FIRETHORN
COMMUNITY DEVELOPMENT DISTRICT

MEETING AGENDA

FEBRUARY 6, 2025

PREPARED BY:

JPWARD & ASSOCIATES, LLC, 2301 NORTHEAST 37TH STREET, FORT LAUDERDALE, FL 33308

T: 954-658-4900 **E:** JimWard@JPWardAssociates.com

Firethorn Community Development District

January 30, 2025

Board of Supervisors

Firethorn Community Development District

Dear Board Members:

The regular meeting of the Board of Supervisors of the Firethorn Community Development District will be held on **Thursday, February 6, 2025**, at **10:00 A.M**. at the **Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203.**

The following Webex link and telephone number are provided to join/watch the meeting remotely.
https://districts.webex.com/districts/j.php?MTID=m47ccafb379107af9fccddd3d467f00a7
Access Code: **2332 649 8932***, Event password:* ***Jpward***

Or phone: ***408-418-9388*** *access code* **2332 649 8932,** *password:* ***Jpward*** *to join the meeting.*

The Public is provided two opportunities to speak during the meeting. The first time is on each agenda item, and the second time is at the end of the agenda, on any other matter not on the agenda. These are limited to three (3) minutes and individuals are permitted to speak on items not included in the agenda.

Agenda Item

1. Call to Order & Roll Call.

2. Consideration of Minutes:
   I. January 14, 2025 – Organizational Meeting.

3. Consideration of **Resolution 2025-21**, a Resolution of the Board of Supervisors of the Firethorn 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.

4. Consideration of **Resolution 2025-22,** A Resolution Of The Firethorn Community Development District Authorizing The Issuance Of Its Capital Improvement Revenue Bonds, In One Or More Series, In An Aggregate Principal Amount Not Exceeding $132,440,000 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; Providing For Severability; And Providing An Effective Date.

5. Consideration of **Resolution 2025-23,** a Resolution of Firethorn Community Development District Approving the District's Post-Issuance Compliance Guide For Tax-Exempt Bonds; and providing an effective date.

6. Consideration of **Resolution 2025-24**, a Resolution of the Board of Supervisors of the Firethorn Community Development District Amending the date of the Landowners Meeting to March 6, 2025 and Designating actions to the District Manager and District Staff in noticing the Landowners Meeting; providing a severability clause; and providing an effective date.

7. Staff Reports
   I. District Attorney.
   II. District Engineer.
   III. District Manager.
      a) ***Board Meeting Dates for Balance of Fiscal Year 2025.***
         i. Landowners and Regular Meeting – **March 6, 2025**, at **10:00 A.M**.
         ii. Public Hearings:
            1. Uniform Method of Collection – **May 1, 2025**, at **10:00 A.M**.
            2. Fiscal Year 2025 Budget – **May 1, 2025**, at **10:00 A.M.**
            3. Adopting Initial Special Assessments – **May 1, 2025, at 10:00 A.M.**

8. Supervisor's Requests.

9. Public Comments.

   The public comment period is for items not listed on the Agenda, and comments are limited to three (3) minutes per person and assignment of speaking time is not permitted; however, the Presiding Officer may extend or reduce the time for the public comment period consistent with Section 286.0114, Florida Statutes.

10. Adjournment.

Summary of Agenda

The first order of business is to call to order the meeting and conduct the roll call.

The second order of business is the consideration of the Mintes from the Organizational meeting held on January 14, 2025.

The third order of business is the consideration of **Resolution 2025-21**, a Resolution of the Board of Supervisors of the Firethorn 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.

The fourth order of business is the consideration of **Resolution 2025-22,** A Resolution Of The Firethorn Community Development District Authorizing The Issuance Of Its Capital Improvement Revenue Bonds, In One Or More Series, In An Aggregate Principal Amount Not Exceeding $132,440,000 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; Providing For Severability; And Providing An Effective Date.

The fifth order of business is the consideration of **Resolution 2025-23**, a Resolution of Firethorn Community Development District Approving the District's Post-Issuance Compliance Guide For Tax-Exempt Bonds; and providing an effective date.

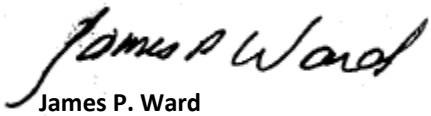
The sixth order of business is the consideration of **Resolution 2025-24,** a Resolution of the Board of Supervisors of the Firethorn Community Development District Amending the date of the Landowners Meeting to March 6, 2025 and Designating actions to the District Manager and District Staff in noticing the Landowners Meeting; providing a severability clause; and providing an effective date.

The seventh order of business are staff reports by the District Attorney, District Engineer, and the District Manager will review Important meeting dates for the remainder of Fiscal Year 2025.

If you have any questions and/or comments before the meeting, please do not hesitate to contact me directly by phoning (954) 658-4900.

Sincerely,

Firethorn Community Development District



James P. Ward
District Manager

The Fiscal Year 2025 schedule is as follows:

February 6, 2025	March 6, 2025
April 3, 2025	May 1, 2025
June 5, 2025	July 3, 2025 (no Meeting)
August 7, 2025	September 4, 2025

MINUTES OF MEETING
FIRETHORN
COMMUNITY DEVELOPMENT DISTRICT

The Organizational Meeting of the Board of Supervisors of the Firethorn Community Development District was held on Tuesday, January 14, 2025, at 10:00 A.M. at the Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203.

Present:

Tina Golub	Chairperson
Mike Piendel	Vice Chairperson
Matt Sawyer	Assistant Secretary
Marc Ferlita	Assistant Secretary
Corrin Godlevske	Assistant Secretary

Absent:

Also present were:

James P. Ward	JPWard & Associates
Jere Earlywine	District Attorney
Victor Barbosa	District Engineer

Audience:

All residents' names were not included with the minutes. If a resident did not identify themselves or the audio file did not pick up the name, the name was not recorded in these minutes.

PORTIONS OF THIS MEETING WERE TRANSCRIBED VERBATIM. ALL VERBATIM PORTIONS WERE TRANSCRIBED IN *ITALICS*.

FIRST ORDER OF BUSINESS **Call to Order**

Mr. James P. Ward called the meeting to order at approximately 10:00 a.m. He reported all Members of the Board who were appointed in the ordinance establishing the District were present, with the exception of Mr. Fisher, constituting a quorum.

SECOND ORDER OF BUSINESS **Notice of Advertisement**

Notice of Advertisement of Organizational Meeting

The meeting was duly noticed.

THIRD ORDER OF BUSINESS **Oath of Office**

Initial Board Members named in Ordinance 24-78 of the Board of County Commissioners, dated December 13, 2024, establishing the Firethorn Community Development District

a) **Oath of Office**
b) **Guide to the Sunshine Amendment and Code of Ethics**
c) **Form 1 – Statement of Financial Interests. (2024 Changes to the Law and filing requirements)**

As a notary public, Mr. Ward administered the Oath of Office to the appointed Members of the Board who were present. He asked each to sign the Oath and return it to himself for inclusion in the record. He noted the Board Members sat on other Boards and were familiar with the Guide to the Sunshine Amendment and Code of Ethics. He indicated the Board Members would be required to amend their existing Form 1 on the Ethics website. He stated Staff would send the Board Members an email with appropriate instructions. He stated he received an email from Mr. Fisher who was appointed in the Ordinance establishing the District; Mr. Fisher did not wish to serve on the Board and resigned effective immediately. He noted the balance of the Board could appoint an individual to serve the unexpired term of Mr. Fisher, which was only 90 days because a landowner's meeting would be held shortly to appoint the permanent Board. He asked who the Board wished to appoint.

On MOTION made by Mike Piendel, seconded by Matt Sawyer, and with all in favor, Corinn Godlevske was appointed to fill the unexpired term of Mr. Fisher.

Mr. Ward administered the Oath of Office to Ms. Corinn Godlevske. He asked Ms. Godlevske to sign and return the Oath to himself for inclusion in the record. He noted Ms. Godlevske would also receive an email with Form 1 instructions from Staff.

FOURTH ORDER OF BUSINESS Consideration of Resolution 2025-1

Consideration of Resolution 2025-1, a Resolution of the Board of Supervisors designating certain officers of the Firethorn Community Development District

Mr. Ward asked the Board to choose a Chairperson, Vice Chairperson, and Assistant Secretaries.

The Board chose to appoint Tina Golub as Chairperson, Mike Piendel as Vice Chairperson, the remaining Board Members as Assistant Secretaries, and Mr. Ward as Secretary and Treasurer.

On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-1 was adopted, and the Chair was authorized to sign.

FIFTH ORDER OF BUSINESS Consideration of Resolution 2025-2

Consideration of Resolution 2025-2, a Resolution of the Board of Supervisors Ratifying, Confirming and Approving the Recording of the Notice of Establishment of the Firethorn Community Development District, and providing for an effective date

Mr. Ward read through the above and stated this resolution was in order and recommended for consideration.

> **On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-2 was adopted, and the Chair was authorized to sign.**

SIXTH ORDER OF BUSINESS Consideration of Resolution 2025-3

Consideration of Resolution 2025-3, a Resolution of the Board of Supervisors retaining JPWard & Associates, LLC, as the District Manager

Mr. Ward indicated there were five professional staff members the District would retain, the first was the District Manager. He indicated his firm would serve as the District Manager. He stated Jere Earlywine would serve as the District Attorney. He stated the firm of Atwell would serve as the interim District Engineer and the resolution authorized preparation of the Engineer's Report for the Capital Improvement Program. He reported later in the Agenda the Board would authorize an RFP to retain a District Engineer on a permanent basis. He noted MBS Capital Markets would be retained as the underwriter and Holland and Knight as Bond Counsel. He asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Mike Piendel, seconded by Matt Sawyer, and with all in favor, Resolution 2025-3 was adopted, and the Chair was authorized to sign.**

SEVENTH ORDER OF BUSINESS Consideration of Resolution 2025-4

Consideration of Resolution 2025-4, a Resolution of the Board of Supervisors retaining Kutak Rock LLP, as District Counsel

Mr. Ward called for a motion.

> **On MOTION made by Mike Piendel, seconded by Matt Sawyer, and with all in favor, Resolution 2025-4 was adopted, and the Chair was authorized to sign.**

EIGHTH ORDER OF BUSINESS Consideration of Resolution 2025-5

Consideration of Resolution 2025-5, a Resolution of the Board of Supervisors designating ATWELL Inc., as interim District Engineer, and authorizing the preparation of the District's Engineer's Report for the Capital Improvement Program for the District

Mr. Ward called for a motion.

> **On MOTION made by Mike Piendel, seconded by Matt Sawyer, and with all in favor, Resolution 2025-5 was adopted, and the Chair was authorized to sign.**

NINTH ORDER OF BUSINESS Consideration of Resolution 2025-6

Consideration of Resolution 2025-6, a Resolution of the Board of Supervisors designating MBS Capital Markets, LLC as District Underwriter

Mr. Ward called for a motion.

> **On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-6 was adopted, and the Chair was authorized to sign.**

TENTH ORDER OF BUSINESS Consideration of Resolution 2025-7

Consideration of Resolution 2025-7, a Resolution of the Board of Supervisors designating Holland & Knight as Bond Counsel

Mr. Ward called for a motion.

> **On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-7 was adopted, and the Chair was authorized to sign.**

ELEVENTH ORDER OF BUSINESS Consideration of Resolution 2025-8

Consideration of Resolution 2025-8, a Resolution of the Board of Supervisors designating the Registered Agent, designating the office of the Registered Agent, and designation of the office of record for Firethorn Community Development District

Mr. Ward noted the next item designated the Registered Agent and office of the Registered Agent. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-8 was adopted, and the Chair was authorized to sign.

TWELFTH ORDER OF BUSINESS Consideration of Resolution 2025-9

Consideration of Resolution 2025-9, a Resolution of the Board of Supervisors setting forth the policy regarding the support and legal defense of the Board of Supervisors and District officers

Mr. Ward noted this Item set forth the legal defense of the Board of Supervisors and District Officers. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-9 was adopted, and the Chair was authorized to sign.

THIRTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-10

Consideration of Resolution 2025-10, a Resolution of the Board of Supervisors adopting an electronic records policy and policy on the use of electronic signatures

Mr. Ward noted this Item adopted the electronic record policy and policy on the use of electronic signatures. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-10 was adopted, and the Chair was authorized to sign.

FOURTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-11

Consideration of Resolution 2025-11, a Resolution of the Board of Supervisors designating a Qualified Public Depository pursuant to Chapter 280 Florida Statutes, authorizing signatories on the account, authorizing the number of the signatories on the qualified depository account

Mr. Ward stated this Item designated Truist as the Qualified Public Depository. He noted this was only related to the general accounts; bond accounts would be handled differently. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Tina Golub, and with all in favor, Resolution 2025-11 was adopted, and the Chair was authorized to sign.

FIFTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-12

Consideration of Resolution 2025-12, a Resolution of the Board of Supervisors authorizing the District Manager to advertise a Request for Qualification (RFQ), pursuant to the Chapter 287.055 F.S. (Consultants Competitive Negotiations Act) for a District Engineer

Mr. Ward noted this Item authorized the District Manager to advertise an RFQ for a permanent District Engineer. He asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-12 was adopted, and the Chair was authorized to sign.**

SIXTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-13

Consideration of Resolution 2025-13, a Resolution of the Board of Supervisors providing for the Public's opportunity to be heard, designating a public comment period, designating a procedure to identify individual seeking to be heard, addressing public decorum, addressing exceptions

Mr. Ward indicated this Item provided opportunities for the public to be heard during Board Meetings. He asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, Resolution 2025-13 was adopted, and the Chair was authorized to sign.**

SEVENTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-14

Consideration of Resolution 2025-14, a Resolution of the Board of Supervisors designating the Regular Meeting dates, time, and location for Fiscal Year 2025. The proposed meeting schedule will be for the first Thursday of each month at 10:00 A.M. at the Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203

Mr. Ward stated this Item designated the regular Board Meeting dates, time, and location for the first Thursday of every month at 10:00 a.m. at the Country Inn & Suites. He asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Matt Sawyer, seconded by Corrin Godlevske, and with all in favor, Resolution 2025-14 was adopted, and the Chair was authorized to sign.**

EIGHTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-15

Consideration of Resolution 2025-15, a Resolution of the Board of Supervisors, designating the date, time, and location for the Landowners Meeting for Thursday, May 1, 2025, at 10:00 A.M., at the Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203

Mr. Ward stated this Item designated the date, time and location of the Landowners Meeting for Thursday May 1, 2025 at 10:00 a.m. at the Country Inn & Suites. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Corrin Godlevske, and with all in favor, Resolution 2025-15 was adopted, and the Chair was authorized to sign.

NINTEENTH ORDER OF BUSINESS Consideration of Resolution 2025-16

Consideration of Resolution 2025-16, a Resolution of the Board of Supervisors 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 is scheduled for Thursday, May 1, 2025, at 10:00 A.M., at the Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203

Mr. Ward stated this Item designated a date, time and location of a public hearing regarding the use of a uniform method for levy, collection and enforcement of assessments. He explained this allowed the District to put the District assessments on the property tax rolls of the County. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Corrin Godlevske, and with all in favor, Resolution 2025-16 was adopted, and the Chair was authorized to sign.

TWENTIETH ORDER OF BUSINESS Consideration of Resolution 2025-17

Consideration of Resolution 2025-17, a Resolution of the Board of Supervisors adopting the Alternative Investment Guidelines for Investing Public Funds in excess of amount needed to meet current operating expenses, in accordance with Section 218.415(17), Florida Statutes

Mr. Ward stated this Item adopted the alternative investment guidelines for investing public funds. He noted this was only for the operating accounts; the bond accounts would come under a separate bond indenture at some point in the future. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Corrin Godlevske, and with all in favor, Resolution 2025-17 was adopted, and the Chair was authorized to sign.

TWENTY FIRST ORDER OF BUSINESS Consideration of Resolution 2025-18

Consideration of Resolution 2025-18, a Resolution of the Board of Supervisors granting authority to the Chairperson or Vice Chairperson to execute real and personal property conveyances and dedications documents, and plats and other document related to the development of the District's improvements, subject to the approval of the District Manager, District Engineer and District Counsel is legal, consistent with the District's improvement plan and necessary for the development of the Improvements

Mr. Ward noted this Item authorized the Chair and Vice Chair to execute conveyances in advance of Board Meetings which would then come before the Board for ratification. He asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Mike Piendel, seconded by Matt Sawyer, and with all in favor, Resolution 2025-18 was adopted, and the Chair was authorized to sign.**

TWENTY SECOND ORDER OF BUSINESS Consideration of Resolution 2025-19

Consideration of Resolution 2025-19, a Resolution of the Board of Supervisors of the Firethorn Community Development District authorizing the execution and delivery of an agreement regarding the acquisition of certain work product, infrastructure and real property; authorizing the proper Officials to do all things deemed necessary in connection with the execution of such agreement; and providing for severability, conflicts, and an effective date

Mr. Ward noted this Item was an agreement between the District and Taylor Morrison.

Mr. Jere Earlywine explained this was the acquisition agreement and was standard in form. He asked if there were any questions; hearing none, he called for a motion.

> **On MOTION made by Matt Sawyer, seconded by Tina Golub, and with all in favor, Resolution 2025-19 was adopted, and the Chair was authorized to sign.**

TWENTY THIRD ORDER OF BUSINESS Consideration of Resolution 2025-20

Consideration of Resolution 2025-20, a Resolution of the Board of Supervisors approving the Fiscal Year 2025 Proposed Budget for and setting a Public Hearing for Thursday, May 1, 2025, at 10:00 A.M., at the Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203

Mr. Ward stated this Item approved the proposed budget and set the public hearing for Thursday May 1, 2025 at 10:00 a.m. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Tina Golub, and with all in favor, Resolution 2025-20 was adopted, and the Chair was authorized to sign.

TWENTY FOURTH ORDER OF BUSINESS Consideration of Budget Funding Agreement

Consideration of a Budget Funding Agreement between Taylor Morrison of Florida. Inc, and the District to fund the District's Fiscal Year 2025 General Fund Operating Budgets in lieu of the District levying assessments

Mr. Ward stated this Item was the funding agreement between the District and Taylor Morrison to fund the general fund operations in lieu of levying assessments. He asked if there were any questions; hearing none, he called for a motion.

On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, the Budget Funding Agreement was approved.

TWENTY FIFTH ORDER OF BUSINESS Staff Reports

I. District Attorney

Mr. Jere Earlywine asked how Taylor Morrison was doing on project approvals and construction starts.

Mr. Piendel: We are doing okay. We've started (indecipherable).

Mr. Earlywine: Oh, wow, so you have a ton of infrastructure in already. Okay. We need to go ahead and acquire that. I will go ahead and set a call with you and Atwell and Jim. I heard from Drew that you were looking for bonds in the second quarter. Does that sound right?

Mr. Piendel: We didn't have that discussion but –

Mr. Earlywine: That sounds about right. It's going to take four or five months to get through bond validation. Jim, I know you have already talked about when you want to do that. I know you're waiting for the Engineer's report. What's your sense of timing there?

Mr. Ward: If we can get the Engineer's Report out within the next week, we could probably start the process at your next Board Meeting.

Discussion ensued regarding the timing of the bonds.

Mr. Victor Barbosa: I tried to send the Engineer's Report out before this meeting, but I'm just putting some finishing touches on it, adding the exhibits, appendices. There are still a couple that I'm waiting on, so I should be able to send the draft out by the end of this week.

Mr. Ward: That's perfect. That will give us the ability to start at your next board meeting.

Mr. Earlywine: We will try to start in February and then file that week, and then we are back in June or July. We may have the hearing by May, but it's a 30 day appeal period after the hearing, so that's why it will be June or July. It's all driven by the court calendar. There's an advertising period. So, you file the complaint. Obviously, you have to have the complaint authorized by the board first. Katie will file the complaint that same week and then you have to get a court judge appointed which takes a week or two, and then you have to get your hearing date, and you have to coordinate that with the Assistant State Attorney. That takes a couple of weeks. By the time you get that done, that's about a month, and then there's a 30 day advertising period, and you have to find a court date that's open, so that's usually around 3 months, and then there's the 30 day appeal period on the back end of it. It's tight. And it depends on the judge you get, too.

Mr. Ward: Getting the Engineer's Report and my report done is critical because we'd like to validate both of those documents.

II. District Engineer

No report.

III. District Manager

a) Board Meeting Dates for Balance of Fiscal Year 2025

i. Landowners and Regular Meeting – May 1, 2025, at 10:00 A.M.

ii. Public Hearings:

1. Uniform Method of Collection – May 1, 2025, at 10:00 A.M.

2. Fiscal Year 2025 Budget – May 1, 2025, at 10:00 A.M.

Mr. Ward: Remember May 1 is an important date to get on your calendars. We will send you out calendar invites, but those meetings cannot be changed at this point.

TWENTY SIXTH ORDER OF BUSINESS Supervisor's Requests

Mr. Ward asked if there were any Supervisor's Requests; there were none.

TWENTY SEVENTH ORDER OF BUSINESS Public Comments

Public comment period is for items NOT listed on the agenda, and comments are limited to three (3) minutes per person and assignment of speaking time is not permitted; however, the Presiding Officer may extend or reduce the time for the public comment period consistent with Section 286.0114, Florida Statutes

There were no public comments.

TWENTY EIGHTH ORDER OF BUSINESS Adjournment

Mr. Ward adjourned the meeting at approximately 10:22 a.m.

On MOTION made by Matt Sawyer, seconded by Mike Piendel, and with all in favor, the Meeting was adjourned.

Firethorn Community Development District

_____ _____

James P. Ward, Secretary Tina Golub, Chairperson

RESOLUTION 2025-21

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE FIRETHORN 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 Firethorn 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 roadways, sewer and water distribution systems, stormwater management/earthwork improvements, landscape, irrigation and entry features, conservation and mitigation, street lighting and other infrastructure projects, 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 portion of the infrastructure improvements comprising the District's overall capital improvement plan as described in the District *Engineer's Report* ("**Project**"), 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 Report*, which is attached hereto as **Exhibit B**, incorporated herein by reference, and on file with the District Manager at c/o JPWard & Associates, LLC, 2301 Northeast 37th Street, Fort Lauderdale, Florida 33308 ("**District Records Office**").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE FIRETHORN COMMUNITY DEVELOPMENT DISTRICT:

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.

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

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.

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 **$_____** ("**Estimated Cost**").

B. The Assessments will defray approximately **$_____**, which is the anticipated maximum par value of any bonds and which includes all or a portion of the Estimated Cost, as well as other financing-related costs, as set forth in **Exhibit B**, and which is in addition to interest and collection costs. On an annual basis, the Assessments will defray no more than **$_____** 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 will constitute a "master" lien, which may be imposed without further public hearing in one or more separate liens each securing a series of bonds, and each as determined by supplemental assessment resolution. With respect to each lien securing a series of bonds, the special assessments shall be paid in not more than (30) thirty yearly installments. The special 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.

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

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 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.

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.

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:	**Thursday, May 1, 2025**
TIME:	**10:00 A.M.**
LOCATION:	**Country Inn & Suites** **Bradenton-Lakewood Ranch** **5610 Manor Hill Lane** **Bradenton, Florida 34203**

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 the County in which the District is located (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.

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 the County in which the District is located and to provide such other notice as may be required by law or desired in the best interests of the District.

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

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.

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

[SIGNATURES ON THE FOLLOWING PAGE]

PASSED AND ADOPTED this 6th day of February 2025.

ATTEST: **FIRETHORN COMMUNITY DEVELOPMENT DISTRICT**

_____ _____

James P. Ward, Secretary Tina Golub, Chairperson

Exhibit A: *Engineer's Report*
Exhibit B: *Master Special Assessment Methodology Report*

Firethorn
Community Development District

Master Engineer's Report

February 2025

Prepared for:

Board of Supervisors
Firethorn Community Development District
Manatee County, Florida

Prepared by:

Victor Barbosa, P.E.
Atwell, LLC
10150 Highland Manor Dr, Suite 450
Tampa, Florida 33610

February 6, 2025

Contents

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

ENGINEER'S REPORT

INTRODUCTION

Firethorn Community Development District (the "**District**") is located in northern Manatee County in Sections 3 and 4, Township 33 South and Range 19 East. The District was established by the adoption of Ordinance No. 24-78 by Manatee County, FL on December 12, 2024, which ordinance became effective on December 13, 2024. Although the approved Planned Development allows up to 1,540 single family residential units, a total of 1,318 single-family residential units are anticipated as shown in **Table 1** below.

The residential development planned for within the District (the "Development") will function as a single, functionally interrelated community. The public infrastructure improvements and facilities described herein are considered a system of improvements, that together, provide special benefits to all property within the District. The legal description for the District's boundary is provided as **Exhibit 3 – Legal Description and Sketch** in the appendices of this report. The matrix shown in **Table 1** below represents the anticipated product mix for the Development planned for 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 (hereafter defined). The purpose of this report is to provide a description of the public Capital Improvement Plan ("**CIP**") and estimated costs of the CIP for the Firethorn Community Development District, as well as describe certain other costs needed for the development of the Development.

Table 1: Master Lot Matrix

PRODUCT TYPE	UNIT COUNT	PERCENT OF TOTAL
TB – 40'	119	9.0%
TB – 52'	267	20.3%
TB – 62'	166	12.6%
HAL – 40'	279	21.1%
HAL – 50'	203	15.4%
16' Townhouse	172	13.1%
20' Townhouse	112	8.5%
TOTAL	**1,318**	100.0%

***** TB and HAL denote different Product Types

GENERAL SITE DESCRIPTION

The District is comprised of approximately 549.2 acres, generally bound to the south by Buckeye Road and to the east by State Road 43, to the west by vacant land and to the north by Butch Cassidy Trail. Please refer to **Exhibit 1 – Location Map** and **Exhibit 2 – Aerial Map.**

PROPOSED CAPITAL IMPROVEMENT PLAN

The District was created for the purpose of financing, acquiring, constructing, maintaining and operating all or a portion of the public infrastructure improvements and facilities necessary for the community development within the District. The purpose of this report is to outline the scope of the District's public "Capital Improvement Plan" ("CIP") and provide a description of the public infrastructure improvements and facilities necessary for future development activities including those that may be financed, constructed and/or acquired and/or operated and maintained by the District. The District may finance, construct and/or acquire and/or operate, and maintain a portion of the public infrastructure improvements and facilities that are needed to serve the District and allocate the costs for the public infrastructure improvements and facilities. Only those components in the CIP eligible to be funded with proceeds of tax-exempt bonds will be financed by tax-exempt bonds of the District. A portion of these public infrastructure improvements and facilities may be completed by Taylor Morrison of Florida, Inc. (the "Developer"), the primary developer of lands within the District, and acquired by the District with proceeds of bonds issued by the District in one or more series from time to time. The Developer will finance and construct the balance of the infrastructure improvements and facilities needed for the District that are not financed by the District.

The proposed infrastructure improvements and facilities, as outlined herein, are necessary for the functional construction of the Development in the District as required by Manatee County, Florida, the Southwest Florida Water Management District ("SWFWMD"), and the United States Army Corps of Engineers.

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.

The CIP includes completed and planned infrastructure improvements and facilities 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 and reclaimed water distribution system, and environmental mitigation, (ii) portions of the public roadways that will be located within the District, (iii) certain off-site improvements, comprised of potable water main, wastewater force main and reclaimed water main extensions, transportation access improvements (turn lanes / roundabouts) in public roadways and environmental mitigation areas lying outside the District, and (iv) soft costs such as professional fees and permitting costs.

The estimated total cost of the CIP for the District is $96,011,474. Refer to **Table 5** for a summary of the costs by category for the completed and planned CIP expenditures. Table 5 also shows improvements needed for the Development not expected to be financed and acquired by the District.

The anticipated completion timeline for construction of the infrastructure and facilities needed for the Development is presented in **Table 2** below. The CIP will be constructed concurrently with these phases.

Table 2: CIP Completion Timeline

Construction Phasing	Estimated Completion Date
Phase IA	Mar. 2025
Phase IB	Jun. 2025
Phase II	Jun. 2026
Phase III	Jun. 2027
Phase IV	Jun. 2028

The CIP is intended to provide public infrastructure improvements for the entire Development and is as follows:

Roadway Improvements:

The CIP includes subdivision roads within the District. Generally, roads within the District will be 2-lane, undivided roads with periodic roundabouts, although some roads may be 4-lane, divided roads. Such roads include bridges, the roadway asphalt, base, and subgrade, roadway curb and gutter, striping and signage and sidewalks within rights-of-way abutting non-lot lands. Sidewalks

abutting lots will be constructed by the homebuilders. All roads will be designed in accordance with applicable design requirements.

All public internal roadways may be financed by the District. Certain portions of the internal collector roads are intended to be dedicated to a local general purpose unit of government for ownership, operation and maintenance, while the District anticipates owning and operating all other roads, including the Townhome roads. Alternatively, the Developer may elect to finance the internal roads, gate them, and turn them over to a homeowner's association for ownership, operation and maintenance (in such an event, the District would be limited to financing only utilities, mitigation and stormwater improvements behind such gated areas). Any stormwater improvements behind gates that are included in the CIP and financed by the District's tax-exempt bonds will be limited to curbs and gutters required by applicable governmental approvals and regulations and that are in integral portion of the public drainage system and will be located in public easements or public right of way. No portions of roadways that solely lead from public roads to private gates will be included in the portion of the CIP financed by the District's tax-exempt bonds.

Stormwater Management System:

The stormwater collection and outfall system is a combination of roadway curbs, curb inlets, pipe, control structures and open lakes designed to treat and attenuate stormwater runoff from District lands. The stormwater system will be designed consistent with the applicable design requirements for stormwater/floodplain management systems. The District will finance, own, operate and maintain the stormwater system.

NOTE: No private earthwork is included in the CIP. Accordingly, the District will not fund any costs of any grading of lots or the transportation of any fill to such lots. Lake excavation for stormwater ponds within the CIP includes only the portion from the normal water level to the depth required to meet water quality criteria set forth by the SWFWMD. 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 to use any excess fill generated by construction of the improvements in the stormwater system than to haul such fill off-site.

Water, Wastewater and Reclaim Utilities:

As part of the CIP, the District intends to construct and/or acquire water, wastewater and reclaimed water infrastructure. In particular, the on-site water supply improvements include water mains that will be located within rights-of-way and used for potable water service and fire protection.

Wastewater improvements for the project will include an onsite gravity collection system, onsite and offsite force mains and onsite lift stations.

Similarly, the reclaim water distribution system will be constructed to provide service for irrigation throughout the community.

The water and reclaimed water distribution and wastewater collection systems for all phases will be constructed and/or acquired by the District and then dedicated to a local, public utility provider for ownership, operation and maintenance. Portions of the irrigation system may be retained by the District and not conveyed to a public utility provider. The CIP will only include laterals to the lot lines (i.e., point of connection). Any irrigation improvements owned by the District that are financed by tax-exempt bonds will be located in public easements or public rights of way and no payments are planned to be made to the District or any property or homeowner's association for irrigation water from such lines.

Landscaping, Irrigation, Hardscaping and Walls:

The District will construct and/or install landscaping, irrigation, hardscaping, entry features with community signage and perimeter walls for sound abatement within District-owned common areas and rights-of-way. The District must meet local design criteria requirements for planting and irrigation design. This project will at a minimum meet those requirements and, in most cases, will exceed the requirements with enhancements for the benefit of the community.

All such landscaping, irrigation and hardscaping will be owned, maintained and funded by the District. Such infrastructure, to the extent that it is located in rights-of-way owned by a local general purpose government will be maintained pursuant to a right-of-way agreement or permit. Any landscaping, irrigation or hardscaping systems behind hard-gated roads, if any, would not be financed by the District and instead would be privately installed and maintained.

Streetlights / Undergrounding of Electrical Utility Lines

The District intends to finance the purchase of solar streetlights for the public portions of the Development. The costs for the streetlights have been included as part of the CIP. Any streetlights financed by the District with tax-exempt bonds will be owned by the District and located in public easements or right of way and will not be located on roadways behind gates.

The CIP also includes the incremental cost of undergrounding of electrical utility lines throughout the District. Any such costs financed by the District's tax-exempt bonds will be in public easements or public right-of-way. Any lines and transformers located in such areas would be owned by the local utility provider and not paid for by the District as part of the CIP.

Recreational Amenities:

As part of the overall construction of the Development, the District may construct a clubhouse and other amenity facilities. Any clubhouse or other amenity facilities financed with the District's tax-exempt bonds will be open to the public on a rate-scale basis and will be owned, operated and maintained by the District. Alternatively, the Developer may privately fund such facilities and, upon completion, transfer them to a homeowners' association for ownership, operation and maintenance. In such event, the amenities would be considered common elements for the exclusive benefit of the District landowners.

Environmental Mitigation

The District will provide onsite or offsite mitigation areas in order to offset wetland impacts associated with the construction of the Development as required by applicable governmental development approvals. The District will be responsible for the design, permitting, construction, maintenance and government reporting of the any onsite mitigation areas and will own these mitigation areas. These costs, excluding the cost of government reporting, are included within the CIP. Any offsite mitigation would be provided through the purchase of credits from a mitigation bank. Only mitigation for public infrastructure is included in the CIP.

Off-Site Improvements

Offsite improvements include potable water main, wastewater force main and reclaimed water main extensions and transportation access improvements (turn lanes / roundabouts) in public roadways. These costs are included within the CIP. The off-site improvements will be constructed and/or acquired by the District with proceeds of its bonds and dedicated to a local general purpose unit of government for ownership, operation and maintenance.

Offsite improvements may be impact fee creditable. No oversizing agreements are in place for the Development.

Professional Services

The CIP also includes various professional services. These include: (i) engineering, surveying and architectural fees, (ii) permitting and plan review costs, and (iii) development/construction management services fees that are required for the design, permitting, construction, and maintenance acceptance of the public improvements and community facilities.

NOTE: In the event that impact fee credits are generated from any roadway, utilities or other improvements funded by the District, any such credits, if any, will be the subject of an acquisition agreement between the applicable developer and the District, as described below.

PERMITTING/CONSTRUCTION COMMENCEMENT

Exhibit 4 – Permit Tracker attached hereto lists the status of all applicable permits and approvals for the CIP. The Developer received approval of the planned development rezone needed for the Development of Firethorn from Manatee County on August 17, 2023 [PDR-22-21(Z)(G)]. Compliance with the conditions of said approvals 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.

CIP COST ESTIMATE / MAINTENANCE RESPONSIBILITIES

Exhibit 5 – Capital Improvement Program – Preliminary Cost Estimate attached hereto presents, among other things, a cost estimate for the CIP and for the costs associated with the Development not included in the CIP. It is our professional opinion that the costs set forth below are reasonable and consistent with market pricing.

CONCLUSIONS

The CIP will be designed in accordance with current governmental regulations and requirements. The CIP will serve its intended function so long as the construction is in substantial compliance with the design.

It is further our opinion that:

- The estimated cost to the CIP as set forth herein is reasonable based on prices currently being experienced in the jurisdiction in which the District is located, and is not greater than the lesser of the actual cost of construction or the fair market value of such infrastructure;
- All of the improvements comprising the CIP are required by applicable development approvals issued pursuant to Section 380.06, Florida Statutes;
- The CIP is feasible to construct, there are no technical reasons existing at this time that would prevent the implementation of the CIP, and it is reasonable to assume that all necessary regulatory approvals will be obtained in due course; and
- The assessable property within the District will receive a special benefit from the CIP that is at least equal to such costs.

Also, the CIP will constitute a system of improvements that will provide benefits, both general and special and peculiar, to all lands within the District. The general public, property owners, and property outside the District will benefit from the provisions of the District's CIP; however, these are incidental to the District's CIP, which is designed solely to provide special benefits peculiar to property within the District. Special

and peculiar benefits accrue to property within the District and enables properties within its boundaries to be developed.

The CIP will be owned by the District or other local governmental units and such CIP is intended to be available and will reasonably be available for use by the general public (either by being part of a system of improvements that is available to the general public or is otherwise available to the general public) including nonresidents of the District. All of the CIP is or will be located on lands owned or to be owned by the District or another governmental entity or on perpetual easements in favor of the District or other governmental entity. The CIP, and any cost estimates set forth herein, do not include any earthwork, grading or other improvements on private lots or property. The District will pay the lesser of the cost of the components of the CIP or the fair market value.

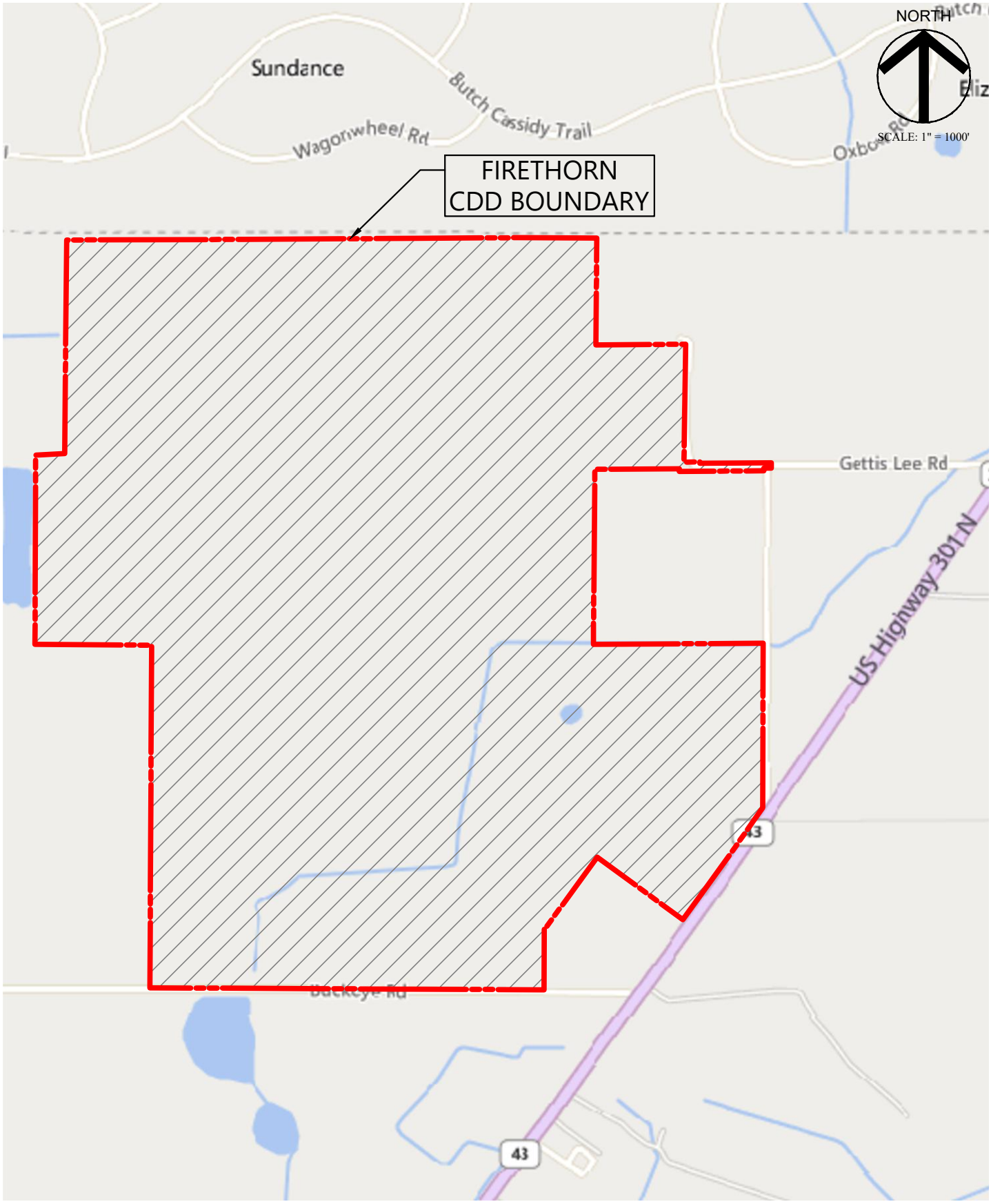
Please note that the CIP as presented herein is based on current plans and market conditions which are subject to change. Accordingly, the CIP, as used herein, refers to sufficient public infrastructure of the kinds described herein (i.e., stormwater/floodplain management, sanitary sewer, potable water, etc.) to support the development and sale of the planned residential units in the District, which (subject to true-up determinations) number and type of units may be changed with the development of the site. 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.

_____

Victor Barbosa, P.E.
ATWELL, LLC
10150 Highland Manor Dr., Suite 450
Tampa, Florida 33610

APPENDICES

Exhibit 1: Location Map



FIRETHORN CDD LOCATION MAP

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
10210 HIGHLAND MANOR DR, SUITE 400A
TAMPA FL, 33610
PHONE: (813) 337-0315

SECTION:	TOWNSHIP:	RANGE:
3,4	33S	19E
COUNTY,		FLORIDA

FILE NAME: 1235-500-E01_CDD Location Map.dwg
SHEET: 1 OF 1

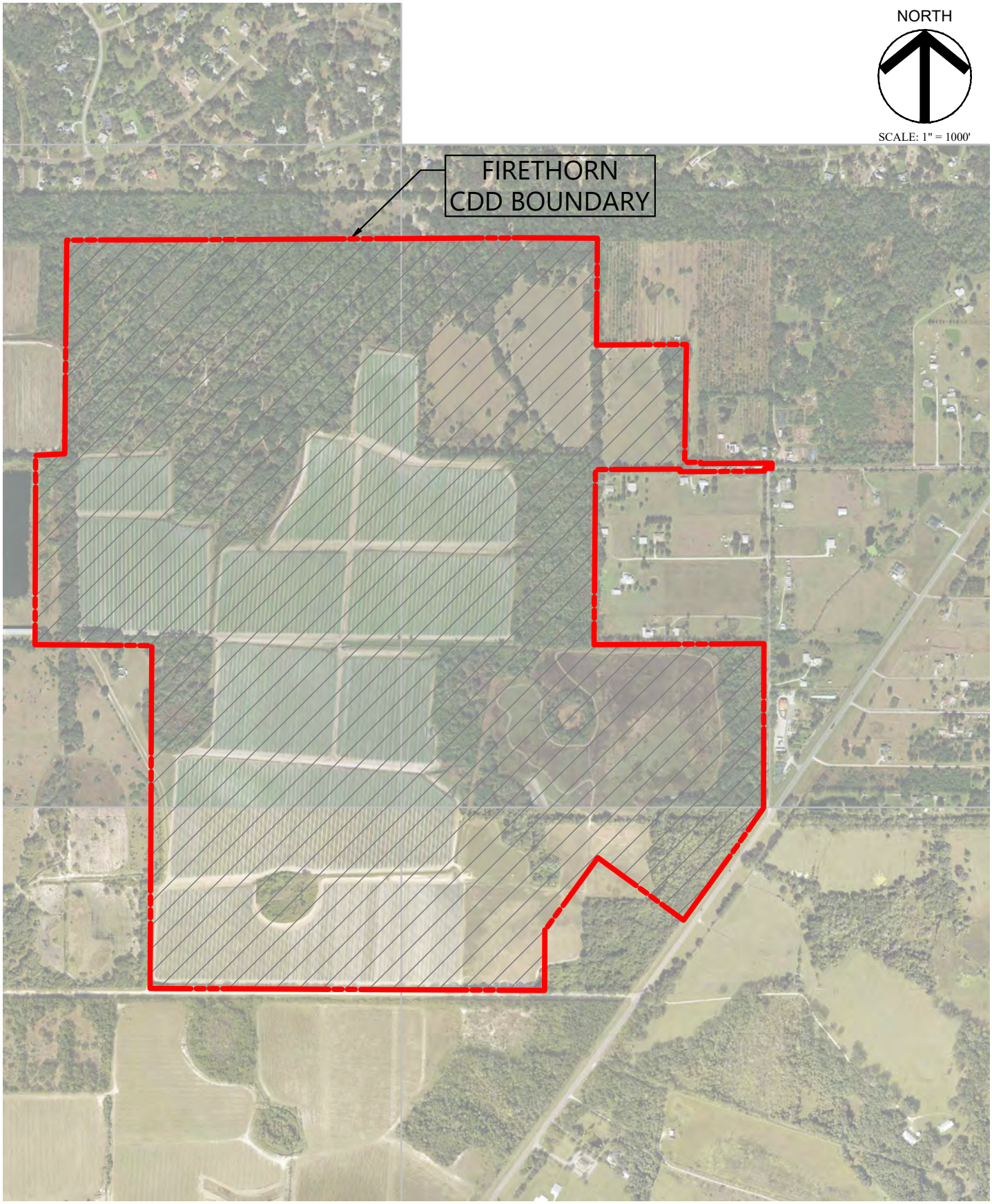
FLORIDA CERTIFICATE OF AUTHORIZATION #8636

JEREMY L. FIRELINE, P.E.
FL LICENSE NO. 63987

ATWELL
866.850.4200 www.atwell-group.com
10150 HIGHLAND MANOR Dr, SUITE 450
TAMPA, FL 33610
813.443.8282

T:\Projects\Engineering (Temp Transfer)\Firethorn CDD\Drawings-Exhibits\1235-500 E01 CDD Location Map\Current Plans\1235-500-E01_CDD Location Map.dwg

Exhibit 2: Aerial Map



FIRETHORN CDD AERIAL MAP

PREPARED FOR:
TAYLOR MORRISON OF FLORIDA, INC.
10210 HIGHLAND MANOR DR, SUITE 400A
TAMPA FL, 33610
PHONE: (813) 337-0315

SECTION:	TOWNSHIP:	RANGE:
3,4	33S	19E
COUNTY,		FLORIDA

FILE NAME: 1235-500-E01_CDD Aerial Map.dwg
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FLORIDA CERTIFICATE OF AUTHORIZATION #8636

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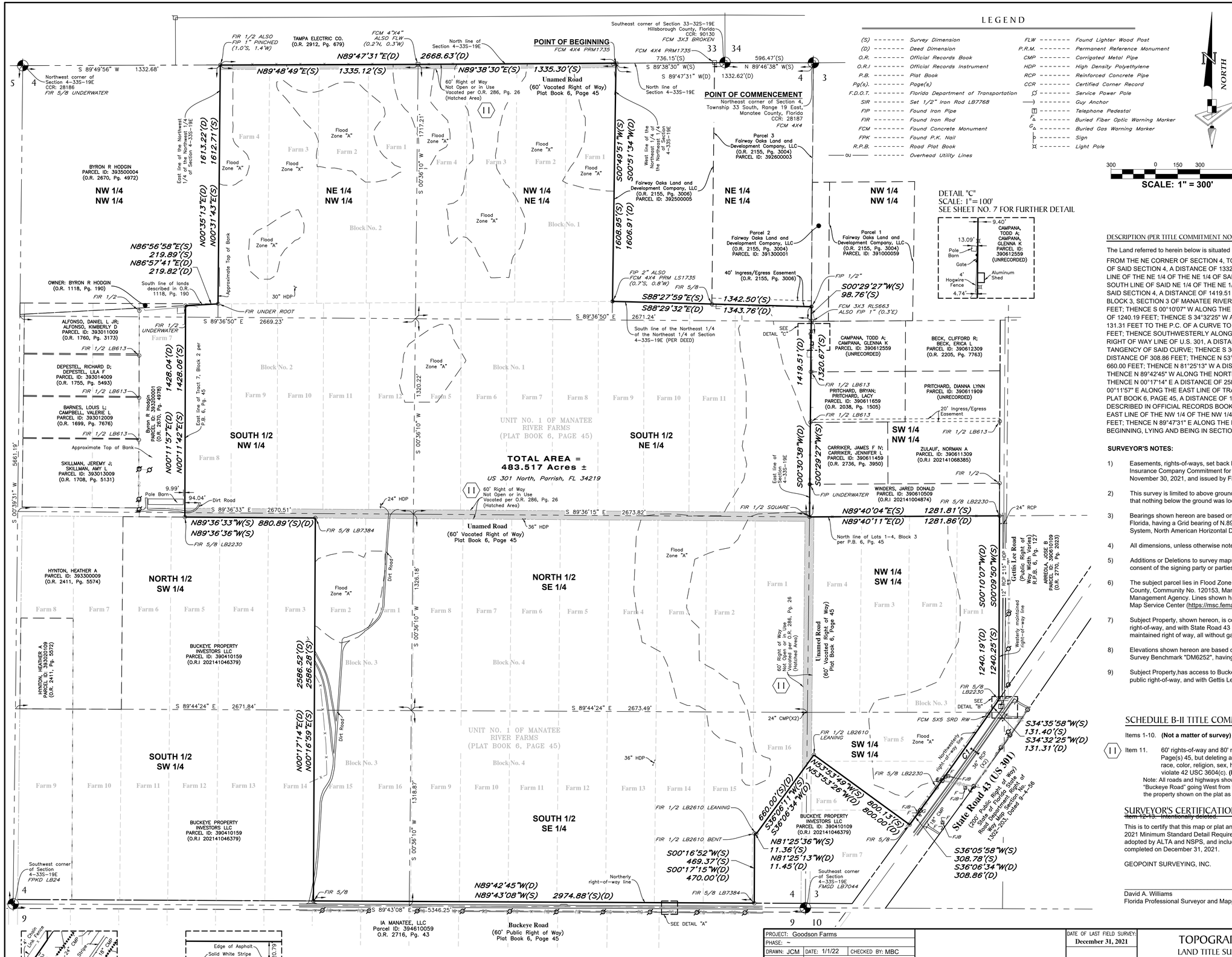
FL LICENSE NO. 63987

ATWELL
866.850.4200 www.atwell-group.com
10150 HIGHLAND MANOR Dr, SUITE 450
TAMPA, FL 33610
813.443.8282

\\fltam\FLTAM Projects\Projects\1235-202 (Firethorn) CDD\Drawings-Exhibits\1235-500 E01 CDD Location Map\Current Plans\1235-500-E01_CDD Aerial Map.dwg

Exhibit 3: Legal Description and Sketch

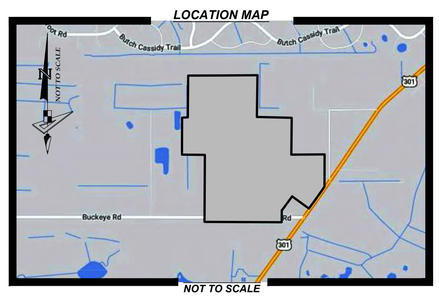


LEGEND

(S)	Survey Dimension
(D)	Deed Dimension
O.R.	Official Records Book
O.R.I	Official Records Instrument
P.B.	Plat Book
Pg(s).	Page(s)
F.D.O.T.	Florida Department of Transportation
SIR	Set 1/2" Iron Rod LB7768
FIP	Found Iron Pipe
FIR	Found Iron Rod
FCM	Found Concrete Monument
FPK	Found P.K. Nail
R.P.B.	Road Plat Book
OU	Overhead Utility Lines
FLW	Found Lighter Wood Post
P.R.M.	Permanent Reference Monument
CMP	Corrigated Metal Pipe
HDP	High Density Polyethylene
RCP	Reinforced Concrete Pipe
CCR	Certified Corner Record
	Service Power Pole
	Guy Anchor
	Telephone Pedestal
	Buried Fiber Optic Warning Marker
	Buried Gas Warning Marker
	Sign
	Light Pole

300 0 150 300 600

SCALE: 1" = 300'



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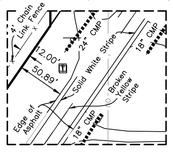

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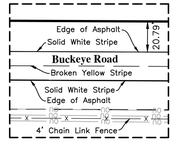


CURVE DATA TABLE

NO.	RADIUS	DELTA	ARC	CHORD	BEARING
C1(S)	22850.32'	1°30'00"	598.22'	598.20'	S 35°20'58" W
C1(D)	22850.32'	1°30'00"	598.22'	~	~

VERTICAL DATUM: NAVD88
Conversion from NAVD88 to NGVD29: **-0.95'**

DESCRIPTION (PER TITLE COMMITMENT NO. NCS-1097635-CAST)

The Land referred to herein below is situated in the County of Manatee, State of Florida, and is described as follows:

FROM THE NE CORNER OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, RUN S 89°47'31" W ALONG THE NORTH LINE OF SAID SECTION 4, A DISTANCE OF 1332.62 FEET TO THE POINT OF BEGINNING; THENCE S 00°51'34" W ALONG THE WEST LINE OF THE NE 1/4 OF THE NE 1/4 OF SAID SECTION 4, A DISTANCE OF 1606.91 FEET; THENCE S 88°29'32" E ALONG THE SOUTH LINE OF SAID NE 1/4 OF THE NE 1/4, A DISTANCE OF 1343.76 FEET; THENCE S 00°30'38" W ALONG THE EAST LINE OF SAID SECTION 4, A DISTANCE OF 1419.51 FEET; THENCE N 89°40'11" E ALONG THE NORTH LINE OF LOTS 1 THROUGH 4, BLOCK 3, SECTION 3 OF MANATEE RIVER FARMS, UNIT 1, RECORDED IN PLAT BOOK 6, PAGE 45, A DISTANCE OF 1281.86 FEET; THENCE S 00°10'07" W ALONG THE WESTERLY MAINTAINED RIGHT OF WAY LINE OF GETTIS LEE ROAD, A DISTANCE OF 1240.19 FEET; THENCE S 34°32'25" W ALONG THE NORTHWESTERLY RIGHT OF WAY LINE OF U.S. 301, A DISTANCE OF 131.31 FEET TO THE P.C. OF A CURVE TO THE RIGHT WHOSE RADIUS POINT LIES N 55°23'26" W, A DISTANCE OF 22850.32 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE TO THE RIGHT ALSO BEING SAID NORTHWESTERLY RIGHT OF WAY LINE OF U.S. 301, A DISTANCE OF 598.22 FEET THROUGH A CENTRAL ANGLE OF 01°30'00" TO THE POINT OF TANGENCY OF SAID CURVE; THENCE S 36°06'34" W ALONG SAID NORTHWESTERLY RIGHT OF WAY LINE OF U.S. 301, A DISTANCE OF 308.86 FEET; THENCE N 53°53'26" W A DISTANCE OF 800.00 FEET; THENCE S 36°06'34" W A DISTANCE OF 660.00 FEET; THENCE N 81°25'13" W A DISTANCE OF 11.45 FEET; THENCE S 00°17'15" W A DISTANCE OF 470.00 FEET; THENCE N 89°42'45" W ALONG THE NORTHERLY RIGHT OF WAY LINE OF BUCKEYE ROAD, A DISTANCE OF 2974.88 FEET; THENCE N 00°17'14" E A DISTANCE OF 2586.52 FEET; THENCE N 89°36'36" W A DISTANCE OF 880.89 FEET; THENCE N 00°11'57" E ALONG THE EAST LINE OF TRACT 7, BLOCK 2, SECTION 4, MANATEE RIVER FARMS, UNIT 1, AS REPORTED IN PLAT BOOK 6, PAGE 45, A DISTANCE OF 1428.04 FEET; THENCE N 86°57'41" E ALONG THE SOUTH LINE PROPERTY DESCRIBED IN OFFICIAL RECORDS BOOK 1118, PAGE 190, A DISTANCE OF 219.82 FEET; THENCE N 00°35'13" E ALONG THE EAST LINE OF THE NW 1/4 OF THE NW 1/4 OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, A DISTANCE OF 1613.22 FEET; THENCE N 89°47'31" E ALONG THE NORTH LINE OF SAID SECTION 4, A DISTANCE OF 2668.63 FEET TO THE POINT OF BEGINNING, LYING AND BEING IN SECTIONS 3 AND 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA.

SURVEYOR'S NOTES:

1) Easements, rights-of-ways, set back lines, reservations, agreements and other similar matters taken from First American Title Insurance Company Commitment for Title Insurance, Commitment Number: NCS-1097635-CAST with an effective date of November 30, 2021, and issued by First American Title Insurance Company.

2) This survey is limited to above ground visible improvements along and near the boundary lines, except as shown hereon, and that nothing below the ground was located including, but not limited to foundations (footings), utilities, etc.

3) Bearings shown hereon are based on the North boundary of Section 4, Township 33 South, Range 19 East, Manatee County, Florida, having a Grid bearing of N.89°38'30"E. The Grid Bearings as shown hereon refer to the State Plane Coordinate System, North American Horizontal Datum of 1983 (NAD 83-2011 Adjustment) for the West Zone of Florida.

4) All dimensions, unless otherwise noted, are survey dimensions.

5) Additions or Deletions to survey maps or reports by other than the signing party or parties is prohibited without the written consent of the signing party or parties.

6) The subject parcel lies in Flood Zone "X" and "A", according to Flood Insurance Rate Map, Map No. 12081C0045F for Manatee County, Community No. 120153, Manatee County, Florida, dated August 10, 2021 and issued by the Federal Emergency Management Agency. Lines shown have been digitally translated from DFIRM database information supplied by the FEMA Map Service Center (https://msc.fema.gov).

7) Subject Property, shown hereon, is contiguous along its common boundary lines and with Buckeye Road, a 60' public right-of-way, and with State Road 43 (US Highway 301), a 200' public right-of-way, and with Gettis Lee Road, a public maintained right of way, all without gaps, gores, overlaps or hiatuses.

8) Elevations shown hereon are based on the North American Vertical Datum of 1988 (NAVD 88) based on National Geodetic Survey Benchmark "DM6252", having a published elevation of 36.72 feet (NAVD 88).

9) Subject Property,has access to Buckeye Road, a 60' public right-of-way, and with State Road 43 (US Highway 301), a 200' public right-of-way, and with Gettis Lee Road, a public maintained right of way (width varies).

SCHEDULE B-II TITLE COMMITMENT NOTE:

Items 1-10. **(Not a matter of survey)**

(11) Item 11. 60' rights-of-way and 80' right-of-way shown on the plat of Manatee River Farms, Unit No. 1, as recorded in Plat Book 6, Page(s) 45, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c). **(If any such matters exist, they are shown hereon)**
Note: All roads and highways shown North of the center line in Section 19 and 20 except the Tamiami Trail and except that part of "Buckeye Road" going West from the Trail to the Southwest Corner of Section 6 and the road leading North from SW corner of Section 4 to the property shown on the plat as "Not Included", have been vacated by Manatee County, per the Notice recorded in Book 286, Page 22.

SURVEYOR'S CERTIFICATION:

~~Item 12-13. Intentionally deleted.~~

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2021 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 3, 4, 8, 11 & 13 of Table A thereof. The field work was completed on December 31, 2021.

GEOPOINT SURVEYING, INC.

David A. Williams
Florida Professional Surveyor and Mapper # 6423

CERTIFIED TO:

First American Title Insurance Company;
Taylor Morrison of Florida, Inc., a Florida corporation;
GrayRobinson, P.A.;
GOODSON FAMILY LIMITED LIABILITY LIMITED PARTNERSHIP, a Florida limited liability limited partnership;
Peterson & Myers, P.A.

PROJECT: Goodson Farms
PHASE: ~
DRAWN: JCM | DATE: 1/1/22 | CHECKED BY: MBC
P.CHIEF: PB | FIELD BOOK: 51-2021-Page: 72
DATA FILE: GOODSON FARMS BNDY(88)PB.txt

REVISIONS

DATE	DESCRIPTION	DRAWN BY
1/20/22	Updated Title Commitment	JCM
2/22/22	Updated Topographic Information	JCM
4/12/22	Misc. Comments	JCM

SEE SURVEYOR'S CERTIFICATION

DATE OF LAST FIELD SURVEY: **December 31, 2021**

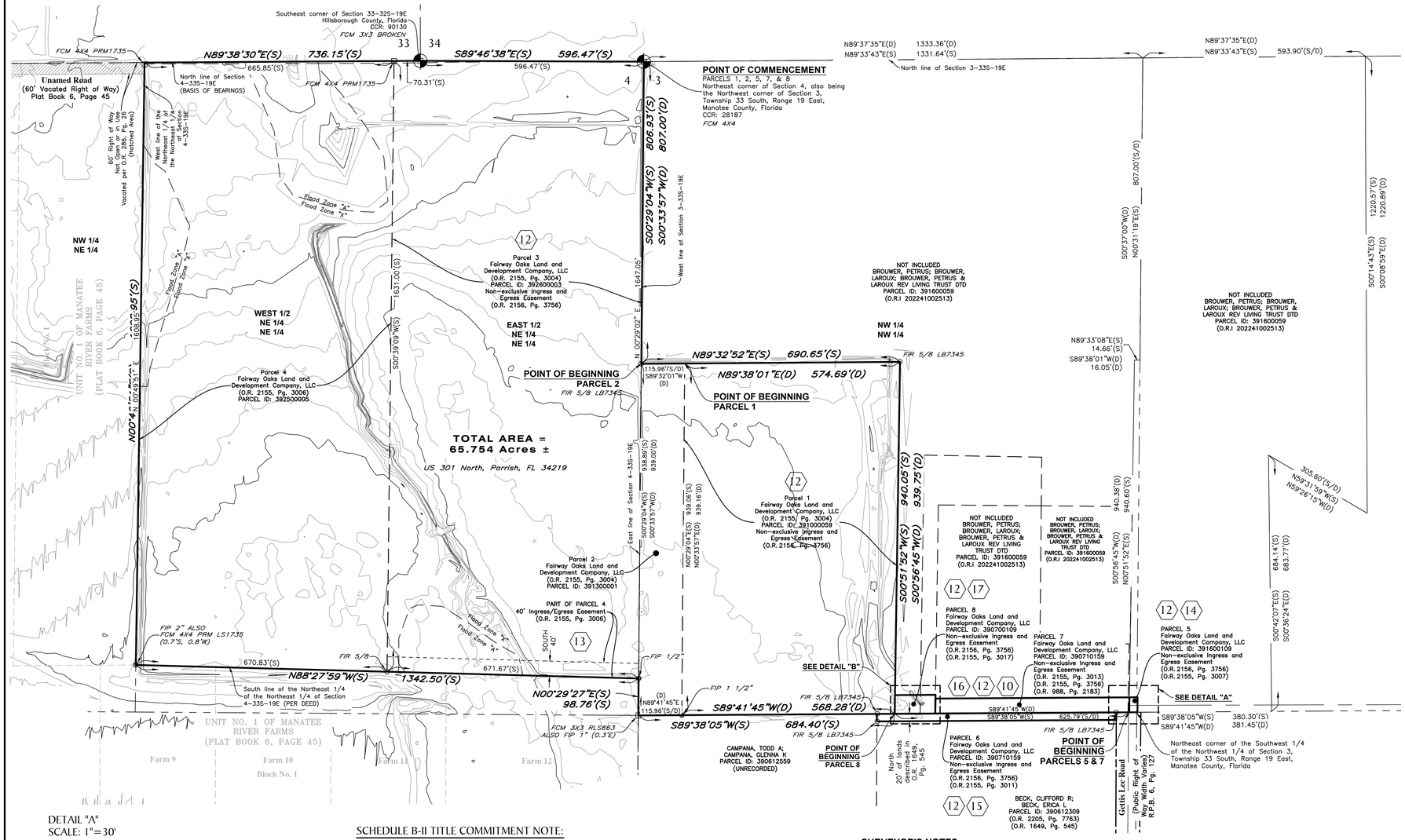
NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

TOPOGRAPHIC, ALTA \ NSPS
LAND TITLE SURVEY-BOUNDARY SURVEY
PREPARED FOR
Taylor Morrison of Florida, Inc.
LOCATED IN
Sections 3 & 4, Township 33 South, Range 19 East
Manatee County, Florida

GeoPoint Surveying, Inc.
213 Hobbs Street
Tampa, Florida 33619
www.geopointsurvey.com
Phone: (813) 248-8888
Fax: (813) 248-2266
Licensed Business No.: LB 7768

SHEET NUMBER: **01** of **17**

FILE PATH: P:\GOODSON FARMS\SURVEY\GOODSONFARMS-BS-SHT-1.DWG PLOTTED BY: JORDAN MANSON ON: 4/12/2022 12:26 PM LAST SAVED BY: JORDANM ON: 2/22/2022 5:33 PM



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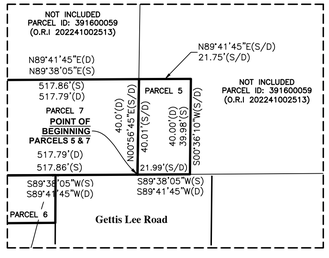

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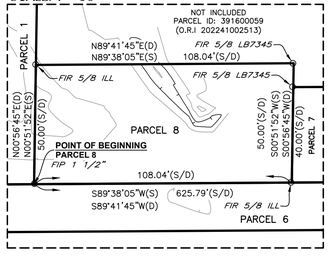


SCHEDULE B-II TITLE COMMITMENT NOTE:

Items 1-9. **(Not a matter of survey)**

10 Item 10. Easement contained in deed recorded in Official Records Book 752, Page 435 as affected by Resolution recorded in Official Records Book 815, Page 58 and Affidavit recorded in Official Records Book 988, Page 2183. **(Affects Parcel 7 - as shown hereon)**

Item 11. Resolution No. R-94-134 recorded in Official Records Book 1434, Page 67. **(Affects Subject property - not plottable)**

12 Item 12. Non-Exclusive Ingress and Egress Easement between Fairway Oaks Land and Development Company LLC and Dwyer Frank Wetzler, Clifford R. Beck, Petrus H. Brouwer, and LaRoux H. Brouwer, and Patricia Groover Dodson, as Trustee of The Patricia Groover Dodson Revocable Living Trust dated August 7, 2003 recorded in Official Records Book 2156, Page 3756. **(Affects Parcels 1, 2, 3, 5, 6, 7 & 8 - as shown hereon)**

13 Item 13. Easement in that deed between Frans Brouwer a/k/a Frans Brower to Fairway Oaks Land and Development Company LLC recorded in Official Records Book 2155, Page 3006. **(Affects Parcels 3 & 4 - as shown hereon)**

14 Item 14. Easement reserved in that Warranty Deed between Petrus H. Brouwer and LaRoux H Brouwer and Fairway Oaks Land and Development Company LLC recorded in Official Records Book 2155, Page 3007. **(Affects Parcel 5 - as shown hereon)**

15 Item 15. Easement reserved in that Warranty Deed between Clifford R. Beck and Erica Lynn Beck to Fairway Oaks Land and Development Company LLC in Official Records Book 2155, Page 3011.**(Affects Parcel 6 - as shown hereon)**

16 Item 16. Easement reserved in that Warranty Deed between Dwyer Frank Wetzler and Fairway Oaks Land and Development Company LLC recorded in Official Records Book 2155, Page 3013. **(Affects Parcel 7 - as shown hereon)**

17 Item 17. Easement reserved in that Warranty Deed between Patricia Groover Dodson as Trustee of The Patricia Groover Dodson Revocable Living Trust dated August 7, 2003, and Fairway Oaks Land and Development Company LLC recorded in Official Records Book 2155, Page 3017.**(Affects Parcel 8 - as shown hereon)**

SURVEYOR'S CERTIFICATION:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2021 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 3, 4, 8, 11 & 13 of Table A thereof. The field work was completed on January 5, 2022.

GEOPOINT SURVEYING, INC.

David A. Williams
Florida Professional Surveyor and Mapper # 6423

CERTIFIED TO:

First American Title Insurance Company;
Taylor Morrison of Florida, Inc., a Florida corporation;
GrayRobinson, P.A.;
FAIRWAY OAKS LAND AND DEVELOPMENT COMPANY, LLC, a Florida limited liability company; Bogin, Munns & Munns, P.A.

VERTICAL DATUM: NAVD88
Conversion from NAVD88 to NGVD29:**-0.95'**

SURVEYOR'S NOTES:

1) Easements, rights-of-ways, set back lines, reservations, agreements and other similar matters taken from First American Title Insurance Company Commitment for Title Insurance, Commitment Number: NCS-1109571-CAST with an effective date of January 20, 2022, and issued by First American Title Insurance Company.

2) This survey is limited to above ground visible improvements along and near the boundary lines, except as shown hereon, and that nothing below the ground was located including, but not limited to foundations (footings), utilities, etc.

3) Bearings shown hereon are based on the North boundary of Section 4, Township 33 South, Range 19 East, Manatee County, Florida, having a Grid bearing of N.89°38'30"E. The Grid Bearings as shown hereon refer to the State Plane Coordinate System, North American Horizontal Datum of 1983 (NAD 83-2011 Adjustment) for the West Zone of Florida.

4) All dimensions, unless otherwise noted, are survey dimensions.

5) Additions or Deletions to survey maps or reports by other than the signing party or parties is prohibited without the written consent of the signing party or parties.

6) The subject parcel lies in Flood Zone "X" and "A", according to Flood Insurance Rate Map, Map No. 12081C0045F for Manatee County, Community No. 120153, Manatee County, Florida, dated August 10, 2021 and issued by the Federal Emergency Management Agency. Lines shown have been digitally translated from DFIRM database information supplied by the FEMA Map Service Center (https://msc.fema.gov).

7) Subject Property, shown hereon, is contiguous along common boundaries without gaps, gores, hiatuses, or overlaps.

8) Elevations shown hereon are based on the North American Vertical Datum of 1988 (NAVD 88) based on National Geodetic Survey Benchmark "DM6252", having a published elevation of 36.72 feet (NAVD 88).

9) Subject Property has access to Gettis Lee Road, a public maintained right of way (width varies).

NOTE:
SEE SHEET NO. 1 FOR TITLE COMMITMENT, SURVEYOR'S NOTES, CERTIFICATIONS, LEGAL DESCRIPTION, & OVERALL BOUNDARY
SEE SHEET NO. 2-4 FOR TOPOGRAPHIC INFORMATION & LEGEND

DESCRIPTION (PER TITLE COMMITMENT NO. NCS-1109571-CAST)

The Land referred to herein below is situated in the County of Manatee, State of Florida, and is described as follows:
PARCEL 1:
BEGIN AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE S 0°33'57"W, ALONG THE WEST LINE OF SAID SECTION 3, A DISTANCE OF 807.00 FEET; THENCE N 89°38'01"E, 115.96 FEET FOR A POINT OF BEGINNING, THENCE CONTINUE N 89°38'01" E, 574.69 FEET; THENCE S0°56'45"W., 939.75 FEET; THENCE S 89°41'45"W, 568.28 FEET; THENCE N 0°33'57"E., 939.16 FEET TO THE POINT OF BEGINNING.

PARCEL 2:
BEGINNING AT THE NORTHWEST CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE SOUTH 0°33'57" WEST ALONG THE WEST LINE OF SAID SECTION 3, A DISTANCE OF 807 FEET FOR A POINT OF BEGINNING; THENCE CONTINUE SOUTH 0°33'57" WEST 939 FEET; THENCE RUN NORTH 89°41'45" EAST 115.96 FEET; THENCE RUN NORTH 0°33'57" EAST 939.16 FEET; THENCE RUN SOUTH 89°32'01" WEST 115.96 FEET TO THE POINT OF BEGINNING AS DESCRIBED IN OFFICIAL RECORDS BOOK 199, PAGE 691, OF THE PUBLIC RECORDS OF
MANATEE COUNTY, FLORIDA.

PARCEL 3:
THE EAST 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, LYING AND BEING IN MANATEE COUNTY, FLORIDA.

PARCEL 4:
THE WEST 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA, TOGETHER WITH AN INGRESS AND EGRESS EASEMENT OVER SOUTH 40 FEET OF GRANTOR'S ADJOINING PROPERTY ON EAST.

PARCEL 5:
A PORTION OF THE FOLLOWING DESCRIBED PARCEL: BEGIN AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET FOR A POINT OF BEGINNING; THENCE CONTINUE N 89°37'35"E, 593.90 FEET; THENCE S 0°08'59"E., 1220.89 FEET; THENCE N 59°26'15" W., 305.60 FEET; THENCE S 0°36'24"E., 683.77 FEET; THENCE S 89°41'45"W., 381.45 FEET; THENCE N 0°56'45"E., 940.38 FEET; THENCE N 89°38'01"E., 16.05 FEET; THENCE N 0°37'00"E., 807 FEET TO THE POINT OF BEGINNING.

BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N 89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE CONTINUE N 89°37'35"E., 593.90 FEET; THENCE S 0°08'59"E., 1220.89 FEET; THENCE N 59°26'15"W., 305.60 FEET; THENCE S 0°36'24"E., 683.77 FEET; THENCE S 89°41'45"W., 381.45 FEET TO THE POINT OF BEGINNING; THENCE N 0°56'45"E., 40.01 FEET; THENCE N 89°41'45"W., 21.75 FEET; THENCE S 0°36'08"W., 40.00 FEET; THENCE S 89°41'45"W., 21.99 FEET TO THE POINT OF BEGINNING.

PARCEL 6:
THE NORTH 20 FEET OF THE FOLLOWING DESCRIBED PROPERTY BEING MORE PARTICULARLY DESCRIBED AS PARCEL 1 IN O.R. BOOK 1649 PAGE 545 OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA:
COMMENCE AT THE NORTHEAST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE S 89°39'15"W., ALONG THE NORTH LINE OF THE SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4, A DISTANCE OF 50.00 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF GETTIS LEE ROAD FOR A POINT OF BEGINNING; THENCE CONTINUE S 89°39'15"W., ALONG SAID NORTH LINE, A DISTANCE OF 637.76 FEET; THENCE S 00°15'04"W., 341.65 FEET; THENCE N 89°41'15"E., 637.76 FEET TO A POINT ON THE AFOREMENTIONED WEST LINE OF GETTIS LEE ROAD; THENCE N 00°15'04"E., ALONG SAID WEST LINE, A DISTANCE OF 342.03 FEET TO THE POINT OF BEGINNING. SUBJECT TO AN EASEMENT FOR INGRESS AND EGRESS OVER THE NORTH 20.0 FEET THEREOF.

PARCEL 7:
THE SOUTH 40.00 FEET OF THE FOLLOWING DESCRIBED PARCEL:
COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE NORTH 89 DEG. 37' 35" EAST ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE SOUTH 0 DEG. 37' 00" WEST, 807 FEET; THENCE SOUTH 89 DEG. 38' 01" WEST, 16.05 FEET; THENCE SOUTH 0 DEG. 56. 45" WEST, 940.38 FEET; THENCE SOUTH 89 DEG. 41' 45" WEST, 3.0 FEET FOR THE POINT OF BEGINNING (A); THENCE CONTINUE S. 89 DEG. 41' 45" W. 554.79 FEET; THENCE NORTH 0 DEG. 56' 45" E. 690.37 FEET; THENCE SOUTH 88 DEG. 55' 45" EAST 313.9 FEET; THENCE SOUTH 0 DEG. 36' 25" W. 499.85 FEET; THENCE NORTH 89 DEG. 43' 07" EAST 237.84 FEET; THENCE SOUTH 0 DEG. 56' 45" WEST, 183.0 FEET TO THE POINT OF BEGINNING. SUBJECT TO: EASEMENT FOR INGRESS AND EGRESS OF 30' ON EAST SIDE OF SAID PROPERTY AND 40' ON SOUTH SIDE OF SAID PROPERTY.
AND
COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89 DEG. 37' 35" E, ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0 DEG. 37' 00" W, 807 FEET; THENCE S 89 DEG. 38' 01" W, 16.05 FEET; THENCE S 0 DEG. 56' 45" W, 391.16 FEET FOR THE POINT OF BEGINNING (B); THENCE CONTINUE S 0 DEG. 56' 45" W, 549.22 FEET; THENCE S 89 DEG. 41' 45" W, 3.0 FEET; THENCE N 0 DEG. 56' 45" E, 183.0 FEET; THENCE S 89 DEG. 43' 07" W, 237.84 FEET; THENCE N 0 DEG. 36' 25" E, 369.72 FEET; THENCE S 89 DEG. 26' 46" e, 242.96 FEET TO THE POINT OF BEGINNING. CONTAINING 2.06 ACRES MORE OR LESS. TOGETHER WITH INGRESS AND EGRESS EASEMENT 30' ON EAST SIDE OF LAND DESCRIBED IN O. R. BOOK 752, PAGE 435, PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA.
LESS
COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89 DEG. 37' 35" E, ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0 DEG. 37' 00" W, 807 FEET; THENCE S 89 DEG. 38' 01" W, 16.05 FEET; THENCE S 0 DEG. 56' 45" W, 391.16 FEET; THENCE N 89 DEG. 26' 46" W, 242.96 FEET FOR THE POINT OF BEGINNING (C); THENCE CONTINUE N 89. DEG. 26' 46" W, 274.68 FEET; THENCE S 0 DEG. 56' 45" W, 556.81 FEET; THENCE S 89 DEG. 41' 45" W, 40 FEET; THENCE N 0 DEG. 56' 45" E, 690.37 FEET; THENCE S 88 DEG. 55' 45" E, 313.9 FEET; THENCE S 0 DEG. 36' 25" W, 130.13 FEET TO THE POINT OF BEGINNING. CONTAINING 1.46 ACRES MORE OR LESS.
BEING FURTHER DESCRIBED AS FOLLOWS:
COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE NORTH 89 DEG. 37' 35" EAST ALONG THE NORTH LINE AT SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE SOUTH 0 DEG. 37' 00" WEST, 807 FEET; THENCE SOUTH 89 DEG. 38' 01" WEST, 16.05 FEET; THENCE SOUTH 0 DEG. 56' 45" WEST, 940.38 FEET FOR THE POINT OF BEGINNING (D); THENCE SOUTH 89 DEG. 41' 45" WEST 517.79 FEET; THENCE NORTH 0 DEG. 56' 45" EAST 40.00 FEET; THENCE NORTH 89 DEG. 41' 45" EAST 517.79 FEET; THENCE SOUTH 0 DEG. 56' 45" WEST 40.00 FEET TO THE POINT OF BEGINNING. CONTAINING 0.475 ACRES MORE OR LESS.

PARCEL 8:
THE SOUTH 50 FEET OF THE FOLLOWING DESCRIBED PROPERTY:
BEGIN AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N 89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00" W., 807.00 FEET; THENCE S 89°38'01"W., 16.05 FEET; THENCE S 0°56'45"W., 940.38 FEET; THENCE S89°41'45"W., 625.79 FEET; THENCE N 0°56'45"E., 939.75 FEET; THENCE S 89°38'01"W., 690.65 FEET TO THE WEST LINE OF SAID SECTION 3; THENCE N0°33'57"E., ALONG THE SECTION LINE, 807.00 FEET TO THE POINT OF BEGINNING. LESS: COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00"W., 807 FEET; THENCE S 89°38'01"W., 16.05 FEET; THENCE S 0°56'45"W., 940.38 FEET; THENCE S 89°41'45" W 554.79 FEET; THENCE N 0°56'45"E., 690.37 FEET; THENCE S 88°55'45"E 313.9 FEET; THENCE S 0°36'25" W., 499.85 FEET; THENCE N 89°43'07" E 237.84 FEET; THENCE S 0°56'45"W., 183.0 FEET TO THE POINT OF BEGINNING. SUBJECT TO EASEMENT FOR INGRESS AND EGRESS OF 30 FEET ON EAST SIDE OF SAID PROPERTY AND 40 FEET ON SOUTH SIDE OF SAID PROPERTY. AND: COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89°37'35" E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00" W., 807.00 FEET; THENCE S 89°38'01"W., 16.05 FEET; THENCE S 0°56'45"W., 391.16 FEET; THENCE N89°26'46"W., 242.96 FEET FOR THE POINT OF BEGINNING; THENCE CONTINUE N 89°26'46" W., 274.68 FEET; THENCE S 0°56'45"W., 556.81 FEET; THENCE S89°41'45"W., 40 FEET; THENCE N 0°56'45"E., 690.37 FEET; THENCE S 88°55'45"E., 313.9 FEET; THENCE S 0°36'25"W., 130.13 FEET TO THE POINT OF BEGINNING.
AND: COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89°37'35"E ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00"W, 807.00 FEET; THENCE S 89°38'01"W, 16.05 FEET; THENCE S0°56'45" W., 391.16 FEET FOR THE POINT OF BEGINNING; THENCE CONTINUE S 0°56'45"W., 549.22 FEET; THENCE S 89°41 '45"W., 3.0 FEET; THENCE N0°56'45"E., 183.0 FEET; THENCE S 89°43'07"W., 237.84 FEET; THENCE N 0°36'25"E., 369.72 FEET; THENCE S89°26'46"E., 242.96 FEET TO THE POINT OF BEGINNING.

BEING FURTHER DESCRIBED AS FOLLOWS:
COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N 89°37'35"E ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00"W, 807.00 FEET; THENCE S 89°38'01"W, 16.05 FEET; THENCE S 0°56'45"W, 940.38 FEET; THENCE S89°41'45"W, 625.79 FEET FOR THE POINT OF BEGINNING; THENCE N 0°56'45" E, 50.00 FEET; THENCE 89°41'45"E., 108.04 FEET; THENCE S 0°56'45"W., 50.00 FEET; THENCE S 89°41'45"W., 108.04 FEET TO THE POINT OF BEGINNING.

PROJECT: Goodson Farms		
PHASE: NORTHEAST PORTION		
DRAWN: JCM	DATE: 3/1/2022	CHECKED BY: MBC
P.CHIEF: PB	FIELD BOOK: 51-2021-Page: 72	
DATA FILE: GOODSON FARMS BNDY(88)PB.txt		

REVISIONS

DATE	DESCRIPTION	DRAWN BY

SEE SURVEYOR'S CERTIFICATION

DATE OF LAST FIELD SURVEY: **January 5, 2022**

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

TOPOGRAPHIC, ALTA \ NSPS
LAND TITLE SURVEY-BOUNDARY SURVEY
PREPARED FOR
Taylor Morrison of Florida, Inc.
LOCATED IN
Sections 3 & 4, Township 33 South, Range 19 East
Manatee County, Florida

GeoPoint Surveying, Inc.
213 Hobbs Street
Tampa, Florida 33619
www.geopointsurvey.com
Phone: (813) 248-8888
Fax: (813) 248-2266
Licensed Business No.: LB 7768

SHEET NUMBER: **01** of **04**

Exhibit 4: Permit Tracker

Firethorn CDD
Exhibit 4 - Permit Tracking Chart

Name	Phase	Assigned To	Agency	Date	OR Book / Page / Reference #	Notes
GDP Zoning	Overall	Taylor Morrison	Manatee	9/1/2023	PDR-22-21(Z)(G) ; PLN2205-0149	
GDP Zoning Amendment / CLOS	Overall	Taylor Morrison	Manatee	4/29/2024	PDR-22-21(G)(R); PLN2401-0045; CLOS-24-022	CLOS Expires 4/29/2027
Water Use Permit	Overall	Taylor Morrison	SWFWMD	2/12/2014	20011921.01	Expires 3/8/2030
Wetland Determination	Overall	Taylor Morrison	SWFWMD	7/1/2022	840553/42030293.003	
FDEP Wastewater Permit	Phase 1A	Taylor Morrison	FDEP / Manatee	7/23/2024	CS41-0182186-456-DWC/CM	
FDEP Potable Water Permit	Phase 1A	Taylor Morrison	FDEP / Manatee	7/18/2024	0133068-1705-DSGP/02	
FDEP 404 NPR Permit	Phase 1A	Taylor Morrison	FDEP / Manatee	1/4/2024	0431616-002-NPR	
Construction Plans	Phase 1A	Taylor Morrison	Manatee	6/26/2024	PDR-22-21(P) / 23-S-49(P) / FSP-23-92 ; PLN2306-0089	
Construction Plans Modification	Phase 1A	Taylor Morrison	Manatee	12/12/2024	PDR-22-21(P)/23-S-49(P)/FSP-23-92 ; PLN2306-0089.MOD01	
ERP Individual Construction	Phase 1A	Taylor Morrison	SWFWMD	1/4/2024	872640 / 43030293.004	
Mass Grading	Phase 1A	Taylor Morrison	Manatee	12/28/2023	PLN2312-0064	

Exhibit 5: Capital Improvement Program - Preliminary Cost Estimate

FIRETHORN CAPITAL IMPROVEMENT PROGRAM - PRELIMINARY COST ESTIMATE

No.	Facility / Improvement	Public Capital Improvement Plan	Private Developer Costs	Total Costs	Financing / Construction Entity	Operation & Maintenance Entity
1	Fees and Permits	$888,166	$888,166	$1,776,331	CDD	N/A
2	Environmental / Conservation Areas	$464,181	$696,272	$1,160,453	CDD	CDD
3	Miscellaneous (Structures)		$805,625	$805,625	Developer	HOA
4	Irrigation	$4,625,518		$4,625,518	CDD	CDD
5	Landscaping and Walls	$4,341,950		$4,341,950	CDD	CDD
6	Entry Features	$2,191,000		$2,191,000	CDD	CDD
7	Electrical (Undergrounding of Conduit)	$967,865	$2,419,662	$3,387,527	CDD	CDD
8	Street Lights	$1,451,797		$1,451,797	CDD	CDD
9	Public Roadways and Pavement	$9,593,452		$9,593,452	CDD	County
10	Public Roadways and Pavement - Townhomes (Not Gated)	$2,398,363		$2,398,363	CDD	CDD
11	Utility Water Dist. System	$6,129,743		$6,129,743	CDD	County
12	Sanitary Sewerage Utilities	$8,988,812		$8,988,812	CDD	County
13	Storm Water Mangement Facilities	$21,732,763		$21,732,763	CDD	CDD
14	Community Center	$12,718,388		$12,718,388	Developer	HOA
15	Offsite Improvements	$13,475,953		$13,475,953	CDD	County
16	**Subtotal (Development)**	**$89,967,951**	**$4,809,724**	**$94,777,675**		
17	**Contingency (15%)**	**$11,825,100**	**$2,391,551**	**$14,216,651**	CDD	N/A
18	**Professional Fees**	**$8,447,009**		**$8,447,009**	CDD	N/A
	Total Improvements	**$110,240,060**	**$7,201,275**	**$117,441,335**		

NOTES:

a. The probable costs estimated herein do not include anticipated carrying cost, interest reserves or other anticipated CDD expenditures that may be incurred.

b. The Developer reserves the right to finance any of the improvements outlined above, and have such improvements owned and maintained by a property owner's or homeowner's association, in which case such items would not be part of the CIP.

c. The District may enter into an agreement with a third-party, or an applicable property owner's or homeowner's association, to maintain any District-owned improvements, subject to the approval of the District's bond counsel.

d. Impact fee credits may be available from master roadway and utility improvements. The Developer and the District will enter into an acquisition agreement whereby the Developer may elect to keep any such credits, provided that consideration is provided to the District in the form of improvements, land, a prepayment of debt assessments, or other appropriate consideration.

FIRETHORN
COMMUNITY DEVELOPMENT DISTRICT

Master Special Assessment Methodology

Prepared by:

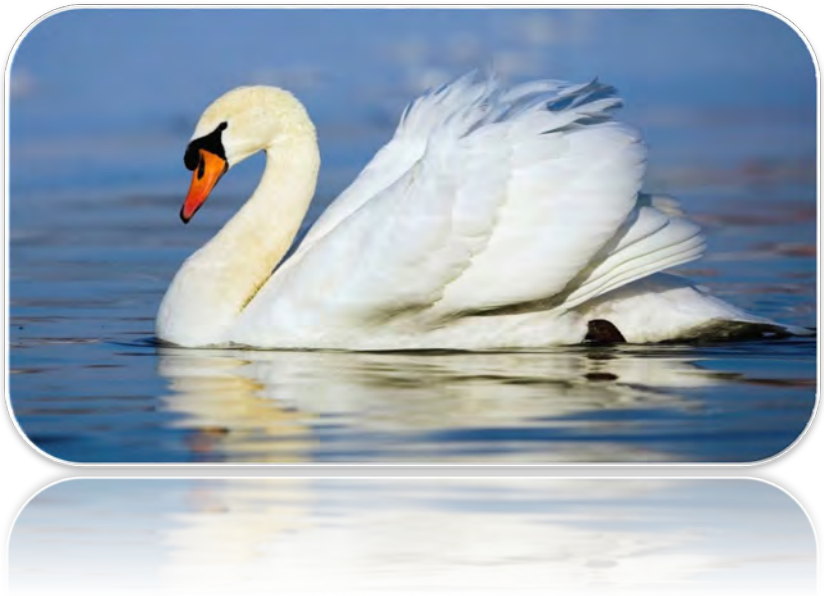
2/6/2025

JPWard & Associates LLC

JAMES P. WARD

954.658.4900

JimWard@JPWardAssociates.com



1.0 INTRODUCTION

This Master Special Assessment Methodology ("**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 Firethorn Community Development District ("**District**") public infrastructure capital improvement program ("**CIP**"), which is described in that *Master Engineer's Report, Dated February 6, 2025* prepared by Atwell, LLC ("**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.

This Master Assessment 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 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

Firethorn Community Development District, (the "**District**") is a special purpose unit of local government established pursuant to Chapter 190, Florida Statutes, and by Ordinance 24-78 of the Manatee County Board of County Commissioners, which Ordinance became effective on December 13, 2024. The District encompasses approximately 549.2+/- acres of land.

According to the District's Engineer's Report, the District shares the same boundary with the master planned community to be known as Firethorn (the "**Master Development**"). Manatee County Ordinance PDR-22-21 ("**Development Approval**") entitles the property within the Master Development with a maximum of 1,540 residential dwelling units although only 1,318 residential units are planned for the Master Development.

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 plans are further refined by the developer.

Master Lot Matrix

PRODUCT TYPE	UNIT COUNT	PERCENT OF TOTAL
Teen Builder		
40'–49' Lots	*119*	*9.02%*
50'-59' lots	*267*	*20.24%*
60'-69' lots	*166*	*12.59%*
Home At Last		
40' – 49' Lots	*279*	*21.15%*
50' – 59' Lots	*203*	*15.39%*
TownHome		
16'	*172*	*13.04%*
20'	*112*	*8.75%*
TOTAL	*1,318*	*100.0%*

3.0 PURPOSE OF THIS REPORT

This Master Assessment Report has 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 bonds in one or more series (the "**Bonds**") to be repaid from the proceeds of non-ad valorem special assessments (the "**Assessments**") levied by the Board on assessable 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 a 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 units, based on the type of units noted in the land use plan noted herein.

4.2 Capital Requirements

Atwell, LLC (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 $110,240,060.00 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 $132,440,000.00 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 $110,240,060.00 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.

Contributions / Impact Fees / Reallocation **-** 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.

Any estimated capital requirements/contributions necessary for the entire Development not financed with a contemplated series of Bonds may be deferred from time to time and considered at different stages of development (e.g., at the time of platting and/or issuance of bonds, project completion, etc.), and the Developer's obligation will be limited to the difference in the actual cost of construction of the public infrastructure and that amount deposited and available in all construction accounts of all series of Bonds. In addition to the extent any CIP project financed by a series of Bonds give rise to impact fee credits or cash payments from another governmental entity, the supplemental assessment methodology report and related trust indentures will address the application of the same consistent with the requirements of applicable state and federal law. In the event that a CIP project to be financed by a series of Bonds is not completed, required contributions or other payments are not made, or under certain other circumstances, the District may elect to reallocate the Assessments, and the District expressly reserves the right to do so,

provided however that any such reallocation shall not be construed to relieve any party of contractual or other obligations to the District.

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, for multi-family products, 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 multi-family

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

System of Improvements **-** 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. Among other implications, this means that proceeds from any particular bond issuance can be used to fund master improvements within any benefitted property or designated assessment area within the District, regardless of where the Assessments are levied, provided that Assessments are fairly and reasonably allocated across all benefitted properties.

As noted above, the CIP includes certain master infrastructure that will provide benefit to all future development staged within the District. To ensure that the CIP fairly apportioned to the entire project, Table IV allocates the entire CIP program, using the Methodology across the projected 1,318 anticipated units in the District, and as development occurs, and the District issues series of Bonds, the CIP allocation is more fully discussed herein.

Amenities **-** Also, one or more amenity facilities are planned as part of the CIP. If the amenity facilities are privately owned 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.

Valid assessments under Florida Law have two (2) requirements that must be met by the Board using this methodology to provide that the assessments will be liens on property equal in dignity to county property tax liens and to justify reimbursement by the property owners to the District for the special benefits received by and peculiar to their properties.

First, the properties assessed must receive, peculiar to the acre or parcel of property, a special benefit that flows as a logical connection from the systems, facilities and services constituting improvements.

The courts recognize added use, added enjoyment, enhanced value and decreased insurance premiums as the special benefits that flow as a logical connection from the systems, facilities and services peculiar to the property. Additionally, the properties will receive the special benefit of enhanced marketability.

With this provision of infrastructure, the Board is enhancing the delivery of those identified special benefits as well as adding the special benefit of enhanced marketability.

Second, the special benefits must be fairly and reasonably apportioned in relation to the magnitude of the special benefit received by and peculiar to the various properties being assessed,[1] resulting in the proportionate special benefit to be applied.

Although property taxes are automatically liens on the property, non-ad valorem assessments, including special assessments, are not automatically liens on the property but will

[1] *City of Boca Raton v. State,* 595 So. 2d 25, 29 (Fla. 1992) *holding modified by Sarasota County v. Sarasota Church of Christ, Inc.,* 667 So. 2d 180 (Fla. 1995) and *modified sub nom. Collier County v. State,* 733 So. 2d 1012 (Fla. 1999).

become liens if the governing Board applies the following test in an informed, non-arbitrary manner. If this test for lienability is determined in a manner that is informed and non-arbitrary by the Board of Supervisors of the District, as a legislative determination, then the special assessments may be imposed, levied, collected and enforced as a first lien on the property equal in dignity to the property tax lien. Florida courts have found that it is not necessary to calculate property by the services for which an assessment is imposed "is whether there is a 'logical relationship' between the services provided and the benefit to real property, and so long as the levying and imposition process is not arbitrary, capricious or unfair.

Focused, pinpointed and responsive management by the District of its systems, facilities and services, create and enhance special benefits that flow peculiar to property within the boundaries of the District. All benefits conferred on District properties are special benefits conferred on property because only property within the District will specially benefit from the enhanced services to be provided as a result of these new assessments. Any general benefits resulting from these assessments are incidental and are readily distinguishable from the special benefits that accrue to the property within the District. Properties outside the District do not depend on the District's programs and undertakings in any way for their own benefit and are therefore not considered to receive benefits for the purposes of this methodology.

Because the benefits of the District control and management are greater than the costs of the assessments, an overall net special benefit occurs. This net special benefit equates into an increase in at least some of the property values of the surrounding homes. An increase in property values makes these properties more marketable and more saleable.

Further, a derivative special benefit also exists from this increased marketability. Each property will enjoy the special benefit of the added use and enjoyment of the properties, and this too equates to a net benefit, even though the exact benefit is not yet capable of being calculated with mathematical certainty; however, the magnitude of the benefit can be determined with reasonable certainty today. Each special benefit is by order of magnitude more valuable than the cost of, or the actual assessment imposed and levied for, the services and improvements that they provide peculiar to the receiving properties.

B. Allocation/Assignment Methodology

The Assessments assignable to Platted Property and Unplatted Acres are shown 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 Property, 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.

Governmental Property - If at any time, any portion of the property contained in the District is sold or otherwise transferred to a unit of local, state, or federal government (without consent of such governmental unit to the imposition of Assessments thereon), or similarly exempt entity, all future unpaid Assessments for such tax parcel shall become due and payable immediately prior to such transfer.

New Unit Types - As noted herein, this report identifies the anticipated product types for the development, and associates particular ERU factors with each product type. If new product types are identified in the course of development, the District's Assessment Consultant – without a further hearing – may determine the ERU factor for the new product type on a front footage basis, provided that such determination is made on a pro-rated basis and derived from the front footage of existing product types and their corresponding ERUs.

7.0 Prepayment of Assessments

The assessments encumbering a Platted Property may be prepaid in full at any time, 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 before the next succeeding 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 Property being prepaid is subject to an assessment delinquency.

8.0 Overview of the Inventory Adjustment Determination

This Master Assessment Report is based on the development plan that is currently proposed by the developer. As with all projects of this size and magnitude, and 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. Alternatively, and 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 or payments are not made, or under certain other circumstances, the District may be required to reallocate the Assessments.

9.0 Preliminary Assessment Roll

Exhibit I provides the Assessment Roll for the District which includes Exhibit II, the legal description of the District.

Firethorn Community Development District
Land use Type - Master Development
Table I

Product Type		
Description	**Unit Count**	**Percent of Total**
Teen Builder Product		
40' - 49'	119	9.03%
50' 59'	267	20.26%
60' - 69'	166	12.59%
Home at Last Product		
40' - 49'	279	21.17%
50' - 59'	203	15.40%
Townhomes		
16'	172	13.05%
20'	112	8.50%
Total	**1318**	**100.00%**

Firethon Community Development District
Capital Improvement Program Cost Estimate - Master Development
Table II

No.	Facility	Districts Capital Improvement Plan	Private Development	Total Project Costs
1	Fees and Permits	$ 888,166.00	$ 888,166.00	$ 1,776,332.00
2	Environmental/Conservation Areas	$ 464,181.00	$ 696,272.00	$ 1,160,453.00
3	Miscellaneous Structures	$ -	$ 805,625.00	$ 805,625.00
4	Irrigation	$ 4,625,518.00	$ -	$ 4,625,518.00
5	Hardscape/Landscape	$ 4,341,950.00	$ -	$ 4,341,950.00
6	Entry Features	$ 2,191,000.00	$ -	$ 2,191,000.00
7	Undergrounding of Conduit	$ 967,865.00	$ 2,419,662.00	$ 3,387,527.00
8	Street Lights	$ 1,451,797.00	$ -	$ 1,451,797.00
9	Public Roadways & Pavement	$ 9,593,452.00	$ -	$ 9,593,452.00
10	Private Roadways & Pavement	$ 2,398,363.00	$ -	$ 2,398,363.00
11	Utility Water and Distribution System	$ 6,129,743.00	$ -	$ 6,129,743.00
12	Sanitary Sewerage Utilities	$ 8,988,812.00	$ -	$ 8,988,812.00
13	Storm Water Facilities[(1)(2)(3)]	$ 21,732,763.00	$ -	$ 21,732,763.00
14	Community Center	$ 12,718,388.00	$ -	$ 12,718,388.00
15	Offsite Improvements	$ 13,475,953.00	$ -	$ 13,475,953.00
	Subtotal (Improvements Benefiting All Units)	**$ 89,967,951.00**	**$ 4,809,725.00**	**$ 94,777,676.00**
16	**Contingency**	**$ 11,825,100.00**	**$ 2,391,551.00**	**$ 14,216,651.00**
17	**Professional Fees**	**$ 8,447,009.00**	**$ -**	**$ 8,447,009.00**
	Total Improvements	**$ 110,240,060.00**	**$ 7,201,276.00**	**$ 117,441,336.00**
	Total Public Infrastructure - Master CIP	**$ 110,240,060.00**		

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

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 Management District

Source and Use of Funds - Master CIP

Table III		
Sources:		
Bond Proceeds		
Par Amount	$	132,440,000.00
	$	**132,440,000.00**
Uses:		
Project Funds Deposit		
Const of Construction	$	110,240,060.00
Rounding Proceeds	$	1,396.32
	$	**110,241,456.32**
Other Funds Deposits:		
Capitalized Interest (One Year)		$9,621,621.84
Debt Service Reserve at 100% of MADS		$9,621,621.84
		$19,243,243.68
Delivery Date Expenses		
Cost of Issuance	$	306,500.00
Underwriter's Discount	$	2,648,800.00
	$	**2,955,300.00**
	$	**132,440,000.00**
Average Coupon:		**6.00%**
Capitalized Interest		**One Year (12 months)**
ESTIMATED - Max Annual Debt Service		**$9,621,621.84**

Firethorn Community Development District
Master Assessment Allocation
Table IV

Description of Product	EAU Factor	Development Plan	Total EAU	Total Par Debt Allocation	Toal 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 (3)
Teen Builder Product										
40' - 49'	0.8077	119	96.1154	$ 11,728,120.48	$ 98,555.63	$ 7,159.96	$ 501.20	$ 7,661.16	$ 852,035.19	$ 911,677.65
50' 59'	1.0000	267	267.0000	$ 32,579,676.82	$ 122,021.26	$ 8,864.71	$ 620.53	$ 9,485.24	$ 2,366,878.06	$ 2,532,559.52
60' - 69'	1.1923	166	197.9231	$ 24,150,823.53	$ 145,486.89	$ 10,569.46	$ 739.86	$ 11,309.33	$ 1,754,531.04	$ 1,877,348.21
Home at Last Product		0				$ -				
40' - 49'	0.8077	279	225.3462	$ 27,497,021.97	$ 98,555.63	$ 7,159.96	$ 501.20	$ 7,661.16	$ 1,997,628.72	$ 2,137,462.73
50' - 59'	1.0000	203	203.0000	$ 24,770,316.09	$ 122,021.26	$ 8,864.71	$ 620.53	$ 9,485.24	$ 1,799,536.50	$ 1,925,504.06
Townhomes		0				$ -				
16'	0.3077	172	52.9231	$ 6,457,740.61	$ 37,545.00	$ 2,727.60	$ 190.93	$ 2,918.54	$ 469,147.83	$ 501,988.17
20'	0.3846	112	43.0769	$ 5,256,300.50	$ 46,931.25	$ 3,409.50	$ 238.67	$ 3,648.17	$ 381,864.51	$ 408,595.03
Total Units:		**1318**	**1085.3846**	**$ 132,440,000.00**					**$ 9,621,621.84**	**$ 10,295,135.37**
Estimated Max Annual Debt Service:									**$ 9,621,621.84**	
Rounding:									**$0.00**	

(1) Excludes Discounts/Collection Costs
(2) Estimated at 4% for Discounts and 3% for Collection Costs by County
(3) Includes Discounts and Collection Costs

Firethorn Community Development District
Exhibit 1 - Assessment Roll

Property Identification Number	Legal Description	Unplatted Acreage	Property Owner	Assessment by Acre	Total Assessment
390410059	See Attached	483.5090	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 116,596,017.49
392500005	See Attached	25.5000	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 6,149,210.14
392600003	See Attached	25.0000	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 6,028,637.39
391300001	See Attached	2.5000	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 602,863.74
391000059	See Attached	12.0550	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 2,907,008.95
390700109	See Attached	0.1240	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 29,902.04
390710159	See Attached	0.4750	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 114,544.11
391600109	See Attached	0.0200	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 4,822.91
390612359	See Attached	0.0290	Taylor Morrison of Florida, Inc 10210 Highland Manor Drive, Suite 400A, Tampa, FL 33610	$ 241,145.50	$ 6,993.22
	Total Acres	**549.2120**		**Total Assessment - All Acres**	**$ 132,440,000.00**
	Toal Acres In Ordinance	**549.2**			

DESCRIPTION:

The Land referred to herein below is situated in the County of Manatee, State of Florida, and is described as follows:

FROM THE NE CORNER OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, RUN S 89°47'31" W ALONG THE NORTH LINE OF SAID SECTION 4, A DISTANCE OF 1332.62 FEET TO THE POINT OF BEGINNING; THENCE S 00°51'34" W ALONG THE WEST LINE OF THE NE 1/4 OF THE NE 1/4 OF SAID SECTION 4, A DISTANCE OF 1606.91 FEET; THENCE S 88°29'32" E ALONG THE SOUTH LINE OF SAID NE 1/4 OF THE NE 1/4, A DISTANCE OF 1343.76 FEET; THENCE S 00°30'38" W ALONG THE EAST LINE OF SAID SECTION 4, A DISTANCE OF 1419.51 FEET; THENCE N 89°40'11" E ALONG THE NORTH LINE OF LOTS 1 THROUGH 4, BLOCK 3, SECTION 3 OF MANATEE RIVER FARMS, UNIT 1, RECORDED IN PLAT BOOK 6, PAGE 45, A DISTANCE OF 1281.86 FEET; THENCE S 00°10'07" W ALONG THE WESTERLY MAINTAINED RIGHT OF WAY LINE OF GETTIS LEE ROAD, A DISTANCE OF 1240.19 FEET; THENCE S 34°32'25" W ALONG THE NORTHWESTERLY RIGHT OF WAY LINE OF U.S. 301, A DISTANCE OF 131.31 FEET TO THE P.C. OF A CURVE TO THE RIGHT WHOSE RADIUS POINT LIES N 55°23'26" W, A DISTANCE OF 22850.32 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE TO THE RIGHT ALSO BEING SAID NORTHWESTERLY RIGHT OF WAY LINE OF U.S. 301, A DISTANCE OF 598.22 FEET THROUGH A CENTRAL ANGLE OF 01°30'00" TO THE POINT OF TANGENCY OF SAID CURVE; THENCE S 36°06'34" W ALONG SAID NORTHWESTERLY RIGHT OF WAY LINE OF U.S. 301, A DISTANCE OF 308.86 FEET; THENCE N 53°53'26" W A DISTANCE OF 800.00 FEET; THENCE S 36°06'34" W A DISTANCE OF 660.00 FEET; THENCE N 81°25'13" W A DISTANCE OF 11.45 FEET; THENCE S 00°17'15" W A DISTANCE OF 470.00 FEET; THENCE N 89°42'45" W ALONG THE NORTHERLY RIGHT OF WAY LINE OF BUCKEYE ROAD, A DISTANCE OF 2974.88 FEET; THENCE N 00°17'14" E A DISTANCE OF 2586.52 FEET; THENCE N 89°36'36" W A DISTANCE OF 880.89 FEET; THENCE N 00°11'57" E ALONG THE EAST LINE OF TRACT 7, BLOCK 2, SECTION 4, MANATEE RIVER FARMS, UNIT 1, AS REPORTED IN PLAT BOOK 6, PAGE 45, A DISTANCE OF 1428.04 FEET; THENCE N 86°57'41" E ALONG THE SOUTH LINE PROPERTY DESCRIBED IN OFFICIAL RECORDS BOOK 1118, PAGE 190, A DISTANCE OF 219.82 FEET; THENCE N 00°35'13" E ALONG THE EAST LINE OF THE NW 1/4 OF THE NW 1/4 OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, A DISTANCE OF 1613.22 FEET; THENCE N 89°47'31" E ALONG THE NORTH LINE OF SAID SECTION 4, A DISTANCE OF 2668.63 FEET TO THE POINT OF BEGINNING, LYING AND BEING IN SECTIONS 3 AND 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA.

TOGETHER WITH THE FOLLOWING DESCRIBED PARCEL

The Land referred to herein below is situated in the County of Manatee, State of Florida, and is described as follows:

PARCEL 1:

BEGIN AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE S 0°33'57"W, ALONG THE WEST LINE OF SAID SECTION 3, A DISTANCE OF 807.00 FEET; THENCE N 89°38'01"E, 115.96 FEET FOR A POINT OF BEGINNING, THENCE CONTINUE N 89°38'01" E, 574.69 FEET; THENCE S0°56'45"W., 939.75 FEET; THENCE S 89°41'45"W, 568.28 FEET; THENCE N 0°33'57"E., 939.16 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE SOUTH 0°33'57" WEST ALONG THE WEST LINE OF SAID SECTION 3, A DISTANCE OF 807 FEET FOR A POINT OF BEGINNING; THENCE CONTINUE SOUTH 0°33'57" WEST 939 FEET; THENCE RUN NORTH 89°41'45" EAST 115.96 FEET; THENCE RUN NORTH 0°33'57" EAST 939.16 FEET; THENCE RUN SOUTH 89°32'01" WEST 115.96 FEET TO THE POINT OF BEGINNING AS DESCRIBED IN OFFICIAL RECORDS BOOK 199, PAGE 691, OF THE PUBLIC RECORDS OF

MANATEE COUNTY, FLORIDA.

PARCEL 3:

THE EAST 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, LYING AND BEING IN MANATEE COUNTY, FLORIDA.

PARCEL 4:

THE WEST 1/2 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 4, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA, TOGETHER WITH AN INGRESS AND EGRESS EASEMENT OVER SOUTH 40 FEET OF GRANTOR'S ADJOINING PROPERTY ON EAST.

PARCEL 5:

A PORTION OF THE FOLLOWING DESCRIBED PARCEL: BEGIN AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET FOR A POINT OF BEGINNING; THENCE CONTINUE N 89°37'35"E, 593.90 FEET; THENCE S 0°08'59"E., 1220.89 FEET; THENCE N 59°26'15" W., 305.60 FEET; THENCE S 0°36'24"E., 683.77 FEET; THENCE S 89°41'45"W., 381.45 FEET; THENCE N 0°56'45"E., 940.38 FEET; THENCE N 89°38'01"E., 16.05 FEET; THENCE N 0°37'00"E., 807 FEET TO THE POINT OF BEGINNING.

BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N 89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE CONTINUE N 89°37'35"E., 593.90 FEET; THENCE S 0°08'59"E., 1220.89 FEET; THENCE N 59°26'15"W., 305.60 FEET; THENCE S 0°36'24"E., 683.77 FEET; THENCE S 89°41'45"W., 381.45 FEET TO THE POINT OF BEGINNING; THENCE N 0°56'45"E., 40.01 FEET; THENCE N 89°41'45"E., 21.75 FEET; THENCE S 0°36'08"W., 40.00 FEET; THENCE S 89°41'45"W., 21.99 FEET TO THE POINT OF BEGINNING.

PARCEL 6:

THE NORTH 20 FEET OF THE FOLLOWING DESCRIBED PROPERTY BEING MORE PARTICULARLY DESCRIBED AS PARCEL 1 IN O.R. BOOK 1649 PAGE 545 OF THE PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA:

COMMENCE AT THE NORTHEAST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE S 89°39'15"W., ALONG THE NORTH LINE OF THE SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4, A DISTANCE OF 56.00 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF GETTIS LEE ROAD FOR A POINT OF BEGINNING; THENCE CONTINUE S 89°39'15"W., ALONG SAID NORTH LINE, A DISTANCE OF 637.76 FEET; THENCE S 00°15'04"W., 341.65 FEET; THENCE N 89°41'15"E., 637.76 FEET TO A POINT ON THE AFOREMENTIONED WEST LINE OF GETTIS LEE ROAD; THENCE N 00°15'04"E., ALONG SAID WEST LINE, A DISTANCE OF 342.03 FEET TO THE POINT OF BEGINNING. SUBJECT TO AN EASEMENT FOR INGRESS AND EGRESS OVER THE NORTH 20.0 FEET THEREOF.

PARCEL 7:

THE SOUTH 40.00 FEET OF THE FOLLOWING DESCRIBED PARCEL:

COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE NORTH 89 DEG. 37' 35" EAST ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE SOUTH 0 DEG. 37' 00" WEST, 807 FEET; THENCE SOUTH 89 DEG. 38' 01" WEST, 16.05 FEET; THENCE SOUTH 0 DEG. 56. 45" WEST, 940.38 FEET; THENCE SOUTH 89 DEG. 41' 45" WEST, 3.0 FEET FOR THE POINT OF BEGINNING (A); THENCE CONTINUE S. 89 DEG. 41' 45" W. 554.79 FEET; THENCE NORTH 0 DEG. 56' 45" E. 690.37 FEET; THENCE SOUTH 88 DEG. 55' 45" EAST 313.9 FEET; THENCE SOUTH 0 DEG. 36' 25" W. 499.85 FEET; THENCE NORTH 89 DEG. 43' 07" EAST 237.84 FEET; THENCE SOUTH 0 DEG. 56' 45" WEST, 183.0 FEET TO THE POINT OF BEGINNING. SUBJECT TO: EASEMENT FOR INGRESS AND EGRESS OF 30' ON EAST SIDE OF SAID PROPERTY AND 40' ON SOUTH SIDE OF SAID PROPERTY.

AND

COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89 DEG. 37' 35" E, ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0 DEG. 37' 00" W, 807 FEET; THENCE S 89 DEG. 38' 01" W, 16.05 FEET; THENCE S 0 DEG. 56' 45" W, 391.16 FEET FOR THE POINT OF BEGINNING (B); THENCE CONTINUE S 0 DEG. 56' 45" W, 549.22 FEET; THENCE S 89 DEG. 41' 45"W, 3.0 FEET; THENCE N 0 DEG. 56' 45" E, 183.0 FEET; THENCE S 89 DEG. 43' 07" W, 237.84 FEET; THENCE N 0 DEG. 36' 25" E, 369.72 FEET; THENCE S 89 DEG. 26' 46" e, 242.96 FEET TO THE POINT OF BEGINNING. CONTAINING 2.06 ACRES MORE OR LESS. TOGETHER WITH INGRESS AND EGRESS EASEMENT 30' ON EAST SIDE OF LAND DESCRIBED IN O. R. BOOK 752, PAGE 435, PUBLIC RECORDS OF MANATEE COUNTY, FLORIDA.

LESS

COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89 DEG. 37' 35" E, ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0 DEG. 37' 00" W, 807 FEET; THENCE S 89 DEG. 38' 01" W, 16.05 FEET; THENCE S 0 DEG. 86' 45" W, 391.16 FEET; THENCE N 89 DEG. 26' 46" W, 242.96 FEET FOR THE POINT OF BEGINNING (C); THENCE CONTINUE N 89. DEG. 26' 46" W, 274.68 FEET; THENCE S 0 DEG. 56' 45" W, 556.81 FEET; THENCE S 89 DEG. 41' 45" W, 40 FEET; THENCE N 0 DEG. 56' 45" E, 690.37 FEET; THENCE S 88 DEG. 55' 45" E, 313.9 FEET; THENCE S 0 DEG. 36' 25" W, 130.13 FEET TO THE POINT OF BEGINNING. CONTAINING 1.46 ACRES MORE OR LESS.

BEING FURTHER DESCRIBED AS FOLLOWS:

COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE NORTH 89 DEG. 37' 35" EAST ALONG THE NORTH LINE AT SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE SOUTH 0 DEG. 37' 00" WEST, 807 FEET; THENCE SOUTH 89 DEG. 38' 01" WEST, 16.05 FEET; THENCE SOUTH 0 DEG. 56' 45" WEST, 940.38 FEET FOR THE POINT OF BEGINNING (D); THENCE SOUTH 89 DEG. 41' 45" WEST 517.79 FEET; THENCE NORTH 0 DEG. 56' 45" EAST 40.00 FEET; THENCE NORTH 89 DEG. 41' 45" EAST 517.79 FEET; THENCE SOUTH 0 DEG. 56' 45" WEST 40.00 FEET TO THE POINT OF BEGINNING. CONTAINING 0.475 ACRES MORE OR LESS.

PARCEL 8:

THE SOUTH 50 FEET OF THE FOLLOWING DESCRIBED PROPERTY:

BEGIN AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N 89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00" W., 807.00 FEET; THENCE S 89°38'01"W., 16.05 FEET; THENCE S 0°56'45"W., 940.38 FEET; THENCE S89°41'45"W., 625.79 FEET; THENCE N 0°56'45"E., 939.75 FEET; THENCE S 89°38'01"W., 690.65 FEET TO THE WEST LINE OF SAID SECTION 3; THENCE N0°33'57"E., ALONG THE SECTION LINE, 807.00 FEET TO THE POINT OF BEGINNING. LESS: COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N

89°37'35"E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00"W., 807 FEET; THENCE S 89°38'01"W., 16.05 FEET; THENCE S 0°56'45"W., 940.38 FEET; THENCE S 89°41'45" W., 3.0 FEET FOR THE POINT OF BEGINNING; THENCE CONTINUE S 89°41'45" W 554.79 FEET; THENCE N 0°56'45"E., 690.37 FEET; THENCE S 88°55'45"E 313.9 FEET; THENCE S 0°36'25" W., 499.85 FEET; THENCE N 89°43'07" E 237.84 FEET; THENCE S 0°56'45"W., 183.0 FEET TO THE POINT OF BEGINNING. SUBJECT TO EASEMENT FOR INGRESS AND EGRESS OF 30 FEET ON EAST SIDE OF SAID PROPERTY AND 40 FEET ON SOUTH SIDE OF SAID PROPERTY. AND: COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89°37'35" E., ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00" W., 807.00 FEET; THENCE S 89°38'01" W., 16.05 FEET; THENCE S 0°56'45"W., 391.16 FEET; THENCE N89°26'46"W., 242.96 FEET FOR THE POINT OF BEGINNING; THENCE CONTINUE N 89°26'46" W., 274.68 FEET; THENCE S 0°56'45"W., 556.81 FEET; THENCE S89°41'45"W., 40 FEET; THENCE N 0°56'45"E., 690.37 FEET; THENCE S 88°55'45"E., 313.9 FEET; THENCE S 0°36'25"W., 130.13 FEET TO THE POINT OF BEGINNING.

AND: COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST, MANATEE COUNTY, FLORIDA; THENCE N 89°37'35"E ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00"W, 807.00 FEET; THENCE S 89°38'01" W., 16.05 FEET; THENCE S0°56'45" W., 391.16 FEET FOR THE POINT OF BEGINNING; THENCE CONTINUE S 0°56'45"W., 549.22 FEET; THENCE S 89°41 '45"W., 3.0 FEET; THENCE N0°56'45"E., 183.0 FEET; THENCE S 89°43'07"W., 237.84 FEET; THENCE N 0°36'25"E., 369.72 FEET; THENCE S89°26'46"E., 242.96 FEET TO THE POINT OF BEGINNING.

BEING FURTHER DESCRIBED AS FOLLOWS:

COMMENCE AT THE NW CORNER OF SECTION 3, TOWNSHIP 33 SOUTH, RANGE 19 EAST; THENCE N 89°37'35"E ALONG THE NORTH LINE OF SAID SECTION 3, A DISTANCE OF 1333.36 FEET; THENCE S 0°37'00"W, 807.00 FEET; THENCE S 89°38'01"W, 16.05 FEET; THENCE S 0°56'45"W, 940.38 FEET; THENCE S89°41'45"W, 625.79 FEET FOR THE POINT OF BEGINNING; THENCE N 0°56'45" E, 50.00 FEET; THENCE 89°41'45"E., 108.04 FEET; THENCE S 0°56'45"W., 50.00 FEET; THENCE S 89°41'45"W., 108.04 FEET TO THE POINT OF BEGINNING.

ALL TOGETHER FOR A TOTAL OF 549.2 ACRES, MORE OR LESS.

RESOLUTION 2025-22

A RESOLUTION OF THE FIRETHORN COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING THE ISSUANCE OF ITS CAPITAL IMPROVEMENT REVENUE BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING $132,440,000 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; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE FIRETHORN COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. AUTHORITY FOR THIS RESOLUTION; DEFINITIONS. The Board of Supervisors (the "Board") of the Firethorn 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 the ordinance establishing the District enacted by Manatee County, Florida) 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 Trust Company, 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 $132,440,000.00 (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 Trust Company, 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 Chair of the Board (the "Chair") or the Vice-Chair of the Board (the "Vice-Chair") 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 Chair or the Vice-Chair 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 Chair or Vice-Chair is hereby authorized and directed to execute and/or to cause his or her 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 Chair or Vice-Chair 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 Chair or Vice-Chair 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 Manatee County, Florida, for validation and the proceedings incident thereto for the Bonds and Subordinate Debt. The Chair or Vice-Chair 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. MISCELLANEOUS. The Chair, Vice-Chair and Secretary of the Board, the District's General Counsel, Bond Counsel, District Manager, Consulting Engineers, Assessment Consultant, 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 Firethorn Community Development District this 6th day of February, 2025.

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

[SEAL]

_____

Tina Golub, Chairperson

ATTEST:

_____
James Ward, Secretary

EXHIBIT A

FORM OF MASTER INDENTURE

Draft #1

MASTER TRUST INDENTURE

FIRETHORN
COMMUNITY DEVELOPMENT DISTRICT

TO

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS TRUSTEE

Dated as of [_____] 1, 2025

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MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of [_____] 1, 2025, by and between **FIRETHORN 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 TRUST COMPANY, 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 Accountant) 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.

''***Chair***'' shall mean the Chair 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 Firethorn 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.

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

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

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

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

"***Record Date***" shall mean the fifteenth (15th) day of the calendar month next preceding any Debt Service payment date or, in the case of any proposed redemption of Bonds, the fifth (5th) day next preceding the date of mailing of notice of such redemption, or if either of the foregoing days is not a Business Day, then the Business Day immediately preceding such day 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 Debt Service 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 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 Optional Subaccount" shall mean the subaccount with respect to a Series of Bonds established within a Series Redemption Account by Supplemental Indenture with respect to any Series of Bonds issued under this Master Indenture, as authorized pursuant to this Master Indenture.

"***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 Prepayment Subaccount" shall mean the subaccount with respect to a Series of Bonds established within a Series Redemption Account by Supplemental Indenture with respect to any Series of Bonds issued under this Master Indenture, as authorized pursuant to this Master Indenture.

"***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 ($0.00).

"***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.

"Series Sinking Fund 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.

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

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

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

"***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 Trust Company, 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 a bank in the United States for the account of 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 Chair, 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 Chair, 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 (unless otherwise provided in a Supplemental Indenture relating to a Series of Bonds):

(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;

(a) an opinion of counsel to the District, also addressed to the Trustee (to the limited extent provided therein), substantially to the effect that (i) the District has been duly established and validly exists as a community development district under the Act, (ii) the District has good right and lawful authority under the Act to construct and/or purchase the Series Project being financed with the proceeds of the applicable Series of Bonds, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body having lawful jurisdiction in order to own and operate the Series Project, (iii) all proceedings undertaken by the District with respect to the Assessments and/or Benefit Assessments included in the Trust Estate pledged to the Series of Bonds have been in accordance with Florida law, (iv) the District has taken all action necessary to levy and impose the Assessments and/or Benefit Assessments included in the Trust Estate pledged to the Series of Bonds, and (v) the Assessments and/or Benefit Assessments included in the Trust Estate pledged to the Series of Bonds are legal, valid and binding liens upon the property against which they are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid;

(iii) 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 Chair or Vice Chair 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) or purchaser(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 or Supplemental Indenture authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the 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 or Supplemental Indenture authorizing such Bond Anticipation Notes. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the District available therefor or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions or Supplemental Indenture authorizing such Bond Anticipation Notes may provide for the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit, in the related Series Interest Account. In the event that the District adopts a resolution rather than a Supplemental Indenture 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. If authorized by resolution in lieu of a Supplemental Indenture, the Trustee shall have no duties or obligations to the holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the District authorizing the issuance of such Bond Anticipation Notes and unless the Trustee accepts in writing such duties and obligations.

The provisions of this Master Indenture shall apply to Bond Anticipation Notes issued pursuant hereto, except where the context clearly requires otherwise or as otherwise provided in a related Supplemental Indenture and such Bond Anticipation Notes shall constitute "Bonds" hereunder, except as otherwise provided in the Supplemental Indenture relating to such Bond Anticipation Notes.

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. 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 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.

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***.

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

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

(3) Costs of improvements.

(4) Financing charges.

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

(6) Working capital.

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

(8) 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.

(9) 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.

(10) Expenses of Project management and supervision.

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

(12) 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. Except as otherwise provided in a Supplemental Indenture, 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 of Bonds issued hereunder;

(c) Debt Service Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a 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 for each Series of Bonds issued hereunder, 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 501. 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:

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

(ii) 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;

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

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

Amounts in such 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 503. 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 504. 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 In denture 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 505. 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 506. 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 507. 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 508. 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 509. 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 510. 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." 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,

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

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

(j) a preference or priority of any Bond over any other Bond; or

(k) 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,

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

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

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

(o) 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

(p) 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, consent, request or other communication or 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 provided in writing (provided that any communication sent to the Trustee hereunder must be in the form of a document that is signed manually) and shall be deemed to have been sufficiently given or filed for all purpose of this Master Indenture if and when sent by overnight delivery, certified mail, return receipt requested or e-mail:

To the District, addressed to:

Firethorn Community Development District
c/o District Manager
JPWard & Associates, LLC
2301 Northeast 37th Street
Fort Lauderdale. Florida 33308

To the Trustee, addressed to:

U.S. Bank Trust Company, National Association
500 W. Cypress Creek Road, Suite 460
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 Chair, 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 Firethorn CDD Master Trust Indenture*]

(SEAL)

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

By: _____
Chair

ATTEST:

By: _____
Secretary

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: _____
Vice President

EXHIBIT A

FORM OF BONDS

No. R-[___] $[_____]

United States of America
State of Florida
FIRETHORN COMMUNITY DEVELOPMENT DISTRICT
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 20____

Interest Rate	Maturity Date	Dated Date	CUSIP NO.

Registered Owner:

Principal Amount:

FIRETHORN 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 Trust Company, National Association, located in Fort Lauderdale, Florida or any alternate or successor paying agent (collectively, the "Paying Agent"), unless the Bonds are held in the book entry system in which case presentation shall not be required. Payment of interest shall be made by check or draft (or by wire transfer to a bank in the United States for the account of 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 "$[____] Firethorn 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, 2025 (the "Master Indenture"), between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), located in Fort Lauderdale, 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, Firethorn Community Development District has caused this Bond to bear the signature of the Chair 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.

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

(SEAL)

By:_____
Chair
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 TRUST COMPANY,
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 Fort Lauderdale, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Fort Lauderdale, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

[The Series 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 ([_____] 1)	Amortization Installment	Year ([_____] 1)	Amortization Installment

* 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 Manatee County, Florida rendered on [____], 2025.

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

(SEAL)

By:_____
Chair
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 entireties

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

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

Additional abbreviations may also be used though not in the above list.

[FORM OF ASSIGNMENT FOR SERIES 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 Firethorn 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 TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee"), dated as of [_____] 1, 2025 (the "Master Indenture"), as amended and supplemented by the [_____] Supplemental Indenture from the District to the Trustee, dated as of [_____] 1, 20[____] (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 20[____] 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 20[_____] Project and each represents a Cost of the 20[____] 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.

FIRETHORN 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 20[____] Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the 20[___] 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

RESOLUTION NO. 2025-23

A RESOLUTION OF FIRETHORN COMMUNITY DEVELOPMENT DISTRICT APPROVING THE DISTRICT'S POST-ISSUANCE COMPLIANCE GUIDE FOR TAX-EXEMPT BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Firethorn Community Development District (the "District") expects to issue its tax-exempt bonds in one or more series for the principal purpose of financing and/or refinancing public capital projects (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 FIRETHORN 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 by the Board of Supervisors of the Firethorn Community Development District, Manatee County, Florida, this 6th day of February 2025.

ATTEST:

James P. Ward, Secretary

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

Tina Golub, Chairperson

EXHIBIT A

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

POST-ISSUANCE COMPLIANCE GUIDE

FOR

TAX EXEMPT BONDS

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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 Firethorn 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. **Bonds** – The term Bonds includes bonds, notes, and installment sale or financing lease arrangements issued on a tax-exempt basis.

2. **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

3. **Governmental Bonds. –** Governmental Bonds are Bonds that are not Private Activity Bonds.

4. **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.

5. **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.

6. **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 District 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.

7. **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.

8. **Private Loan Financing Test.** The Private Loan Financing Test is met if the District uses proceeds of Bonds to make loans to private persons exceeding the lesser of 5% of the proceeds or $5 million.

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 applicable 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-Financed 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-Financed 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 an 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 to the District should be consulted on the application of the private payment test. For purposes hereof, the term "Bond Counsel" shall be deemed to refer to the law firm then serving as Bond Counsel to an District.

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 the District 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 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 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 each District any potential problems that may arise that could threaten the tax-exempt status of Bonds issued by it and the steps being taken to resolve the potential problem. Discussions will be held with Bond Counsel to the District 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 related 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 COMPLIANCE

The Tax Compliance Officer will become familiar with the various covenants in the applicable financing documents relating to each issue of Bonds and other obligations issued by the District, 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.

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

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 District, 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 that 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.

(v)

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 District 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, section 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 section 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 section 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 section 103(a) of the Code, gross income does not include interest on any State or local bond. Under section 103(b)(1), however, section 103(a) does not apply to a private activity bond, unless it is a qualified bond under section 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 section 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 section141(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 section141(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 District. 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 section 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 sections 1.141-0 through 1.141-15 apply to qualified 501(c)(3) bonds under section 145(a) of the Code with certain modifications and exceptions. (7) Section 1.145-2(b)(1) provides that, in applying sections 1.141-0 through 1.141-15 to section 145(a) of the 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).

.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. section 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. section 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 section 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 section 1.1031 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 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 section 141 or section145(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

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.

EXHBIT 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 District. 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 District? 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 District in return for the right to have its name or logo used in connection with the District 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 District? 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 District, 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 District? 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

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 District 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 District 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 District 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 District expected on the issue date that the financed property would be used for a qualified purpose for a substantial period before such action, the District 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 District meet yield restriction or rebate requirements with respect to these funds. The District 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 District 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 District may, in lieu of redeeming or defeasing bonds, expend the disposition proceeds on other qualifying facilities. The District 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 District 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 District 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 District from repeatedly taking advantage of the remedial action provisions with respect to the same bond issue. If the District 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 expend 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 District must agree to redeem the outstanding bonds at the next redemption date. The District 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 District 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

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 District, 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 District, 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:

1. 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.

2. 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.

3. 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).

4. 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.

5. 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.

6. 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.

7. 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 District, 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

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 section1.148-6(b)(2) and (e), if the District 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 District 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 District for the investments, including a record of any administrative costs paid by the District, 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 section1.148-1, *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 District or any other person (whether or not in connection with the Bond issue), and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying 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 District'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 District. If no day is selected by the District 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 section1.150-2(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 District 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 section1.148-7(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 District 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 District entered into an acquisition contract; (b) based on the reasonable expectations of the District, 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 District) could not have occurred within that 6-month period; and (c) if the District itself builds or rehabilitates the property, not more than 75 percent of the capitalizable cost is attributable to property acquired by the District. 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 section1.148-7(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 section1.148-7(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 <u>not</u> include the United States or any agency or instrumentality of the United States.

"Grant" means a grant as defined in Treasury Regulations section1.148-6(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 section1.148-1, *i.e.*, any Proceeds and Replacement Proceeds of an issue.

"Investment Proceeds" means investment proceeds as defined in Treasury Regulations section1.148-1, *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 section1.148-1(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 District 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 District 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 section1.148-1(e)(2)(iii).

"Issuer" means Firethorn 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 District 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 District 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 section1.148-2(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 section1.148-7(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 District.

"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 section1.148-5(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 section1.148-3(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 section1.148-3(d)(1)(iv); and (v) Yield Reduction Payments on Nonpurpose Investments made pursuant to Treasury Regulations section1.148-5(c).

"Placed in Service" means placed in service as defined in Treasury Regulations section1.150-2(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 section1.150-2(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 section1.148-(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 section1.148-5(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 District 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 District 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 District or the provider is a Qualified Administrative Cost to the extent that (a) the amount of the fee that the District 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 District 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 section1.148-5(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 section1.148-4(f).

"Qualified Hedge" means a qualified hedge as defined in Treasury Regulations section1.148-4(h)(2), *i.e.*, (i) a contract entered into primarily to reduce the District'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 District 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 District's risk with respect to interest rate changes on the hedged Obligations; (vii) the payments to the District 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 District 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 section1.148-7(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 section1.148-2(f)(2).

"Receipt" means, except as otherwise provided with respect to the rebate requirement, a receipt as defined in Treasury Regulations section1.148-3(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 section1.150-1(d). In general, a Refunding Issue means an issue (or the portion of an issue treated as a separate Refunding Issue under Treasury Regulations section1.148-9(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 section1.148-1(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 District, any related party to the District and the State in which the District 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 District'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 section1.148(2)(b).

"Transferred Proceeds" means transferred proceeds as defined in Treasury Regulation section1.148-9.

"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 District 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 District 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 District 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 section1.148-2(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 section1.150-1).

(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 District 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 section1.148-6(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 District and they are reasonably expected to be allocated (using any reasonable, consistently applied accounting method) to expenditures for governmental purposes of the District 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 section1.148-4(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 District 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 District 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 District makes a Bona Fide Solicitation for a specified Guaranteed Investment Contract; (B) the District receives at least three bids from providers for the specified Guaranteed Investment Contract that the District 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 District 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 District 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 District makes a Bona Fide Solicitation for the purchase of the investment; (B) the District receives at least three bids from providers that the District 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 District 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 District 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 District 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 District itself will provide a similar certificate. The District will file such certification together with the Bid Records, with the documents relating to the Obligations. If the District 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 District 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 District 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 District, 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 section1.148-9(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 District 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 section1.148-5(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 section1.148-2(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 District no longer reasonably expects that any of the spending exceptions under Treasury Regulations section1.148-7 (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 District 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 District 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.

RESOLUTION 2025-24

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE FIRETHORN COMMUNITY DEVELOPMENT DISTRICT AMENDING THE DATE OF THE LANDOWNERS MEETING TO MARCH 6, 2025 AND DESIGNATING ACTIONS TO THE DISTRICT MANAGER AND DISTRICT STAFF IN NOTICING THE LANDOWNERS MEETING; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Firethorn Community Development District ("**District**") was established by Ordinance No. 24-78, adopted by the Manatee County Board of County Commissioners, effective December 13, 2024, for the purpose of planning, financing, constructing, operating and/or maintaining certain public infrastructure; and

WHEREAS, the District is a local unit of special purpose government created and existing pursuant to Chapter 190, *Florida Statutes*, being situated in Lee County, Florida; and

WHEREAS, the District held its Organizational Meeting on January 14, 2024; and

WHEREAS, the District Manager and District staff amend the scheduled date of the Landowners meeting from **Thursday, May 1, 2025**, to **Thursday March 6, 2025**, at **10:00 A.M.**, at the **Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203**, and caused notice thereof to be provided pursuant to Florida law; and

WHEREAS, the Board ratifies and approves the actions of the District Manager/Staff in re-setting the initial landowners meeting in accordance with Section 190.006(2)(A), *Florida Statutes*, for March 6, 2025.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE FIRETHORN COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. The actions of the District Manager and District staff in scheduling and noticing the landowners meeting in accordance with Section 190.006(2)(A), *Florida Statutes*, to elect five (5) Supervisors of the District, held on March 6, 2025, at 10:00 A.M. at the Country Inn & Suites, Bradenton-Lakewood Ranch, 5610 Manor Hill Lane, Bradenton, Florida 34203, are hereby set forth and ratified and approved.

SECTION 2. If any provision of this Resolution is held to be illegal or invalid, the other provisions shall remain in full force and effect.

SECTION 3. This Resolution shall become effective upon its passage and shall remain in effect unless rescinded or repealed.

PASSED AND ADOPTED by the Board of Supervisors of the Firethorn Community Development District, Manatee County, Florida, this 6th day of February 2025.

ATTEST:

FIRETHORN COMMUNITY DEVELOPMENT DISTRICT

_____
James P. Ward, Secretary

_____
Tina Golub, Chairperson