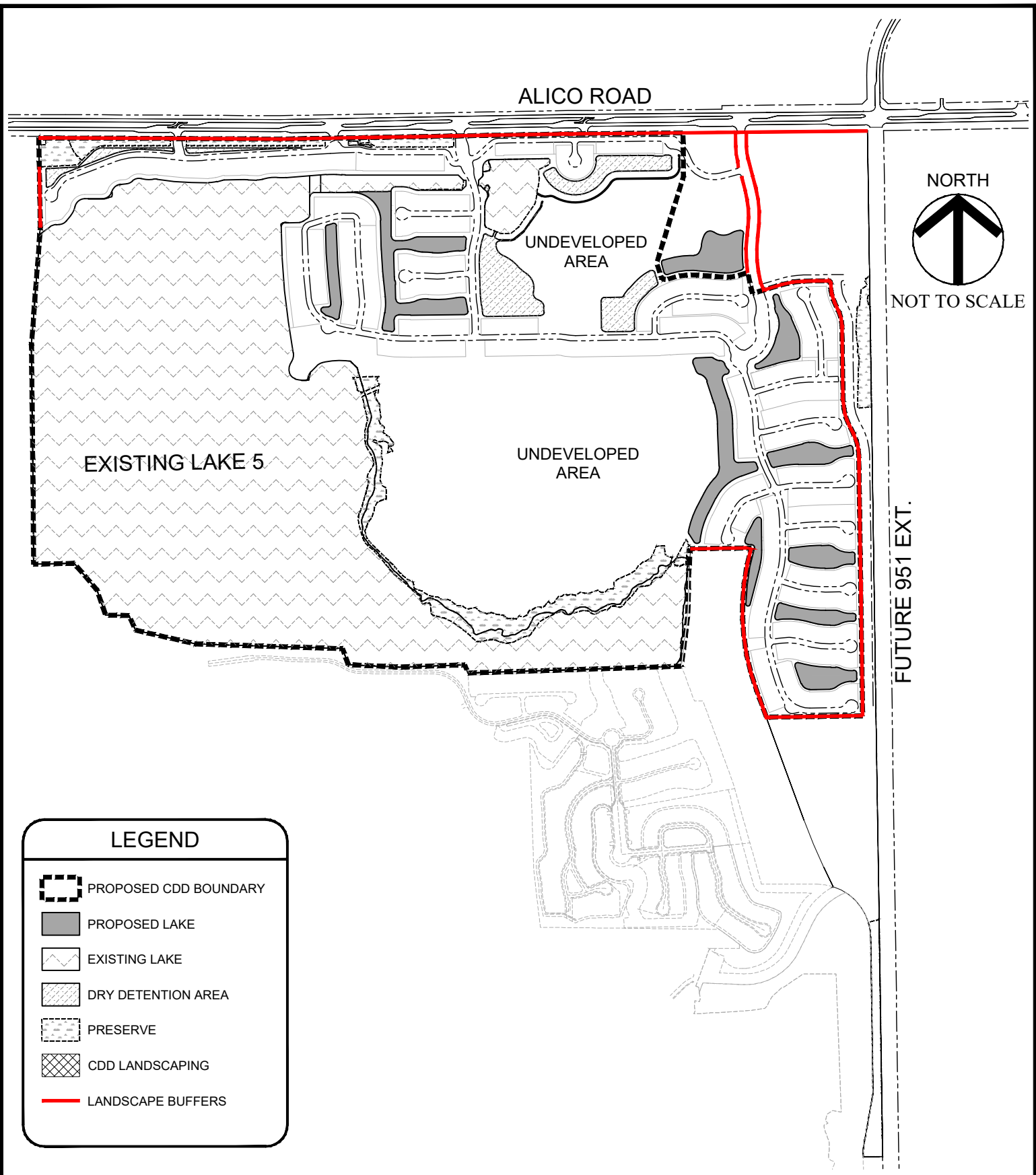


LEGEND

- PROPOSED CDD BOUNDARY
- PROPOSED LAKE
- EXISTING LAKE
- DRY DETENTION AREA
- PRESERVE
- CDD ROADWAY

ESPLANADE LAKE CLUB		EXHIBIT 10 - ROADWAY EXHIBIT		<small>CIVIL ENGINEERING PLANNING LANDSCAPE ARCHITECTURE</small>
PREPARED FOR: TAYLOR MORRISON OF FLORIDA, INC. 551 NORTH CATTLEMEN ROAD SARASOTA, FLORIDA 34232 PHONE: (941) 371-0008 FAX: (941) 371-7998		SECTION: TOWNSHIP: RANGE: 11, 12, 13 46S 25E LEE COUNTY, FLORIDA FILE NAME: 6840501010.dwg SHEET: 10 OF 13		
				<small>FLORIDA CERTIFICATE OF AUTHORIZATION #8636</small> 28100 BONITA GRANDE DRIVE - SUITE 305 BONITA SPRINGS, FL 34135 P: 239-405-7777 F: 239-405-7899 EMAIL: info@waldropengineering.com

EXHIBIT 11
EXTERIOR LANDSCAPE EXHIBIT



ESPLANADE LAKE CLUB EXHIBIT 11 - EXTERIOR LANDSCAPE EXHIBIT

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA

FILE NAME: 6840501011.dwg
 SHEET: 11 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 12
EXISTING ZONING MAP



NOT TO SCALE

ZONING: MPD/ DRI
GULF COAST TOWN CENTER
DEVELOPED






ALICO ROAD

FUTURE 951 EXT.

ZONING: MPD/ DRI
MIROMAR LAKES
DEVELOPED

ZONING: MPD
WILD BLUE
UNDEVELOPED

ZONING: A6-2
FLORIDA GULF COAST UNIVERSITY
DEVELOPED

TITLE	
	PROPOSED CDD BOUNDARY
	PROPOSED LAKE
	EXISTING LAKE
	DRY DETENTION AREA
	PRESERVE

25.sid

B:\Ima

ESPLANADE LAKE CLUB

EXHIBIT 12 - EXISITING ZONING MAP



WALDROP ENGINEERING
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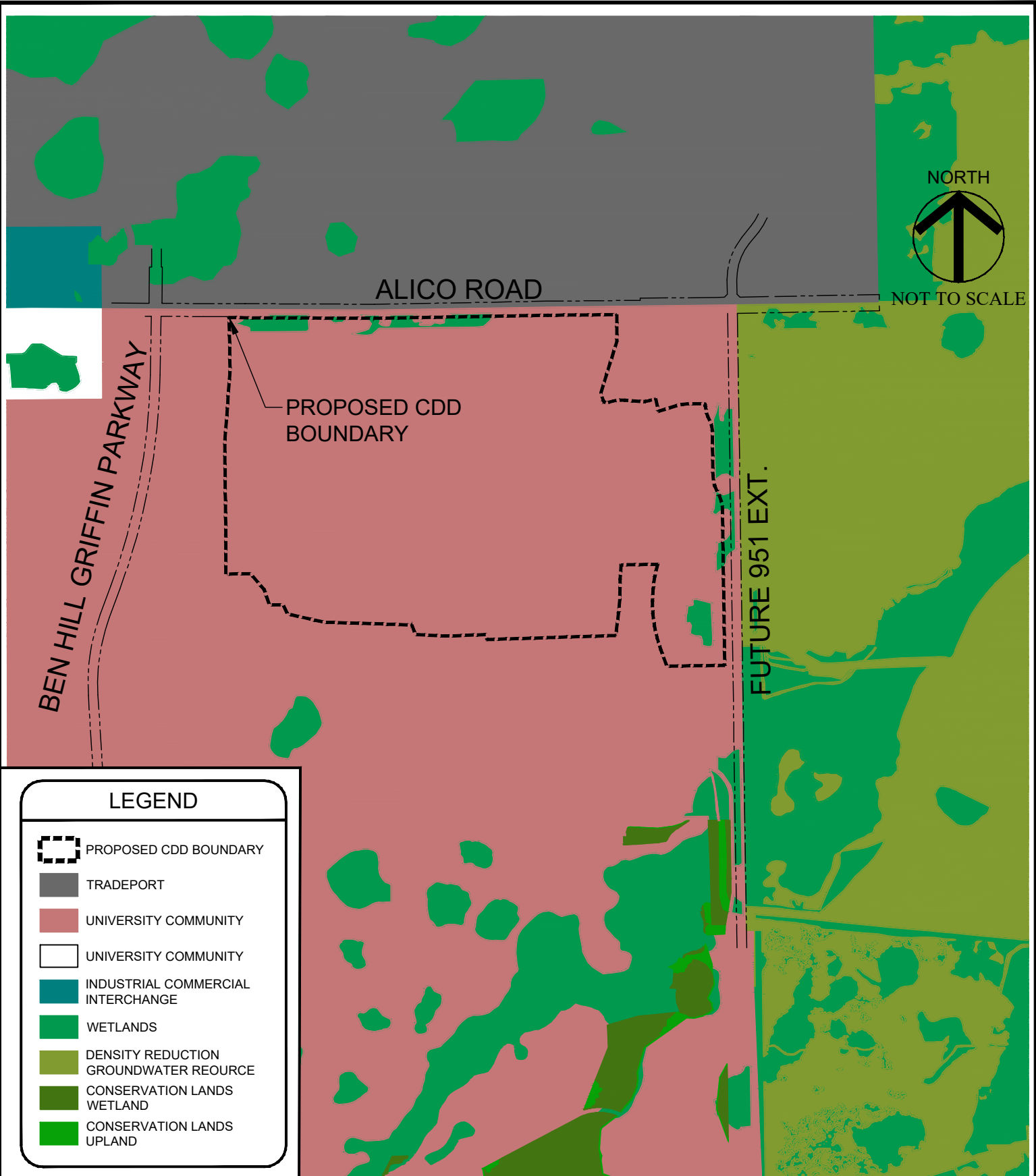
PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
551 NORTH CATTLEMEN ROAD
SARASOTA, FLORIDA 34232
PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
11, 12, 13 46S 25E
LEE COUNTY, FLORIDA
FILE NAME: 6840501012.dwg
SHEET: 12 OF 13










FLORIDA CERTIFICATE OF AUTHORIZATION #8636

28100 BONITA GRANDE DRIVE - SUITE 305
BONITA SPRINGS, FL 34135
P: 239-405-7777 F: 239-405-7899
EMAIL: info@waldropengineering.com

EXHIBIT 13
FUTURE LAND USE MAP



LEGEND

-  PROPOSED CDD BOUNDARY
-  TRADEPORT
-  UNIVERSITY COMMUNITY
-  UNIVERSITY COMMUNITY
-  INDUSTRIAL COMMERCIAL INTERCHANGE
-  WETLANDS
-  DENSITY REDUCTION GROUNDWATER RESOURCE
-  CONSERVATION LANDS WETLAND
-  CONSERVATION LANDS UPLAND


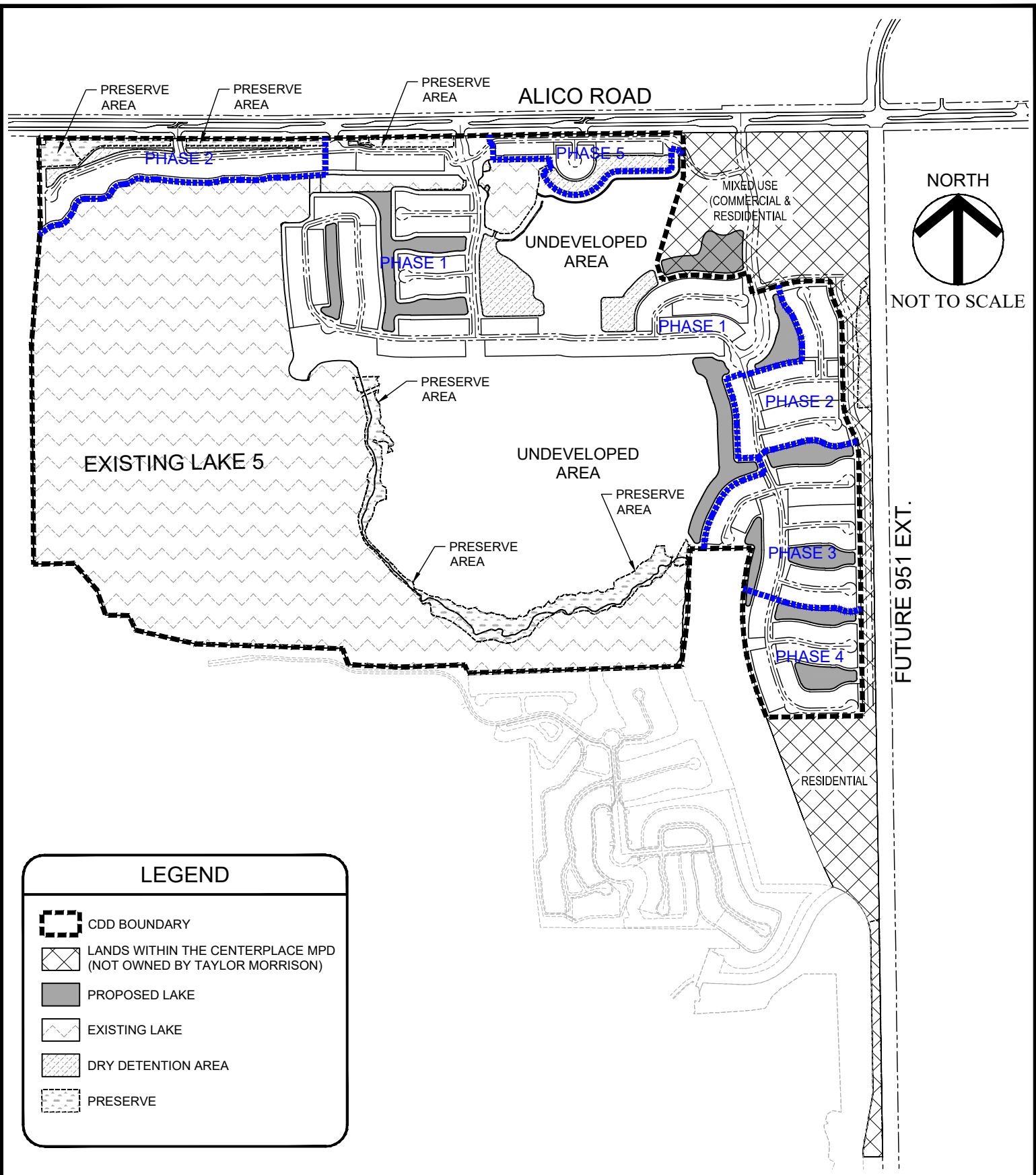






ESPLANADE LAKE CLUB		EXHIBIT 13 - FUTURE LAND USE MAP		 <small>CIVIL ENGINEERING PLANNING LANDSCAPE ARCHITECTURE</small>
PREPARED FOR: TAYLOR MORRISON OF FLORIDA, INC. 551 NORTH CATTLEMEN ROAD SARASOTA, FLORIDA 34232 PHONE: (941) 371-0008 FAX: (941) 371-7998		SECTION: TOWNSHIP: RANGE: 11, 12, 13 46S 25E LEE COUNTY, FLORIDA FILE NAME: 6840501013.dwg SHEET: 13 OF 13		
		FLORIDA CERTIFICATE OF AUTHORIZATION #8636		28100 BONITA GRANDE DRIVE - SUITE 305 BONITA SPRINGS, FL 34135 P: 239-405-7777 F: 239-405-7899 EMAIL: info@waldropengineering.com

EXHIBIT 14
PHASING PLAN



LEGEND

-  CDD BOUNDARY
-  LANDS WITHIN THE CENTERPLACE MPD (NOT OWNED BY TAYLOR MORRISON)
-  PROPOSED LAKE
-  EXISTING LAKE
-  DRY DETENTION AREA
-  PRESERVE

ESPLANADE LAKE CLUB

EXHIBIT 14 - PHASING PLAN

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA

FILE NAME: 6840501014.dwg
 SHEET: 14 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

WALDROP ENGINEERING
 CIVIL ENGINEERING | PLANNING | LANDSCAPE ARCHITECTURE

28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT 15
PERMIT APPROVALS

Approval Date	Anticipated Date	Agency	Application/Permit No.	Permit Name
7/16/2017	--	Lee County	Z-17-014	MPD (Zoning Approval)
10/9/2017		Lee County	ADD2017-00139	MPD (Administrative Amendment)
4/2/2018		Lee County	ADD2017-00170	MPD (Administrative Amendment)
7/6/2018		Lee County	ADD2018-00100	MPD (Administrative Amendment)
4/27/2016		Lee County	DOS2016-00008	Development Order
5/26/2017		Lee County	DOS2016-00008 A01	Development Order Admendment
	9/10/2018	Lee County	DOS2018-00038	Development Order
6/15/2018		South Florida Water Management District	36-03568-P-05	Environmental Reasource Permit

ESPLANADE LAKE CLUB

EXHIBIT 15 - PERMIT APPROVALS

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
 551 NORTH CATTLEMEN ROAD
 SARASOTA, FLORIDA 34232
 PHONE: (941) 371-0008 FAX: (941) 371-7998

SECTION: TOWNSHIP: RANGE:
 11, 12, 13 46S 25E
 LEE COUNTY, FLORIDA
 FILE NAME: 6840501015.dwg
 SHEET: 15 OF 13

FLORIDA CERTIFICATE OF AUTHORIZATION #8636



28100 BONITA GRANDE DRIVE - SUITE 305
 BONITA SPRINGS, FL 34135
 P: 239-405-7777 F: 239-405-7899
 EMAIL: info@waldropengineering.com

EXHIBIT C

FORM OF MASTER ASSESSMENT METHODOLOGY REPORT

ESPLANADE LAKE CLUB
COMMUNITY DEVELOPMENT DISTRICT

Master Special Assessment Methodology

Prepared by:

4/29/2019

JPWard & Associates LLC

JAMES P. WARD

954.658.4900

JimWard@JPWardAssociates.com



2900 NORTHEAST 12TH TERRACE SUITE 1
OAKLAND PARK,
FLORIDA 33305

1.0 INTRODUCTION

This Master Assessment Report is intended to stand alone as the initial allocation report for the District's special assessments and is not an amendment, supplement, or restatement of any assessment methodologies considered and/or adopted by the District for previous financings.

This assessment methodology applies the principles and allocations outlined herein to the financings proposed for the Esplanade Lake Club Community Development District ("**District**") public infrastructure capital improvement program ("**CIP**"), which is described in that *Master Engineer's Report, April, 2019* prepared by Waldrop Engineering ("**Engineer's Report**"). This CIP will allow for the development of the property within the District and will be partially or fully funded through the issuance of District bonds. The debt will be repaid from the proceeds of assessments levied by the District's Board of Supervisors on properties within the District that benefit from the implementation of the CIP. These non-ad valorem special assessments will be liens against properties within the boundary of the District that receive special benefits from the CIP.

With that said, the District's limited purpose is to manage the construction, acquisition, maintenance and financing of its public works including basic infrastructure, system, facilities, services and improvement.¹

This assessment methodology report will identify the special and peculiar benefits for the works and services including added use of the property, added enjoyment of the property, and probability of increased marketability, value of the property and decreased insurance premiums

¹ See Florida Statutes sections 190.002(1)(a) and (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.

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.

2.0 THE DISTRICT AND BOND STRUCTURE

Esplanade Lake Club Community Development District, (the “**District**”) is a special purpose unit of local government established pursuant to Chapter 190, Florida Statutes, and by Ordinance 18-21 of the Lee County Board of County Commissioners, which Ordinance became effective on September 19, 2018. The District encompasses approximately 778.93+/- acres of land.

The District is part of a master planned community development (the “Master Development”) consisting of approximately 886.01+/- acres within the Lee County University Community Future Land Use category in Lee County. The Master Development has been re-zoned as a Mixed-Use Planned Development (MPD), pursuant to ordinance approval number Z-17-014, and has since been amended with multiple Administrative Modifications. The approval entitles the Master Development with a maximum of 1,950 dwelling units including a combined maximum of 487 dwelling units allocated for single family. The ordinance also allows for non-residential uses such as retail, commercial, research and development, offices and a hotel. The maximum square footage of non-residential uses shall not exceed 200, 000 of retail, 110,000 of office, 20,000 of research and development, 10,000 of medical office, and 250 hotel/motel rooms. The commercial component of the MPD will be concentrated at the northeast corner of the property outside of the District’s boundary.

The District represents only a portion of the development area within the Master Development and will consist of approximately 778.93 acres with 653 single and multi-family dwelling units. The table below represents the anticipated product mix for the lands within the District. Please note that this table may be revised as development commences and the final site plan is further refined by the developer.

Master Lot Matrix

PRODUCT TYPE	UNIT COUNT	PERCENT OF TOTAL
Twin Villas	186	28.48%
52' lots	224	34.30%
62' lots	155	23.74%
76' lots	77	11.79%
90' lots	11	1.69%
TOTAL	653	100.0%

Access to CenterPlace will be provided via four entrances locations from the existing Alico Road right-of-way. Alico Road is currently a two-lane roadway which runs east/west along the District's frontage. Alico Road is currently planned for expansion into a 4-lane divided roadway with construction scheduled to commence in the fourth quarter of 2018. It is anticipated that the road construction along the frontage will take two years to complete. The proposed entrance locations can in the final build our form can be seen on Exhibit 3 – Overall Site Plan for reference. Please note that the Alico Road widening improvements is not part of the District's CIP and is not funded by the project or the developer.

3.0 PURPOSE OF THIS REPORT

This Special Assessment Report and the Methodology described herein have been developed to provide a roadmap, and the report 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 CIP (hereinafter defined) will allow for the development of property within the District and will be partially or fully funded through the issuance by the District of tax-exempt bonds (the "**Bonds**") to be repaid from the proceeds of non-ad valorem special assessments (the "**Assessments**") levied by the Board on properties within the District that benefit from the implementation of the CIP. The Assessments will be liens against properties that receive special benefits from the CIP.

The Methodology described herein has two goals: (1) determining the special and peculiar benefits that flow to the properties in the District 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. As noted above, the

District has adopted CIP comprising certain public infrastructure and facilities. The District plans to fund the CIP, all or in part, through the issuance of Bonds in phases which are intended to tie into the development phasing for the community. The Methodology herein is intended to set forth a framework to apportion the special and peculiar benefits from the portions of the CIP financed with the proceeds of the Bonds payable from and secured by the Assessments imposed and levied on the properties in the District. The report is designed to conform to the requirements of the Constitution, Chapters 170, 190 and 197 F.S. with respect to the Assessments and is consistent with our understanding of the case law on this subject. Once levied by the Board, the Assessments will constitute liens co-equal with the liens of State, County, municipal and school board taxes, against properties within the District that receive special benefits from the CIP

4.0 MASTER DEVELOPMENT PROGRAM

4.1 Land Use Plan

The anticipated Land Use Plan for the District is identified in Table I, 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 this in the 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 noted herein.

4.2 Capital Requirements

Waldrop Engineering (the “**District Engineer**”) has identified certain public infrastructure and services that are being provided by the District for the entire development and has provided a cost estimate for these improvements, as described in the Engineer’s Report. The cost estimate for the District’s CIP can be found below in Table II. It is estimated the cost of the District CIP will be approximately \$25,052,450.00 and will be constructed in one or more phases without taking into consideration the various costs of financing the improvements.

5.0 BOND REQUIRMENTS

The District intends to finance some or all of its CIP through the issuance of the Bonds. As shown in Table III, it is estimated that the District may issue not exceeding an aggregate principal amount of \$30,070,000 in Bonds to fund the implementation of the CIP, assuming all of the CIP is financed. A number of items comprise the estimated bond size required to fund the \$25,052,450.00 necessary to complete the District’s CIP. 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, also noted in Table III.

As the finance plan is implemented a supplemental methodology will be issued for each phase of development, that mirrors the master methodology, and the final source and use of funds will be determined at the time of issuance of the Bonds and is dependent on a variety of factors, most importantly, the interest rate that the District is able to secure on the Bonds, along with such items as the capitalized interest period, reserve requirement and costs of issuance. Stated another way, this master assessment allocation methodology described herein is intended to establish, without the need for a further public hearing, the necessary benefit and fair and reasonable allocation findings for a master assessment lien, which may give rise to one or more individual assessment liens relating to individual bond issuances necessary to fund all or a portion of the project(s) referenced herein. All such liens shall be within the benefit limits established herein and using the allocation methodology described herein, and shall be described in one or more supplemental reports.

As set forth in any supplemental report, and for any particular bond issuance, the project developer may opt to "buy down" the assessments on particular product types and/or lands using a contribution of cash, infrastructure or other consideration, and in order for assessments to reach certain target levels. Note that any debt reduction payment or "true-up," as described herein, may require a payment to satisfy the "true-up" obligations as well as additional contributions to maintain such target assessment levels. Any amounts contributed by the developer to pay down assessments will not be eligible for "deferred costs," if any are provided for in connection with any particular bond issuance.

6.0 ASSIGNMENT OF ASSESSMENTS

It is useful to consider three broad states or conditions of development. 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 applicable special assessment area (as may be defined in a supplemental assessment resolution) is considered unplatted acreage ("Unplatted Acres"). In the unplatted state, all of the lands within the applicable special assessment area receive benefit from all or a portion of the components of the financed CIP and assessments would be imposed upon all of the land within the special 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 CIP 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 CIP 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 CIP will function as a system of improvements and provide special benefit to all lands within the District. Stated differently, this infrastructure project is a program of improvements and was designed specifically to facilitate the development of the lands within the District, from both a legal and socio-economic standpoint. Therefore, special benefits will accrue to the land uses within the District.

Also, two private amenity facilities are planned as part of the CIP. However, a debt assessment is not appropriate in connection with the development of the amenities because the amenities will be owned and operated by a homeowner's association, and are considered a common element for the exclusive benefit of lot owners. Stated differently, any benefit for these facilities flows directly to the benefit of all of the Platted Lots in the District. As such, no assessment would be assigned to these amenities.

B. Allocation/Assignment Methodology

The Assessments assignable to Platted Lots and Unplatted Acres in Table IV. This table provides the maximum assessments for the entire District. 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. When the Unplatted Acres are platted into Platted Units, Assessments will be assigned on a first-assigned, first-platted basis, as set forth in more detail in the supplemental special assessment methodolog(ies) applicable to particular series of Bonds. Note that while the CIP functions as a system of improvements benefitting all lands within the District, debt assessments associated with different bond issuances may differ in amount, due to changes in construction costs, financing costs, or other matters.

7.0 Prepayment of Assessments

The assessments encumbering a Platted Unit may be prepaid in full at anytime, at such times and in such manner as more fully described in the related assessment proceedings of the District, without penalty, together with interest at the rate on the bond series to the Interest Payment Date (as defined in the applicable 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. 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 Unit being prepaid is subject to an assessment delinquency.

8.0 Overview of the Inventory Adjustment Determination

This Methodology is based on the development plan that is currently proposed by the Developer. 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 assessments 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 will 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 ensure 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

Exhibit I provides the current folio numbers derived from the Lee County Tax Rolls and matches those folio number's with the anticipated product on each folio numbers.

Esplanade Lake Club Community Development District
Land use Type - Master Development
Table I

Product Type						
Description	30' - 39'	50' - 59'	60' -69'	70' -80'	>80'	Total
<i>Esplanade Lake Club CIP Units</i>	186	224	155	77	11	653
Total	186	224	155	77	11	653

**Esplanade Lake Club Community Development District
Capital Improvement Program Cost Estimate - Master Development
Table II**

No.	Facility	Districts Capital Improvement Plan		Private Development		Total Project Costs
		Project - Completed Improvements	Future Improvements	Completed Private Improvements	Future Private Improvements	
1	Exterior Landscaping & Hardscape	\$0.00	\$3,250,000.00	\$0.00	\$2,550,000.00	\$5,800,000.00
2	Subdivision Potable Water System	\$0.00	\$1,820,000.00	\$0.00	\$0.00	\$1,820,000.00
3	Subdivision WasteWater System	\$0.00	\$4,240,000.00	\$0.00	\$0.00	\$4,240,000.00
4	Irrigation Facilities	\$0.00	\$1,620,000.00	\$0.00	\$0.00	\$1,620,000.00
5	Storm Water Facilities ⁽¹⁾⁽²⁾⁽³⁾	\$0.00	\$4,410,000.00	\$0.00	\$0.00	\$4,410,000.00
6	Gound Improvement	\$0.00	\$1,810,000.00	\$0.00	\$9,860,000.00	\$11,670,000.00
7	Excavation	\$0.00	\$0.00	\$0.00	\$10,590,000.00	\$10,590,000.00
8	Environmental Preservation & Mitigation	\$0.00	\$540,000.00	\$0.00	\$0.00	\$540,000.00
9	Off-Site Improvements	\$0.00	\$1,973,000.00	\$0.00	\$0.00	\$1,973,000.00
10	Private Streets	\$0.00	\$0.00	\$0.00	\$3,040,000.00	\$3,040,000.00
11	Amenities	\$0.00	\$0.00	\$0.00	\$8,270,000.00	\$8,270,000.00
12	Electrical	\$0.00	\$0.00	\$0.00	\$690,000.00	\$690,000.00
13	Miscellaneous Structures	\$0.00	\$0.00	\$0.00	\$900,000.00	\$900,000.00
14	Municipal Fees & Permits	\$0.00	\$0.00	\$0.00	\$2,120,000.00	\$2,120,000.00
	Subtotal (Improvements Benefiting All Units)	\$0.00	\$19,663,000.00	\$0.00	\$38,020,000.00	\$57,683,000.00
15	Contingency (15%)	\$0.00	\$2,949,450.00	\$0.00	\$5,703,000.00	\$8,652,450.00
16	Professional Fees	\$0.00	\$2,440,000.00	\$0.00	\$2,060,000.00	\$4,500,000.00
	Total Improvements	\$0.00	\$25,052,450.00	\$0.00	\$45,783,000.00	\$70,835,450.00

Total Public Infrastructure - Master CIP \$25,052,450.00

The cost estimates set forth herein are estimates based on current plans and market conditions, which are subject to change. Accordingly, the 'CIP 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) Includes Lake Excavation to a 10' minimum depth required by the South Florida Water Maangement District
- (4) The portions of the 2018 Project financed by the 2018 Bonds will be detailed in a supplement to this report prepared prior to the issue of the 2018 Bonds.

**Esplanade Lake Club Community Development District
Special Assessment Bonds
ESTIMATED - Source and Use of Funds - Master CIP**

Table III		
Sources:		
Bond Proceeds		
Par Amount	\$	30,070,000.00
	\$	30,070,000.00
Uses:		
Project Funds Deposit		
Const of Construction	\$	25,052,450.00
Rounding Proceeds	\$	5,770.18
	\$	25,058,220.18
Other Funds Deposits:		
Capitalized Interest (One Year)		\$2,100,189.91
Debt Service Reserve at 100% of MADS		\$2,100,189.91
		\$4,200,379.82
Delivery Date Expenses		
Cost of Issuance	\$	210,000.00
Underwriter's Discount	\$	601,400.00
	\$	811,400.00
	\$	30,070,000.00
Average Coupon:		
		5.75%
Capitalized Interest		
		One Year (12 months)
ESTIMATED - Max Annual Debt Service		
		\$2,100,189.91

**Esplanade Lake Club Community Development District
Assessment Allocation - Entire Project
Table IV**

Description of Product	EAU Factor	Development Plan	Total EAU	Total Par Debt Allocation	Total Par Debt Allocation Per Unit	Estimated Annual Debt Service (1)	Estimated Discounts and Collections (2)	Estimated Total Annual Debt Service Per Unit	Estimated Total Annual Debt Service (1)	Total Annual Debt Service (4)
Single Family 30' - 39'	0.65	186	120.9	\$ 6,449,858.96	\$ 34,676.66	\$2,421.93	\$169.54	\$2,591.47	\$450,479.84	\$482,013.43
Single Family 50' - 59'	0.85	224	190.4	\$ 10,157,594.25	\$ 45,346.40	\$3,167.15	\$221.70	\$3,388.85	\$709,440.54	\$759,101.37
Single Family 60' - 69'	1	155	155	\$ 8,269,049.94	\$ 53,348.71	\$3,726.05	\$260.82	\$3,986.88	\$577,538.25	\$617,965.93
Single Family 70' - 89'	1.1	77	84.7	\$ 4,518,635.68	\$ 58,683.58	\$4,098.66	\$286.91	\$4,385.56	\$315,596.71	\$337,688.48
Single Family 80' and up	1.15	11	12.65	\$ 674,861.17	\$ 61,351.02	\$4,284.96	\$299.95	\$4,584.91	\$47,134.57	\$50,433.99
Total Units:		653	564	\$ 30,070,000.00					\$2,100,189.91	\$2,247,203.20
Estimated Max Annual Debt Service:									\$2,100,189.91	
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

Esplanade Lake Club Community Development District
 EXHIBIT 1 - Assessment Roll - Capital Improvement Program

New Lot Number	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'	50' - 59'	60' -69'	70' -80'	>80'	
N/A	10585625	778.90	0	Taylor Woodrow at CenterPlace LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	\$ 38,605.73	\$ 30,070,000.00	186	223	155	77	11	652
Totals:		778.90				\$ -	186	223	155	77	11	652

Total Assessment - All Assessment Area	30,070,000.00
Total Assessment - Assigned to Platted Lots	-
Total Assessment - Assigned to Unplatted Acreage	30,070,000.00
Unplatted Per Acre Assessment	38,605.73
	30,070,000.00

RESOLUTION NO. 2019-22

**A RESOLUTION OF ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT
APPROVING THE DISTRICT'S POST-ISSUANCE COMPLIANCE GUIDE FOR TAX-
EXEMPT BONDS; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, Esplanade Lake Club Community Development District (the "District") expects to issue tax-exempt bonds (collectively, the "Bonds"); and

WHEREAS, the District desires to formally memorialize, in a single document, its policies and procedures relating to compliance with certain applicable requirements of the Internal Revenue Code of 1986, as amended, and certain of its covenants and undertakings in connection with its Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT AS FOLLOWS:

SECTION 1. The Post-Issuance Compliance Guide for Tax-Exempt Bonds (the "Guide") in the form attached hereto as Exhibit A is hereby adopted and approved. The person then serving as District Manager of the District or a representative or representatives of the entity then serving as District Manager of the District designated by such entity shall act as the Tax Compliance Officer for purposes of the Guide. The Guide shall supersede any similar policies and procedures previously adopted by the District.

SECTION 2. This resolution shall be effective immediately upon adoption.

PASSED AND ADOPTED at a meeting of the Board of Supervisors of Esplanade Lake Club Community Development District this 15th day of May, 2019.

**ESPLANADE LAKE CLUB COMMUNITY
DEVELOPMENT DISTRICT**

[SEAL]

_____, Chairman

ATTEST:

District Secretary

EXHIBIT A

ESPLANADE LAKE CLUB COMMUNITY DEVELOPMENT DISTRICT

POST-ISSUANCE COMPLIANCE GUIDE

FOR

TAX-EXEMPT BONDS

Adopted May 15, 2019

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PURPOSE

Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”) contains limitations on the extent to which proceeds of tax-exempt bonds can benefit persons other than a state or local governmental unit. In addition, Section 148 of the Code imposes limitations on the investment of proceeds of tax-exempt bonds and required rebate of excess earnings to the federal government. The procedures set forth herein are intended to maintain the tax-exempt status of the outstanding tax-exempt bonds of the Esplanade Lake Club Community Development District (the “District”) by establishing procedures for: (1) identifying uses that may constitute private use, (2) managing and tracking changes in use, (3) accomplishing remedial action when necessary, and (4) assuring compliance with the arbitrage requirements of the Code. The procedures set forth herein also address matters relating to the District’s compliance with bond covenants.

RESPONSIBILITY

In order to facilitate continuing compliance with the federal income tax requirements relating to the tax-exempt status of its outstanding tax-exempt bond issues, the person then serving as District Manager of the District or a representative or representatives of the entity then serving as District Manager of the District shall act as the Tax Compliance Officer who will have the primary responsibility to monitor the District’s compliance with federal tax requirements for the District’s Bonds. The Tax Compliance Officer may engage third parties to assist in accomplishing the duties of the Tax Compliance Officer hereunder. The tax requirements include both limitations on the private use of facilities financed by Bonds and arbitrage limitations on the investment of proceeds of Bonds under the Code. The general responsibilities of the Tax Compliance Officer with respect to bond compliance shall include, but not be limited to, communication of monitoring procedures for Bonds (as outlined herein) to applicable department heads of the District, if any, or other parties responsible for construction and/or operation of Bond-Financed Property if other than the District Manager (the “District Representatives”) confirming consistent application of these procedures, monitoring the completeness of documentation required by these procedures, and conferring with Bond Counsel as necessary. The Tax Compliance Officer will also monitor the District’s compliance with other covenants in its bond documents. Set forth below are the procedures that will be undertaken. The District will supplement and update these procedures as appropriate to provide a continuing source of guidance on these requirements.

PRIVATE ACTIVITY LIMITATIONS

Definitions

1. **Governmental Bonds.** – Governmental Bonds are Bonds that are not Private Activity Bonds.
2. **Private Activity Bonds.** - A Bond is a private activity bond if the bond issue meets: (i) **both** the private business use test **and** the private payment or security test; **or** (ii) the private loan financing test. The tests are applied on a basis of reasonable expectations of the District on the date of each issue of Bonds and by taking into account deliberate actions of the District while such Bonds are outstanding. In many cases a deliberate action that causes Bonds to become private activity bonds can be cured by taking remedial actions.

3. **Private Business Use Test.** The private business use test is met if the amount of proceeds of Bonds that are used in a private business use is more than ten percent of total proceeds. A five percent limit is used in lieu of a ten percent limit if the private use is unrelated to a governmental use or related but disproportionate to a governmental use. Private Business Use means use, directly or indirectly, in a trade or business carried on by any person other than the issuer or another state or local governmental unit, including a use by a 501(c)(3) organization or the federal government. All private business uses over the life of the bonds are aggregated in determining whether the limitations are met.
4. **Private Payment or Security Test-** The private security or payment test is met if the payment of debt service on more than ten percent of the issue of Bonds is directly or indirectly (i) secured by any interest in property used for a private business use or payments in respect of such property or (ii) derived from payments in respect of property or borrowed money used for a private business use. A five percent limit is used in lieu of a ten percent limit if the private use is unrelated to a governmental use or related but disproportionate to a governmental use. Private payments are not taken into account to the extent properly allocated to ordinary and necessary expenses directly attributable to the operation and maintenance of the Bond-Financed Property (hereinafter defined) used by the private user.
5. **Private Loan Financing Test.** The Private Loan Financing Test is met if the issuer uses proceeds of Bonds to make loans to private persons exceeding the lesser of 5% of the proceeds or \$5 million.
6. **Management Contract** – A Management Contract is a management, service or incentive payment contract between a governmental unit and a non-governmental service provider under which the service provider provides services involving all, a portion of, or any function of a facility. A management contract with respect to financed property generally results in a private business use if the contract provides for compensation of services rendered with compensation based, in whole or in part, on a share of net profits from the operation of the facility. Revenue Procedure 97-13, as amended, provides safe harbors pursuant to which qualifying management contracts would not be treated as constituting private use of a financed facility.
7. **Bonds** – The term Bonds includes bonds, notes, and installment sale or financing lease arrangements issued on a tax-exempt basis.
8. **Eligible Mixed-Use Project** -- An eligible mixed-use project is a project wholly owned by one or more governmental persons (or 501(c)(3) organizations) or by a partnership with at least one governmental partner that is financed with governmental bonds (or qualified 501(c)(3) bonds) and with qualified equity pursuant to the same plan of financing.
9. **Qualified Equity** -- Qualified equity includes proceeds of taxable bonds other than tax-credit bonds, and funds not derived from a borrowing. The qualified equity is treated as financing the project under the same plan of financing if it pays for capital expenditures of the project on a date no earlier than the date on which such expenditures would be eligible for reimbursement under the reimbursement regulations and no later than the date the measurement period begins, generally the placed-in-service date.

Bond-Financed Property

The first step in undertaking a review of private use limitations is to identify all of the property that was financed by a particular issue of Bonds. In many cases a particular property or project may have been partially financed or refinanced with multiple issues and a change in the use of that property or project could affect all those issues. The Tax Compliance Officer will identify all outstanding Bonds of the District by reference to the audited financial statements for each fiscal year and any interim unaudited financial statements. The Tax Compliance Officer will establish and maintain books and records that reflect the actual expenditure of proceeds of particular Bonds on specific projects comprising Bond-Financed Property.

Private Activity Review

Reference should be made to the Private Activity Restrictions on Private Business Use and accompanying attachments, attached as Tab I, for further guidance on the Private Activity Limitations of Section 141 of the Code.

In order to demonstrate compliance with the Private Activity Limitations of the Code, the Tax Compliance Officer will make inquiry, including of each District Representative, on a periodic basis as to the ownership and use of such Bond-Financed Property. A form of Private Business Use Questionnaire that can be utilized for this inquiry is attached as Tab II. The Tax Compliance Officer will identify the potential occurrence of any of the events set forth below (a "Tax Event") with respect to any Bond-Financed Property:

Change of ownership or use of the Bond-Financed Property -- the ownership of any portion of the Bond-Financed Property is transferred to anyone, prior to the earlier of the end of the expected economic life of the property, or the latest maturity date of any of the Bonds financing (or refinancing) the Bond-Finance Property or any restriction on the ability of the general public to access the Bond-Financed Property occurs.

Private business use of the Bond-Financed Property -- any portion of the Bond-Financed Property will be used by anyone other than a State or local governmental unit, such as the District, or members of the general public who are not using the property in the conduct of a trade or business. Examples of uses that can give rise to private business use include use by a person as an owner, lessee, purchaser of the output of facilities under a "take" or "take or pay" contract, purchaser or licensee of research, a manager or independent contractor under certain management or professional service contracts or any other arrangement that conveys special legal entitlements (*e.g.*, arrangement that conveys priority rights to the use or capacity of the Bond-Financed Property) for beneficial use of the Bond-Finance Property.

Leases of the Bond Financed Property -- any portion of the Bond-Financed Property is to be leased, or otherwise subject to an agreement which gives possession of any portion of the Bond-Financed Property to anyone, other than a state or local governmental unit.

Management agreement or service agreement -- any portion of the Bond-Financed Property is to be used under a management contract or professional service contract, other than a contract for services that are solely incidental to the primary function of Bond-Financed Property, such as janitorial services or office equipment repair.

Sale of Output from Bond-Financed Facility – any output of the Bond-Financed Property is to be sold to or otherwise used by any person other than a state or local governmental unit or a member of the general public.

Naming rights agreements for the Bond-Financed Property -- any portion of the Bond-Financed Property will become subject to a naming rights or sponsorship agreement, other than a “brass plaque” dedication.

Research using the Bond-Financed Property -- any portion of the Bond-Financed Property will be used for the conduct of research under the sponsorship, or for the benefit of, any organization other than a state or local governmental unit.

Private Loan of Bond Proceeds -- any portion of the proceeds of any issue of Bonds (including any investment earnings thereon) is to be loaned by the District.

The existence of private uses may trigger a need to review whether there have also been payments received by the District either from a non-governmental party, such as lease payments, or payments with respect to Bond-Financed Property. It at any time there is a question or potential problem that arise with respect to private payments, it should be brought to the attention of the Tax Compliance Officer as soon as possible and Bond Counsel should be consulted on the application of the private payment test.

Responsible Persons

The Tax Compliance Officer is responsible for monitoring and enforcing compliance with policies and procedures relating to private use of Bond-Financed Property. It is the responsibility of the Tax Compliance Officer to track the planned and actual use thereof while the related issue of Bonds is outstanding. The Tax Compliance Officer shall review all private uses and work with any applicable District Representatives and Bond Counsel to make certain that no private use is undertaken which might adversely affect the tax-exempt status of any Bonds. A further breakdown of the procedures to carry out these responsibilities is detailed below.

Expected Use of Proceeds

At the time of issuance of each issue of Bonds, the Tax Compliance Officer will work with any District Representatives to determine and document planned uses of Bond-Financed Property relating to the applicable issue of Bonds. On completion of the projects included in Bond-Financed Property and final expenditure of proceeds of the related issue of Bonds, the applicable District Representative, if any, and Tax Compliance Officer will review and document sources of funding, including Qualified Equity, and any special the allocation of proceeds of such Bonds to particular costs and note the existence and amount of any private use on a schedule of private use.

A final allocation of proceeds of each issue of Bonds to expenditures will be made and retained with the records of the issue of Bonds not later than 18-months after the later of the expenditure of the proceeds of such Bonds or the placed in service date for the related Bond-Financed Property. In the case of a qualified mixed-use project, qualified equity is allocated first to private business use of the eligible mixed-use project and then to governmental use, and tax-exempt bond proceeds are allocated first to governmental use and then to private business use.

Ongoing Review

The Tax Compliance Officer will disseminate to, and discuss the list of Tax Events with any applicable District Representatives and will attempt to identify a potential Tax Event before it occurs. The Tax Compliance Officer should work closely on a regular basis with any applicable District Representatives involved with the operations involving Bond-Financed Property to learn about potential and actual changes as they are contemplated. By understanding potential changes in use that may affect private use of Bond-Financed Property, the Tax Compliance Officer and District Representatives can evaluate, on an ongoing basis, whether such changes could affect the tax-exempt status of any issue of Bonds before the change occurs.

Once a potential Tax Event has been identified, the Tax Compliance Officer shall work with any applicable District Representatives and potential private user, if applicable, to determine the parameters for the new use. Some of the parameters to consider include whether the use will be available to other organizations or the public, rents or compensation for use, costs of use to the District and square footage to be used, management contracts, leases, service, etc. These use parameters will determine if the use constitutes a non-qualified use and/or new private use of the facilities. The Tax Compliance Officer or applicable District Representative shall update the schedule summarizing private use.

In the case of a management or service contract, the Tax Compliance Officer will direct Bond Counsel to review the contract to determine if a safe harbor applies that would avoid private use from occurring. These types of agreements should be submitted to the Tax Compliance Officer in the early stages of discussions prior to going to the District for approval. Early Bond Counsel review of the contracts may help avoid private use problems.

On or prior to the occurrence of any Tax Event, including, without limitation, the proposed sale of any Bond-Financed Property, the Tax Compliance Officer will consult with Bond Counsel to ascertain what effect, if any, a contemplated Tax Event may have on the tax-exemption of interest on the related Bonds. Bond Counsel also should be consulted regarding questions of measurement of private use and available safe harbors for management or service contracts. In certain circumstances, if the private use would cause a limitation on the overall issue to be exceeded, it may be necessary for the District to take a remedial action under Treasury Regulation Section 1.141-12, including an anticipatory remedial action, to preserve the tax-exempt status of interest on the related issue of Bonds. See Tab III regarding available remedial actions. Timely identification of a Tax Event is necessary to take a remedial action. In certain cases, remedial action may not be available and the District may need to consider a voluntary closing agreement with the IRS.

Annual Review

The Tax Compliance Officer shall be responsible for reviewing the District's outstanding Bonds on a yearly basis. This review will involve analyzing the planned uses for the Bond-Financed Property, as documented on the summaries and schedules indicated above, and determining whether any changes in use are contemplated and or have occurred and whether any sales or transfers of Bond-Financed Property are contemplated. This review shall include information and/or documentation concerning users of the Bond-Financed Property for any proposed or actual changes identified within the past year (e.g. changes in square footage, increased public or private uses, changes in activities including additions/deletions of specific activities). Such information and/or documentation may include, but is not limited to, the factual details of the proposed or actual change in use, policies and procedures related to use, expenses related to use, improvements made, etc.

On an annual basis, the Tax Compliance Officer and any applicable District Representatives will review the actual use of each issue of Bonds to determine whether the actual use has changed from the plan and any applicable District Representatives will file an annual report to the Tax Compliance Officer. Where the actual use is different, the Tax Compliance Officer will document how it is different and the effects of the differences on the private use calculations. The Tax Compliance Officer shall review all new private uses and work with any applicable District Representatives and the District's Bond Counsel to make certain that no private use has been undertaken that might affect the qualified status of each issue of Bonds.

The Tax Compliance Officer will prepare an annual report summarizing current Bonds outstanding and the status of each based on the data collected and/or provided in the annual update reports. The Tax Compliance Officer will report to the Board of Supervisors of the District any potential problems that may arise that could threaten the tax-exempt status of Bonds and the steps being taken to resolve the potential problem. Discussions will be held with Bond Counsel as to the steps required to be taken.

Recordkeeping

The Internal Revenue Service has advised issuers of tax-exempt bonds that they have post-issuance recordkeeping responsibilities that are necessary to satisfy the Internal Revenue Service in the event of any future audit of the bonds. See IRS FAQs on Record Retention, attached as Tab IV. The Tax Compliance Officer shall maintain a file for each issue of Bonds. The file shall include a copy of the bond documents, detailed project schedule, cost schedule, amount of private use by project, and economic life of the project. The file shall contain a copy of all management or service contracts, leases, or agreements and documentation that any private use does not exceed permissible limits. The file shall contain annual reports from the Tax Compliance Officer or other applicable District Representative managing Bond-Financed Property summarizing all recalculations of private use percentage and private payment summaries. This file must be maintained for each issue of Bonds for the life of the issue plus three years.

ARBITRAGE COMPLIANCE

The arbitrage restrictions imposed under the Code include restrictions on the investment of proceeds of Bonds at an unrestricted yield and the rebate of excess investment earnings to the federal government, as more fully described in the Tax Certificates for each of issue of Bonds and the Arbitrage Letter of Instructions, attached as Tab V.

Arbitrage Review

For each issue of Bonds, the Tax Compliance Officer will maintain the records and documents described below under "Recordkeeping." For each issue of Bonds, the Tax Compliance Officer will establish a timeline for review of arbitrage-related issues as more fully described below.

Temporary Period

For all issues of Bonds, the Tax Compliance Officer will note the date of expiration of the three year temporary period for unrestricted investment of the proceeds of such Bonds. The three year temporary period runs from the date of issue of the original new money issue and is unaffected by note rollovers. Note, however, that the issuance of advance refunding bonds will terminate the three year temporary period of any issue that is advance refunded. For all Bonds which have unexpended proceeds held

beyond the temporary period, the Tax Compliance Officer will assure that the proceeds are yield restricted. The relevant yield will be the yield on the original Bonds until those obligations are paid with the proceeds of another issue of Bonds (a "Refunding Issue"), at which time the relevant yield will be the yield on the Refunding Issue. Yield restriction will be accomplished through either an actual investment below the relevant yield or the making of yield reduction payments, as described in Section 3(b) of the Arbitrage Letter of Instructions found in Tab V. The Tax Compliance Officer will work with its auditor or other arbitrage consultant to make timely yield reduction payments.

Rebate

For each issue of Bonds the Tax Compliance Officer will note from the Tax Certificate delivered by the District in connection with the issuance of the Bonds whether a rebate exception is available for the issue. The rebate exceptions include the bona fide debt service fund exception and the spending exceptions described in Section 4(a)(ii) of the Arbitrage Letter of Instructions found in Tab V. If the issue of Bonds is expected to meet one of the three spending exceptions to rebate, the six-month exception, the 18-month exception or the 2-year construction exception, the Tax Compliance Officer will establish a timeline of six month intervals following the date of issue of the Bonds and note whether the spending requirements related to that exception are met at the end of each period.

If no rebate exception is expected to apply or if a spending requirement is not met, the Tax Compliance Officer will establish a timeline for rebate analysis for each issue of Bonds. For bond issues, the timeline will provide for a rebate analysis to be conducted every five years and when the bonds are discharged, as more fully described in Section 4 of the Arbitrage Letter of Instructions. For note issues the timeline will provide for a rebate analysis to be undertaken at the time of the retirement of the note issue. The Tax Compliance Officer will consult with its auditor or other arbitrage consultant and make timely filing of any rebate amount with the Internal Revenue Service, as more fully described in Section 4 of the Arbitrage Letter of Instructions.

Arbitrage Consultant

The Tax Compliance Officer will maintain a contract with a third party arbitrage consultant for the purpose of providing arbitrage consulting services including but not limited to:

1. annual analysis of all Bonds.
2. arbitrage rebate calculations
3. yield restriction calculations.
4. technical support on an ad-hoc basis.

The arbitrage consultant will provide on an annual basis, an analysis of all Bonds for potential liability, rebate, yield restriction or other arbitrage related issues. The Tax Compliance Officer will review the arbitrage analysis and coordinate with the consultant to prepare the necessary filings and payments. The Tax Compliance Officer will timely file or cause to be filed with the Internal Revenue Service the appropriate IRS arbitrage rebate and yield restriction reports, Form 8038-T, along with any payments due for any Bonds.

Recordkeeping

In order to satisfy the arbitrage recordkeeping requirements, the Tax Compliance Officer shall create and maintain, or cause to be created and maintained, records of:

1. Purchases or sales of investments made with proceeds of Bonds (including amounts treated as “gross proceeds” as a result being part of a sinking fund or pledge fund) and receipts of earnings on those investments;
2. The final allocation of the proceeds of each issue of Bonds to expenditures, together with purchase contracts, construction contracts, invoices, and cancelled checks;
3. Information and records showing that investments made with unspent proceeds of each issue of Bonds after the expiration of the applicable temporary period were not invested in higher-yielding investments;
4. Information, if applicable, that will be sufficient to demonstrate to the Internal Revenue Service upon an audit of any issue of Bonds that such Bonds have complied with one or more available spending exceptions to the arbitrage rebate requirement with respect of such Bonds;
5. Information and calculations, when applicable, that will be sufficient to demonstrate to the Internal Revenue Service, upon an audit of any issue of Bonds, for which an exception to the arbitrage rebate requirement was not applicable, that the rebate amount, if any, that was payable to the United States of America with respect to investments made with gross proceeds of such Bonds was calculated and timely paid with Form 8038-T timely filed with the Internal Revenue Service;
6. Information and records showing that investments held in yield-restricted advance refunding or defeasance escrows for Bonds were not invested in higher-yielding investments; and
7. The Tax Certificate delivered by the District as part of the record of proceedings for each issue of Bonds.

BOND COVENANT AND CONTINUING DISCLOSURE UNDERTAKING COMPLIANCE

The Tax Compliance Officer will become familiar with the various covenants in the applicable financing documents relating to each issue of Bonds, including the applicable bond resolution, trust indenture, loan agreement and/or agreement with credit enhancers. The Tax Compliance Officer will prepare and regularly update a written summary of the bond covenants and review on an annual basis the status of the District’s compliance with such covenants. These covenants typically include matters such as the requirement to provide audited financial statements and/or annual budgets to bond trustees on an annual basis, the requirement to maintain specified insurance coverage, and monitoring compliance with rate covenants. The Tax Compliance Officer will consult with any applicable District Representatives to the extent necessary to obtain information to permit the District to comply with such covenants.

With respect to compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), subject to the requirements of the specific written undertaking in connection with each issue of Bonds subject to the Rule, the District will be required to annually provide to the Electronic Municipal Market Access (EMMA) audited financial statements prepared in accordance with generally accepted

accounting principles and updates of other financial and operating data, including revenues, annual debt service requirements and historical debt coverage, which is included in its Official Statements or Limited Offering Memorandums. The Tax Compliance Officer will review each written continuing disclosure agreement relating to any issue of Bonds subject to the Rule and takes steps to ensure that the District is in compliance with its continuing disclosure undertakings. The District will provide in a timely manner to EMMA or the Municipal Securities Rulemaking Board notice of any of the Material Events listed in the Rule in connection with each issue of Bonds subject to the Rule. Any submissions to the MSRB or EMMA in connection with an issue of Bonds may be made through a third-party dissemination agent engaged by the District for that purpose, subject to the requirements of any applicable written continuing disclosure agreement relating to that issue of Bonds.

Attachments

- Tab I Private Activity Restrictions on Private Business Use
- Tab II Private Business Use Questionnaire
- Tab III Remedial Actions
- Tab IV IRS FAQs on Record Retention
- Tab V Arbitrage Letter of Instructions

TAB I

PRIVATE ACTIVITY RESTRICTIONS ON PRIVATE BUSINESS USE

GOVERNMENTAL BONDS

Introduction

The Internal Revenue Code of 1986, as amended (the "Code") limits the amount of proceeds of tax-exempt governmental bonds (including short term obligations such as notes) that can be used for the benefit of private businesses. Section 141 of the Code treats as a taxable private activity bond a bond issued as part of an issue that meets the private business use test and the private security or payment test, or the private loan test. The private business use test is met if the amount of proceeds of bonds that are used in a private business use is more than ten percent of total proceeds. The private security or payment test is met if the payment of debt service on more than 10 percent of the issue is directly or indirectly (i) secured by any interest in property used for a private business use or payments in respect of such property or (ii) derived from payments in respect of property or borrowed money used for a private business use. A five percent limit is used in lieu of a ten percent limit if the private use is unrelated to a governmental use or related but disproportionate to a governmental use. For purposes of Section 141, the term private business includes nonprofit, 501(c)(3) organizations as well as the federal government.

Private business use generally

Private business use can arise from almost any use of tax-exempt bond-financed property by anyone other than a state or local governmental unit ("Governmental Unit") or members of the general public who are not using the property in the conduct of a trade or business. Examples of uses which can give rise to private business use include use (a) by a person as (i) an owner, (ii) a lessee, (iii) a purchaser of the output of facilities under a "take and pay" or "take or pay" contract, (iv) a purchaser, sponsor or licensee of research and (v) a manager or independent contractor under certain management or professional service contracts, (b) pursuant to an arrangement that conveys (i) special legal entitlements (e.g., an arrangement that conveys priority rights to the use or capacity of the financed property) for beneficial use of the property financed with proceeds of tax exempt debt or (ii) other special economic benefits, (c) use by the United States government and its agencies and instrumentalities and (d) use by nonprofit corporations.

The purpose of this Summary is to assist employees of a Governmental Unit in recognizing uses, actions or other arrangements with respect to tax-exempt bond-financed property which may not comply with the requirements of the Internal Revenue Code of 1986, as amended, and which could jeopardize the tax exempt status of bonds issued to finance such property. It is not exhaustive and may not be relied upon as legal advice. Before any use, action or other arrangement described herein is commenced, such use, action or other arrangement should be reviewed by bond counsel to the Governmental Unit.

Leases of the Financed Property. Leases and certain other agreements which transfer possession of tax exempt financed property will result in a private business use if the party to whom the property is leased is not an Governmental Unit. Examples include leases of space for book stores and cafeterias.

Priority Rights. Arrangements that convey special legal entitlements (e.g., arrangements that convey priority rights to the use or capacity of the financed property) for control or beneficial use of property financed with proceeds of tax exempt debt are treated as private business uses. Examples of such arrangements are contracts with research companies to set aside space for the testing of new products or arrangements pursuant to which a person which is not an Governmental Unit is entitled to limit, or control charges for, access to all or a portion of tax-exempt bond financed property.

Naming Rights and Sponsorship Payments. Agreements which permit a private company or organization to make payments for the right to have its name or logo used in connection with property financed with tax exempt debt may result in private business use. The rules in this area continue to evolve but “qualified sponsorship payments” should not give rise to a private business use. A qualified sponsorship payment means any payment made by any person engaged in a trade or business with respect to which there is no arrangement or expectation that such person will receive any substantial return benefit other than the use or acknowledgement of the sponsor’s name or logo in connection with the activities of the Governmental Unit. Such use or acknowledgement may not include advertising such person’s products or services. The qualified sponsorship payment would not include (a) any payment that is contingent upon attendance at events or (b) any payment that entitles the payor to the use or acknowledgement of the payor’s name or logo in regularly scheduled and printed material published by or on behalf of the Governmental Unit. This would allow donations in exchange for the usual “brass plaque” but call into question arrangements such as the right to name a facility of the Governmental Unit and control how that facility is referred to in publications and press releases.

Research Arrangements. Research conducted under the sponsorship or for the benefit of organizations other than Governmental Units, including research sponsored by any branch of the Federal government, can result in the private business use of any property financed with tax exempt debt which is used in the conduct of the research. The Internal Revenue Service has published guidance on the circumstances under which a research agreement does not result in private business use. The guidance for safe harbor research arrangements is set forth in Rev. Proc. 2007-47 (2007 IRB LEXIS 570; 2007-29 I.R.B. 108) attached hereto as Exhibit 1.

Management and Service Contracts. Both contracts for the management of property financed with tax exempt debt and certain contracts for the provision of services in connection with property financed with tax exempt debt can result in private business use. Contracts which may result in a private business use include management, service, or incentive payment contracts between the Governmental Unit and a service provider under which the service provider provides services involving all, a portion of, or any function of, a facility financed with tax exempt debt. For example, a contract for the provision of management services for an entire facility, and a contract for management services for a specific portion of a facility, such as a cafeteria are each treated as a management contract. However, contracts for services that are solely incidental to the primary function of the property financed with tax exempt debt, such as janitorial services or office equipment repair, are not regarded as management or service contracts for this purpose. The Internal Revenue Service has published safe harbor guidance on the circumstances under which a management or service agreement does not result in private business use. For contracts entered into before August 18, 2017, the guidance is set forth in Rev. Proc. 97-13 (1997-1 C.B. 632; 1997 IRB LEXIS 14; 1997-5 I.R.B. 18, as modified by Rev. Proc. 2001-39, 2001 IRB LEXIS 229; 2001-28 I.R.B. 38) and IRS Notice 2014-67, attached hereto as Exhibit 2. For contracts entered into on or after January 17, 2017, or at the election of the issuer, at any time, the guidance is set forth in Rev. Proc. 2017-13, attached hereto as Exhibit 3.

Output Facilities. Occasionally a Governmental Unit will acquire facilities such as co-generation facilities. The sale of output (as distinguished from consumption of the output by the Governmental Unit) from an output type facility can result in a private business use.

Joint Ventures and Partnerships. Joint venture arrangements between a Governmental Unit and persons other than a Governmental Unit may result in private business use. These arrangements need to be examined to see if they are viewed as partnerships for federal tax purposes. The Regulations permit the governmental share of a project used in joint ventures to be financed with governmental bonds by treating the partnership of governmental entities and private entities as an aggregate of the partners rather than as a separate taxable entity. The private business use by a private entity partner will be determined based on that partner's greatest percentage share of any of the specified partnership items, income, gain, loss, deduction or credit attributable to the partnership during the measurement period.

Exclusions from Private Business Use

Incidental Uses. A very limited spectrum of incidental uses are not treated as private business uses if certain conditions are met. Those conditions are: (a) except for vending machines, pay telephones, kiosks and similar uses, the use must not involve the transfer to the private user of possession and control of space that is separated from the other areas of the facility by a physical barrier; (b) the use must not be functionally related to another use of the facility by the same private user; and (c) such incidental uses may not, in the aggregate involve more than 2.5 percent of the facility. Examples of incidental uses include pay telephones, vending machines and advertising displays.

General Public Use. Use of facilities intended for general public use is not considered "use" by nongovernmental persons in a trade or business if such persons use the facilities in their trade or business on the same basis as other members of the public. Use of the financed facilities by organizations such as school groups, church groups, and fraternal organizations and numerous commercial organizations for a short period of time on a rate scale basis will not be considered use by nongovernmental persons in a trade or business if the rights of such a user are only those of a transient occupant rather than the full legal possessory interests of a lessee. Any arrangement that conveys priority rights to the use or capacity of the financed property will be treated as a private business use.

Short Term Uses. Certain short term uses will not be treated as private use. Use by a nongovernmental person is not private use if either:

(i) (A) the term of the use under the arrangement, including all renewal options is not longer than 200 days, and (B) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business; or

(ii) (A) the term of the use under the arrangement, including all renewal options, is not longer than 100 days, and (B) the arrangement would be treated as general public use, except that it is not available for use on the same basis by natural persons not engaged in a trade or business because generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business; or

(iii) (A) the term of the use under the arrangement, including all renewal options, is not longer than 50 days; and (B) the arrangement is a negotiated arm's-length arrangement, and compensation under the arrangement is at fair market value.

In addition, in each case the property must not be financed for the principal purpose of providing that property for use by that non-Governmental Unit.

Qualified improvements. Proceeds of tax exempt bonds that provide a governmentally owned improvement to a governmentally owned building (including its structural components and land functionally related and subordinate to the building) are not used for a private business use if

- (i) The building was placed in service more than 1 year before the construction or acquisition of the improvement is begun;
- (ii) The improvement is not an enlargement of the building or an improvement of interior space occupied exclusively for any private business use;
- (iii) No portion of the improved building or any payments in respect of the improved building secures payment of the tax exempt bonds; and
- (iv) No more than 15 percent of the improved building is used for a private business use.

Allocation of Proceeds and Equity to Expenditures and Private Uses

Identification of Bond-Financed Project

The first step in a private business use analysis is to identify the project that is financed with the proceeds of the bonds. Generally the Regulations define a project as the facilities financed in whole or in part with the proceeds of a single bond issue. The scope of the project can be described in and limited by the financing documents.

Allocation of Sources of Funds to Expenditures and Uses

Subject to the exception described below, multiple sources of funds for the same project are allocated on a proportionate basis to all the expenditures for the project and all the uses of the project. This includes multiple issues of tax-exempt bonds that finance the same project at the same time. Later improvements made to a project that are financed with a separate later issue are treated as a separate project.

Eligible Mixed Use Projects Exception

In lieu of the proportionate or pro rata allocation method described above, a special allocation rule, the undivided portion allocation method, applies to “eligible mixed use projects”. An eligible mixed use project is a project that is financed with proceeds of governmental bond and qualified equity pursuant to the same plan of financing. Qualified equity includes proceeds of taxable bonds and other funds not derived from a borrowing, but not the proceeds of taxable tax credit bonds. The plan of financing is defined by reference to the timing of the expenditure of the qualified equity. It includes as qualified equity funds spent no earlier than the earliest date funds would be eligible for reimbursement and no later than the beginning of the measurement period, generally the project’s placed in service date. Thus as of the placed in service date, the issuer can determine the extent to which qualified equity was used to finance the project.

Under this special allocation rule private business use is first allocated to qualified equity up to the percentage of qualified equity in the overall plan of financing, with governmental use allocated to the tax-exempt bond proceeds. Only if the percentage of private business use exceeds the percentage of qualified equity will private use be allocated to tax-exempt bond proceeds. As described below, these allocations are done on an annual basis.

Partnerships

The Regulations permit the governmental share of a project used in joint ventures to be financed with governmental bonds by treating the partnership of governmental entities and private entities as an aggregate of the partners rather than as a separate taxable entity. The private business use by a private entity partner will be determined based on that partner's greatest percentage share of any of the specified partnership items, income, gain, loss, deduction or credit attributable to the partnership during the measurement period. Taken together with the undivided portion allocation method, this treatment permits qualified equity to be allocated to the private entity partner's private business use.

Measurement of Private Business Use

All private business uses of property financed by a bond issue are aggregated to determine if the limitations have been exceeded. Private business use of property is measured on an average basis over a measurement period that runs from the later of the issue date of the bonds or the date property is placed in service, through the earlier of the last date of the expected economic life of the property or the maturity date of the bonds or refunding bonds. The average percentage of private business use is the average of the percentages of private business during one-year periods within the measurement period. The percentage of private business use for any one-year period is the average private business use for that year, determined by comparing the amount of private business use during that year to the total amount of private business use and governmental use, taking into account any allocations of private business use to qualified equity.

EXHIBIT 1

RESEARCH CONTRACT GUIDELINES

Rev. Proc. 2007-47—Operating Guidelines for Research Agreements

(Also Part I, § § 103, 141, 145; 1.141-3, 1.145-2.)

June 26, 2007

SECTION 1. PURPOSE

The purpose of this revenue procedure is to set forth conditions under which a research agreement does not result in private business use under § 141(b) of the Internal Revenue Code of 1986 (the Code). This revenue procedure also addresses whether a research agreement causes the modified private business use test in § 145(a)(2)(B) of the Code to be met for qualified 501(c)(3) bonds. This revenue procedure modifies and supersedes Rev. Proc. 97-14, 1997-1 C.B. 634.

SECTION 2. BACKGROUND

.01 Private Business Use.

(1) Under § 103(a) of the Code, gross income does not include interest on any State or local bond. Under § 103(b)(1), however, § 103(a) does not apply to a private activity bond, unless it is a qualified bond under § 141(e). Section 141(a)(1) defines “private activity bond” as any bond issued as part of an issue that meets both the private business use and the private security or payment tests. Under § 141(b)(1), an issue generally meets the private business use test if more than 10 percent of the proceeds of the issue are to be used for any private business use. Under §141(b)(6)(A), private business use means direct or indirect use in a trade or business carried on by any person other than a governmental unit. Section 150(a)(2) provides that the term “governmental unit” does not include the United States or any agency or instrumentality thereof. Section 145(a) also applies the private business use test of §141(b)(1) to qualified 501(c)(3) bonds, with certain modifications.

(2) Section 1.141-3(b)(1) of the Income Tax Regulations provides that both actual and beneficial use by a nongovernmental person may be treated as private business use. In most cases, the private business use test is met only if a nongovernmental person has special legal entitlements to use the financed property under an arrangement with the issuer. In general, a nongovernmental person is treated as a private business user of proceeds and financed property as a result of ownership; actual or beneficial use of property pursuant to a lease, or a management or incentive payment contract; or certain other arrangements such as a take or pay or other output-type contract.

(3) Section 1.141-3(b)(6)(i) provides generally that an agreement by a nongovernmental person to sponsor research performed by a governmental person may result in private business use of the property used for the research, based on all the facts and circumstances.

(4) Section 1.141-3(b)(6)(ii) provides generally that a research agreement with respect to financed property results in private business use of that property if the sponsor is treated as the lessee or owner of financed property for Federal income tax purposes.

(5) Section 1.141-1(b) provides that the term “governmental person” means a State or local governmental unit as defined in § 1.103-1 or any instrumentality thereof. Section 1.141-1(b) further provides that governmental person does not include the United States or any agency or instrumentality thereof. Section 1.141-1(b) further provides that “nongovernmental person” means a person other than a governmental person.

(6) Section 1.145-2 provides that §§ 1.141-0 through 1.141-15 apply to qualified 501(c)(3) bonds under § 145(a) of the Code with certain modifications and exceptions. (7) Section 1.145-2(b)(1) provides that, in applying §§ 1.141-0 through 1.141-15 to § 145(a) of the Code, references to governmental persons include § 501(c)(3) organizations with respect to their activities that do not constitute unrelated trades or businesses under § 513(a).

.02 Federal Government rights under the Bayh-Dole Act.

(1) The Patent and Trademark Law Amendments Act of 1980, as amended, 35 U.S.C. § 200 et seq. (2006) (the “Bayh-Dole Act”), generally applies to any contract, grant, or cooperative agreement with any Federal agency for the performance of research funded by the Federal Government.

(2) The policies and objectives of the Bayh-Dole Act include promoting the utilization of inventions arising from federally supported research and development programs, encouraging maximum participation of small business firms in federally supported research and development efforts, promoting collaboration between commercial concerns and nonprofit organizations, ensuring that inventions made by nonprofit organizations and small business firms are used in a manner to promote free competition and enterprise, and promoting the commercialization and public availability of inventions made in the United States by United States industry and labor.

(3) Under the Bayh-Dole Act, the Federal Government and sponsoring Federal agencies receive certain rights to inventions that result from federally funded research activities performed by non-sponsoring parties pursuant to contracts, grants, or cooperative research agreements with the sponsoring Federal agencies. The rights granted to the Federal Government and its agencies under the Bayh-Dole Act generally include, among others, nonexclusive, nontransferable, irrevocable, paid-up licenses to use the products of federally sponsored research and certain so-called “march-in rights” over licensing under limited circumstances. Here, the term “march-in rights” refers to certain rights granted to the sponsoring Federal agencies under the Bayh-Dole

Act, 35 U.S.C. § 203 (2006), to take certain actions, including granting licenses to third parties to ensure public benefits from the dissemination and use of the results of federally sponsored research in circumstances in which the original contractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the product of that research. The general purpose of these rights is to ensure the expenditure of Federal research funds in accordance with the policies and objectives of the Bayh-Dole Act.

SECTION 3. DEFINITIONS

.01 *Basic research*, for purposes of § 141 of the Code, means any original investigation for the advancement of scientific knowledge not having a specific commercial objective. For example, product testing supporting the trade or business of a specific nongovernmental person is not treated as basic research.

.02 *Qualified user* means any State or local governmental unit as defined in § 1.1031 or any instrumentality thereof. The term also includes a § 501(c)(3) organization if the financed property is not used in an unrelated trade or business under § 513(a) of the Code. The term does not include the United States or any agency or instrumentality thereof.

.03 *Sponsor* means any person, other than a qualified user, that supports or sponsors research under a contract.

SECTION 4. CHANGES

This revenue procedure modifies and supersedes Rev. Proc. 97-14 by making changes that are described generally as follows:

.01 Section 6.03 of this revenue procedure modifies the operating guidelines on cooperative research agreements to include agreements regarding industry or federally sponsored research with either a single sponsor or multiple sponsors.

.02 Section 6.04 of this revenue procedure provides special rules for applying the revised operating guidelines under section 6.03 of this revenue procedure to federally sponsored research. These special rules provide that the rights of the Federal Government and its agencies mandated by the Bayh-Dole Act will not cause research agreements to fail to meet the requirements of section 6.03, upon satisfaction of the requirements of section 6.04 of this revenue procedure. Thus, under the stated conditions, such rights themselves will not result in private business use by the Federal Government or its agencies of property used in research performed under research agreements. These special rules do not address the use by third parties that actually receive more than non-exclusive, royalty-free licenses as the result of the exercise by a sponsoring Federal agency of its rights under the Bayh-Dole Act, such as its march-in rights.

SECTION 5. SCOPE

This revenue procedure applies when, under a research agreement, a sponsor uses property financed with proceeds of an issue of State or local bonds subject to § 141 or §145(a)(2)(B) of the Code

SECTION 6. OPERATING GUIDELINES FOR RESEARCH AGREEMENTS

.01 *In general.* If a research agreement is described in either section 6.02 or 6.03 of this revenue procedure, the research agreement itself does not result in private business use. In applying the operating guidelines under section 6.03 of this revenue procedure to federally sponsored research, the special rules under section 6.04 of this revenue procedure (regarding the effect of the rights of the Federal Government and its agencies under the Bayh-Dole Act) apply.

.02 *Corporate-sponsored research.* A research agreement relating to property used for basic research supported or sponsored by a sponsor is described in this section 6.02 if any license or other use of resulting technology by the sponsor is permitted only on the same terms as the recipient would permit that use by any unrelated, non-sponsoring party (that is, the sponsor must pay a competitive price for its use), and the price paid for that use must be determined at the time the license or other resulting technology is available for use. Although the recipient need not permit persons other than the sponsor to use any license or other resulting technology, the price paid by the sponsor must be no less than the price that would be paid by any non-sponsoring party for those same rights.

.03 *Industry or federally-sponsored research agreements.* A research agreement relating to property used pursuant to an industry or federally-sponsored research arrangement is described in this section 6.03 if the following requirements are met, taking into account the special rules set forth in section 6.04 of this revenue procedure in the case of federally sponsored research —

- (1) A single sponsor agrees, or multiple sponsors agree, to fund governmentally performed basic research;
- (2) The qualified user determines the research to be performed and the manner in which it is to be performed (for example, selection of the personnel to perform the research);
- (3) Title to any patent or other product incidentally resulting from the basic research lies exclusively with the qualified user; and
- (4) The sponsor or sponsors are entitled to no more than a nonexclusive, royalty-free license to use the product of any of that research.

.04 *Federal Government rights under the Bayh-Dole Act.* In applying the operating guidelines on industry and federally-sponsored research agreements under section 6.03 of this revenue procedure to federally sponsored research, the rights of the Federal Government and its agencies mandated by the Bayh-Dole Act will not cause a research agreement to fail to meet the

requirements of section 6.03, provided that the requirements of sections 6.03(2), and (3) are met, and the license granted to any party other than the qualified user to use the product of the research is no more than a nonexclusive, royalty-free license. Thus, to illustrate, the existence of march-in rights or other special rights of the Federal Government or the sponsoring Federal agency mandated by the Bayh-Dole Act will not cause a research agreement to fail to meet the requirements of section 6.03 of this revenue procedure, provided that the qualified user determines the subject and manner of the research in accordance with section 6.03(2), the qualified user retains exclusive title to any patent or other product of the research in accordance with section 6.03(3), and the nature of any license granted to the Federal Government or the sponsoring Federal agency (or to any third party nongovernmental person) to use the product of the research is no more than a nonexclusive, royalty-free license.

SECTION 7. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 97-14 is modified and superseded.

SECTION 8. EFFECTIVE DATE

This revenue procedure is effective for any research agreement entered into, materially modified, or extended on or after June 26, 2007. In addition, an issuer may apply this revenue procedure to any research agreement entered into prior to June 26, 2007.

SECTION 9. DRAFTING INFORMATION

The principal authors of this revenue procedure are Vicky Tsilas and Johanna Som de Cerff of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Johanna Som de Cerff at (202) 622-3980 (not a toll-free call).

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EXHIBIT 2

MANAGEMENT CONTRACT GUIDELINES

Rev. Proc. 97-13, 1997-1 C.B. 632--Management Contract Guidelines (Supersedes Rev. Proc. 93-19), as amended by Rev. Proc. 2001-39, 2001-2 C.B. 38 and Notice 2014-67

1997-1 C.B. 632; 1997 IRB LEXIS 14; 1997-5 I.R.B. 18; REV. PROV 97-13

Rev. Proc. 97-13

SECTION 1. PURPOSE

The purpose of this revenue procedure is to set forth conditions under which a management contract does not result in private business use under section 141(b) of the Internal Revenue Code of 1986. This revenue procedure also applies to determinations of whether a management contract causes the test in section 145(a)(2)(B) of the 1986 Code to be met for qualified 501(c)(3) bonds.

SECTION 2. BACKGROUND

.01 Private Business Use.

(1) Under section 103(a) of the 1986 Code, gross income does not include interest on any state or local bond. Under section 103(b)(1) of the 1986 Code, however, section 103(a) of the 1986 Code does not apply to a private activity bond, unless it is a qualified bond under section 141(e) of the 1986 Code. Section 141(a)(1) of the 1986 Code defines "private activity bond" as any bond issued as part of an issue that meets both the private business use and the private security or payment tests. Under section 141(b)(1) of the 1986 Code, an issue generally meets the private business use test if more than 10 percent of the proceeds of the issue are to be used for any private business use. Under section 141(b)(6)(A) of the 1986 Code, private business use means direct or indirect use in a trade or business carried on by any person other than a governmental unit. Section 145(a) of the 1986 Code also applies the private business use test of section 141(b)(1) of the 1986 Code, with certain modifications.

(2) Corresponding provisions of the Internal Revenue Code of 1954 set forth the requirements for the exclusion from gross income of the interest on state or local bonds. For purposes of this revenue procedure, any reference to a 1986 Code provision includes a reference to the corresponding provision, if any, under the 1954 Code.

(3) Private business use can arise by ownership, actual or beneficial use of property pursuant to a lease, a management or incentive payment contract, or certain other arrangements. The Conference Report for the Tax Reform Act of 1986, provides as follows:

The conference agreement generally retains the present-law rules under which use by persons other than governmental units is determined for purposes of the trade or business use test. Thus, as under present law, the use of bond-financed property is treated as a use of bond proceeds. As under present law, a person may be a user of bond proceeds and bond-financed property as a result of (1) ownership or (2) actual or beneficial use of property pursuant to a lease, a management or incentive payment contract, or (3) any other arrangement such as a take-or-pay or other output-type contract.

2 H.R. Conf. Rep. No. 841, 99th Cong., 2d Sess. II-687-688, (1986) 1986-3 (Vol. 4) C.B. 687-688 (footnote omitted).

(4) A management contract that gives a nongovernmental service provider an ownership or leasehold interest in financed property is not the only situation in which a contract may result in private business use.

(5) Section 1.141-3(b)(4)(i) of the Income Tax Regulations provides, in general, that a management contract (within the meaning of section 1.141-3(b)(4)(ii)) with respect to financed property may result in private business use of that property, based on all the facts and circumstances.

(6) Section 1.141-3(b)(4)(i) provides that a management contract with respect to financed property generally results in private business use of that property if the contract provides for compensation for services rendered with compensation based, in whole or in part, on a share of net profits from the operation of the facility.

(7) Section 1.141-3(b)(4)(iii), in general, provides that certain arrangements generally are not treated as management contracts that may give rise to private business use. These are--

(a) Contracts for services that are solely incidental to the primary governmental function or functions of a financed facility (for example, contracts for janitorial, office equipment repair, hospital billing or similar services);

(b) The mere granting of admitting privileges by a hospital to a doctor, even if those privileges are conditioned on the provision of de minimis services, if those privileges are available to all qualified physicians in the area, consistent with the size and nature of its facilities;

(c) A contract to provide for the operation of a facility or system of facilities that consists predominantly of public utility property (as defined in section 168(i)(10) of the 1986 Code), if the only compensation is the reimbursement of actual and direct expenses of the service provider and reasonable administrative overhead expenses of the service provider; and

(d) A contract to provide for services, if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties.

(8) Section 1.145-2(a) provides generally that sections 1.141-0 through 1.141-15 apply to section 145(a) of the 1986 Code.

(9) Section 1.145-2(b)(1) provides that in applying sections 1.141-0 through 1.141-15 to section 145(a) of the 1986 Code, references to governmental persons include section 501(c)(3) organizations with respect to their activities that do not constitute unrelated trades or businesses under section 513(a) of the 1986 Code.

.02 Existing Advance Ruling Guidelines. Rev. Proc. 93-19, 1993-1 C.B. 526, contains advance ruling guidelines for determining whether a management contract results in private business use under section 141(b) of the 1986 Code.

SECTION 3. DEFINITIONS

.01 Adjusted gross revenues means gross revenues of all or a portion of a facility, less allowances for bad debts and contractual and similar allowances.

.02 Capitation fee means a fixed periodic amount for each person for whom the service provider or the qualified user assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to covered persons varies substantially. For example, a capitation fee includes a fixed dollar amount payable per month to a medical service provider for each member of a health maintenance organization plan for whom the provider agrees to provide all needed medical services for a specified period. A capitation fee may include a variable component of up to 20 percent of the total capitation fee designed to protect the service provider against risks such as catastrophic loss.

.03 Management contract means a management, service, or incentive payment contract between a qualified user and a service provider under which the service provider provides services involving all, a portion of, or any function of, a facility. For example, a contract for the provision of management services for an entire hospital, a contract for management services for a specific department of a hospital, and an incentive payment contract for physician services to patients of a hospital are each treated as a management contract. See sections 1.141-3(b)(4)(ii) and 1.145-2.

.04 Penalties for terminating a contract include a limitation on the qualified user's right to compete with the service provider; a requirement that the qualified user purchase equipment, goods, or services from the service provider; and a requirement that the qualified user pay liquidated damages for cancellation of the contract. In contrast, a requirement effective on cancellation that the qualified user reimburse the service provider for ordinary and necessary expenses or a restriction on the qualified user against hiring key personnel of the service provider is generally not a contract termination penalty. Another contract between the service provider and the qualified user, such as a loan or guarantee by the service provider, is treated as creating a contract termination penalty if that contract contains terms that are not customary or arm's-length that could operate to prevent the qualified user from terminating the contract (for example, provisions under which the contract terminates if the management contract is terminated or that place substantial restrictions on the selection of a substitute service provider).

.05 Periodic fixed fee means a stated dollar amount for services rendered for a specified period of time. For example, a stated dollar amount per month is a periodic fixed fee. The stated dollar amount may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of a facility. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards. Capitation fees and per-unit fees are not periodic fixed fees.

.06 Per-unit fee means a fee based on a unit of service provided specified in the contract or otherwise specifically determined by an independent third party, such as the administrator of the Medicare program, or the qualified user. For example, a stated dollar amount for each specified medical procedure performed, car parked, or passenger mile is a per-unit fee. Separate billing arrangements between physicians and hospitals generally are treated as per-unit fee arrangements.

.07 Qualified user means any state or local governmental unit as defined in section 1.103-1 or any instrumentality thereof. The term also includes a section 501(c)(3) organization if the financed property is not used in an unrelated trade or business under section 513(a) of the 1986 Code. The term does not include the United States or any agency or instrumentality thereof.

.08 Renewal option means a provision under which the service provider has a legally enforceable right to renew the contract. Thus, for example, a provision under which a contract is automatically renewed for one-year periods absent cancellation by either party is not a renewal option (even if it is expected to be renewed).

.09 Service provider means any person other than a qualified user that provides services under a contract to, or for the benefit of, a qualified user.

SECTION 4. SCOPE

This revenue procedure applies when, under a management contract, a service provider provides management or other services involving property financed with proceeds of an issue of state or local bonds subject to section 141 or section 145(a)(2)(B) of the 1986 Code.

SECTION 5. OPERATING GUIDELINES FOR MANAGEMENT CONTRACTS

.01 IN GENERAL. If the requirements of section 5 of this revenue procedure are satisfied, the management contract does not itself result in private business use. In addition, the use of financed property, pursuant to a management contract meeting the requirements of section 5 of this revenue procedure, is not private business use if that use is functionally related and subordinate to that management contract and that use is not, in substance, a separate contractual agreement (for example, a separate lease of a portion of the financed property). Thus, for example, exclusive use of storage areas by the manager for equipment that is necessary for it to perform activities required under a management contract that meets the requirements of section 5 of this revenue procedure, is not private business use.

.02 GENERAL COMPENSATION REQUIREMENTS.

(1) IN GENERAL. The contract must provide for reasonable compensation for services rendered with no compensation based, in whole or in part, on a share of net profits from the operation of the facility. Reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties is not by itself treated as compensation.

(2) ARRANGEMENTS THAT GENERALLY ARE NOT TREATED AS NET PROFITS ARRANGEMENTS. For purposes of section 1.141-3(b)(4)(i) and this revenue procedure, compensation based on--

(a) A percentage of gross revenues (or adjusted gross revenues) of a facility or a percentage of expenses from a facility, but not both;

(b) A capitation fee; or

(c) A per-unit fee

is generally not considered to be based on a share of net profits.

(3) PRODUCTIVITY REWARD. For purposes of section 1.141-3(b)(4)(i) and this revenue procedure, a productivity reward equal to a stated dollar amount based on increases or decreases in gross revenues (or adjusted gross revenues), or reductions in total expenses (but not both increases in gross revenues (or adjusted gross revenues) and reductions in total expenses) in any annual period during the term of the contract, generally does not cause the compensation to be based on a share of net profits. A productivity reward for services in any annual period during the term of the contract generally also does not cause the compensation to be based on a share of net profits of the financed facility if:

- The eligibility for the productivity award is based on the quality of the services provided under the management contract (for example, the achievement of Medicare Shared Savings Program quality performance standards or meeting data reporting requirements), rather than increases in revenues or decreases in expenses of the facility; and

- The amount of the productivity award is a stated dollar amount, a periodic fixed fee, or a tiered system of stated dollar amounts or periodic fixed fees based solely on the level of performance achieved with respect to the applicable measure.

(4) REVISION OF COMPENSATION ARRANGEMENTS. In general, if the compensation arrangements of a management contract are materially revised, the requirements for compensation arrangements under section 5 of this revenue procedure are retested as of the date of the material revision, and the management contract is treated as one that was newly entered into as of the date of the material revision.

.03 PERMISSIBLE ARRANGEMENTS. The management contract must be described in section 5.03(1), (2), (3), (4), (5), (6), or (7) of this revenue procedure.

(1) 95 PERCENT PERIODIC FIXED FEE ARRANGEMENTS. At least 95 percent of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee. The term of the contract, including all renewal options, must not exceed the lesser of 80 percent of the reasonably expected useful life of the financed property and 15 years. For purposes of this section 5.03(1), a fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

(2) 80 PERCENT PERIODIC FIXED FEE ARRANGEMENTS. At least 80 percent of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee. The term of the contract, including all renewal options, must not exceed the lesser of 80 percent of the reasonably expected useful life of the financed property and 10 years. For purposes of this section 5.03(2), a fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

(3) SPECIAL RULE FOR PUBLIC UTILITY PROPERTY. If all of the financed property subject to the contract is a facility or system of facilities consisting of predominantly public utility property (as defined in section 168(i)(10) of the 1986 Code), then “20 years” is substituted --

(a) For “15 years” in applying section 5.03(1) of this revenue procedure; and

(b) For “10 years” in applying section 5.03(2) of this revenue procedure.

(4) 50 PERCENT PERIODIC FIXED FEE ARRANGEMENTS. Either at least 50 percent of the compensation for services for each annual period during the term of the contract is based on a periodic fixed fee or all of the compensation for services is based on a capitation fee or a combination of a capitation fee and a periodic fixed fee. The term of the contract, including all renewal options, must not exceed 5 years. The contract must be terminable by the qualified user on reasonable notice, without penalty or cause, at the end of the third year of the contract term.

(5) PER-UNIT FEE ARRANGEMENTS IN CERTAIN 3-YEAR CONTRACTS.

All of the compensation for services is based on a per-unit fee or a combination of a per-unit fee and a periodic fixed fee. The term of the contract, including all renewal options, must not exceed 3 years. The contract must be terminable by the qualified user on reasonable notice, without penalty or cause, at the end of the second year of the contract term.

(6) Percentage Of Revenue Or Expense Fee Arrangements In Certain 2-Year Contracts. All the compensation for services is based on a percentage of fees charged or a combination of a per-unit fee and a percentage of revenue or expense fee. During the start-up period, however, compensation may be based on a percentage of either gross revenues, adjusted gross revenues, or

expenses of a facility. The term of the contract, including renewal options, must not exceed 2 years. The contract must be terminable by the qualified user on reasonable notice, without penalty or cause, at the end of the first year of the contract term. This section 5.03(6) applies only to--

(a) Contracts under which the service provider primarily provides services to third parties (for example, radiology services to patients); and

(b) Management contracts involving a facility during an initial start-up period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues and expenses (for example, a contract for general management services for the first year of operations).

.04 NO CIRCUMSTANCES SUBSTANTIALLY LIMITING EXERCISE OF RIGHTS.

(1) IN GENERAL. The service provider must not have any role or relationship with the qualified user that, in effect, substantially limits the qualified user's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

(2) SAFE HARBOR. This requirement is satisfied if--

(a) Not more than 20 percent of the voting power of the governing body of the qualified user in the aggregate is vested in the service provider and its directors, officers, shareholders, and employees;

(b) Overlapping board members do not include the chief executive officers of the service provider or its governing body or the qualified user or its governing body; and

(c) The qualified user and the service provider under the contract are not related parties, as defined in section 1.150-1(b).

(7) ARRANGEMENTS IN CERTAIN 5-YEAR CONTRACTS.

All of the compensation for services is based on a stated amount; periodic fixed fee; a capitation fee; a per-unit fee; or a combination of the preceding. The compensation for services also may include a percentage of gross revenues, adjusted gross revenues, or expenses of the facility (but not both revenues and expenses). The term of the contract, including all renewal options, does not exceed five years. Such contract need not be terminable by the qualified user prior to the end of the term. For purposes of this section 5.03(7), a tiered productivity award as described in section 5.02(3) will be treated as a stated amount or a periodic fixed fee, as appropriate.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 93-19, 1993-1 C.B. 526, is made obsolete on the effective date of this revenue procedure.

SECTION 7. EFFECTIVE DATE

This revenue procedure is effective for any management contract entered into, materially modified, or extended (other than pursuant to a renewal option) on or after May 16, 1997. In addition, an issuer may apply this revenue procedure to any management contract entered into prior to May 16, 1997.

DRAFTING INFORMATION

The principal author of this revenue procedure is Loretta J. Finger of the Office of Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure contact Loretta J. Finger on (202) 622-3980 (not a toll free call).

Rev. Proc. 2001-39; 2001-28 IRB 1 (18 Jun 2001)

===== **SUMMARY** =====

The Service in Rev. Proc. 2001-39 has modified the definitions of capitation fee and per-unit fee in Rev. Proc. 97-13, 1997-1 C.B. 632, to allow an automatic increase of those fees according to a specified, objective, external standard that isn't linked to the output or efficiency of a facility.

Rev. Proc. 2001-39 applies when, under a management contract, a service provider provides management or other services involving property financed with proceeds of an issue of state or local bonds subject to section 141 or section 145(a)(2)(B). Rev. Proc. 2001-39 is effective for any management contract entered into, materially modified, or extended after July 8, 2001. Also, an issuer may apply the revenue procedure to any management contract entered into before July 9, 2001.

===== **FULL TEXT** ===== Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.601: Rules and regulations. (Also Part I, sections 103, 141, 145; 1.141-3, 1.145-2.)

SECTION 1. PURPOSE

This revenue procedure modifies the definitions of capitation fee and per-unit fee in Rev. Proc. 97-13, 1997-1 C.B. 632, to permit an automatic increase of those fees according to a specified, objective, external standard that is not linked to the output or efficiency of a facility (for example, the Consumer Price Index).

SECTION 2. BACKGROUND

.01 Rev. Proc. 97-13 sets forth conditions under which a management contract does not result in private business use under section 141(b) of the Internal Revenue Code. The revenue procedure also applies to determinations of whether a management contract causes the test in section 145(a)(2)(B) to be met.

.02 Section 3 of Rev. Proc. 97-13 defines various terms, including capitation fee, periodic fixed fee, and per-unit fee.

.03 Section 3.02 of Rev. Proc. 97-13 defines a capitation fee as a fixed periodic amount for each person for whom the service provider or the qualified user assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to covered persons varies substantially. A capitation fee may include a variable component of up to 20 percent of the total capitation fee designed to protect the service provider against risks such as catastrophic loss.

.04 Section 3.05 of Rev. Proc. 97-13 defines a periodic fixed fee as a stated dollar amount for services rendered for a specified period of time. The definition of periodic fixed fee provides that the stated dollar amount may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of a facility.

.05 Section 3.06 of Rev. Proc. 97-13 defines a per-unit fee as a fee based on a unit of service provided specified in the contract or otherwise specifically determined by an independent third party, such as the administrator of the Medicare program, or the qualified user.

.06 Neither the capitation fee definition nor the per-unit fee definition expressly contemplates an automatic increase based on a specified, objective, external standard not linked to the output or efficiency of the facility.

.07 This revenue procedure clarifies that a capitation fee and a per-unit fee may be determined using an automatic increase according to a specified, objective, external standard that is not linked to the output or efficiency of a facility (for example, the Consumer Price Index).

SECTION 3. SCOPE

This revenue procedure applies when, under a management contract, a service provider provides management or other services involving property financed with proceeds of an issue of state or local bonds subject to section 141 or section 145(a)(2)(B).

SECTION 4. MODIFICATIONS

.01 Section 3.02 of Rev. Proc. 97-13 is modified to add the following text immediately before the last sentence:

A fixed periodic amount may include an automatic increase according to a specified, objective, external standard that is not linked to the output or efficiency of a facility. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective, external standards. .02 Section 3.06 of Rev. Proc. 97-13 is modified to add the following text at the end:

A fee that is a stated dollar amount specified in the contract does not fail to be a per-unit fee as a result of a provision under which the fee may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of a facility. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective, external standards.

SECTION 5. INQUIRIES

For further information regarding this revenue procedure contact David White at (202) 622-3980 (not a toll-free call).

SECTION 6. EFFECT ON OTHER DOCUMENTS

Exhibit 2-10

Error! Unknown document property name.

This revenue procedure modifies Rev. Proc. 97-13, 1997-1 C.B. 632.

SECTION 7. EFFECTIVE DATE

This revenue procedure is effective for any management contract entered into, materially modified, or extended (other than pursuant to a renewal option) on or after July 9, 2001. In addition, an issuer may apply this revenue procedure to any management contract entered into prior to July 9, 2001.

DRAFTING INFORMATION

The principal authors of this revenue procedure are Mary Truchly and Rebecca Harrigal, Office of Chief Counsel.

EXHIBIT 3

MANAGEMENT CONTRACT GUIDELINES

Rev. Proc. 2017-13

SECTION 1. PURPOSE

This revenue procedure provides safe harbor conditions under which a management contract does not result in private business use of property financed with governmental tax-exempt bonds under § 141(b) of the Internal Revenue Code or cause the modified private business use test for property financed with qualified 501(c)(3) bonds under § 145(a)(2)(B) to be met. This revenue procedure modifies, amplifies, and supersedes Rev. Proc. 2016-44, 2016-36 IRB 316, to address certain types of compensation, the timing of payment of compensation, the treatment of land, and methods of approval of rates. Sections 2.11 through 2.14 of this revenue procedure generally describe the modifications and amplifications made to Rev. Proc. 2016-44 by this revenue procedure.

SECTION 2. BACKGROUND

.01 Section 103(a) provides that, except as provided in § 103(b), gross income does not include interest on any State or local bond. Section 103(b)(1) provides that § 103(a) shall not apply to any private activity bond that is not a qualified bond (within the meaning of § 141). Section 141(a) provides that the term “private activity bond” means any bond issued as part of an issue (1) that meets the private business use test and private security or payment test, or (2) that meets the private loan financing test.

.02 Section 141(b)(1) provides generally that an issue meets the private business use test if more than 10 percent of the proceeds of the issue are to be used for any private business use. Section 141(b)(6) defines “private business use” as use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit. For this purpose, any activity carried on by a person other than a natural person must be treated as a trade or business.

.03 Section 1.141-3(a)(1) of the Income Tax Regulations provides, in part, that the 10 percent private business use test of § 141 (b)(1) is met if more than 10 percent of the proceeds of an issue is used in a trade or business of a nongovernmental person. For this purpose, the use of financed property is treated as the direct use of proceeds. Section 1.141-3(a)(2) provides that, in determining whether an issue meets the private business use test, it is necessary to look at both indirect and direct use of proceeds. Proceeds are treated as used in the trade or business of a nongovernmental person if a nongovernmental person, as a result of a single transaction or a series of related transactions, uses property acquired with the proceeds of an issue.

.04 Section 1.141 -3(b)(1) provides that both actual and beneficial use by a nongovernmental person may be treated as private business use. In most cases, the private business use test is met only if a nongovernmental person has special legal entitlements to use the financed property under an arrangement with the issuer. In general, a nongovernmental person is treated as a private business user as a result of ownership; actual or beneficial use of property pursuant to a lease, a management contract, or an incentive payment contract; or certain other arrangements such as a take or pay or other output-type contract.

.05 Section 1.141 -3(b)(3) provides generally that the lease of financed property to a nongovernmental person is private business use of that property. For this purpose, any arrangement that is properly characterized as a lease for federal income tax purposes is treated as a lease. Section 1.141 -3(b)(3) further provides that, in determining whether a management contract is properly characterized as a lease, it is necessary to consider all the facts and circumstances, including the following factors: (1) the degree of control over the property that is exercised by a nongovernmental person; and (2) whether a nongovernmental person bears the risk of loss of the financed property.

.06 Section 1.141 -3(b)(4)(i) provides generally that a management contract with respect to financed property may result in private business use of that property, based on all of the facts and circumstances. A management contract with respect to financed property generally results in private business use of that property if the contract provides for compensation for services rendered with compensation based, in whole or in part, on a share of net profits from the operations of the facility. Section 1.141-3(b)(4)(iv) provides generally that a management contract with respect to financed property results in private business use of that property if the service provider is treated as the lessee or owner of financed property for federal income tax purposes.

.07 Section 1.141 -3(b)(4)(ii) defines “management contract” as a management, service, or incentive payment contract between a governmental person and a service provider under which the service provider provides services involving all, a portion, or any function, of a facility. For example, a contract for the provision of management services for an entire hospital, a contract for management services for a specific department of a hospital, and an incentive payment contract for physician services to patients of a hospital are each treated as a management contract.

.08 Section 1.141 -3(b)(4)(iii) provides that the following arrangements generally are not treated as management contracts that give rise to private business use: (A) contracts for services that are solely incidental to the primary governmental function or functions of a financed facility (for example, contracts for janitorial, office equipment repair, hospital billing, or similar services); (B) the mere granting of admitting privileges by a hospital to a doctor, even if those privileges are conditioned on the provision of de minimis services if those privileges are available to all qualified physicians in the area, consistent with the size and nature of the hospital’s facilities; (C) a contract to provide for the operation of a facility or system of facilities

that consists primarily of public utility property, if the only compensation is the reimbursement of actual and direct expenses of the service provider and reasonable administrative overhead expenses of the service provider; and (D) a contract to provide for services, if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties.

.09 Section 141(e) provides, in part, that the term “qualified bond” includes a qualified 501(c)(3) bond if certain requirements stated therein are met. Section 145(a) provides generally that “qualified 501(c)(3) bond” means any private activity bond issued as part of an issue if (1) all property that is to be provided by the net proceeds of the issue is to be owned by a 501(c)(3) organization or a governmental unit, and (2) such bond would not be a private activity bond if (A) 501(c)(3) organizations were treated as governmental units with respect to their activities that do not constitute unrelated trades or businesses, determined by applying § 513(a), and (B) § 141(b)(1) and (2) were applied by substituting “5 percent” for “10 percent” each place it appears and by substituting “net proceeds” for “proceeds” each place it appears. Section 1.1452 provides that, with certain exceptions and modifications, §§ 1.141-0 through 1.141-15 apply to § 145(a).

.10 Rev. Proc. 2016-44 provides safe harbor conditions under which a management contract does not result in private business use of property financed with governmental tax-exempt bonds under § 141(b) or cause the modified private business use test for property financed with qualified 501(c)(3) bonds under § 145(a)(2)(B) to be met. Rev. Proc. 2016-44 modified and superseded Rev. Proc. 97-13, 1997-1 C.B. 632; Rev. Proc. 2001-39, 2001-2 C.B. 38; and section 3.02 of Notice 2014-67, 2014-46 I.R.B. 822.

.11 Section 5.02 of Rev. Proc. 2016-44 sets forth general financial requirements for management compensation arrangements eligible for the safe harbor. Sections 5.02(2) and 5.02(3) of Rev. Proc. 2016-44 provide that the contract must neither provide to the service provider a share of net profits nor impose on the service provider the burden of bearing any share of net losses from the operation of the managed property. Before the publication of Rev. Proc. 2016-44, previously applicable revenue procedures expressly treated certain types of compensation, including capitation fees, periodic fixed fees, and per-unit fees (as defined therein), as not providing a share of net profits. Questions have arisen regarding whether these common types of compensation continue to be treated in a similar manner under Rev. Proc. 2016-44. Related questions have arisen about whether a service provider’s payment of expenses of the operation of the managed property without reimbursement from the qualified user (as defined in section 4.04 of Rev. Proc. 2016-44) affects the treatment of these types of compensation. To provide continuity with the previous safe harbors, this revenue procedure clarifies that these types of compensation and certain incentive compensation will not be treated as providing a share of net profits or requiring the service provider to bear a share of net losses.

.12 Sections 5.02(2) and 5.02(3) of Rev. Proc. 2016-44 also provide that the timing of payment of compensation cannot be contingent upon net profits or net losses from the operation of the managed property. Questions have arisen about the effect of these restrictions on the

timing of payment of compensation. This revenue procedure clarifies that compensation subject to an annual payment requirement and reasonable consequences for late payment (such as interest charges or late payment fees) will not be treated as contingent upon net profits or net losses if the contract includes a requirement that the qualified user will pay the deferred compensation within five years of the original due date of the payment.

.13. Section 5.03 of Rev. Proc. 2016-44 provides that the term of the contract, including all renewal options (as defined in § 1.141-1(b)), must be no greater than the lesser of 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property. For this purpose, under Rev. Proc. 2016-44, economic life is determined in the same manner as under §147(b), but without regard to §147(b)(3)(B)(ii), as of the beginning of the term of contract. Section 147(b)(3)(B)(i) provides that generally land is not taken into account, but §147(b)(3)(B)(ii) provides that if 25 percent or more of the net proceeds of any issue is to be used to finance the acquisition of land, such land shall be taken into account and treated as having an economic life of 30 years. Questions have arisen about excluding land when the cost of the land accounts for a significant portion of the managed property. This revenue procedure provides that economic life is determined in the same manner as under §147(b) as of the beginning of the term of the contract. Thus, land will be treated as having an economic life of 30 years if 25 percent or more of the net proceeds of the issue that finances the managed property is to be used to finance the costs of such land.

.14 Section 5.04 of Rev. Proc. 2016-44 provides that the qualified user must exercise a significant degree of control over the use of the managed property. Section 5.04 of Rev. Proc. 2016-44 further provides that this requirement is met if the contract requires the qualified user to approve, among other things, the rates charged for use of the managed property. Section 5.04 of Rev. Proc. 2016-44 also provides that a qualified user may show approval of rates charged for use of the managed property by either expressly approving such rates (or the methodology for setting such rates) or by including in the contract a requirement that service provider charge rates that are reasonable and customary as specifically determined by an independent third party. Questions have arisen about the requirement to approve the rates in various circumstances in which it may not be feasible to approve each specific rate charged, such as for a physician's professional services at a § 501(c)(3) hospital or hotel room rates at a governmentally-owned hotel. This revenue procedure clarifies that a qualified user may satisfy the approval of rates requirement by approving a reasonable general description of the method used to set the rates or by requiring that the service provider charge rates that are reasonable and customary as specifically determined by, or negotiated with, an independent third party.

SECTION 3. SCOPE

This revenue procedure applies to a management contract (as defined in section 4.03 of this revenue procedure) involving managed property (as defined in section 4.04 of this revenue procedure) financed with the proceeds of an issue of governmental bonds (as defined in §1.141-1(b)) or qualified 501(c)(3) bonds (as defined in §145).

SECTION 4. DEFINITIONS

For purposes of this revenue procedure, the following definitions apply:

.01 Capitation fee means a fixed periodic amount for each person for whom the service provider or the qualified user assumes the responsibility to provide all needed services for a specified period so long as the quantity and type of services actually provided to such persons varies substantially. For example, a capitation fee includes a fixed dollar amount payable per month to a medical service provider for each member of a health maintenance organization plan for whom the provider agrees to provide all needed medical services for a specified period. A fixed periodic amount may include an automatic increase according to a specified, objective, external standard that is not linked to the output or efficiency of the managed property. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective, external standards. A capitation fee may include a variable component of up to 20 percent of the total capitation fee designed to protect the service provider against risk such as risk of catastrophic loss.

.02 Eligible expense reimbursement arrangement means a management contract under which the only compensation consists of reimbursements of actual and direct expenses paid by the service provider to unrelated parties and reasonable related administrative overhead expenses of the service provider.

.03 Management contract means a management, service, or incentive payment contract between a qualified user and a service provider under which the service provider provides services for a managed property. A management contract does not include a contract or portion of a contract for the provision of services before a managed property is placed in service (for example, pre-operating services for construction design or construction management).

.04 Managed property means the portion of a project (as defined in § 1.141-6(a)(3)) with respect to which a service provider provides services.

.05 Periodic fixed fee means a stated dollar amount for services rendered for a specified period of time. For example, a stated dollar amount per month is a periodic fixed fee. The stated dollar amount may automatically increase according to a specified, objective external standard that is not linked to the output or efficiency of the managed property. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective external standards. Capitation fees and per-unit fees are not periodic fixed fees.

.06 Per-unit fee means a fee based on a unit of service provided specified in the contract or otherwise specifically determined by an independent third party, such as the administrator of the Medicare program, or the qualified user. For example, a stated dollar amount for each specified medical procedure performed, car parked, or passenger mile is a per-unit fee. Separate

billing arrangements between physicians and hospitals are treated as per-unit fee arrangements. A fee that is a stated dollar amount specified in the contract does not fail to be a per-unit fee as a result of a provision under which the fee may automatically increase according to a specified, objective, external standard that is not linked to the output or efficiency of the managed property. For example, the Consumer Price Index and similar external indices that track increases in prices in an area or increases in revenues or costs in an industry are objective, external standards.

.07 Qualified user means, for projects (as defined in § 1.141-6(a)(3)) financed with governmental bonds, any governmental person (as defined in § 1.141-1 (b)) or, for projects financed with qualified 501(c)(3) bonds, any governmental person or any 501(c)(3) organization with respect to its activities which do not constitute an unrelated trade or business, determined by applying § 513(a).

.08 Service provider means any person other than a qualified user that provides services to, or for the benefit of, a qualified user under a management contract.

.09 Unrelated parties means persons other than either: (1) a related party (as defined in § 1.150-1(b)) to the service provider or (2) a service provider's employee.

SECTION 5. SAFE HARBOR CONDITIONS UNDER WHICH MANAGEMENT CONTRACTS DO NOT RESULT IN PRIVATE BUSINESS USE

.01 In general. If a management contract meets all of the applicable conditions of sections 5.02 through section 5.07 of this revenue procedure, or is an eligible expense reimbursement arrangement, the management contract does not result in private business use under § 141(b) or 145(a)(2)(B). Further, under section 5.08 of this revenue procedure, use functionally related and subordinate to a management contract that meets these conditions does not result in private business use.

.02 General financial requirements.

(1) In general. The payments to the service provider under the contract must be reasonable compensation for services rendered during the term of the contract. Compensation includes payments to reimburse actual and direct expenses paid by the service provider and related administrative overhead expenses of the service provider.

(2) No net profits arrangements. The contract must not provide to the service provider a share of net profits from the operation of the managed property. Compensation to the service provider will not be treated as providing a share of net profits if no element of the compensation takes into account, or is contingent upon, either the managed property's net profits or both the managed property's revenues and expenses (other than any reimbursements of direct and actual expenses paid by the service provider to unrelated third parties) for any fiscal period. For this purpose, the elements of the compensation are the eligibility for, the amount of, and the timing of the payment of the compensation. Incentive compensation will not be treated as providing a

share of net profits if the eligibility for the incentive compensation is determined by the service provider's performance in meeting one or more standards that measure quality of services, performance, or productivity, and the amount and the timing of the payment of the compensation meet the requirements of this section 5.02(2).

(3) No bearing of net losses of the managed property.

(a) The contract must not, in substance, impose upon the service provider the burden of bearing any share of net losses from the operation of the managed property. An arrangement will not be treated as requiring the service provider to bear a share of net losses if:

(i) The determination of the amount of the service provider's compensation and the amount of any expenses to be paid by the service provider (and not reimbursed), separately and collectively, do not take into account either the managed property's net losses or both the managed property's revenues and expenses for any fiscal period; and (ii) The timing of the payment of compensation is not contingent upon the managed property's net losses.

(b) For example, a service provider whose compensation is reduced by a stated dollar amount (or one of multiple stated dollar amounts) for failure to keep the managed property's expenses below a specified target (or one of multiple specified targets) will not be treated as bearing a share of net losses as a result of this reduction.

(4) Treatment of certain types of compensation. Without regard to whether the service provider pays expenses with respect to the operation of the managed property without reimbursement by the qualified user, compensation for services will not be treated as providing a share of net profits or requiring the service provider to bear a share of net losses under sections 5.02(2) and 5.02(3) of this revenue procedure if the compensation for services is: (a) based solely on a capitation fee, a periodic fixed fee, or a per-unit fee; (b) incentive compensation described in the last sentence of section 5.02(2) of this revenue procedure; or (c) a combination of these types of compensation.

(5) Treatment of timing of payment of compensation. Deferral due to insufficient net cash flows from the operation of the managed property of the payment of compensation that otherwise meets the requirements of sections 5.02(2) and 5.02(3) of this revenue procedure will not cause the deferred compensation to be treated as contingent upon net profits or net losses under sections 5.02(2) and 5.02(3) of this revenue procedure if the contract includes requirements that:

(a) The compensation is payable at least annually;

(b) The qualified user is subject to reasonable consequences for late payment, such as reasonable interest charges or late payment fees; and

(c) The qualified user will pay such deferred compensation (with interest or late payment fees) no later than the end of five years after the original due date of the payment.

.03 Term of the contract and revisions. The term of the contract, including all renewal options (as defined in §1.141-1 (b)), must not be greater than the lesser of 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property. For this purpose, economic life is determined in the same manner as under §147(b) as of the beginning of the term of the contract. A contract that is materially modified with respect to any matters relevant to this section 5 is retested under this section 5 as a new contract as of the date of the material modification.

.04 Control over use of the managed property. The qualified user must exercise a significant degree of control over the use of the managed property. This control requirement is met if the contract requires the qualified user to approve the annual budget of the managed property, capital expenditures with respect to the managed property, each disposition of property that is part of the managed property, rates charged for the use of the managed property, and the general nature and type of use of the managed property (for example, the type of services). For this purpose, for example, a qualified user may show approval of capital expenditures for a managed property by approving an annual budget for capital expenditures described by functional purpose and specific maximum amounts; and a qualified user may show approval of dispositions of property that is part of the managed property in a similar manner. Further, for example, a qualified user may show approval of rates charged for use of the managed property by expressly approving such rates or a general description of the methodology for setting such rates (such as a method that establishes hotel room rates using specified revenue goals based on comparable properties), or by requiring that the service provider charge rates that are reasonable and customary as specifically determined by, or negotiated with, an independent third party (such as a medical insurance company).

.05 Risk of loss of the managed property. The qualified user must bear the risk of loss upon damage or destruction of the managed property (for example, due to force majeure). A qualified user does not fail to meet this risk of loss requirement as a result of insuring against risk of loss through a third party or imposing upon the service provider a penalty for failure to operate the managed property in accordance with the standards set forth in the management contract.

.06 No inconsistent tax position. The service provider must agree that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the qualified user with respect to the managed property. For example, the service provider must agree not to claim any depreciation or amortization deduction, investment tax credit, or deduction for any payment as rent with respect to the managed property.

.07 No circumstances substantially limiting exercise of rights.

(1) In general. The service provider must not have any role or relationship with the qualified user that, in effect, substantially limits the qualified user's ability to exercise its rights under the contract, based on all the facts and circumstances.

(2) Safe harbor. A service provider will not be treated as having a role or relationship prohibited under section 5.07(1) of this revenue procedure if:

(a) No more than 20 percent of the voting power of the governing body of the qualified user is vested in the directors, officers, shareholders, partners, members, and employees of the service provider, in the aggregate;

(b) The governing body of the qualified user does not include the chief executive officer of the service provider or the chairperson (or equivalent executive) of the service provider's governing body; and

(c) The chief executive officer of the service provider is not the chief executive officer of the qualified user or any of the qualified user's related parties (as defined in §1.150-1(b)).

(3) For purposes of section 5.07(2) of this revenue procedure, the phrase "service provider" includes the service provider's related parties (as defined in §1.150-1(b)) and the phrase "chief executive officer" includes a person with equivalent management responsibilities.

.08 Functionally related and subordinate use. A service provider's use of a project (as defined in §1.141-6(a)(3)) that is functionally related and subordinate to performance of its services under a management contract for managed property that meets the conditions of this section 5 does not result in private business use of that project. For example, use of storage areas to store equipment used to perform activities required under a management contract that meets the requirements of this section 5 does not result in private business use.

SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2016-44 is modified, amplified, and superseded.

SECTION 7. DATE OF APPLICABILITY

This revenue procedure applies to any management contract that is entered into on or after January 17, 2017, and an issuer may apply this revenue procedure to any management contract that was entered into before January 17, 2017. In addition, an issuer may apply the safe harbors in Rev. Proc. 97-13, as modified by Rev. Proc. 2001-39 and amplified by Notice 2014-67, to a management contract that is entered into before August 18, 2017 and that is not materially modified or extended on or after August 18, 2017 (other than pursuant to a renewal option as defined in § 1.141-1 (b)).

SECTION 8. DRAFTING INFORMATION

The principal authors of this revenue procedure are Johanna Som de Cerff and David White of the Office of Associate Chief Counsel (Financial Institutions & Products). For further

information regarding this revenue procedure, contact David White on (202) 317-6980 (not a toll free call).

TAB II

**PRIVATE BUSINESS USE QUESTIONNAIRE
GOVERNMENTAL BONDS**

TO: [NAME]

[TITLE]

FROM: .

DATE: [CURRENT DATE]

RE: Use of Tax-Exempt Bond-Financed Property

In order to maintain the tax exempt status of bonds (including any short-term obligations such as notes) which have been issued to finance facilities or equipment for the benefit of _____ (the “Issuer”), the ownership and certain uses of the Bond-Financed Property must be monitored and recorded. In general, the ownership and use of the Bond-Financed Property must be monitored and recorded from the date of issue of the bonds until the earlier of the end of the expected life of the property, or the final maturity date of any bonds issued to finance the property. Because it is the Internal Revenue Service’s position that records be maintained until 3 years after the final maturity date of any bonds issued to finance (or refinance) the property, staff will be asked to update these records for changes in the use or ownership of the property.

Attached is a schedule with a brief description of property financed with proceeds of tax exempt bonds. Our records indicate the property is located at [NAME OF FACILITY]. Please review your records and respond to each of the questions for the Bond-Financed Property listed, including both the present use of the property and any past uses of it. Please do not skip questions. If you are uncertain how to respond to a particular question please provide a brief explanation in the space immediately following the question. If necessary one of my staff members will contact you for clarification. Please refer to Tab I-A, Private Activity Restrictions on Private Business Use, of the Post-Issuance Compliance Guide, for a brief description of types of private use.

We recognize that some of the requested information and records may not be available. However, your cooperation is necessary in order to collect as much of this information as possible.

SCHEDULE

USE OF TAX EXEMPT BOND BOND-FINANCED PROPERTY

Description of property: [Description] (the “Bond-Financed Property”)
Location: [facility name]
Bond or Note Issue: [name of bonds or notes]
Survey Date: [current date]

PLEASE REVIEW APPENDIX A FOR APPLICABLE RULES ON PRIVATE USE

I. Familiarity with Uses

1.1 My familiarity with, and/or the records with respect to, the uses made of the Bond-Financed Property, dates back to _____ [insert date]
1.2 For information on uses of the Bond-Financed Property prior to the date set forth in Section 1.1, I suggest contacting _____.

II. Ownership and Use of the Bond-Financed Property.

2.1 When was the Bond-Financed Property placed in service? _____
2.2 Is the Bond-Financed Property still owned by the Issuer? Yes No
2.3 If, no, on what day was the Bond-Financed Property disposed of? _____.
What were the terms of the disposition?
2.4 Is the Bond-Financed Property still in use? Yes No If No, please explain when it stopped being used and what its current state is.
2.5 Is the Bond-Financed Property still being used for its original purpose? Yes No If No, please explain how it is being used.

III. Leases of the Bond-Financed Property.

3.1 Has any portion of the Bond-Financed Property been leased to or been the subject of a possessory interest, such as a license in, any person? YES NO
3.2 If the answer to the preceding question is yes, describe the nature and the extent of all such interests, including the lease payments, and identify the persons or organizations to whom such interests have been given.

IV. Priority Rights.

4.1 Has any portion of the Bond-Financed Property been the subject of an arrangement with a person other than a Governmental Unit for priority use or for use of certain capacity of the Bond-Financed Property? YES NO

4.2 If the answer to the preceding question is Yes, describe the nature and the extent of all such interests, including any payments, and identify the persons or organizations to whom such interests have been given.

4.3 Has any portion of the Bond-Financed Property been used in the testing of products under a contract with a person other than a Governmental Unit? YES NO

4.4 If the answer to the preceding question is Yes, describe the nature and the extent of all such arrangements, and identify the persons or organizations with whom such arrangements have been entered into.

V. Naming Rights or Sponsorship Agreements.

5.1 Has any portion of the Bond-Financed Property been the subject of a contract or other arrangement with anyone pursuant to which the that person will make a payment to the Issuer in return for the right to have its name or logo used in connection with the Issuer or any portion thereof? YES NO If Yes, please provide details of the arrangement.

VI. Research.

6.1 Has any portion of the Bond-Financed Property been used in research sponsored by anyone other than a Governmental Unit? (Note that the federal government is not a Governmental Unit.) YES NO

6.2 If Yes, please describe the nature and the extent of all such arrangements, and identify the persons or organizations with whom such arrangements have been entered into. Please attach a copy of any contract or arrangement relating to such research.

VII. Management Agreements and Service Agreements.

7.1 Has any portion of the Bond-Financed Property been used in connection with any type of service contract or management contract described below?

(a) A contract with a non-employee group, other than a Governmental Unit, to provide services to, or manage any function of, the Issuer? YES NO. If Yes, identify the person or organization that is a party to the contract and provide a copy of such contract with this questionnaire response.

(b) A contract with an employee to provide services to, or manage any function of, the Issuer, where such contract contains an incentive compensation arrangement? YES NO If Yes, identify the person or organization that is a party to the contract and provide a copy of such contract with this questionnaire response.

(c) A contract with a person other than a Governmental Unit to provide services, such as food services to the Issuer? YES NO If Yes, identify the person or organization that is a party to the contract and provide a copy of such contract with this questionnaire response.

VIII. Output Facilities.

8.1 Is any portion of the Bond-Financed Property an output type facility? YES NO

8.2 If the answer to the preceding question is Yes, has any of the output from those facilities been sold or been used to service facilities used in the trade or business of persons other than Governmental Units? YES NO

IX Joint Ventures.

9.1 Has any portion of the Bond-Financed Property been used in any joint venture arrangement with any person other than a Governmental Unit? YES NO If Yes, please provide details of the arrangement.



Date: _____

By: _____

Name: _____

Title: _____

TAB III
REMEDIAL ACTIONS
GOVERNMENTAL BONDS

Introduction

The Internal Revenue Code of 1986, as amended (the “Code”) limits the amount of proceeds of tax-exempt governmental bonds (including short-term obligations such as notes) that can be used for the benefit of private businesses. Section 141 of the Code treats as a taxable private activity bond a bond issued as part of an issue that meets the private business use test and the private security or payment test, or the private loan test. The private business use test is met if the amount of proceeds of bonds that are used in a private business use is more than ten percent of total proceeds. The private security or payment test is met if the payment of debt service on more than 10 percent of the issue is directly or indirectly (i) secured by any interest in property used for a private business use or payments in respect of such property or (ii) derived from payments in respect of property or borrowed money used for a private business use. A five percent limit is used in lieu of a ten percent limit if the private use is unrelated to a governmental use or related but disproportionate to a governmental use. For purposes of Section 141, the term private business includes use by nonprofit, 501(c)(3) organizations as well as the federal government.

Deliberate Action

The Regulations promulgated by the Internal Revenue Service (“IRS”) under Section 141 of the Code, specifically provide that bonds will be treated as private activity bonds if the issuer takes a deliberate action subsequent to the issue date that causes the tests for a private activity bond to be met. An issuer cannot rely merely on its expectations on the date of issuance to avoid jeopardizing the status of its bonds as governmental bonds. A deliberate action is any action taken by an issuer, but not including an action, such as a condemnation, that would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or an action that is taken in response to a regulatory directive made by the federal government. A deliberate action is deemed to occur when the issuer enters into a binding contract with a nongovernmental person for use of the financed property that is not subject to any material contingencies. In most cases, material conditions to closing a transaction will be treated as material contingencies so that the date of deliberate action will be the date disposition proceeds are received.

Conditions to Remedial Action

Under the Regulations, in order to take a remedial action to preserve the tax-exempt status of interest on bonds, the following conditions must be met:

(1) *Reasonable expectations test.* The issuer must reasonably have expected on the issue date that neither the private business test nor the private loan test would be met. The period of time that has elapsed since the bonds were issued will be a factor in evaluating the reasonableness of expectations. Under certain conditions an expectation on the issue date to take a deliberate action that would cause one of the tests to be met (e.g., a sale of the project) will be disregarded if the issuer expected on the issue date that the financed property would be used for a qualified purpose for a substantial period before such action, the issuer is required to redeem all nonqualifying bonds (without regard to the amount of disposition proceeds) within 6 months of the action, the redemption meets all the remedial action conditions (described below) and there was no arrangement on the date of issue with a nongovernmental person or a non-501 (c)(3) organization with respect to the activity;

(2) *Maturity not unreasonably long.* The term of the bond *issue* must not be longer than is reasonably necessary for the governmental purpose of the issue. This requirement is met under a safe harbor if the weighted average maturity of the bonds is not greater than 120 percent of the average reasonably expected economic life of the financed property as of the issue date.

(3) *Fair market value consideration.* The terms of any change in use or loan arrangement are bona fide and arms-length and the new user pays fair market value for the use of the financed property. For this purpose fair market value may take into account restrictions on the use of the financed property that serve a bona fide governmental purpose.

(4) *Disposition proceeds treated as gross proceeds for arbitrage purposes.* Any disposition proceeds must be treated as gross proceeds for arbitrage purposes. This will require that the issuer meet yield restriction or rebate requirements with respect to these funds. The issuer may treat the date of receipt of the proceeds as an issue date for purposes of eligibility for temporary periods and exemptions from rebate.

(5) *Proceeds expended on a governmental purpose.* Except where a redemption or defeasance remedial action is taken, the proceeds must have been expended on a governmental purposes before the date of the deliberate action.

Effect of Remedial Action

A remedial action is treated as curing a change in ownership or a private use or private loan of proceeds, thereby preserving the tax-exempt status of existing bonds. It does not cure a failure to meet the private payment or security interest limitation. In the case of advance refunding bonds, remedial action taken with respect to the refunding bonds proportionally reduces the amount of proceeds of the refunded bonds that is taken into account under the private business use or loan test. In other words, the remedial action taken with respect to the refunding bonds proportionally "cures" the refunded bonds.

Disposition Proceeds and Nonqualified Bonds

Generally, in order to take one of the remedial actions it is necessary to know what the disposition proceeds are and how much of the disposition proceeds are allocated to particular issues. Disposition proceeds arise in a sale, exchange or other disposition of bond-financed property. Disposition proceeds do not arise, however, in an installment sale arrangement and the bond proceeds remain allocated to the transferred property in that case. This distinction becomes important when determining what remedial action is appropriate.

In the case of property financed from different sources of funding, the disposition proceeds are first allocated to the outstanding bonds (both taxable and tax-exempt) that financed the property in proportion to the principal amount of the outstanding bonds. Disposition proceeds may not be allocated to bonds that are no longer outstanding or to revenues if the disposition proceeds are not greater than the total principal amount of the outstanding bonds allocable to that property. Only amounts in excess of that total may be allocated to another source.

Under the Regulations, the amount of nonqualified bonds that arise from a deliberate action is a percentage of the outstanding bonds equal to the highest percentage of private business use in any one-year period commencing with the deliberate action. Allocations to nonqualified bonds must be made on a pro-rata basis except that for purposes of the redemption or defeasance remedial action the issuer may treat bonds with longer maturities as the nonqualified bonds. This treatment would be necessary, for example, where the bonds are required to be called in inverse order of maturity rather than pro rata.

Permitted Remedial Actions

Redemptions or Defeasance

The first remedial action is redemption or defeasance which is available in the case of a deliberate action taking the form of a sale, lease or nonqualified management contract or other action. This remedial action probably will be the most frequently used remedial action in sale transactions. Under this remedial action, other than in the case of an exclusively cash disposition, all nonqualified bonds must be redeemed within 90 days of the deliberate action. Proceeds of tax-exempt bonds may not be used to effect the redemption unless they are proceeds of qualified private activity bonds (e.g., exempt facility bonds) taking into account the purchaser's use. If the bonds are not currently redeemable, a defeasance escrow must be established for all nonqualified bonds within 90 days of the deliberate action and notice of defeasance must be furnished to the Commissioner of Internal Revenue within 90 days of the escrow establishment. Defeasance is only available as a remedial action, however, if the period between the issue date and the first call date is not more than 10½ years. Thus, for example, if a bond-financed building is leased to a private for-profit entity, all tax-exempt bonds that financed that building would have to be redeemed or defeased within 90 days of entering into that lease.

In the case of a disposition, a sale, exclusively for cash, if the disposition proceeds are less than the amount of the nonqualified bonds, only an amount equal to the disposition proceeds must be used to redeem or defease a pro rata portion of the nonqualified bonds.

Anticipatory Remedial Action

An amendment to the Regulations in October 2015 permits a redemption or defeasance remedial action to be taken in advance of a deliberate action that will cause the private activity limits to be exceeded. To meet this new remedial action rule, an issuer must declare its official intent to redeem or defease all the bonds that would become nonqualified bonds as a result of a subsequent deliberate action and redeem or defease such bonds prior to the action occurring. The declaration of intent must precede the redemption or defeasance, identify the financed property with respect to which the remedial action is being undertaken and describe the deliberate action that is expected to occur. The redemption or defeasance of the nonqualified bonds must not result in an extension of the weighted average maturity of the bonds, subject to a limited transition rule.

Alternative Use of Disposition Proceeds

In the case of a disposition exclusively for cash, the issuer may, in lieu of redeeming or defeasing bonds, expend the disposition proceeds on other qualifying facilities. The issuer must reasonably expect to expend the disposition proceeds within two years of the deliberate action and must treat the disposition proceeds as bond proceeds for purposes of Section 141. The issuer must not use such proceeds in a manner that would cause the private business tests or the private loan test to be met. Furthermore the issuer must not take any action subsequent to the date of deliberate action to cause either of these tests to be met. This requirement precludes the issuer from repeatedly taking advantage of the remedial action provisions with respect to the same bond issue. If the issuer does not use all of the disposition proceeds for an alternative use it must use the remaining proceeds to redeem or defease bonds as described above.

In the case of certain long-term leases, as opposed to dispositions for cash, Revenue Procedure 2018-26, released April 11, 2018, provides a methodology for using the Alternative Use of Disposition Proceeds remedial action instead of the Redemption or Defeasance remedial action. The lease must be an “eligible lease”, the payments under which are exclusively cash and the term of which (i) is at least equal to the lesser of 20 years or 75% of the weighted average expected economic life at the start of the lease or (ii) runs through the end of the measurement period, generally the final maturity of the bonds or the end of the economic life of the property. An amount equal to the “lease amount” must be expended on qualifying facilities as described above. The “lease amount” is the present value of all the lease payments under the lease using the bond yield as the discount rate.

If the disposition proceeds are to be used by a 501(c)(3) organization, the nonqualified bonds must, in addition, be treated as reissued and must, beginning on the date of the deliberate action, meet all the requirements for qualified 501(c)(3) bonds. For example, this requires that a TEFRA

hearing be held and approval obtained with respect to the new uses of proceeds before the date of the deliberate action.

Alternative Use of Facility

The third remedial action, alternative use of a facility, permits the bonds to remain outstanding if the facility is now used for a qualifying purpose and the nonqualified bonds are treated as reissued as of the date of deliberate action as qualified bonds, e.g., qualified 501(c)(3) bonds or qualified exempt facility bonds. The nonqualified bonds must satisfy all the requirements for that particular type of issue from the date of deliberate action, including the volume cap limitation of Section 146 of the Code, if applicable. The Regulations specifically provide, however, that the used property limitation of Section 147 will not apply. In the case of exempt facility bonds, and other non-501(c)(3) qualified bonds, the interest will be treated *as* a preference item for alternative minimum tax ("AMT") purposes (see discussion below). This remedial action is not available if the deliberate action involves a disposition to a purchaser who finances the purchase with tax-exempt bonds.

The Regulations provide that any disposition proceeds, including proceeds from an installment sale, must be used to pay debt service on the bonds on the next available payment date or within 90 days of receipt, be deposited into a defeasance escrow, yield restricted and used to pay debt service on the bonds on the next available payment date. The Regulations do not address under this remedial action alternative how to deal with the change in status of interest from non-AMT to AMT. This is addressed, however, in *Rev. Proc. 97-15*, discussed below.

Rev. Proc. 97-15

Rev. Proc. 97-15 provides a program under which an issuer may request a closing agreement as a remedial action to prevent interest on outstanding bonds from being included in gross income or to prevent interest from being treated as an item of tax preference for AMT purposes as a result of a subsequent action. Closing agreements under this program will not resolve any other issue, nor will they preclude an examination by the IRS of any matters not addressed in the closing agreement. These closing agreements are not available with respect to an issue of outstanding bonds that is under examination by the IRS.

Closing Agreement as to Exclusion from Gross Income

A number of procedural and substantive conditions to obtaining a closing agreement are set forth in Rev. Proc. 97-15. In addition, in the case of a closing agreement that provides that interest will not be included in gross income, the issuer must agree to redeem the outstanding bonds at the next redemption date. The issuer also must pay a closing agreement amount equal to the sum of the present value amounts determined by multiplying the amount of interest accruing on the nonqualified bonds in each year by .29 and present valuing each such number from April 15 of the year after the interest accrues to the date on which the payment is sent to the IRS, using as

the discount rate the taxable applicable federal rate for a term equal to the period from the subsequent action to the redemption date. It is expected that the figure of .29 may be adjusted for years after 2018 to reflect the reduction in income tax rates.

Alternative Minimum Tax Closing Agreement

In the case of a closing agreement that provides that the interest will not be treated as an item of tax preference, among other conditions, the issuer must pay an amount equal to the sum of certain present value amounts. These amounts are determined by multiplying the principal amount of the nonqualified bonds that will be outstanding on January 1 in each calendar year beginning in the year of the subsequent action and ending the first calendar year in which the bonds will no longer be outstanding, by .0014 and present valuing each such number from April 15 of the year following each such calendar year to the date of payment to the IRS, using the applicable federal rate for the period specified in the closing agreement as the discount rate.

VCAP

The IRS has adopted procedures for its Voluntary Closing Agreement Program (“VCAP”) under which issuers of tax exempt bonds can voluntarily resolve violations of the Code or Regulations on behalf of their bondholders or themselves through closing agreements with the IRS. These procedures are set forth in Internal Revenue Manual 7.2.3.1. If a deliberate action has occurred that cannot be remedied with a remedial action, a VCAP should be considered.

TAB IV

INTERNAL REVENUE SERVICE – TAX EXEMPT BONDS

TAX EXEMPT BOND FAQs REGARDING RECORD RETENTION REQUIREMENTS

During the course of an examination, IRS Tax Exempt Bonds (TEB) agents will request all material records and information necessary to support a municipal bond issue's compliance with section 103 of the Internal Revenue Code. The following information is intended solely to answer frequently asked questions concerning how the broad record retention requirements under section 6001 of the Code apply to tax-exempt bond transactions. Although this document provides information with respect to many of the concerns raised by members of the municipal finance industry about record retention, it is not to be cited as an authoritative source on these requirements. TEB recommends that issuers and other parties to tax-exempt bond transactions review section 6001 of the Code and the corresponding Income Tax Regulations in consultation with their counsel.

These frequently asked questions and answers are provided for general information only and should not be cited as any type of legal authority. They are designed to provide the user with information required to respond to general inquiries. Due to the uniqueness and complexities of Federal tax law, it is imperative to ensure a full understanding of the specific question presented, and to perform the requisite research to ensure a correct response is provided.

The freely available Adobe Acrobat Reader software is required to view, print, and search the questions and answers listed below.

1. Why keep records with respect to tax-exempt bond transactions?
2. Who may maintain records?
3. What are the basic records that should be retained?
4. Are these the only records that need to be maintained?
5. In what format must the records be kept?
6. How long should records be kept?
7. How does this general rule apply to refundings?
8. What happens if records aren't maintained?
9. Can a failure to properly maintain records be corrected?
10. Are there exceptions to the general rule regarding record retention for certain types of records?

Why keep records with respect to tax-exempt bond transactions?

Section 6001 of the Internal Revenue Code provides the general rule for the proper retention of records for federal tax purposes. Under this provision, every person liable for any tax imposed by the Code, or for the collection thereof, must keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Section 1.6001-1(a) of the Income Tax Regulations amplifies this general rule by providing that any person subject to income tax, or any person required to file a return of information with respect to income, must keep such books and records, including inventories, as are sufficient to establish the amount of gross income, deductions, credits, or other matters required to be shown by that person in any return of such tax or information.

The IRS regularly advises taxpayers to maintain sufficient records to support their tax deductions, credits and exclusions. In the case of a tax-exempt bond transaction, the primary taxpayers are the beneficial holders of the bonds. However, in most cases, the beneficial holders of tax-exempt bonds will not have any records to support their exclusion of the interest paid on those bonds. Instead, these records will generally be found in the bond transcript and the books and records of the issuer, the conduit borrower, and other participants to the transaction. Therefore, in order to ensure the continued exclusion of interest by the beneficial holders, it is important that the issuer, the conduit borrower and other participants retain sufficient records to support the continued exclusion being taken by the beneficial holders of the bonds. Pursuant to this statutory regime, IRS agents conducting examinations of tax-exempt bond transactions will look to these parties to provide books, records, and other information documents supporting the bonds continued compliance with federal tax requirements.

Additionally, in the case of many private activity bonds, the conduit borrowers are also primary taxpayers. For instance, the conduit borrower will generally deduct the interest indirectly paid on the bond issue through the loan documents. Conduit borrowers are also often entitled to claim depreciation deductions for bond-financed property. Consequently, conduit borrowers should maintain sufficient records to support their interest deductions, depreciation deductions or other tax deductions, exclusions or credits related to the tax-exempt bond issue.

Moreover, issuers and conduit borrowers should retain sufficient records to show that all tax-exempt bond related returns submitted to the IRS are correct. Such returns include, for example, IRS Forms 8038, 8038-G, 8038-GC, 8038-T, and 8038-R.

In addition to the general rules under section 6001, issuers and conduit borrowers are subject to specific recordkeeping requirements imposed by various other Code sections and regulations. For example, section 1.148-5(d)(6)(iii)(E) of the arbitrage regulations requires that an issuer retain certain records necessary to qualify for the safe harbor for establishing fair market value for guaranteed investment contracts and investments purchased for a yield restricted defeasance escrow.

Who may maintain records?

Read together, section 6001 of the Code and section 1.6001-1(a) of the Regulations apply to taxpayers and persons filing tax returns, including returns related to tax-exempt bond transactions (i.e., Forms 8038, 8038-G, 8038-GC, 8038-T, 8038-R, 8328, 8703). This encompasses several parties to the bond transaction including:

1. issuers as the party responsible for satisfying the filing requirements under section 149(e) of the Code;
2. conduit borrowers for deductions taken for payment of interest on outstanding bonds or depreciation of bond-financed facilities; and
3. bondholders, lenders, and lessors as recipients of exempt income from the interest paid on the bonds.

Since many of the same records may be examined to verify, for example, both the tax-exempt status of the bonds and the interest deductions of the conduit borrower, it is advisable for the bond documents to specify which party will bear the responsibility for maintaining the basic records relating to a bond transaction. Additional parties may also be responsible for maintaining records under contract with any of the parties named above. For example, a trustee may agree to maintain certain records pursuant to the trust indenture.

What are the basic records that should be retained?

Although the required records to be retained depend on the transaction and the requirements imposed by the Code and the regulations, records common to most tax-exempt bond transactions include:

Basic records relating to the bond transaction (including the trust indenture, loan agreements, and bond counsel opinion);

Documentation evidencing expenditure of bond proceeds;

Documentation evidencing use of bond-financed property by public and private sources (i.e., copies of management contracts and research agreements);

Documentation evidencing all sources of payment or security for the bonds; and

Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received the investment of proceeds, guaranteed investment contracts, and rebate calculations).

Are these the only records that need to be maintained?

No, the list above is very general and only highlights the basic records that are typically material to many types of tax-exempt bond financings. Each transaction is unique and may, accordingly, have other records that are material to the requirements applicable to that financing. The decision as to whether any particular record is material must be made on a case-by-case basis and could take into account a number of factors, including, for instance, the various expenditure exceptions. Moreover, certain records may be necessary to support information related to certain requirements applicable to specific types of qualified private activity bonds. With respect to single and multifamily housing bonds as well as small issue industrial development bonds, examples of such additional material records include:

Single Family Housing Bonds	Documents evidencing that at least 20% of proceeds were available for owner financing of targeted area residences.
	Documentation evidencing proper notification of each mortgagor of potential liability of the mortgage subsidy recapture tax.
Multi-Family Housing Bonds	Documentation evidencing that the facility is not used on a transient basis.
	Documentation evidencing compliance with the income set-aside requirements.
	Documentation evidencing timely correction, if any, of noncompliance with the income set-aside requirements.
Small Issue Industrial Development Bonds	Documentation evidencing compliance with the \$10,000,000 limitation on the aggregate face amount of the issue.
	Documentation evidencing that no test-period beneficiary has been allocated more than \$40,000,000 in bond proceeds.

In what format must the records be kept?

All records should be kept in a manner that ensures their complete access to the IRS for so long as they are material. While this is typically accomplished through the maintenance of hard copies, taxpayers may keep their records in an electronic format if certain requirements are satisfied.

Rev. Proc. 97-22, 1997-1 C.B. 652 provides guidance to taxpayers that maintain books and records by using an electronic storage system that either images their hardcopy (paper) books and records, or transfers their computerized books and records, to an electronic storage media. Such a system may also include reasonable data compression or formatting technologies so long as the requirements of the revenue procedure are satisfied. The general requirements for an electronic storage system of taxpayer records are provided in section 4.01 of Rev. Proc. 97-22. A summary of these requirements is as follows:

4. The system must ensure an accurate and complete transfer of the hardcopy books and records to the electronic storage system and contain a retrieval system that indexes, stores, preserves, retrieves, and reproduces all transferred information.
5. The system must include reasonable controls and quality assurance programs that (a) ensure the integrity, accuracy, and reliability of the system; (b) prevent and detect the unauthorized creation of, addition to, alteration of, deletion of, or deterioration of electronically stored books and records; (c) institute regular inspections and evaluations; and (d) reproduce hardcopies of electronically stored books and records that exhibit a high degree of legibility and readability.
6. The information maintained in the system must be cross-referenced with the taxpayer's books and records in a manner that provides an audit trail to the source document(s).
7. The taxpayer must maintain, and provide to the Service upon request, a complete description of the electronic storage system including all procedures relating to its use and the indexing system.
8. During an examination, the taxpayer must retrieve and reproduce hardcopies of all electronically stored books and records requested by the Service and provide the Service with the resources necessary to locate, retrieve, read and reproduce any electronically stored books and records.
9. The system must not be subject, in whole or in part, to any agreement that would limit the Service's access to and use of the system.
10. The taxpayer must retain electronically stored books and records so long as their contents may become material in the administration of federal tax law.

How long should records be kept?

Section 1.6001-1(e) of the Regulations provides that records should be retained for so long as the contents thereof are material in the administration of any internal revenue law. With respect to a tax-exempt bond transaction, the information contained in certain records support the exclusion from gross income taken at the bondholder level for both past and future tax years. Therefore, as long as the bondholders are excluding from gross income the interest received on account of their ownership of the tax-exempt bonds, certain bond records will be material. Similarly, in a conduit financing, the information contained in the bond records is necessary to support the interest deduction taken by the conduit borrower for both past and future tax years for its payment of interest on the bonds.

To support these tax positions, material records should generally be kept for as long as the bonds are outstanding, plus 3 years after the final redemption date of the bonds. This rule is consistent with the specific record retention requirements under section 1.148-5(d)(6)(iii)(E) of the arbitrage regulations.

Certain federal, state, or local record retention requirements may also apply.

How does this general rule apply to refundings?

For certain federal tax purposes, a refunding bond issue is treated as replacing the original new money issue. To this end, the tax-exempt status of a refunding issue is dependent upon the tax-exempt status of the refunded bonds. Thus, certain material records relating to the original new money issue and all material records relating to the refunding issue should be maintained until 3 years after the final redemption of both bond issues.

What happens if records aren't maintained?

During the course of an examination, TEB agents will request material records and information in order to determine whether a tax-exempt bond transaction meets the requirements of the Code and regulations. If these records have not been maintained, then the issuer, conduit borrower or other party may have difficulty demonstrating compliance with all federal tax law requirements applicable to that transaction. A determination of noncompliance by the IRS with respect to a bond issue can have various outcomes, including a determination that the interest paid on the bonds should be treated as taxable, that additional arbitrage rebate may be owed, or that the conduit borrower is not entitled to certain deductions.

Additionally, a conduit borrower who fails to keep adequate records may also be subject to an accuracy-related penalty under section 6662 of the Code on the underpayment of tax attributable to any denied deductions. Section 6662 of the Code imposes a penalty on any portion of an underpayment of tax required to be shown on a return that is attributable to one of several factors, including negligence or disregard of rules or regulations. Section 1.6662-3(b)(1) of the Regulations provides that negligence includes any failure by the taxpayer to keep adequate books and records or to substantiate items properly. Under section 6662(a) of the Code, the penalty is equal to 20 percent of the portion of the underpayment of tax attributable to the negligence. Section 6664(c)(1) provides an exception to the imposition of accuracy-related penalties if the taxpayer shows that there was reasonable cause for the underpayment and that the taxpayer acted in good faith.

Can a failure to properly maintain records be corrected?

Yes, a failure to properly maintain records can be corrected through the Tax Exempt Bonds Voluntary Closing Agreement Program (TEB VCAP). This program provides an opportunity for state and local government issuers, conduit borrowers, and other parties to a tax-exempt bond transaction to voluntarily come forward to resolve specific matters through closing agreements with the IRS. For example, the TEB Office of Outreach, Planning & Review has resolved arbitrage rebate concerns in cases where issuers have approached the IRS and reported a failure to retain sufficient records to determine, precisely, the correct amount of arbitrage rebate due on a bond issue. Notice 2001-60, 2001-40 I.R.B. 304 provides more information about this program including the procedures for submitting a VCAP request.

Are there exceptions to the general rule regarding record retention for certain types of records?

No, but TEB encourages members of the municipal finance industry to submit comments and suggestions for developing record retention limitation programs for specific types of bond records, for specific classes of tax-exempt bond issues, or for specific segments of the bond industry. Comments can be submitted in writing to TEB and sent to the following address:

Internal Revenue Service (TE/GE)
Attention: Clifford J. Gannett, Director, TEB
T:GE:TEB, Rm. 583
1111 Constitution Ave., NW
Washington, DC 20224

You may also contact TEB by calling 202-283-2999 (not a toll-free call).

TAB V

ARBITRAGE LETTER OF INSTRUCTIONS

1. Definitions.

Capitalized terms not otherwise defined herein will have meanings given to them in sections 103, 141, 148, 149 and 150 of the Code and the Treasury Regulations promulgated thereunder.

“Available Construction Proceeds” means, in general, an amount equal to the sum of (a) the issue price (within the meaning of sections 1273 and 1274 of the Code but without regard to accrued interest) of the Construction Issue, (b) investment earnings on a Reasonably Required Reserve or Replacement Fund allocable to the Construction Issue prior to the earlier of 2 years after the date of issue of the Obligations and the date that construction is substantially completed, and (c) the investment earnings on amounts described in (a) and (b), reduced by (i) the amount of the issue price deposited in a Reasonably Required Reserve or Replacement Fund and (ii) the amount of the issue price used to pay issuance costs. Available Construction Proceeds does not include (a) Sale Proceeds or Investment Proceeds derived from Payments under any Purpose Investment of the Construction Issue, (b) repayments of any Grants financed by the issue, (c) investment earnings on accrued interest, (d) amounts that are not Gross Proceeds as a result of the application of the Universal Cap under Treasury Regulations §1.148-6(b)(2) and (e), if the Issuer has elected in its Tax Certificate, earnings with respect to any portion of a Reasonably Required Reserve or Replacement Fund allocable to the Construction Issue. For purposes of determining compliance with the spending requirements as of the end of each of the first three spending periods, Available Construction Proceeds includes the amount of future earnings that the Issuer reasonably expected as of the date of issue of the Obligations.

“Bid Records” means: (i) a copy of the Guaranteed Investment Contract actually acquired or, in the case of Yield Restricted Defeasance Escrow Investments, a copy of the purchase agreement or confirmations for the investments; (ii) the receipt or other record of the amount actually paid by the Issuer for the investments, including a record of any administrative costs paid by the Issuer, and the certification of the provider as to administrative costs; (iii) either a written copy of each bid received or a written certification from the party receiving the bids which lists for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; (iv) the bid solicitation form and, if the terms of the Guaranteed Investment Contract or purchase agreement deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and (v) in the case of Yield Restricted Defeasance Escrow Investments, a schedule showing the cost of the most efficient portfolio of SLGS, determined at the time the bids were required to be submitted pursuant to the terms of the bid specifications.

“Bona Fide Debt Service Fund” means a bona fide debt service fund as defined in Treasury Regulations §1.148-1, *i.e.*, one or more funds (including portions of funds, to the extent

that amounts deposited therein are reasonably expected to be used to pay debt service on an issue of bonds) that are used primarily to achieve a proper matching of revenues and debt service within each Bond Year and that is depleted at least once a year except for a reasonable carryover amount (not to exceed the greater of (i) the earnings on the fund for the immediately preceding Bond Year or (ii) one-twelfth the principal and interest payments on the issue for the immediately preceding Bond Year).

“Bona Fide Solicitation” means a solicitation that meets all of the following requirements: (i) the bid specifications are in writing and are timely forwarded to potential providers; (ii) the bid specifications include all material terms of the bid, *i.e.*, all terms that may directly or indirectly affect the yield of the investment; (iii) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the Bond issue), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements that there be at least three bids from persons with no Material Financial Interest, at least one of whom is a reasonably competitive provider; (iv) all the terms of the bid specifications are commercially reasonable in that there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the investment; (v) in the case of a Guaranteed Investment Contract, the terms of the solicitation take into account the Issuer’s reasonably expected deposit and drawdown schedule for the amounts to be invested; (vi) all potential providers have an equal opportunity to bid and no potential provider is given the opportunity to review other bids before providing a bid; and (vii) at least three reasonably competitive providers are solicited for bids.

“Bond Year” means, in connection with the calculation of the Rebate Amount, each 1-year period (or shorter period from the date of issue) that ends at the close of business on the day in the calendar year that is selected by the Issuer. If no day is selected by the Issuer before the earlier of the final maturity date of the Obligations or the date that is 5 years after the issue date of the Obligations, each Bond Year ends at the close of business on the day preceding the anniversary of the date of issuance of the Obligations.

“Capital Expenditure” means any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of Placed in Service under Treasury Regulations §1.150-2(c)) under general federal income tax principles.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commingled Fund” means any fund or account containing both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account. An open-end regulated investment company under section 851 of the Code, however, is not a Commingled Fund.

“Computational Base” means (i) for a Guaranteed Investment Contract, the amount of Gross Proceeds the Issuer reasonably expects, as of the date the Guaranteed Investment Contract is acquired, to be deposited in the Guaranteed Investment Contract over the term of the Guaranteed Investment Contract; and (ii) for investments (other than Guaranteed Investment Contracts) to be deposited in a Yield Restricted Defeasance Escrow, the amount of Gross Proceeds initially invested in those investments.

“Computation Period” means the period between the computation dates described in Section 4(b) hereof. The first begins on the Issue Date of the Obligations and ends on the initial rebate Computation Date. Each succeeding Computation Period begins on the date immediately following the preceding rebate Computation Date and ends on the next rebate Computation Date.

“Construction Expenditures” mean construction expenditures as defined in Treasury Regulations §1.148-7(g), i.e., Capital Expenditures that are allocable to the cost of real property or “constructed personal property.” In general, Construction Expenditures do not include expenditures for acquisitions of interests in land or other existing real property. Expenditures are not considered to be for the acquisition of an interest in existing real property, other than land, if the contract between the seller and the Issuer requires the seller to build or install the property, but only to the extent that the property has not been built or installed at the time the parties enter into the contract. Constructed personal property means tangible personal property (or, if acquired pursuant to a single acquisition contract, properties) or “specially developed computer software” if: (a) a substantial portion of the property or properties is completed more than 6 months after the earlier of the date construction or rehabilitation commenced and the date the Issuer entered into an acquisition contract; (b) based on the reasonable expectations of the Issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the Issuer) could not have occurred within that 6-month period; and (c) if the Issuer itself builds or rehabilitates the property, not more than 75 percent of the capitalizable cost is attributable to property acquired by the Issuer. Specially developed computer software means any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to real property or other constructed personal property.

“Construction Issue” means, the portion (if any) of the Obligations determined to be a Construction Issue for purposes of the section 148(f)(4)(C) of the Code, Treasury Regulations §1.148-7(e) and Section 4 hereof. With respect to any issue refunded by the Obligations, or which is a part of a series of issues refunded by the Obligations, “Construction Issue” means the portion (if any) of the original obligations issued to finance an expenditure (the “original obligations”) determined in the Tax Certificate with respect to original obligations to be a “Construction Issue” for purposes of the section 148(f)(4)(C) of the Code and Treasury Regulations §1.148-7(e).

“Controlled Group” means a group of entities controlled directly or indirectly by the same entity or group of entities. The determination of direct control is made on the basis of all the relevant facts and circumstances. One entity or group of entities generally controls another entity or group of entities if (i) the controlling entity possesses either (A) the right or power both

to approve and to remove without cause a controlling portion of the governing body of the controlled entity, or (B) the right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity; and (ii) the rights or powers are discretionary and non-ministerial. If a controlling entity controls another entity under this test the controlling entity also controls all entities controlled, directly or indirectly, by the controlled entity or entities. However, an entity is not controlled by another entity if the putative controlled entity possesses substantial taxing, eminent domain, and police powers.

“De Minimis Amount” means: (i) in reference to original issue discount (as defined in section 1273(a)(1) of the Code) or premium on an obligation, an amount that does not exceed 2 percent multiplied by the stated redemption price at maturity; plus any original issue premium that is attributable exclusively to reasonable underwriter’s compensation; and (ii) in reference to market discount (as defined in section 1278(a)(2)(A) of the Code) or premium on an obligation, an amount that does not exceed 2 percent multiplied by the stated redemption price at maturity.

“Fair Market Value” shall have the meaning set forth in Section 3(d) hereof.

“501(c)(3) Organization” means an organization that is described in section 501(c)(3) of the Code and is exempt from tax under section 501(a) of the Code.

“Fixed Rate Investment” means any investment whose yield is fixed and determinable on the issue date of the investment.

“Future Value” means such term as defined in Treasury Regulations section 1.148-3(c) or successor regulations applicable to the Obligations calculated based on the yield of the Obligations.

“Guaranteed Investment Contract” means, in general, any Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate and includes any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract), debt service fund forward agreements and debt service reserve fund agreements (*e.g.*, agreements to deliver United States Treasury Obligations). The term “Guaranteed Investment Contract” does not include investments purchased for a yield restricted defeasance escrow, other than escrow float contracts and similar agreements which provide securities for the period of 90 days or less following the maturity of defeasance escrow securities.

“Governmental Unit” means a governmental unit within the meaning of section 150(a)(2) of the Code (*i.e.*, any state or division of a state with a substantial amount of sovereign powers) or instrumentality of a state or political subdivision thereof. The term Governmental Unit does not include the United States or any agency or instrumentality of the United States.

“Grant” means a grant as defined in Treasury Regulations §1.148-6(d)(4)(iii), *i.e.*, a transfer for a governmental purpose of money or property to a transferee that is not a Related Party to, or an agent of, the transferor. The transfer must not impose any obligation or condition (directly or indirectly) to repay any amount to the transferor. Obligations or conditions intended

solely to assure expenditure of the transferred moneys in accordance with the governmental purpose of the transfer do not prevent a transfer from being a Grant.

“Gross Proceeds” means, except as otherwise indicated, gross proceeds as defined in Treasury Regulations §1.148-1, *i.e.*, any Proceeds and Replacement Proceeds of an issue.

“Investment Proceeds” means investment proceeds as defined in Treasury Regulations §1.148-1, *i.e.*, any amounts actually or constructively received from investing Proceeds of the Obligations.

“Investment Property” means any investment which is: (i) a “security” (as defined in section 165(g)(2)(A) or (B) of the Code), *i.e.*, a share of stock in a corporation or a right to subscribe for or to receive a share of stock in a corporation; (ii) an obligation other than a Tax-exempt Bond, unless such obligation is a “specified private activity bond” within the meaning of section 57(a)(5)(C) of the Code (*i.e.*, a Tax-exempt Bond other than an obligation the interest on which is subject to the alternative minimum tax imposed on individuals and corporations); (iii) any “annuity contract” (as defined in section 72 of the Code); (iv) any “investment-type property” (within the meaning of Treasury Regulations §1.148-1(b)), *i.e.*, any property (other than property described in (i), (ii), (iii) or (v)) that is held principally as a passive vehicle for the production of income, including for this purpose, production of income includes any benefit based on the time value of money; or (v) any residential rental property for family units not located within the jurisdiction of the Issuer unless such property is acquired to implement a court ordered or approved housing desegregation plan. A prepayment for property or services is “investment-type property” if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. However, a prepayment will not be treated as “investment-type property” if it is made for a substantial business purpose other than investment return and (i) the prepayment is on substantially the same terms as are made by a substantial percentage of persons who are similarly situated but who are not beneficiaries of tax exempt financing, (ii) the prepayment is made within 90 days of the reasonably expected date of delivery to the Issuer of all of the property or services for which the prepayment is made, (iii) the prepayment is made for maintenance, repair, or an extended warranty with respect to personal property (for example, automobiles or electronic equipment); or updates or maintenance or support services with respect to computer software; and the same maintenance, repair, extended warranty, updates or maintenance or support services, as applicable, are regularly provided to nongovernmental persons on the same terms or (iv) the prepayment is made to acquire a supply of natural gas or electricity within the meaning of Treasury Regulation §1.148-1(e)(2)(iii).

“Issuer” means Esplanade Lake Club Community Development District.

“Lowest Cost Bona Fide Bid” means, in the case of Yield Restricted Defeasance Escrow Investments, either the lowest cost bid for the portfolio or, if the Issuer compares bids on an investment by investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the Issuer from a provider at the time a Guaranteed Investment Contract (*e.g.*, an escrow float contract) is purchased for a Yield Restricted Defeasance Escrow under a bidding procedure that meets the requirements of clause

(iv) of the definition of Bona Fide Solicitation is taken into account in determining the lowest cost bid. The Lowest Cost Bona Fide Bid must not be greater than the cost of the most efficient portfolio comprised exclusively of SLGS determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. This cost comparison is not required to be made if SLGS are not available for purchase on the day the bids are required to be submitted because sales of those securities have been suspended.

“Material Financial Interest” shall have the meaning set forth in Section 3(d)(v) hereof.

“Minor Portion” means, in general, a minor portion as defined in section 148(e) of the Code and Treasury Regulation §1.148-2(g), *i.e.*, the lesser of 5 percent of the Sale Proceeds of the Obligations or \$100,000.

“Net Sale Proceeds” means Sale Proceeds, less the portion of the Sale Proceeds invested in a Reasonably Required Reserve or Replacement Fund under section 148(d) of the Code and as part of the Minor Portion.

“New Money Portion” means the portion of an issue that is not a Refunding Issue.

“Nonconstruction Issue” means the Gross Proceeds of the Obligations other than the portion of Gross Proceeds of the Obligations meeting the requirements of section 148(f)(4)(C) of the Code, Treasury Regulations §1.148-7(e) and Section 4 hereof as a Construction Issue.

“Nonpurpose Investment” means an investment allocated to Gross Proceeds of the Obligations that is not acquired to carry out the governmental purpose of an issue, *i.e.*, all Investment Property acquired or otherwise allocated to Gross Proceeds of the Obligations.

“Obligations” means any tax-exempt bonds or notes of the Issuer.

“Opinion of Counsel” means, an opinion of nationally recognized bond counsel experienced in matters relating to the exclusion of interest on state and local governmental obligations from gross income for purposes of federal income taxation.

“Payment” means, in general, a payment as defined in Treasury Regulations §1.148-5(b), *i.e.*, amounts to be actually or constructively paid to acquire the investment. For purposes of calculating the Rebate Amount under Section 4 hereof “payment” means a payment as defined in Treasury Regulations §1.148-3(d), *i.e.*, (i) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a Commingled Fund); (ii) for a Nonpurpose Investment that is first allocated to an issue on a date after it is actually acquired (*e.g.*, an investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that becomes subject to the rebate requirement on a date after it is actually acquired (*e.g.*, an investment allocated to a Reasonably Required Reserve or Replacement Fund for a construction issue at the end of the 2-year spending period), the value of that investment on that date; (iii) for a Nonpurpose Investment that was allocated to an issue at the end of the preceding computation period, the value of that investment at the beginning of the computation period; (iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the

Obligations that are subject to the rebate requirement, and on the final maturity date of the Obligations, a computation credit in the amount provided under Treasury Regulation §1.148-3(d)(1)(iv); and (v) Yield Reduction Payments on Nonpurpose Investments made pursuant to Treasury Regulations §1.148-5(c).

“Placed in Service” means placed in service as defined in Treasury Regulations §1.150-2(c), *i.e.*, with respect to a facility, the date on which, based on all the facts and circumstances the facility has reached a degree of completion that would permit its operation at substantially its design level, and the facility is, in fact, in operation at such level.

“Plain Par Bond” means a qualified tender obligation or an obligation (i) that is issued with not more than a De Minimis Amount of original issue discount or premium; (ii) that is issued for a price that does not include accrued interest other than pre-issuance accrued interest; (iii) that bears interest from the issue date at a single, stated, fixed rate or that is a variable rate debt instrument under section 1275 of the Code, in each case with interest unconditionally payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount.

“Plain Par Investment” means an investment that is an obligation (i) issued with not more than a De Minimis Amount of original issue discount or premium, or, if acquired on a date other than the issue date, acquired with not more than a De Minimis Amount of market discount or premium; (ii) issued for a price that does not include accrued interest other than pre-issuance accrued interest; (iii) that bears interest from the issue date at a single, stated, fixed rate or that is a variable rate debt instrument under section 1275 of the Code, in each case with interest unconditionally payable at least annually; and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount.

“Preliminary Expenditures” mean preliminary expenditures as defined in Treasury Regulations §1.150-2(f)(2), *e.g.*, architectural, engineering, surveying, soil testing, costs of issuance and similar costs that were incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation and similar costs incident to commencement of construction.

“Present Value” is computed under the economic accrual method. For purposes of computing the value of Obligations and yield on the Obligations, Present Value is computed taking into account all the unconditionally payable Payments of principal, interest, and fees for a Qualified Guarantee to be paid on or after that date and using the yield on that Obligation as the discount rate, except that for purposes of Treasury Regulations §1.148-(6)(b)(2) (relating to the Universal Cap) these values may be determined by consistently using the yield on the entire issue of which such Obligations are a part. The Present Value of an investment on a date is equal to the Present Value of all unconditionally payable Receipts to be received from and Payments to be paid for the investment after that date, using the yield on the investment as the discount rate.

“Prior Issue” means an issue of Obligations all or a portion of the principal, interest, or call premium on which is paid or provided for with proceeds of a Refunding Issue.

“Proceeds” means, in general, any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. However, Proceeds do not include Qualified Administrative Costs that may be recovered under Treasury Regulation §1.148-5(e).

“Purpose Investment” means an investment that is acquired to carry out the governmental purpose of an issue.

“Qualified Administrative Costs” mean, with respect to Nonpurpose Investments reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not qualified administrative costs. In general, administrative costs with respect to Nonpurpose Investments are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-exempt Bonds. Qualified Administrative Costs of Nonpurpose Investments include all reasonable administrative costs, without limitation on indirect costs, incurred by a publicly offered regulated investment company (as defined in section 67(c)(2)(B) of the Code) or by a Commingled Fund in which the Issuer and any Related Parties do not own more than 10 percent of the beneficial interest in the fund. A broker’s commission or similar fee for a Guaranteed Investment Contract or a Yield Restricted Defeasance Escrow Investment which is paid on behalf of either the Issuer or the provider is a Qualified Administrative Cost to the extent that (a) the amount of the fee that the Issuer treats as a Qualified Administrative Cost does not exceed the lesser of (i) \$36,000 or (ii) 0.2% of the Computational Base or, if more, \$4,000, and (b) for any issue, the Issuer does not treat as Qualified Administrative Costs more than \$101,000 in broker’s commissions or similar fees with respect to all Guaranteed Investment Contracts or Yield Restricted Defeasance Escrow Investments purchased with Gross Proceeds of the issue. All amounts referenced in the preceding sentence reflect adjustments as of 2011, and all amounts for future calendar years shall be increased by a cost of living adjustment as provided in Treasury Regulation §1.148-5(e)(3)(B)(3). Qualified Administrative Costs of a Purpose Investment means costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Purpose Investment, and except with respect to a Program Investment, costs of issuing, carrying, or repaying the issue, and any underwriters’ discount.

“Qualified Guarantee” means a qualified guarantee as defined in Treasury Regulations §1.148-4(f).

“Qualified Hedge” means a qualified hedge as defined in Treasury Regulations §1.148-4(h)(2), *i.e.*, (i) a contract entered into primarily to reduce the Issuer’s risk of interest rate changes with respect to a borrowing; (ii) the contract contains no significant investment element; (iii) the contract is entered into between the Issuer and a provider that is not a Related Party; (iv) the hedge covers all of one or more groups of substantially identical Obligations; (v) changes in the value of the contract are based primarily on interest rate changes; (vi) the contract does not hedge an amount larger than the Issuer’s risk with respect to interest rate changes on the hedged Obligations; (vii) the payments to the Issuer under the contract correspond closely, in both time

and amount, to the specific interest payments being hedged; (viii) payments under the contract do not begin to accrue under the contract on a date earlier than the issue date of the hedged Obligations and do not accrue longer than the hedged interest payments on the hedged Obligations; (ix) payments to the hedge provider are reasonably expected to be made from the same source of funds that, absent the hedge, would be reasonably expected to be used to pay principal and interest on the hedged Obligations; and (x) the contract is identified by the Issuer on its books and records maintained for the hedged Obligations not later than three days after the date on which the parties enter into the contract or the issue date of the hedged Obligations.

“Reasonable Retainage” means an amount not in excess of 5 percent of Available Construction Proceeds as of the end of the fourth spending period (or in the case of the *18-month Exception* set forth Treasury Regulations §1.148-7(d) and Section hereof, 5 percent of the Net Sale Proceeds on the date 18 months after the issue date) that is retained for reasonable business purposes relating to the property financed with the proceeds of the issue.

“Reasonably Required Reserve or Replacement Fund” means, in general, a reasonably required reserve or replacement fund as described in Treasury Regulations §1.148-2(f)(2).

“Receipt” means, except as otherwise provided with respect to the rebate requirement, a receipt as defined in Treasury Regulations §1.148-3(d), *i.e.*, amounts to be actually or constructively received from the investment, such as earnings and return of principal.

“Refunding Escrow” means one or more funds established as part of a single transaction or a series of related transactions, containing proceeds of a Refunding Issue and any other amounts to provide for payment of principal or interest on one or more Prior Issues. For this purpose, funds are generally not so established solely because of (i) the deposit of Proceeds of an issue and Replacement Proceeds of the Prior Issue in an escrow more than 6 months apart, or (ii) the deposit of Proceeds of completely separate issues in an escrow.

“Refunding Issue” means, a refunding issue as defined in Treasury Regulations §1.150-1(d). In general, a Refunding Issue means an issue (or the portion of an issue treated as a separate Refunding Issue under Treasury Regulations §1.148-9(h)), the proceeds of which are used to pay principal, interest, or redemption price on another issue.

“Related Party” means, in reference to a Governmental Unit or a 501(c)(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a related person (as defined in section 144(a)(3) of the Code).

“Replacement Proceeds” means replacement proceeds as defined in Treasury Regulation §1.148-1(c).

“Sale Proceeds” means any amounts actually or constructively received from the sale of an issue, including amounts used to pay underwriter’s discount or compensation and accrued interest other than pre-issuance accrued interest.

“SLGS” means State and Local Government Series Securities purchased from the United States Department of Treasury, Bureau of Public Debt.

“Substantial Beneficiary” of the obligations means the issuer, any related party to the issuer and the State in which the Issuer is located.

“Tax-exempt Bond” means any obligation of a state or political subdivision thereof under section 103(c)(1) of the Code (including financing leases and any other arrangements, however labeled) the interest on which is excludable from gross income under section 103(a) of the Code. Tax-exempt Bond includes an interest in a regulated investment company to the extent that at least 95 percent of the income to the holder of the interest is interest that is excludable from gross income under section 103(a) of the Code.

“Tax Certificate” means, with respect to each issue of Obligations, the Issuer’s Tax Certificate delivered as part of the record of proceedings with respect to the issuance of the Obligations for the purpose of complying with Treasury Regulation §1.148(2)(b).

“Transferred Proceeds” means transferred proceeds as defined in Treasury Regulation §1.148-9.

“Universal Cap” means, on any date, either (i) the present value of the Obligations determined by taking into account all unconditionally payable payments of principal, interest and fees for a Qualified Guarantee to be paid on or after that date, using the yield on the Obligations as the discount rate, or (ii) in the case of any Obligations which are Plain Par Bonds, the outstanding stated principal amount of such Obligations, plus accrued unpaid interest.

2. Allocation and Accounting.

(a) *In General.* Except as otherwise provided in this Section 2, the Issuer may use any reasonable accounting method for purposes of accounting for Gross Proceeds, investments, and expenditures, provided the accounting method is consistently applied. An accounting method means both the overall method used to account for Gross Proceeds of an issue (e.g., the cash method or a modified accrual method) and the method used to account for or allocate any particular item within that overall accounting method (e.g., accounting for investments, expenditures, allocations to and from different sources, and particular items of the foregoing). Consistently applied means applied uniformly within a fiscal period and between fiscal periods to account for Gross Proceeds of an issue and any amounts that are in a Commingled Fund. An accounting method will not fail to be reasonable and consistently applied solely because a different accounting method is used for a bona fide governmental purpose to consistently account for a particular item.

(b) *Allocation of Gross Proceeds to the Obligations.* (i) *In General.* Gross Proceeds will be allocated to the Obligations as Proceeds until those amounts are properly allocated to an expenditure for a governmental purpose or are allocated to Transferred Proceeds of another issue, or cease to be allocated to the Obligations under the Universal Cap.

(i) *Universal Cap.* The Universal Cap provides an overall limitation on the amount of Gross Proceeds allocable to an issue. Except as provided in Section 2(b)(iii), unless the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of the Obligations on a date the Issuer will determine or cause to be determined the Universal Cap with respect to the Obligations (A) as of the first day of each Bond Year, beginning with the first Bond Year that commences after the second anniversary of the date hereof, and (B) as of each date that, but for application of the Universal Cap, Proceeds of a refunded issue would become Transferred Proceeds of the Obligations but need not determine the Universal Cap in the Bond Year in which that date occurs.

(ii) If the Issuer reasonably expects, as of the issue date of the Obligations that the Universal Cap will not reduce the amount of Gross Proceeds allocable to the Obligations during the term of the Obligations, the Universal Cap need not be calculated on any date on which: (A) no Replacement Proceeds are allocable to the Obligations, other than Replacement Proceeds in a Bona Fide Debt Service Fund or a Reasonably Required Reserve or Replacement Fund; (B) the Net Sale Proceeds of the Obligations qualified for one of the temporary periods provided in Treasury Regulations §1.148-2(e)(2), (e)(3), or (e)(4), and those Net Sales Proceeds are in fact allocated to expenditures prior to the expiration of the longest applicable temporary period; or the Net Sale Proceeds of the Obligations were deposited in a Refunding Escrow and expended as originally expected; (C) the Obligations do not refund an issue that, on any transfer date, has unspent proceeds allocable to it; (D) none of the Obligations are retired prior to the date on which those Obligations are treated as retired in computing the yield on the Obligations; and (E) no Proceeds of the Obligations are invested in “qualified student loans” or “qualified mortgage loans” (as defined in Treasury Regulations §1.150-1).

(iii) If the value of all Nonpurpose Investments allocated to the Gross Proceeds of the Obligations exceeds the Universal Cap on a date as of which the Universal Cap is determined such Nonpurpose Investments allocable to Gross Proceeds of the Obligations necessary to eliminate that excess will cease to be allocated to the Obligations, in the following order of priority: (A) Nonpurpose Investments allocable to Replacement Proceeds; (B) Nonpurpose Investments allocable to Transferred Proceeds; and (C) Nonpurpose Investments allocable to Sale Proceeds and Investment Proceeds.

For this purpose Nonpurpose Investments may be valued (i) in the case of a Plain Par Investment at its principal amount plus any accrued unpaid interest on that date; (ii) in the case of fixed rate investments, at its Present Value on that date; or (iii) in the case of any other investment, at its Fair Market Value.

(c) *Allocations to Expenditures.* (i) In General. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include any of the following methods if consistently applied: a

specific tracing method; a Gross Proceeds spent first method; a first-in, first-out method; or a ratable allocation. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than 5 banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made. A payment of Gross Proceeds to a Related Party of the Issuer is not an expenditure of those Gross Proceeds. Gross Proceeds paid to the Related Party are expended only when the Gross Proceeds are properly allocable to an expenditure by the Related Party.

(ii) *Expenditures for Working Capital Purposes.* Except as otherwise provided in Section 2(c)(iii), Proceeds of the Obligations and Replacement Proceeds of the Obligations that are allocated to the payment of expenditures or to the reimbursement of expenditures other than expenditures that are (A) Capital Expenditures; (B) Qualified Administrative Costs; (C) fees for Qualified Guarantees of the issue or payments for a Qualified Hedge; (D) interest on the Obligations for a period commencing on the issue date and ending on the date that is the later of three years from the issue date or one year after the date on which the Projects are Placed in Service; (E) a Rebate Amount or Yield Reduction Payment paid to the United States; (F) costs that are directly related to Capital Expenditures financed by the issue that, in total, do not exceed 5 percent of the Sale Proceeds of the Obligations; (G) principal or interest on the Obligations paid from unexpected excess Sale Proceeds or Investment Proceeds; (H) principal or interest on the Obligations paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund; (I) to pay for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage; (J) for payment of principal, interest, or redemption prices on a Prior Issue; and (K) for a crossover Refunding Issue, interest on that issue will be treated as spent to the extent that those working capital expenditures exceed available amounts (as defined in Treasury Regulations §1.148-6(d)(3)(iii)) as of that date.

(iii) *Commingled Investment Earnings.* Notwithstanding Subsection 2(c)(ii), investment earnings on Sale Proceeds of the Obligations (other than investment earnings held in a Refunding Escrow) may be allocated to expenditures other than expenditures described in Subsection 2(c)(ii), if the investment earnings are commingled for the purpose of accounting for expenditures with substantial tax or other substantial revenues from operations of the Issuer and they are reasonably expected to be allocated (using any reasonable, consistently applied accounting method) to expenditures for governmental purposes of the Issuer within a period not to exceed six months from the date of the commingling.

(d) *Allocations of Gross Proceeds to Investments.* Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue will not be allocated to a

Payment for that Nonpurpose Investment in an amount greater than, or to a Receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment (adjusted to take into account Qualified Administrative Costs allocable to the investment) as of the purchase or sale date.

(e) *Allocation of Investments Held by a Commingled Fund.* (i) *In General.* All Payments and Receipts (including deemed Payments and Receipts) on investments held by a Commingled Fund must be allocated among the different “investors” in the fund not less frequently than as of the close of each fiscal period. This allocation must be based on a consistently applied reasonable, ratable allocation method. Reasonable ratable allocation methods include, methods that allocate these items in proportion to either (A) the average daily balances of the amounts in the Commingled Fund from different “investors” during a fiscal period; or (B) the average of the beginning and ending balances of the amounts in the Commingled Fund from different investors for a fiscal period that does not exceed one month. For purposes of this Subsection 2(e), the term “investor” means each different source of funds invested in a Commingled Fund. A Commingled Fund may use any consistent fiscal period that does not exceed three months.

(i) *Expenditures from a Commingled Fund.* If a ratable allocation method is used to allocate expenditures from the Commingled Fund, the same ratable allocation method must be used to allocate Payments and Receipts on investments in the Commingled Fund under this Subsection.

(ii) *Common Reserve Funds, Replacement Funds or Sinking Funds.* If a Commingled Fund serves as a common reserve fund, replacement fund, or sinking fund for two or more issues, investments held by that Commingled Fund must be allocated ratably (after any reallocations of Proceeds under Section 2(b)) among the issues served by the Commingled Fund according to (A) the relative values of the bonds of those issues (as determined under Treasury Regulations §1.148-4(e)); (B) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (C) the relative original stated principal amounts of the outstanding issues. Such allocations must be made at least every three years and as of each date that an issue first becomes secured by the Commingled Fund. If relative original principal amounts are used to allocate, allocations must also be made on the retirement of any issue secured by the Commingled Fund.

3. *Yield and Valuation of Investments.* (a) *Mark-to-Market Requirement.* If Gross Proceeds of the Obligations are invested in a Commingled Fund in which the Issuer and any Related Party own more than 25 percent of the beneficial interests in the Commingled Fund, the Commingled Fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or the last day of each fiscal period unless (i) the remaining weighted average maturity of all investments held by the Commingled Fund during the fiscal year does not exceed 18 months, and the investments held by the Commingled Fund during that fiscal year consist exclusively of Obligations, or (ii) the Commingled Fund operates exclusively as a reserve

fund, sinking fund, or replacement fund for two or more issues of the same issuer. The net gains or losses from any such deemed sales of investments must be allocated to all investors of the Commingled Fund during the period since the last allocation. For purposes of this Subsection the “fiscal year” of a Commingled Fund is the calendar year unless the Commingled Fund adopts another “fiscal year.”

(a) *In General.* Yield on an investment, the Present Value of an investment and the Fair Market Value of an investment allocated to the Obligations will be computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the yield on the Obligations. Except as otherwise provided in this Section 3, the yield on an investment allocated to the Obligations is the discount rate that, when used in computing the Present Value as of the date the investment is first allocated to the issue of all unconditionally payable Receipts from the investment, produces an amount equal to the Present Value of all unconditionally payable Payments for the investment. The Present Value of an investment on a date is equal to the Present Value of all unconditionally payable Receipts to be received from and Payments to be paid for the investment after that date, using the yield on the investment as the discount rate. The yield on a variable rate investment is determined in a manner comparable to the determination of the yield on a variable rate issue of Tax-exempt Bonds for purposes of section 148 of the Code. For purposes of the Investment Limitation described in the Tax Certificate, the yield on investments made with Sale Proceeds of the Obligations or investment earnings thereon that are subject to yield restriction will be computed separately from the yield on investments not subject to yield restriction.

(b) *Yield Reduction Payments to the United States.* The yield on any investments allocable to Sale Proceeds of the Obligations or investment earnings thereon that qualified for one of the temporary periods described in the Tax Certificate, other than Replacement Proceeds, may be calculated by taking into account any amount paid to the United States in accordance with this Section 3(b), including any Rebate Amount, as a Payment for that investment that reduces the yield on that investment. The yield on any investments allocable to Sale Proceeds may be calculated by taking into account any “Yield Reduction Payments,” as described in this Section 3(b) (including any Rebate Amount) as a Payment for that investment that reduces the yield on that investment. Yield Reduction Payments include payments paid to the United States at the same time and in the same manner as rebate amounts are required to be paid except:

(i) No Yield Reduction Payments are required to be paid until 60 days after the date on which the issue is no longer outstanding; and

(ii) For Yield Reduction Payments paid prior to the date on which the Obligations are retired, the Issuer need not pay more than 75 percent of the amount otherwise required to be paid as of the date to which the payment relates.

(c) *Valuation of Investments.* The value of an investment (including a Payment or Receipt on the investment) on a date will be determined using one of the

following valuation methods consistently for all purposes of section 148 of the Code to that investment on that date:

(i) A Plain Par Investment may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date.

(ii) A Fixed Rate Investment may be valued at its Present Value on that date.

(iii) Any investment may be valued at its Fair Market Value on that date.

(d) *Fair Market Value.* (i) *In General.* The Fair Market Value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair Market Value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding. Except as otherwise provided in this Section, an investment that is not of a type traded on an established securities market, within the meaning of section 1273 of the Code, will not be considered acquired or disposed of for a price that is equal to its Fair Market Value.

(i) *Direct United States Treasury Obligations.* The Fair Market Value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(ii) *Certificate of Deposit.* The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal may be treated as its Fair Market Value on the purchase date if the yield on the certificate of deposit is not less than the yield on reasonably comparable direct Obligations of the United States and the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(iii) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its Fair Market Value on the purchase date if: (A) the Issuer makes a Bona Fide Solicitation for a specified Guaranteed Investment Contract; (B) the Issuer receives at least three bids from providers for the specified Guaranteed Investment Contract that the Issuer solicited under a Bona Fide Solicitation that have no Material Financial Interest in the issue, at least one of whom is a reasonably competitive provider, i.e., a provider that has an established industry reputation as a provider of Guaranteed Investment Contracts; (C) the Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees); (D) the obligor on the Guaranteed Investment Contract provides a written certification specifying all amounts that it is paying (or expects to pay) to third parties in connection with supplying the Guaranteed Investment Contract;

and (E) the Issuer retains the Bid Records with the bond documents until three years after the last outstanding Obligation is redeemed.

(iv) *Yield Restricted Defeasance Escrow Investment.* The purchase price of a Yield Restricted Defeasance Escrow Investment is treated as its Fair Market Value on the purchase date if: (A) the Issuer makes a Bona Fide Solicitation for the purchase of the investment; (B) the Issuer receives at least three bids from providers that the Issuer solicited under a Bona Fide Solicitation that have no Material Financial Interest in the issue, at least one of whom is a reasonably competitive provider, i.e., a provider that has an established industry reputation as a provider of the type of investment being purchased; (C) the winning bid is the Lowest Cost Bona Fide Bid (including any broker's fees); (D) the provider of the investments certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with supplying the investments; and (E) the Issuer retains the Bid Records with the bond documents until three years after the last Obligation is redeemed.

(v) *Material Financial Interest.* For purposes of paragraphs (iii) and (iv) the following persons or entities are deemed to have a Material Financial Interest in the issue: (A) the lead underwriter in a negotiated underwriting transaction until 15 days after the issue date; (B) any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers; and (C) a Related Party to a provider that has a Material Financial Interest in the issue.

(vi) *Bidding.* If the Issuer invests any Gross Proceeds of the Obligations in a Guaranteed Investment Contract or purchases with Gross Proceeds Yield Restricted Defeasance Escrow Investments, it will conduct, or will have conducted on its behalf, a Bona Fide Solicitation. The Issuer will require the agent to certify as to the bidding process as set forth in the form of Certificate of Bidding Agent to be furnished by Bond Counsel, in the case of a Guaranteed Investment Contract or in the case of Yield Restricted Defeasance Escrow Investments. If the bidding process is not conducted through an agent, the Issuer itself will provide a similar certificate. The Issuer will file such certification together with the Bid Records, with the documents relating to the Obligations. If the Issuer wishes to invest Gross Proceeds of the Obligations in Certificates of Deposit it will obtain from the provider a certification that the Certificate of Deposit has a fixed rate, a fixed payment schedule and a substantial penalty for early withdrawal, and the yield on the certificate of deposit is not less than (A) the yield on reasonably comparable direct Obligations of the United States and (B) the highest yield published by the provider and currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(e) *Administrative Costs.* Except for Qualified Administrative Costs, costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire investments will not increase Payments made for investments and will not reduce Receipts from Investments.

Qualified Administrative Costs will increase the Payments for, or decrease the Receipts from, investments.

(f) *Record Keeping.* The Issuer shall keep, or cause to be kept, accurate records of the status of compliance of the Obligations with respect to compliance with the expenditure requirements at the end of each 6-month period described in Section 4(a)(ii)(C) hereof. The Issuer will keep, or cause to be kept, accurate records of each investment it makes in Investment Property acquired, directly or indirectly, with Gross Proceeds of the Obligations (other than revenues in a Bona Fide Debt Service Fund) and each expenditure it makes with Gross Proceeds of the Obligations. Such records will include all of the information necessary to compute the yield on each investment in Investment Property to the Issuer, e.g., purchase price, nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, amount actually or constructively received on disposition, disposition date and evidence of the Fair Market Value of such property on the purchase date and disposition date (or deemed purchase or disposition date) for each item of such Investment Property.

4. Rebate Requirement.

(a) *Calculation of the Rebate Amount.* In general, the Rebate Amount, as of any date is the excess of the “future value.” as of that date, of all Receipts on Nonpurpose Investments allocated to the Obligations over the “future value.” as of that date, of all Payments on Nonpurpose Investments allocated to the Obligations. The “future value” of a Payment or Receipt at the end of any period is determined using the economic accrual method and equals the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the Obligations, using the same compounding interval and financial conventions used to compute the yield on the Obligations. Amounts earned on certain Gross Proceeds of the Obligations either may not be, or are not required to be, taken into account in determining the Rebate Amount. The earnings on Gross Proceeds excepted from the calculation of the Rebate Amount include the following:

(i) *Bona Fide Debt Service Fund.* Amounts earned on a Bona Fide Debt Service Fund for the Obligations and amounts earned on such amounts may not be taken into account if the gross earnings on the Bona Fide Debt Service Fund for the Bond Year is less than \$100,000.

(ii) *Spending Exceptions.* Earnings with respect to certain Gross Proceeds described in 4(a)(ii) of this Section are not required to be taken into account in determining the Rebate Amount if requirements of 4(a)(ii)(B), 4(a)(ii)(C) or 4(a)(ii)(D) of this Section are met with respect to such Gross Proceeds.

(A) *Special Rules.* For purposes of 4(a)(ii) of this Section the following special rules will apply.

(I) If any portion of the Obligations is treated as a separate Refunding Issue under Treasury Regulations §1.148-9(h), that portion is treated as a separate issue.

(II) The only spending exception applicable to a Refunding Issue is the *6-month Exception*.

(III) Solely for purposes of determining whether or not the expenditure requirement has been met under the *6-month Exception* for a Refunding Issue, proceeds of the refunded issue that become Transferred Proceeds of the Refunding Issue are, in general, not treated as “gross proceeds” of the Refunding Issue and need not be spent for the Refunding Issue to satisfy that spending exception. However, Transferred Proceeds of the Refunding Issue that were from excluded “gross proceeds” of the refunded issue under the special definition of “gross proceeds” described in 4(a)(ii)(A)(IX) of this Section, and Transferred Proceeds from any prior taxable issue, are treated as “gross proceeds” of the Refunding Issue under the *6-month Exception* unless those Transferred Proceeds are used in a manner that causes those amounts to be excluded from gross proceeds under the special definition described in 4(a)(ii)(A)(IX) of this Section. Transferred Proceeds excluded from Gross Proceeds for purposes of determining whether or not the expenditure requirement has been met are subject to rebate as proceeds of the Refunding Issue unless an exception to rebate applied to those proceeds as proceeds of the refunded issue.

(IV) Proceeds of the refunded issue, which for other purposes become Transferred Proceeds of the Obligations, continue to be treated as unspent proceeds of the refunded issue for purposes of applying the spending exceptions to an issue refunded by the Obligations.

(V) If the refunded issue satisfies one of the spending exceptions, the proceeds of the refunded issue that are excepted from rebate under that spending exception are not subject to rebate either as proceeds of the refunded issue or as Transferred Proceeds of the Obligations.

(VI) Expenditures for the governmental purpose of an issue include payments for interest, but not principal, on the issue, and for principal or interest on another issue of obligations. The

preceding sentence does not apply for purposes of the *18-month Exception* and *2-year Construction Exception* if those payments cause the issue to be a Refunding Issue.

(VII) Any failure to satisfy the final spending requirement of the *18-month Exception* or the *2-year Construction Exception* described in 4(a)(ii)(D) of this Section is disregarded if the Issuer exercises due diligence to complete the Project and the amount of the failure does not exceed the lesser of (1) 3 percent of the Issue Price of the Nonconstruction Issue in the case of the *18-month Exception* or the Construction Issue in the case of the *2-year Construction Exception* or (2) \$250,000.

(VIII) For purposes of this Section only, a Reasonably Required Reserve or Replacement Fund also includes any fund to the extent described in Treasury Regulations §1.148-5(c)(3)(i)(E) or (G).

(IX) Solely for purposes of determining whether the expenditure requirements with respect to the *6-month Exception* (as described in Section 4(a)(ii)(B)(I)) and the *18-month Exception* (as described in Section 4(a)(ii)(C)(I)) have been met, “gross proceeds” does not include (1) amounts in a Bona Fide Debt Service Fund; (2) amounts in a Reasonably Required Reserve or Replacement Fund (as defined for purposes of this Section); (3) amounts that, as of the date the Obligations are issued, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the 6-month spending period (or the 1-year spending period in the case of the Minor Portion) and the third spending period in the case of the *18-month Exception*; and (4) amounts representing repayments of Grants financed by the Obligations (if any).

(B) *6-month Exception.* Earnings with respect to Gross Proceeds of a Nonconstruction Issue or the Refunding Issue (treated as separate issues) during the 6-month period beginning on the date of issue of the Obligations (the “6-month spending period”) and earnings with respect to an amount of Gross Proceeds of the Obligations not in excess of the Minor Portion during the 1-year period beginning on the date of issue of the Obligations (the “1-year spending period”) need not be taken into account if:

(I) The “gross proceeds” (as defined in this Section) of the respective issue are allocated to expenditures for the governmental purposes of the issue within the 6-month spending period, other than Gross Proceeds not in excess of the Minor

Portion and such Minor Portion is allocated to expenditures for the governmental purposes of the issue within the 1-year spending period; and

(II) The rebate requirement is met for amounts not required to be spent within the 6-month spending period (excluding earnings on a Bona Fide Debt Service Fund) or the 1-year spending period for the Minor Portion.

(C) *18-month Exception.* Earnings with respect to Gross Proceeds of the New Money Portion of the Obligations need not be taken into account if:

(I) The “gross proceeds” (as defined in this Section) are allocated to expenditures for a governmental purpose of the New Money Portion of the Obligations in accordance with the following schedule: (1) at least fifteen percent (15%) within 6 months; (2) at least sixty percent (60%) within 12 months; and (3) one hundred percent (100%) within 18 months (the “third spending period”). The New Money Portion of the Obligations will not be regarded as failing to satisfy the spending requirement for the third spending period as a result of a Reasonable Retainage if the Reasonable Retainage is allocated to expenditures within 30 months of the issue date.

(II) The rebate requirement is met for all amounts not required to be spent in accordance with the 18-month expenditure schedule (other than earnings on a Bona Fide Debt Service Fund).

(III) All of the “gross proceeds” (as defined in this Section) of the New Money Portion of the Obligations qualify for the initial temporary period under Treasury Regulations §1.148-2(e)(2).

(IV) No portion of the New Money Portion of the Obligations is treated as meeting the exception from the rebate requirement for certain proceeds used to finance construction expenditures as provided in section 148(f)(4)(C) of Code and Treasury Regulations 1.148-7(e), as described in (D) of this Section.

(D) *2-year Construction Exception.* Amounts earned on Gross Proceeds which are Available Construction Proceeds of a Construction Issue are not required to be taken into account if Available Construction Proceeds of the Construction Issue are allocated to expenditures for the governmental purposes of the Construction Issue in accordance with the

following schedule: (I) 10 percent or more within six months after the date of issue of the New Money Portion of the Obligations; (II) 45 percent or more within 1 year after the date of issue of the New Money Portion of the Obligations; (III) 75 percent or more within 18 months after the date of issue of the New Money Portion of the Obligations; and (IV) 100 percent within 2 years after the date of issue of the New Money Portion of the Obligations (the “fourth spending period”). The Construction Issue will not be regarded as failing to satisfy the spending requirement for the fourth spending period as a result of unspent amounts for Reasonable Retainage if those amounts are allocated to expenditures within 3 years of the issue date.

(b) *Computation Dates.* The Computation Date for the calculation of the Rebate Amount required by this Section 4 for Obligations with a term of less than five years will be the latest of: (i) the date that the Obligations are discharged; (ii) 8 months after the date the Obligations were issued; or (iii) the date the Issuer no longer reasonably expects that any of the spending exceptions under Treasury Regulations §1.148-7 (as described in 4(a)(ii) of this Section) will apply to the Obligations. The Computation Dates for the calculation of the Rebate Amount required by this Section 4 for Obligations with a term of five years or more will be: (i) a date selected by the Issuer which is no later than 5 years after the issue date of the Obligations, (ii) each fifth year thereafter, and (iii) the date that the last of the Obligations are discharged (i.e., the date of the retirement of the last maturity of the Obligations).

(c) *Rebate Payments.* The Issuer will pay the Rebate Amount to the United States no later than 60 days after the Computation Date. Payment of a Rebate Amount will be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Payment of a Rebate Amount will be accompanied by Form 8038-T.

J.P. WARD AND ASSOCIATES, LLC.

2900 N.E. 12th TER – STE #1
OAKLAND PARK FL 33334

Lee County – Community Development Districts
FLORIDA

04/15/2019

NAME OF COMMUNITY DEVELOPMENT DISTRICT	NUMBER OF REGISTERED VOTERS AS OF 04/15/2019
Miromar Lakes	1,052
Palermo	0
Esplanade Lake Club	0

Tammy Lipa – Voice: 239-533-6329

Email: tlipa@lee.vote

Send to: James P. Ward jimward@jpwardassociates.com Phone: 954-658-4900

Cc: Steven Devito stevendevito@jpwardassociates.com Phone: 954-401-4449

*Esplanade Lake Club
Community Development District*

Financial Statements

March 31, 2019

Prepared by:

JPWARD AND ASSOCIATES LLC

2900 NORTHEAST 12TH TERRACE

SUITE 1

OAKLAND PARK, FLORIDA 33334

E-MAIL: jimward@jpwardassociates.com

PHONE: (954) 658-4900

Esplanade Lake Club Community Development District

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JPWard & Associates LLC

2900 Northeast 12th Terrace

Suite 1

Oakland Park, Florida 33334

Phone: (954) 658-4900

**Esplanade Lake Club Community Development District
Balance Sheet
for the Period Ending March 31, 2019**

	Governmental Funds		Totals (Memorandum Only)
	General Fund	Account Groups General Long Term Debt	
Assets			
Cash and Investments			
General Fund - Invested Cash	\$ 6,027	\$ -	\$ 6,027
Debt Service Fund			
Interest Account			-
Sinking Account			-
Reserve Account			-
Revenue			-
Prepayment Account	-	-	
Due from Other Funds			
General Fund	-	-	-
Debt Service Fund(s)			-
Accounts Receivable	-	-	-
Assessments Receivable	-	-	-
Amount Available in Debt Service Funds	-	-	-
Amount to be Provided by Debt Service Funds	-	-	-
Total Assets	<u>\$ 6,027</u>	<u>\$ -</u>	<u>\$ 6,027</u>

**Esplanade Lake Club Community Development District
Balance Sheet
for the Period Ending March 31, 2019**

Governmental Funds			
	General Fund	Account Groups General Long Term Debt	Totals (Memorandum Only)
Liabilities			
Accounts Payable & Payroll Liabilities	\$ -	\$ -	\$ -
Due to Other Funds			
General Fund	-	-	-
Debt Service Fund(s)	-	-	-
Bonds Payable			
Current Portion	-		-
Long Term			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Equity and Other Credits			
Investment in General Fixed Assets	-	-	-
Fund Balance			
Restricted			
Beginning: October 1, 2018 (Unaudited)	-	-	-
Results from Current Operations	-	-	-
Unassigned			
Beginning: October 1, 2018 (Unaudited)	-	-	-
Results from Current Operations	6,027	-	6,027
Total Fund Equity and Other Credits	<u>\$ 6,027</u>	<u>\$ -</u>	<u>\$ 6,027</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 6,027</u>	<u>\$ -</u>	<u>\$ 6,027</u>

**Esplanade Lake Club Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through March 31, 2019**

Description	October	November	December	January	February	March	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources									
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	N/A
Interest									
Interest - General Checking	-	-	-	-	-	-	-	-	N/A
Special Assessment Revenue									
Special Assessments - On-Roll	-	-	-	-	-	-	-	0	N/A
Special Assessments - Off-Roll	-	-	10,000	10,000	-	-	20,000	-	N/A
Developer Contribution									
Developer Contribution	-	-	-	-	-	-	-	-	N/A
Intragovernmental Transfer In									
Intragovernmental Transfer In	-	-	-	-	-	-	-	-	N/A
Total Revenue and Other Sources:	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ -	20,000	\$ -	N/A
Expenditures and Other Uses									
Executive									
Professional Management	-	-	-	-	-	-	-	-	N/A
Financial and Administrative									
Audit Services	-	-	-	-	-	-	-	-	N/A
Accounting Services	-	-	-	-	-	-	-	-	N/A
Assessment Roll Services	-	-	-	-	-	-	-	-	N/A
Arbitrage Rebate Services	-	-	-	-	-	-	-	-	N/A
Other Contractual Services									
Legal Advertising	-	-	1,385	-	1,220	246	2,850	-	N/A
Trustee Services	-	-	-	-	-	-	-	-	N/A
Dissemination Agent Services	-	-	-	-	-	-	-	-	N/A
Property Appraiser Fees	-	-	-	-	-	-	-	-	N/A
Bank Service Fees	-	-	25	26	25	24	100	-	N/A
Communications & Freight Services									
Postage, Freight & Messenger	-	-	176	-	-	-	176	-	N/A

Prepared by:

JPWARD and Associates, LLC

Unaudited

**Esplanade Lake Club Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through March 31, 2019**

Description	October	November	December	January	February	March	Year to Date	Total Annual Budget	% of Budget
Computer Services - Website Development	-	-	1,350	50	50	50	1,500	-	N/A
Insurance	-	-	-	5,137	-	-	5,137	-	N/A
Printing & Binding	-	-	1,088	-	691	-	1,779	-	N/A
Subscription & Memberships	-	-	175	-	-	-	175	-	N/A
Legal Services									
Legal - General Counsel	-	-	1,924	-	333	-	2,257	-	N/A
Legal -	-	-	-	-	-	-	-	-	N/A
Other General Government Services									
Engineering Services	-	-	-	-	-	-	-	-	N/A
Contingencies	-	-	-	-	-	-	-	-	N/A
Other Current Charges	-	-	-	-	-	-	-	-	N/A
Other Fees and Charges	-	-	-	-	-	-	-	-	N/A
Discounts/Collection Fees	-	-	-	-	-	-	-	-	-
Sub-Total:	-	-	6,122	5,213	2,319	320	13,973	-	N/A
Total Expenditures and Other Uses:	\$ -	\$ -	\$ 6,122	\$ 5,213	\$ 2,319	\$ 320	\$ 13,973	\$ -	N/A
Net Increase/ (Decrease) in Fund Balance	-	-	3,878	4,787	(2,319)	(320)	6,027	-	
Fund Balance - Beginning	-	-	-	3,878	8,666	6,346	-	-	
Fund Balance - Ending	\$ -	\$ -	\$ 3,878	\$ 8,666	\$ 6,346	\$ 6,027	6,027	\$ -	