

In the opinion of Bond Counsel, assuming compliance by the District with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2015 Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2015 Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of other tax consequences to holders of the Series 2015 Bonds.

\$3,190,000

**FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
(COLLIER COUNTY, FLORIDA)
SPECIAL ASSESSMENT BONDS, SERIES 2015
(PHASE 4 PROJECT)**



Dated: Date of Original Issuance

Due: November 1, as shown below

The Flow Way Community Development Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Series 2015 Bonds") are being issued by the Flow Way Community Development District (the "District" or "Issuer") in fully registered form, without coupons, in authorized denominations of \$5,000 and any integral multiple thereof. The Series 2015 Bonds will bear interest at the fixed rates set forth in the inside cover hereof, calculated on the basis of a 360-day year comprised of twelve 30 day months, payable semi-annually on each May 1 and November 1, commencing May 1, 2016. The Series 2015 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Series 2015 Bonds will be made in book-entry-only form and purchasers of beneficial interests in the Series 2015 Bonds will not receive physical bond certificates. For so long as the book-entry only system is maintained, the principal of and interest on the Series 2015 Bonds will be paid from the Pledged Revenues (as defined below) as provided in the Indenture (as defined below) and described herein by U.S. Bank National Association, as trustee (the "Trustee"), to Cede & Co., as nominee of DTC, as the registered owner thereof. Disbursement of such payments to the DTC Participants (as defined below) is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Any purchaser, as a beneficial owner of a Series 2015 Bond, must maintain an account with a broker or dealer that is, or acts through, a DTC Participant in order to receive payment of the principal of and interest on such Series 2015 Bond. See "DESCRIPTION OF THE SERIES 2015 BONDS - Book-Entry System" herein.

Proceeds of the Series 2015 Bonds will be used to provide funds for (i) the payment of a portion of the costs of the Phase 4 Project (as described herein), (ii) the funding of the Series 2015 Debt Service Reserve Account, (iii) the payment of a portion of the interest to come due on the Series 2015 Bonds, and (iv) the payment of the costs of issuance of the Series 2015 Bonds. See "THE CAPITAL IMPROVEMENT PLAN AND THE PHASE 4 PROJECT" and "APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE" hereto.

The District is a local unit of special purpose government of the State of Florida (the "State"), created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No. 02-09 of the Board of County Commissioners of Collier County, Florida (the "County"), enacted on February 26, 2002, and effective on March 4, 2002 (the "Ordinance"). The Series 2015 Bonds are being issued by the District pursuant to the Act, Resolution No. 2013-16 and Resolution No. 2016-3 adopted by the Board of Supervisors of the District (the "Board") on June 11, 2013 and November 10, 2015, respectively, and a Master Trust Indenture, dated as of December 1, 2013 (the "Master Indenture"), as supplemented by a Third Supplemental Trust Indenture dated as of December 1, 2015 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and the Trustee, as successor to Wells Fargo Bank, National Association under the Master Indenture. Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture. The Series 2015 Bonds are payable from and secured solely by the Pledged Revenues. The Pledged Revenues shall mean with respect to the Series 2015 Bonds (a) all revenues received by the District from the Series 2015 Special Assessments (as defined herein) levied and collected on that portion of the District Lands benefitted by the Phase 4 Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2015 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2015 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture; provided, however, that Pledged Revenues do not include (A) any moneys transferred to the Rebate Fund, or investment earnings thereon and (B) "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture does not apply to any of the moneys described in the foregoing clauses (A) and (B) of this proviso). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS" herein.

The Series 2015 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein. See "DESCRIPTION OF THE SERIES 2015 BONDS - Redemption Provisions" herein.

THE SERIES 2015 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY, AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2015 SPECIAL ASSESSMENTS TO SECURE AND PAY THE SERIES 2015 BONDS. THE SERIES 2015 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. SEE "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS" HEREIN.

The Series 2015 Bonds involve a degree of risk (see "BONDOWNERS' RISKS" herein) and are not suitable for all investors (see "SUITABILITY FOR INVESTMENT" herein). The Underwriter named below is limiting this offering to "Accredited Investors" within the meaning of Chapter 517, Florida Statutes, and the rules of the Florida Department of Financial Services promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfer in any secondary market for the Series 2015 Bonds. The Series 2015 Bonds are not credit enhanced or rated and no application has been made for a rating or credit enhancement with respect to the Series 2015 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2015 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

\$265,000 – 4.000% Series 2015 Term Bond due November 1, 2021, Yield 4.000%, Price 100.00 CUSIP # 34347V AF9*
\$1,305,000 – 5.125% Series 2015 Term Bond due November 1, 2036, Yield 5.250%, Price 98.419 CUSIP # 34347V AH5*
\$1,620,000 – 5.375% Series 2015 Term Bond due November 1, 2046, Yield 5.500%, Price 98.146 CUSIP # 34347V AJ1*

The initial sale of the Series 2015 Bonds is subject to certain conditions precedent, including, without limitation, receipt of the opinion of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel, as to the validity of the Series 2015 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Coleman, Yovanovich & Koester, P.A., Naples, Florida, for the Developer (as defined herein) by its counsel, J. Wayne Crosby, P.A., Winter Park, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. It is expected that the Series 2015 Bonds will be delivered in book-entry form through the facilities of DTC on or about December 8, 2015.

FMSbonds, Inc.

Dated: November 23, 2015

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

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

John Asher,* Chairperson
Keith Berg,* Vice-Chairperson
Anthony Burdett,* Assistant Secretary
Stephen Reiter,* Assistant Secretary
Chris Batchelor,* Assistant Secretary

* Employee of the Developer or an affiliate of the Developer

DISTRICT MANAGER/METHODOLOGY CONSULTANT

JPWard and Associates, LLC
Wilton Manors, Florida

DISTRICT COUNSEL

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

BOND COUNSEL

Bryant Miller Olive P.A.
Orlando, Florida

DISTRICT ENGINEER

Waldrop Engineering, P.A.
Bonita Springs, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2015 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE SERIES 2015 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DEVELOPER (AS HEREINAFTER DEFINED), THE DISTRICT, PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES, WHICH SOURCES ARE BELIEVED TO BE RELIABLE BUT WHICH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE UNDERWRITER NAMED ON THE COVER PAGE OF THIS LIMITED OFFERING MEMORANDUM. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN CONTAINED ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER OR IN THE STATUS OF THE DEVELOPMENT OR THE PHASE 4 PROJECT (AS SUCH TERMS ARE HEREINAFTER DEFINED) SINCE THE DATE HEREOF.

THE SERIES 2015 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2015 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE DISTRICT, THE COUNTY, THE STATE, NOR ANY OTHER POLITICAL SUBDIVISIONS THEREOF HAVE GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2015 BONDS, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

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

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

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
DESCRIPTION OF THE SERIES 2015 BONDS	3
General Description	3
Redemption Provisions	3
Purchase of Series 2015 Bonds	6
Book-Entry System	6
SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS	9
General	9
Additional Obligations	9
Covenant Against Sale or Encumbrance	10
Series 2015 Debt Service Reserve Account	10
Application of the Pledged Revenues	11
Investments or Deposit of Funds	12
Covenant to Levy the Series 2015 Special Assessments	13
Prepayment of Series 2015 Special Assessments	13
Collateral Assignment and Assumption of Development and Contract Rights	13
Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner	14
Events of Default and Remedies	15
ENFORCEMENT OF ASSESSMENT COLLECTIONS	17
General	17
Alternative Uniform Tax Collection Procedure for Series 2015 Special Assessments	18
Foreclosure	21
BONDOWNERS' RISKS	21
ESTIMATED SOURCES AND USES OF FUNDS	28
DEBT SERVICE REQUIREMENTS	29
THE DISTRICT	30
General Information	30
Legal Powers and Authority	30
Board of Supervisors	30
The District Manager and Other Consultants	31
Outstanding Bonds	32
THE CAPITAL IMPROVEMENT PLAN AND THE PHASE 4 PROJECT	33
ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS	34
THE DEVELOPMENT	37
General	37
Update on Series 2013 and Series 2015 (Phase 3) Assessment Areas	38
Land Acquisition by the Developer	39
Development Finance Plan and Status of Series 2015 Assessment Area (Phase 4)	39
Residential Product Offerings	40
Permits and Development Approvals	40
Taxes, Fees and Assessments	41
Amenities	42

Education.....	42
Environmental	42
Utilities	43
Competition.....	43
THE DEVELOPER	44
TAX MATTERS.....	44
General	44
Information Reporting and Backup Withholding.....	45
Other Tax Matters Relating to the Series 2015 Bonds	46
Tax Treatment of Original Issue Discount	47
AGREEMENT BY THE STATE	47
LEGALITY FOR INVESTMENT.....	48
SUITABILITY FOR INVESTMENT	48
ENFORCEABILITY OF REMEDIES	48
LITIGATION.....	48
The District.....	48
The Developer.....	48
CONTINGENT FEES	49
NO RATING.....	49
EXPERTS	49
FINANCIAL INFORMATION	49
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS.....	50
CONTINUING DISCLOSURE.....	50
UNDERWRITING	50
VALIDATION.....	51
LEGAL MATTERS.....	51
MISCELLANEOUS	51
AUTHORIZATION AND APPROVAL.....	52
APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE	A-1
APPENDIX B: PROPOSED FORM OF OPINION OF BOND COUNSEL	B-1
APPENDIX C: ENGINEER'S REPORT	C-1
APPENDIX D: ASSESSMENT METHODOLOGY	D-1
APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT	E-1
APPENDIX F: DISTRICT'S FINANCIAL STATEMENTS	F-1

LIMITED OFFERING MEMORANDUM

\$3,190,000

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT (COLLIER COUNTY, FLORIDA) SPECIAL ASSESSMENT BONDS, SERIES 2015 (PHASE 4 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices attached hereto, is to set forth certain information in connection with the offering for sale by the Flow Way Community Development District (the "District") of its \$3,190,000 Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Series 2015 Bonds").

THE SERIES 2015 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERING OF THE SERIES 2015 BONDS TO ONLY ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. THE LIMITATION OF THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2015 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2015 BONDS. SEE "BONDOWNERS' RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN.

The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No. 02-09 of the Board of County Commissioners of Collier County, Florida (the "County"), enacted on February 26, 2002, and effective on March 4, 2002 (the "Ordinance"). The District was created for the purpose of delivering certain community development services and facilities for the benefit of District Lands (as hereinafter defined), and the District has previously decided to undertake in one or more stages, the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District Lands. The Act authorizes the District to issue bonds for the purposes of, among others, financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, and equipping water management, water supply, sewer and wastewater management, bridges or culverts, public roads, street lights and other basic infrastructure projects within or without the boundaries of the District as provided in the Act.

The boundaries of the District include approximately 830 gross acres of land (the "District Lands") located entirely within the unincorporated area of the County and encompasses the community known as Esplanade Golf and Country Club of Naples (the "Development") and is situated northeast of the intersection of Immokalee Road and County Road 951, about three miles east of Interstate 75. The Development was originally planned to consist of approximately 1,121 single family and multi-family dwelling units, an 18-hole golf course, a clubhouse and a network of trails and parks. Taylor Morrison Esplanade Naples, LLC, a Florida limited liability company (the "Developer"), owns the majority of the land in the District and has entered into a contract to acquire an additional 19.65 gross acres of land that are planned for an additional 112 single family or multi-family units. The entire developable portion of the Development is located within the District; however, the Development also includes 969 gross acres

of conservation areas that are located outside of the District and the additional 19.65 gross acres that may be added to the Development are not currently within the District boundaries but may be at some time in the future. See "THE DEVELOPMENT" herein for more information on the Development.

The Series 2015 Bonds are being issued by the District pursuant to the Act, Resolution No. 2013-16 and Resolution No. 2016-3 adopted by the Board of Supervisors of the District (the "Board") on June 11, 2013 and November 10, 2015, respectively, and a Master Trust Indenture, dated as of December 1, 2013 (the "Master Indenture"), as supplemented by a Third Supplemental Trust Indenture dated as of December 1, 2015 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and the Trustee. Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Series 2015 Bonds will be used to provide funds for (i) the payment of a portion of the costs of the Phase 4 Project (as described herein), (ii) the funding of the Series 2015 Debt Service Reserve Account, (iii) the payment of a portion of the interest to come due on the Series 2015 Bonds, and (iv) the payment of the costs of issuance of the Series 2015 Bonds. See "THE CAPITAL IMPROVEMENT PLAN AND THE PHASE 4 PROJECT" and "APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE" hereto.

The Series 2015 Bonds are payable from and secured solely by the Pledged Revenues. The Pledged Revenues shall mean with respect to the Series 2015 Bonds (a) all revenues received by the District from the Series 2015 Special Assessments (as defined herein) levied and collected on that portion of the District Lands benefitted by the Phase 4 Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2015 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2015 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture; provided, however, that Pledged Revenues do not include (A) any moneys transferred to the Rebate Fund, or investment earnings thereon and (B) "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture does not apply to any of the moneys described in the foregoing clauses (A) and (B) of this proviso). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS" herein.

The Series 2015 Special Assessments that will secure the Series 2015 Bonds will be levied only on Phase 4 of the Development, consisting of approximately 26.64 gross acres (the "Series 2015 Assessment Area"), which phase is planned for approximately 107 single family units and 56 condominium units. See "ASSESSMENT AREA AND THE ALLOCATION OF ASSESSMENTS" and "THE DEVELOPMENT" herein for more information on the Series 2015 Assessment Area securing the Series 2015 Bonds.

There follows in this Limited Offering Memorandum a brief description of the District, the Developer, the Development, the District's Capital Improvement Plan and the Phase 4 Project, the Series 2015 Assessment Area and summaries of the terms of the Series 2015 Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and statute, and all references to the Series 2015 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. A copy of the Master Trust Indenture and the proposed form of the Third Supplemental Indenture appear in Appendix A hereto.

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

DESCRIPTION OF THE SERIES 2015 BONDS

General Description

The Series 2015 Bonds are issuable only as fully registered bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof. The Series 2015 Bonds will mature, subject to the redemption provisions set forth below, on the dates and in the amounts set forth on the cover page hereof. The Series 2015 Bonds will be dated the date of original issuance. Interest on the Series 2015 Bonds will be payable on each Interest Payment Date (as defined herein) to maturity or prior redemption. Interest on the Series 2015 Bonds will be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to May 1, 2016, in which case from the date of original issuance of the Series 2015 Bonds, or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date. "Interest Payment Date" shall mean May 1 and November 1 of each year, commencing May 1, 2016. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

Upon initial issuance, the ownership of the Series 2015 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Series 2015 Bonds will be made in book-entry only form. See "DESCRIPTION OF THE SERIES 2015 BONDS – Book-Entry Only System" herein.

The Underwriter is limiting this offering to "Accredited Investors" within the meaning of Chapter 517, Florida Statutes, and the rules of the Florida Department of Financial Services promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfer in any secondary market for the Series 2015 Bonds. See "SUITABILITY FOR INVESTMENT" herein.

U.S. Bank National Association, is initially serving as the Trustee, Registrar and Paying Agent for the Series 2015 Bonds.

Redemption Provisions

Optional Redemption

The Series 2015 Bonds may, at the option of the District, be called for redemption prior to maturity in whole or in part at any time on or after November 1, 2026 (less than all Series 2015 Bonds to be selected by lot), at a Redemption Price equal to 100% of the principal amount of Series 2015 Bonds to be redeemed plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2015 Bonds maturing on November 1, 2021 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued

interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2017	\$50,000	2020	\$55,000
2018	\$50,000	2021*	\$55,000
2019	\$55,000		

* Maturity.

The Series 2015 Bonds maturing on November 1, 2036 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2022	\$60,000	2030	\$90,000
2023	\$60,000	2031	\$95,000
2024	\$65,000	2032	\$100,000
2025	\$70,000	2033	\$105,000
2026	\$75,000	2034	\$110,000
2027	\$75,000	2035	\$115,000
2028	\$80,000	2036*	\$120,000
2029	\$85,000		

* Maturity.

The Series 2015 Bonds maturing on November 1, 2046 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2037	\$125,000	2042	\$165,000
2038	\$135,000	2043	\$175,000
2039	\$140,000	2044	\$185,000
2040	\$150,000	2045	\$190,000
2041	\$155,000	2046*	\$200,000

* Maturity.

Upon any purchase or redemption of Series 2015 Bonds other than in accordance with scheduled Sinking Fund Installments, the District shall cause to be recalculated and delivered to the Trustee revised Sinking Fund Installments recalculated so as to amortize the Outstanding principal amount of Series 2015 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2015 Bonds. The Sinking Fund Installments as so recalculated shall not result in an increase in the aggregate of the Sinking Fund Installments for all Series 2015 Bonds in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a Sinking Fund Installment is due, the foregoing recalculation shall not be made to Sinking Fund Installments due in the year in which such redemption or purchase occurs, but shall be made to Sinking Fund Installments for the immediately succeeding and subsequent years.

Extraordinary Mandatory Redemption

The Series 2015 Bonds are subject to extraordinary mandatory redemption prior to maturity by the District in whole, on any date, or in part, on any February 1, May 1, August 1 and November 1 (each a "Quarterly Redemption Date"), at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2015 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2015 Prepayment Principal deposited into the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund following the payment in whole or in part of Series 2015 Special Assessments on any portion of the District Lands in accordance with the provisions of Section 4.05(a) of the Third Supplemental Indenture, including with excess moneys transferred from the Series 2015 Debt Service Reserve Account to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund resulting from such Series 2015 Special Assessment prepayments pursuant to Section 4.01(f)(ii) of the Third Supplemental Indenture.

(ii) from amounts on deposit in the Series 2015 Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for the Series 2015 Bonds and transferred to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund in accordance with Section 6.05 of the Master Indenture and Section 4.01(f) of the Third Supplemental Indenture to be used for the extraordinary mandatory redemption of the Series 2015 Bonds.

(iii) on or after the Completion Date of the Phase 4 Project, by application of moneys remaining in the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund not reserved by the District for the payment of any remaining part of the Cost of the Phase 4 Project, all of which shall be transferred as specified in Section 4.01(a) of the Third Supplemental Indenture to the Series 2015 General Account of the Series 2015 Bond Redemption Fund, credited toward extinguishment of the Series 2015 Special Assessments and applied toward the redemption of the Series 2015 Bonds in accordance with the manner it has credited such excess moneys toward extinguishment of Series 2015 Special Assessments which the District shall describe to the Trustee in writing.

(iv) following condemnation or the sale of any portion of the Phase 4 Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Phase 4 Project to the Trustee by or on behalf of the District for deposit into the Series 2015 General Account of the Series 2015 Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the District to redeem Series 2015 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Series 2015 Special Assessments which the District shall describe to the Trustee in writing.

(v) following the damage or destruction of all or substantially all of the Phase 4 Project to such extent that, in the reasonable opinion of the District, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the District to the Trustee for deposit to the Series 2015 General Account of the Series 2015 Bond Redemption Fund which moneys shall be applied by the District to redeem Series 2015 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Series 2015 Special Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the District shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Phase 4 Project would not be economical or would be impracticable.

(vi) from moneys, if any, on deposit in the Series 2015 Funds and Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding Series 2015 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

Notice of Redemption

When required to redeem or purchase Series 2015 Bonds under any provision of the Indenture or directed to do so by the District, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Series 2015 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Series 2015 Bonds for which notice was duly mailed in accordance with the Indenture.

If at the time of mailing of notice of an optional redemption or purchase, the District shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem or purchase all the Series 2015 Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of the redemption or purchase moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited.

See "APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE" herein for information on the partial redemption of Series 2015 Bonds.

Purchase of Series 2015 Bonds

At the written direction of the District, the Trustee shall apply moneys from time to time available in the Series 2015 Sinking Fund Account to the purchase of Series 2015 Bonds at prices not higher than the principal amount thereof, in lieu of redemption, provided that firm purchase commitments can be made before the notice of redemption would otherwise be required to be given.

Book-Entry System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015 Bond certificate will be issued for

each maturity of the Series 2015 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015

Bond documents. For example, Beneficial Owners of Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2015 Bond certificates will be printed and delivered to DTC.

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

[Remainder of page intentionally left blank.]

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS

General

THE SERIES 2015 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2015 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY, AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2015 SPECIAL ASSESSMENTS TO SECURE AND PAY THE SERIES 2015 BONDS. THE SERIES 2015 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Series 2015 Bonds are payable from and secured solely by the Pledged Revenues. The Pledged Revenues shall mean with respect to the Series 2015 Bonds (a) all revenues received by the District from the Series 2015 Special Assessments (as defined herein) levied and collected on that portion of the District Lands benefitted by the Phase 4 Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2015 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2015 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture; provided, however, that Pledged Revenues do not include (A) any moneys transferred to the Rebate Fund, or investment earnings thereon and (B) "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture does not apply to any of the moneys described in the foregoing clauses (A) and (B) of this proviso).

The Series 2015 Special Assessments consist of the non-ad valorem special assessments imposed and levied by the District against that portion of the land within the District specially benefitted by the Phase 4 Project or any portion thereof, pursuant to Section 190.022 of the Act, and the Assessment Resolutions (as defined in the Indenture) and the proceedings conducted by the District in connection therewith. Non-ad valorem assessments are not based on millage and are not taxes, but can become a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. The respective Series 2015 Special Assessments will constitute a lien against the land as to which the respective Series 2015 Special Assessments are imposed. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

The Series 2015 Special Assessments are levied, in an amount corresponding to the debt service on the Series 2015 Bonds, on the basis of benefit received by such property as a result of the Phase 4 Project. The Assessment Methodology (as hereinafter defined), which describes the methodology for allocating the Series 2015 Special Assessments to a portion of the lands within the District, is included as Appendix D hereto.

Additional Obligations

In the Indenture, the District covenants that so long as there are any Series 2015 Bonds Outstanding and the Series 2015 Special Assessments have not been Substantially Absorbed, the District shall not issue Bonds or other debt obligations, other than refunding bonds, secured by Special

Assessments for capital projects on the District Lands subject to the Series 2015 Special Assessments. "Substantially Absorbed" shall mean the date on which a principal amount of the Series 2015 Special Assessments equaling at least ninety-five percent (95%) of the then Outstanding principal amount of the Series 2015 Bonds are levied on the District Lands with respect to which a certificate of occupancy has been issued for a structure thereon. Satisfaction of the foregoing definition shall be evidenced by the delivery by the District to the Trustee of a written certificate of the Methodology Consultant to such effect and upon which the Trustee may conclusively rely. The District further covenants in the Indenture that so long as there are any Series 2015 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Pledged Revenues, except for refunding bonds.

Subject to the limitations on the District set forth above, the District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2015 Special Assessments without the consent of the Owners of the Series 2015 Bonds. The District anticipates issuing additional bonds (the "Additional Bonds") to fund other portions of its CIP, which Additional Bonds will be secured by special assessments on District lands separate and distinct from the District Lands upon which the Series 2015 Special Assessments are imposed. See "THE CAPITAL IMPROVEMENT PLAN AND THE PHASE 4 PROJECT" and "THE DEVELOPMENT – Developer Finance Plan and the Status of the Series 2015 Assessment Area" herein. Additionally, the District expects to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2015 Special Assessments, on the same lands upon which the Series 2015 Special Assessments are imposed, to fund the maintenance and operation of the District. See "BONDOWNERS' RISKS" herein.

Covenant Against Sale or Encumbrance

In the Master Indenture, the District has covenanted that (a) except for those improvements comprising a Project (as defined in the Master Indenture) that are to be conveyed by the District to the County, the State or another governmental entity and (b) except as otherwise permitted in the Master Indenture, it will not sell, lease or otherwise dispose of or encumber a Project or any part thereof. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of the Series 2015 Bonds or from Pledged Revenues if the District Manager shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the Phase 4 Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, at the written direction of the District shall be deposited to the credit of the Series 2015 Revenue Account. See "APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE" herein.

Series 2015 Debt Service Reserve Account

The Indenture creates a Series 2015 Debt Service Reserve Account within the Debt Service Reserve Fund solely for the benefit of the Series 2015 Bonds. The Series 2015 Debt Service Reserve Account will be funded in the amount of the Debt Service Reserve Requirement for the Series 2015 Bonds. Pursuant to the Indenture, the "Debt Service Reserve Requirement" shall mean, with respect to the Series 2015 Bonds, an amount, as calculated from time to time, equal to seventy-five percent (75%) of the maximum annual Debt Service Requirement for the Series 2015 Bonds, which is initially \$161,929.70.

On the date that is 45 days prior to each Quarterly Redemption Date (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee will determine the amount on deposit in the Series 2015 Debt Service Reserve Account and transfer any excess therein (except for

excess resulting from interest earnings) above the Debt Service Reserve Requirement for the Series 2015 Bonds as follows: (A) prior to the Completion Date of the Phase 4 Project, to the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund, and (B) on and after the Completion Date of the Phase 4 Project, such amounts shall be retained in the Series 2015 Debt Service Reserve Account until otherwise applied as set forth in the Indenture, including redemption from excess amounts in the Series 2015 Debt Service Reserve Account in accordance with the Indenture.

Notwithstanding the foregoing paragraph, so long as no Event of Default has occurred and has not been cured, upon an optional prepayment by the owner of a lot or parcel of land of a Series 2015 Special Assessment against such lot or parcel as provided in the Third Supplemental Indenture, the District shall determine the Debt Service Reserve Requirement for the Series 2015 Bonds taking into account such optional prepayment and shall direct the Trustee to transfer any amount on deposit in the Series 2015 Debt Service Reserve Account in excess thereof (except for excess resulting from interest earnings) from the Series 2015 Debt Service Reserve Account to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund, as a credit against the Series 2015 Prepayment Principal otherwise required to be made by the owner of such lot or parcel.

Notwithstanding the foregoing, in lieu of the required deposits into the Series 2015 Debt Service Reserve Account, the District may cause to be deposited into the Series 2015 Debt Service Reserve Account a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit either in lieu of any cash amount required to be deposited therein in connection with the issuance of the Series 2015 Bonds or in substitution for the full amounts then on deposit therein or in an amount equal to the difference between the amount required to be deposited and the sum, if any, then on deposit in the Series 2015 Debt Service Reserve Account, which Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date or principal payment date on which a deficiency exists which cannot be remedied by moneys in any other Fund or Account held pursuant to the Indenture and available for such purpose.

Application of the Pledged Revenues

Pursuant to the Indenture, the Trustee shall transfer from amounts on deposit in the Series 2015 Revenue Account to the Funds and Accounts described below, the following amounts, at the following times and in the following order of priority:

FIRST, not later than the Business Day preceding each February 1, May 1, August 1 and November 1, to the Series 2015 Interest Subaccount of the Debt Service Fund, an amount from the Series 2015 Revenue Account equal to the interest on the Series 2015 Bonds due on such February 1, May 1, August 1 or November 1, if any, less any amounts on deposit in the Series 2015 Interest Subaccount not previously credited;

SECOND, no later than the Business Day next preceding each November 1, to the Series 2015 Principal Account of the Debt Service Fund, an amount from the Series 2015 Revenue Account equal to the principal amount of Series 2015 Bonds Outstanding maturing on such November 1, if any, less any amounts on deposit in the Series 2015 Principal Account not previously credited;

THIRD, no later than the Business Day next preceding each November 1, to the Series 2015 Sinking Fund Account of the Debt Service Fund, an amount from the Series 2015 Revenue Account equal to the principal amount of Series 2015 Bonds subject to sinking fund redemption on such November 1, less any amount on deposit in the Series 2015 Sinking Fund Account not previously credited;

FOURTH, upon receipt but no later than the Business Day next succeeding each Interest Payment Date, to the Series 2015 Debt Service Reserve Account, an amount from the Series 2015 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement for the Series 2015 Bonds; and

FIFTH, subject to the following paragraph, the balance of any moneys remaining after making the foregoing deposits shall remain in the Series 2015 Revenue Account, unless pursuant to the Arbitrage Certificate it is necessary to make a deposit into the Rebate Fund, in which case the District shall direct the Trustee to make such deposit thereto.

Moneys held for the credit of the Series 2015 Revenue Account which are not otherwise required to be deposited pursuant to the above shall be retained therein and applied on subsequent dates for the purposes and in the priority set forth above.

Investments or Deposit of Funds

The Trustee shall, as directed by the District in writing, invest moneys held in the Series Accounts in the Debt Service Fund and any Series Account within the Bond Redemption Fund only in Government Obligations and certain types of securities listed in the Indenture within the definition of Investment Securities. The Trustee shall, as directed by the District in writing, invest moneys held in the Series 2015 Debt Service Reserve Account in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth in the Indenture. All securities securing investments under the Indenture shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, subject to the Indenture, any interest and other income so received shall be deposited in the Series 2015 Revenue Account of the Revenue Fund (provided any investment earnings on the Series 2015 Debt Service Reserve Account shall be applied, prior to the Completion Date of the Phase 4 Project, to the Series 2015 Acquisition and Construction Account). Upon written request of the District, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided in the Indenture. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund.

Absent specific instructions as aforesaid, all moneys in the Funds and Accounts established under the Indenture shall be invested in investments of the nature described in subparagraph (6) of the definition of Investment Securities in the Indenture. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the District or otherwise, including that set forth in the first sentence of this paragraph. The Trustee may make any investments permitted by the Indenture through its own bond department or brokerage division. See "APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE" herein.

Covenant to Levy the Series 2015 Special Assessments

The District will covenant to comply with the terms of the proceedings heretofore adopted with respect to the Series 2015 Special Assessments, including the Assessment Resolution and the Assessment Methodology, and to levy the Series 2015 Special Assessments and any required true-up payments set forth in the Assessment Methodology, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2015 Bonds, when due. The Assessment Methodology shall not be amended without written consent of the Majority Owners. If any Series 2015 Special Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the District shall be satisfied that any such Series 2015 Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such Series 2015 Special Assessment when it might have done so, the District has additionally covenanted to either (i) take all necessary steps to cause a new Series 2015 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 Series 2015 Special Assessment from legally available moneys, which moneys shall be deposited into the Series 2015 Revenue Account. In case any such second assessment shall be annulled, the District shall obtain and make other Series 2015 Special Assessments until a valid Series 2015 Special Assessment shall be made.

Prepayment of Series 2015 Special Assessments

Pursuant to the assessment proceedings, an owner of property subject to the Series 2015 Special Assessments may pay all or a portion of the principal balance of such Series 2015 Special Assessments remaining due, if there is also paid an amount equal to the interest that would otherwise be due on the next succeeding Interest Payment Date for the Series 2015 Bonds, subject to certain time periods set forth in the assessment proceedings.

Pursuant to the Act and the assessment proceedings, an owner of property subject to the levy of Series 2015 Special Assessments may pay the entire balance of the Series 2015 Special Assessments remaining due, without interest, within thirty (30) days after the Phase 4 Project has been completed or acquired by the District, and the Board has adopted a resolution accepting the Phase 4 Project pursuant to Chapter 170.09, Florida Statutes. The Developer, as the owner of all of the property within the Series 2015 Assessment Area, will covenant to waive this right on behalf of itself and its respective successors and assigns in connection with the issuance of the Series 2015 Bonds.

The Series 2015 Bonds are subject to extraordinary redemption as indicated under "DESCRIPTION OF THE SERIES 2015 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption" from optional prepayments of Series 2015 Special Assessments by property owners. The prepayment of Series 2015 Assessments does not entitle the owner of the property to a discount for early payment. See "THE DEVELOPMENT – Taxes, Fees and Assessments" herein.

Collateral Assignment and Assumption of Development and Contract Rights

As a condition precedent to the issuance of the Series 2015 Bonds, and as an inducement for the Bondholders to purchase the Series 2015 Bonds, the Developer will execute and deliver to the District a Collateral Assignment and Assumption of Development and Contract Rights Relating to the Phase 4 Project (the "Collateral Assignment"), pursuant to which the Developer will collaterally assign to the District, to the extent assignable, to the extent accepted by the District in its sole discretion and to the extent that they are solely owned or controlled by the Developer or subsequently acquired by the Developer, all of its development rights relating to the development of the District Lands in the Series

2015 Assessment Area (as herein defined), and Developer's rights as declarant of all property and homeowner associations with respect to, and to the extent of the unit parcels within the District lands not conveyed to third parties as of the date of the Collateral Assignment (collectively, the "Development Rights").

The Development Rights shall include the items listed in subsections (a) through (f) below as they pertain to development of the District Lands in the Series 2015 Assessment Area, (but shall specifically exclude any such Development Rights (i) that have been assigned, transferred or otherwise conveyed to the County, the District, any other homebuilder, any utility provider, governmental or quasi-governmental entity, any applicable homeowner's association or other governing entity or association, as may be required by applicable permits, approvals, plats, entitlements or regulations affecting District Lands (a "Prior Transfer"), or to the extent that a Prior Transfer has not already occurred with respect to the Development Rights, but only to the extent that such particular Development Rights are subject to the Prior Transfer, and (ii) to the extent that a Unit Parcel is conveyed to a homebuilder not affiliated with the Assignor or end-user resident, in which event such Unit Parcel shall be released automatically from the Collateral Assignment): (a) engineering and construction plans and specifications for grading, roadways, site drainage, storm water drainage, signage, water distribution, waste water collection, and other land development improvements; (b) preliminary and final site plans and plats; (c) permits, approvals, resolutions, variances, licenses, and franchises granted by governmental authorities, or any of their respective agencies, for or affecting the development within the District Lands within the Series 2015 Assessment Area and construction of improvements thereon, except not including any of the foregoing related to residential structures, or the amenity structures within the District Lands in the Series 2015 Assessment Area constructed by or to be constructed by Landowner, and off-site to the extent improvements are necessary or required to complete the Phase 4 Project; (d) contracts with engineers, architects, land planners, landscape architects, consultants, contractors, and suppliers for or relating to the construction of the development within the District Lands in the Series 2015 Assessment Area or the construction of improvements thereon, except not including any of the foregoing related to residential structures, or the amenity structures within the Land constructed by or to be constructed by Landowner; (e) all impact fees and impact fee credits, and (f) all future creations, changes, extensions, revisions, modifications, substitutions, and replacements of any of the foregoing.

Notwithstanding the above provisions to the contrary, in the event the District forecloses on the lands subject to the Series 2015 Special Assessments as a result of the Developer's or other landowner's failure to pay such assessments, there is a risk that such Development Rights will not be assumable by the District or that the District will not have all permits, approvals and entitlements necessary to complete the Phase 4 Project.

Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner

The Indenture contains the following provisions, which pursuant to the Indenture, shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to the Series 2015 Special Assessments (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding") except where such tax parcel shall be homestead property. For as long as any Series 2015 Bonds remain outstanding, in any Proceeding involving the District, any Insolvent Taxpayer, the Series 2015 Bonds or the Series 2015 Special Assessments, the District shall be obligated to act in accordance with direction from the Trustee with regard to all matters directly or indirectly affecting the Series 2015 Bonds or for as long as any Series 2015 Bonds remain Outstanding.

The District has acknowledged and agreed in the Indenture that, although the Series 2015 Bonds were issued by the District, the Owners of the Series 2015 Bonds are categorically a party with a financial stake in the transaction and, consequently, the party with a vested interest in a Proceeding. In the event of any Proceeding involving any Insolvent Taxpayer: (a) the District has agreed that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Series 2015 Special Assessments, the Series 2015 Bonds or any rights of the Trustee under the Indenture that is inconsistent with any direction from the Trustee; (b) the Trustee shall have the right, but is not obligated to, (i) vote in any such Proceeding any and all claims of the District, except for any claims the District may have related to the District's operation and maintenance assessments or other claims unrelated to the Series 2015 Special Assessments or such Series 2015 Bonds, or (ii) file any motion, pleading, plan or objection in any such Proceeding on behalf of the District, except for any claims the District may have related to the District's operation and maintenance assessments or other claims unrelated to the Series 2015 Special Assessments or such Series 2015 Bonds, including without limitation, motions seeking relief from the automatic stay, dismissal of the Proceeding, valuation of the property belonging to the Insolvent Taxpayer, termination of exclusivity, and objections to disclosure statements, plans of liquidation or reorganization, and motions for use of cash collateral, seeking approval of sales or post-petition financing; and, if the Trustee chooses to exercise any such rights, the District shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising 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 any claims, to propose and prosecute a plan, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code; and (c) the District shall not challenge the validity or amount of any claim submitted in such Proceeding by the Trustee in good faith or any valuations of the lands owned by any Insolvent Taxpayer submitted by the Trustee in good faith in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District claim and rights with respect to the Series 2015 Special Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District will agree that the Trustee shall have the right (i) to file a proof of claim with respect to the Series 2015 Special Assessments, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

Notwithstanding the provisions of proviso (a) in the preceding paragraph, nothing in the above provisions 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 directions with respect to the Series 2015 Special Assessments whether such claim is pursued by the District or the Trustee.

Events of Default and Remedies

The Indenture provides that each of the following shall be an "Event of Default" under the Indenture, with respect to the Series 2015 Bonds:

(a) if payment of any installment of interest on any Series 2015 Bonds is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of the Series 2015 Bonds is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the District, for any reason is rendered incapable of fulfilling its obligations under the Indenture or under the Act; or

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

(e) if the District defaults in the due and punctual performance of any other covenant in the Indenture or in the Series 2015 Bonds issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the District by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Series 2015 Bonds; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the District shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) written notice shall have been received by the Trustee from a Credit Facility Issuer securing the Series 2015 Bonds, if any, that an event of default has occurred under the Credit Facility Agreement, or there shall have been a failure by said Credit Facility Issuer to make said Credit Facility available or to reinstate the interest component of said Credit Facility in accordance with the terms of said Credit Facility, to the extent said notice or failure is established as an event of default under the terms of a Supplemental Indenture; or

(g) The Trustee withdraws or is authorized to withdraw more than ten percent (10%) of the available funds (regardless of whether the Trustee does or does not, per the direction of a majority of the Owners of the outstanding Series 2015 Bonds, actually make such withdrawal), from the Series 2015 Debt Service Reserve Account established to pay Debt Service Requirements for the Series 2015 Bonds; or

(h) More than twenty-five percent (25%) of the operation and maintenance assessments levied and collected directly by the District are not paid by the date such are due and payable ("Delinquent Direct Billed Operation and Maintenance Assessments").

No Series of Bonds issued under the Master Indenture shall be subject to acceleration. If any Event of Default with respect to the Series 2015 Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Holders of not less than a majority of the aggregate principal amount of the Outstanding Series 2015 Bonds and receipt of indemnity to its satisfaction shall, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Series 2015 Bonds, including, without limitation, the right to require the District to carry out any agreements with, or for the benefit of, the Bondholders of the Series 2015 Bonds and to perform its or their duties under the Act;

(b) bring suit upon the Series 2015 Bonds;

(c) by action or suit in equity require the District to account as if it were the trustee of an express trust for the Holders of the Series 2015 Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Series 2015 Bonds; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing the Series 2015 Bonds.

If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, the District, the Trustee, the Paying Agent and the Bondholders shall be restored to their former positions and rights under the Master Indenture as though no such proceeding had been taken.

The Holders of a majority in aggregate principal amount of the Outstanding Series 2015 Bonds then subject to remedial proceedings under Article X of the Master Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

The District has covenanted and agreed 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 Special Assessments, the provisions for the foreclosure of liens of delinquent Special 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, a majority of the Owners, from time to time, of the Series 2015 Bonds. Notwithstanding anything to the contrary in the Indenture, and unless otherwise directed by a majority of the Owners and allowed pursuant to Federal or State law, the District has acknowledged and agreed that (i) upon failure of any property owner to pay an installment of Series 2015 Special Assessments collected directly by the District when due, that the entire Series 2015 Special Assessments on the tax parcel as to which such delinquent Series 2015 Special Assessments pertains, with interest and penalties thereon, shall immediately become due and payable and the District shall promptly, but in any event within thirty (30) days, cause to be commenced the necessary legal proceedings for the foreclosure of liens of delinquent Series 2015 Special Assessments with respect to such tax parcel, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages. See "APPENDIX A: COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF THIRD SUPPLEMENTAL TRUST INDENTURE".

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary source of payment for the Series 2015 Bonds is the Series 2015 Special Assessments imposed on certain lands in the District specially benefited by the Phase 4 Project pursuant to the Assessment Proceedings. See "ASSESSMENT METHODOLOGY" herein and "APPENDIX D: ASSESSMENT METHODOLOGY."

The determination, order, levy, and collection of Series 2015 Special Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Collier County Tax Collector (the "Tax Collector") or the Collier County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2015 Special Assessments during any year. Such delays in the

collection of Series 2015 Special Assessments, or complete inability to collect any Series of the Series 2015 Special Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the Series 2015 Bonds. See "BONDOWNERS' RISKS." To the extent that landowners fail to pay the Series 2015 Special Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2015 Bonds. The Act provides for various methods of collection of delinquent Series 2015 Special Assessments by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes but is qualified in its entirety by reference to such statutes.

Alternative Uniform Tax Collection Procedure for Series 2015 Special Assessments

At such time as the Series 2015 Special Assessments are collected pursuant to the Uniform Method of collection, the provisions of this section shall become applicable. The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments may be collected by using the uniform method (the "Uniform Method") of collection. The Uniform Method of collection is available only in the event the District complies with statutory and regulatory requirements and enters into agreements with the Tax Collector and Property Appraiser providing for the Series 2015 Special Assessments to be levied and then collected in this manner. The District's election to use a certain collection method with respect to the Series 2015 Special Assessments does not preclude it from electing to use another collection method in the future. See "Foreclosure" below with respect to collection of delinquent assessments not collected pursuant to the Uniform Method.

If the Uniform Method of collection is utilized, the Series 2015 Special Assessments will be collected together with County, special district, and other ad valorem taxes and non-ad valorem assessments, all of which will appear on the tax bill (also referred to as a "tax notice") issued to each landowner in the District. The statutes relating to enforcement of ad valorem taxes and non-ad valorem assessments provide that such taxes and assessments become due and payable on November 1 of the year when assessed, or as soon thereafter as the certified tax roll is received by the Tax Collector, and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes and assessments (including the Series 2015 Special Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay, all such taxes and assessments without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2015 Special Assessments. Upon any receipt of moneys by the Tax Collector from the Series 2015 Special Assessments, such moneys will be delivered to the District, which will remit such Series 2015 Special Assessments to the Trustee for deposit to the Series 2015 Revenue Account within the Revenue Fund, except that any Prepayments of Series 2015 Special Assessments shall be deposited to the 2015 Prepayment Account in the Bond Redemption Fund created under the Indenture and applied in accordance therewith.

All County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including the Series 2015 Special Assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, are payable at one time, except for partial payment schedules as may be provided by Sections 197.374 and 197.222, Florida Statutes. Partial payments made pursuant to Sections 197.374 and 197.222, Florida Statutes, are distributed in equal proportion to all taxing districts and levying authorities applicable to that account. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. In such cases, the Tax Collector does not accept such partial payment and the partial payment is returned to the taxpayer. Therefore, in the event the Series 2015 Special Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item would cause the Series

2015 Special Assessments to not be collected to that extent, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the Series 2015 Bonds.

Under the Uniform Method, if the Series 2015 Special Assessments are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment. The Tax Collector is required to collect the ad valorem taxes and non-ad valorem special assessments on the tax bill prior to April 1 and, after that date, to institute statutory procedures upon delinquency to collect such taxes and assessments through the sale of "tax certificates," as discussed below. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Neither the District nor the Underwriter can give any assurance to the holders of the Series 2015 Bonds (1) that the past experience of the Tax Collector with regard to tax and special assessment delinquencies is applicable in any way to the Series 2015 Special Assessments, (2) that future landowners and taxpayers in the District will pay such Series 2015 Special Assessments, (3) that a market may exist in the future for tax certificates in the event of sale of such certificates for taxable units within the District, and (4) that the eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Assessment Proceedings to discharge the lien of the Series 2015 Special Assessments and all other liens that are coequal therewith.

Collection of delinquent Series 2015 Special Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Series 2015 Special Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowner may, prior to the sale of tax certificates, pay the total amount of delinquent ad valorem taxes and non-ad valorem assessments plus the cost of advertising and the applicable interest charge on the amount of such delinquent taxes and assessments. If the landowner does not act, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and assessments owing, penalties and interest thereon and certain costs, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%). Tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The Tax Collector does not collect any money if tax certificates are "struck off" (issued) to the County. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. Proceeds from the sale of tax certificates are required to be used to pay taxes and assessments (including the Series 2015 Special Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property within the District may affect the demand for certificates and the successful collection of the Series 2015 Special Assessments, which are the primary source of payment of the Series 2015 Bonds. Legal proceedings under Federal bankruptcy law brought by or against a landowner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of tax certificates.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled, in whole or in part (under certain circumstances), at any time before a tax deed is issued or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or

portion thereof together with all interest, costs, charges and omitted taxes due. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of 5%, unless the rate borne by the certificates is zero percent. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the tax certificate such proceeds less service charges, and the certificate is canceled. Redemption of tax certificates held by the County is effected by purchase of such certificates from the County, as described in the preceding paragraph.

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

In any such public sale conducted by the Clerk of the Circuit Court, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the tax certificate, charges for the cost of sale, including costs incurred for the service of notice required by statute, redemption of other tax certificates on the land, and the amount paid by such holder in applying for the tax deed, plus interest thereon. In the case of homestead property, the minimum bid is also deemed to include, in addition to the amount of money required for the minimum bid on non-homestead property, an amount equal to one-half of the latest assessed value of the homestead. If there are no higher bids, the holder receives title to the land, and the amounts paid for the certificate and in applying for a tax deed are credited toward the purchase price. If there are other bids, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax certificate, and all other amounts paid by such person in applying for a tax deed, are forwarded to the holder thereof or credited to such holder if such holder is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the land and then to the former title holder of the property (less service charges), lienholder of record, mortgagees of record, vendees of recorded contracts for deeds, and other lienholders and any other person to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their interest may appear.

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

If there are no bidders at the public sale, the County may, at any time within ninety (90) days from the date of offering for public sale, purchase the land without further notice or advertising for a statutorily prescribed opening bid. After ninety (90) days have passed, any person or governmental unit may purchase the land by paying the amount of the opening bid. Ad valorem taxes and non-ad valorem assessments accruing after the date of public sale do not require repetition of the bidding process but are added to the minimum bid. Three years from the date of delinquency, unsold lands escheat to the County in which they are located, all tax certificates and liens against the property are canceled and a deed is executed vesting title in the governing board of such County.

Foreclosure

The following discussion regarding foreclosure is not applicable if the Series 2015 Special Assessments are being collected pursuant to the Uniform Method. In the event that the District, itself, directly levies and enforces, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the Series 2015 Special Assessments levied on the land within the District, Chapter 170.10, Florida Statutes provides that upon the failure of any property owner to pay all or any part of the principal of a special assessment, including a Series 2015 Special Assessment, or the interest thereon, when due, the governing body of the entity levying the assessment is authorized to commence legal proceedings for the enforcement of the payment thereof, including commencement of an action in chancery, commencement of a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or commencement of an action under Chapter 173, Florida Statutes relating to foreclosure of municipal tax and special assessment liens. Such a proceeding is in rem, meaning that it is brought against the land not against the owner. In light of the one-year tolling period required before the District may commence a foreclosure action under Chapter 173, Florida Statutes, it is likely the District would commence an action to foreclose in the same manner as the foreclosure of a real estate mortgage rather than proceeding under Chapter 173, Florida Statutes.

Enforcement of the obligation to pay Series 2015 Special Assessments and the ability to foreclose the lien of such Series 2015 Special Assessments upon the failure to pay such Series 2015 Special Assessments may not be readily available or may be limited as such enforcement is dependent upon judicial action which is often subject to discretion and delay.

BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds issued by a public authority or governmental body in the State and secured by special assessments. Certain of these risks are described in other sections of this Limited Offering Memorandum. Certain additional risks are associated with the Series 2015 Bonds offered hereby and are set forth below. Prospective investors in the Series 2015 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Series 2015 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2015 Bonds, and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the Series 2015 Bonds.

Concentration of Land Ownership

As of the date of delivery of the Series 2015 Bonds, the Developer owns all of the developable lands within the Series 2015 Assessment Area of the District, which are the lands that will absorb the Series 2015 Special Assessments securing the Series 2015 Bonds. Payment of the Series 2015 Special Assessments is primarily dependent upon their timely payment by the Developer and the other future landowners in the Series 2015 Assessment Area of the District. Non-payment of the Series 2015 Special Assessments by the Developer would have a substantial adverse impact upon the District's ability to pay debt service on the Series 2015 Bonds. See "THE DEVELOPER" and "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS" herein.

Bankruptcy Risks

In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other owner of benefited property, delays could occur in the payment of debt service on the Series 2015 Bonds as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner being able to pay the Series 2015 Special Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2015 Special Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2015 Special Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2015 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the Series 2015 Bonds, including, without limitation, enforcement of the obligation to pay Series 2015 Special Assessments and the ability of the District to foreclose the lien of the Series 2015 Special Assessments if not being collected pursuant to the Uniform Method, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the Series 2015 Bonds could have a material adverse impact on the interest of the Owners thereof.

A 2011 bankruptcy court decision in Florida held that the governing body of a community development district, which is a special purpose government similar to the District, and not the bondholders or indenture trustee, was the creditor of the developer/debtors in bankruptcy with respect to claims for special assessments, and thus only the district could vote to approve or disapprove a reorganization plan submitted by the debtors in the case. The district voted in favor of the plan. The governing body of the District was at that time elected by the landowners rather than qualified electors. Under the reorganization plan that was approved, a two-year moratorium was placed on the debtor landowners' payment of special assessments. As a result of this non-payment of assessments, debt service payments on the district's bonds were delayed for two years or longer. The Indenture provides for the delegation of certain rights from the District to the Trustee in the event of a bankruptcy or similar proceeding with respect to an Insolvent Taxpayer (as previously defined). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS – Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner." The District cannot express any view whether such delegation would be enforceable.

Series 2015 Special Assessments are Non-Recourse

The principal security for the payment of the principal and interest on the Series 2015 Bonds is the timely collection of the Series 2015 Special Assessments. The Series 2015 Special Assessments do not constitute a personal indebtedness of the landowners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the Developer or subsequent landowners will be able to pay the Series 2015 Special Assessments or that they will pay such Series 2015 Special Assessments even though financially able to do so. Neither the Developer nor any other subsequent landowner has any obligation to pay the Series 2015 Special Assessments. Neither the Developer nor any other subsequent landowner is a guarantor of payment of any Series 2015 Special Assessment and the recourse for the failure of the Developer or any other subsequent landowner, to pay the Series 2015 Special Assessments is limited to the collection proceedings against the land as described herein. Therefore the likelihood of collection of the Series 2015 Special Assessments may ultimately depend on the market value of the land subject to taxation. While the ability of the Developer or subsequent landowner to pay Series 2015

Special Assessments is a relevant factor, the willingness of the Developer or subsequent landowner to pay the taxes, which may also be affected by the value of the land subject to taxation, is also an important factor in the collection of Series 2015 Special Assessments. The failure of the Developer or subsequent landowners to pay the Series 2015 Special Assessments could render the District unable to collect delinquent Series 2015 Special Assessments, if any, and provided such delinquencies are significant, could negatively impact the ability of the District to make the full or punctual payment of debt service on the Series 2015 Bonds.

Regulatory and Environmental Risks

The development of the Development is subject to comprehensive federal, state and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of planned improvements, both public and private, and construction of the infrastructure in accordance with applicable zoning, land use and environmental regulations. Although all such approvals required to date have been received and any further approvals are anticipated to be received as needed, failure to obtain any such approvals in a timely manner could delay or adversely affect the completion of the development of the District lands. See "THE DEVELOPMENT – Development Approvals," herein for more information. The value of the land within the District, the success of the Development and the likelihood of timely payment of principal and interest on the Series 2015 Bonds could be affected by environmental factors with respect to the land in the District. Should the land be contaminated by hazardous materials, this could materially and adversely affect the value of the land in the District, which could materially and adversely affect the success of the development of the lands within the District and the likelihood of the timely payment of the Series 2015 Bonds. The District has not performed, nor has the District requested that there be performed on its behalf, any independent assessment of the environmental conditions within the District. At the time of the delivery of the Series 2015 Bonds, the Developer is unaware of any condition which currently requires, or is reasonably expected to require in the foreseeable future, investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment. See "THE DEVELOPMENT – Environmental" for more information on the Developer's environmental site assessments. Nevertheless, it is possible that hazardous environmental conditions could exist within the District and that such conditions could have a material and adverse impact upon the value of the benefited lands within the District and no assurance can be given that unknown hazardous materials, protected animals or vegetative species, etc., do not currently exist or may not develop in the future whether originating within the District or from surrounding property, and what effect such may have on the development of the District lands.

Economic Conditions and Changes in Development Plans

The successful sale of the residential units, once such homes are built within the District may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer. Moreover, the Developer has the right to modify or change its plan for development of the Development, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed, and may seek in the future, in accordance with, and subject to the provisions of the Act, to contract or expand the boundaries of the District.

Other Taxes

The willingness and/or ability of an owner of benefited land to pay the Series 2015 Special Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the County or any other local special purpose or general purpose governmental

entities. County, school, special district taxes and special assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, including the Series 2015 Special Assessments, collected pursuant to the Uniform Method are payable at one time. Public entities whose boundaries overlap those of the District, could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District. The District anticipates imposing operation and maintenance assessments encumbering the same property encumbered by the Series 2015 Special Assessments. In addition, lands within the District may also be subject to assessments by property and home owner associations.

Limited Secondary Market for Series 2015 Bonds

The Series 2015 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2015 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2015 Bonds. Because the Series 2015 Bonds are being sold pursuant to exemptions from registration under applicable securities laws, no secondary market may develop and an owner may not be able to resell the Series 2015 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2015 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2015 Bonds, depending on the progress of development of the Development and the lands within the District, existing real estate and financial market conditions and other factors.

Inadequacy of Series 2015 Reserve Account

Some of the risk factors discussed herein, which, if materialized, would result in a delay in the collection of the Series 2015 Special Assessments, may not adversely affect the timely payment of debt service on the Series 2015 Bonds because of the Series 2015 Reserve Account. The ability of the Series 2015 Reserve Account to fund deficiencies caused by delinquent Series 2015 Special Assessments is dependent on the amount, duration and frequency of such deficiencies. Moneys on deposit in the Series 2015 Reserve Account may be invested in certain obligations permitted under the Indenture. Fluctuations in interest rates and other market factors could affect the amount of moneys in the Series 2015 Reserve Account to make up deficiencies. If the District has difficulty in collecting the Series 2015 Special Assessments, the Series 2015 Reserve Account could be rapidly depleted and the ability of the District to pay debt service could be materially adversely affected. In addition, during an Event of Default under the Indenture, the Trustee may withdraw moneys from the Series 2015 Reserve Account and such other Funds, Accounts and subaccounts created under the Indenture to pay its extraordinary fees and expenses incurred in connection with such Event of Default. If in fact the Series 2015 Reserve Account is accessed for any purpose, the District does not have a designated revenue source for replenishing such account. Moreover, the District may not be permitted to re-assess real property then burdened by the Series 2015 Special Assessments in order to provide for the replenishment of the Series 2015 Reserve Account.

Legal Delays

If the District should commence a foreclosure action against a landowner for nonpayment of Series 2015 Special Assessments, such landowners may raise affirmative defenses to such foreclosure action, which although such affirmative defenses would likely be proven to be without merit, could result in delays in completing the foreclosure action. In addition, the District is required under the Indenture to fund the costs of such foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the Series 2015 Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of Series 2015 Bond proceeds that can be used for such purpose.

IRS Examination and Audit Risk

The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. Currently, the IRS is examining certain issues of bonds issued by the Village Center Community Development District (the "Village Center CDD"). See "TAX MATTERS – Other Tax Matters Relating to the Series 2015 Bonds" for a summary of the tax issues related to the IRS audit of the Village Center CDD. It has also been reported that the IRS has recently closed audits of other community development districts in Florida with no change to such districts' bonds' tax-exempt status, but has advised such districts that such districts must have public electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years and there are 250 qualified electors in the district.

There can be no assurance that an audit by the IRS of the Series 2015 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law. Owners of the Series 2015 Bonds are advised that, if the IRS does audit the Series 2015 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the Owners of the Series 2015 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the Series 2015 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2015 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2015 Bonds would adversely affect the availability of any secondary market for the Series 2015 Bonds. Should interest on the Series 2015 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2015 Bonds be required to pay income taxes on the interest received on such Series 2015 Bonds and related penalties, but because the interest rate on such Series 2015 Bonds will not be adequate to compensate Owners of the Series 2015 Bonds for the income taxes due on such interest, the value of the Series 2015 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE SERIES 2015 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2015 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2015 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2015 BONDS IN THE EVENT THAT THE INTEREST ON THE SERIES 2015 BONDS BECOMES TAXABLE AND/OR THE DISTRICT IS EVER DETERMINED TO NOT BE A POLITICAL SUBDIVISION FOR PURPOSES OF THE CODE AND/OR SECURITIES ACT (AS HEREINAFTER DEFINED).

Loss of Exemption from Securities Registration

Since the Series 2015 Bonds have not been and will not be registered under the Securities Act of 1933, as amended, or any state securities laws, if the District is ever deemed, by the IRS, judicially or otherwise, not to be a political subdivision for purposes of the Code, it is possible that federal or state regulatory authorities could also determine that the District is not a political subdivision for purposes of the federal and state securities laws. Accordingly, the District and purchasers of Series 2015 Bonds may not be able to rely on the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), relating to securities issued by political subdivisions. In that event the Owners of the

Series 2015 Bonds would need to ensure that subsequent transfers of the Series 2015 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

Federal Tax Reform

Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the internal revenue (tax) laws of the United States. In addition, the Service may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. Certain of these proposals and interpretations, if implemented or upheld, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the Series 2015 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become or be upheld as law, and if so, the effect such proposals could have upon the value of bonds such as the Series 2015 Bonds, cannot be predicted. However, it is possible that any such law or interpretation could have a material and adverse effect upon the availability of a liquid secondary market and/or the value of the Series 2015 Bonds. See also "TAX MATTERS.

State Tax Reform

It is impossible to predict what new proposals may be presented regarding ad valorem tax reform and/or community development districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. On October 31, 2014, the Auditor General of the State released a 31-page report which requests legislative action to establish parameters on the amount of bonds a community development district may issue and provide additional oversight for community development district bonds. This report renews requests made by the Auditor General in 2011 that led to the Governor of the State issuing an Executive Order on January 11, 2012 (the "Executive Order") directing the Office of Policy and Budget in the Executive Office of the Governor ("OPB") to examine the role of special districts in the State. As of the date hereof, the OPB has not made any recommendations pursuant to the Executive Order nor has the Florida legislature passed any related legislation. It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the Series 2015 Bonds. It should be noted that Section 190.16(14) of the Act provides in pertinent part that "The state pledges to the holders of any bonds issued under the Act that it will not limit or alter the rights of the district to levy and collect the ... assessments... and to fulfill the terms of any agreement made with the holders of such bonds ... and that it will not impair the rights or remedies of such holders."

Insufficient Resources or Other Factors causing Failure to Complete the Phase 4 Project or the Construction of Homes within, the Series 2015 Assessment Area

There can be no assurance, in the event the District does not have sufficient moneys on hand to complete the Phase 4 Project, that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the Phase 4 Project. Further, pursuant to the Indenture, the District covenants and agrees that so long as the Series 2015 Special Assessments have not been Substantially Absorbed, it shall not issue Bonds or other debt obligations, other than refunding bonds, secured by Special Assessments for capital projects on lands subject to the Series 2015 Special Assessments. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS – Additional Bonds" for more information.

Further, it is anticipated that the cost to finish the Phase 4 Project will exceed the net proceeds from the Series 2015 Bonds. Although the Developer will agree to fund or cause to be funded the

completion of the Phase 4 Project regardless of the insufficiency of proceeds from the Series 2015 Bonds and will enter into a Completion Agreement with the District as evidence thereof, there can be no assurance that the Developer will have sufficient resources to do so. Such obligation of the Developer is an unsecured obligation. In addition, there is the possibility that even if the Series 2015 Assessment Area is developed, there will not be any homes constructed within it. See "THE DEVELOPMENT" herein for more information.

Payment of Series 2015 Special Assessments after Bank Foreclosure

In the event a bank forecloses on property because of a default on the mortgage and then the bank itself fails, the Federal Deposit Insurance Corporation (the "FDIC"), as receiver will then become the fee owner of such property. In such event, the FDIC will not, pursuant to its own rules and regulations, likely be liable to pay the Series 2015 Special Assessments. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

[Remainder of page intentionally left blank.]

ESTIMATED SOURCES AND USES OF FUNDS

Source of Funds

Par Amount of Series 2015 Bonds	\$3,190,000.00
(Original Issue Discount)	<u>(50,666.85)</u>
Total Sources	<u>\$3,139,333.15</u>

Use of Funds

Deposit to Series 2015 Acquisition and Construction Account	\$2,591,184.92
Deposit to Series 2015 Debt Service Reserve Account	161,929.70
Deposit to Series 2015 Interest Account ⁽¹⁾	147,643.53
Costs of Issuance, including Underwriter's Discount ⁽²⁾	<u>238,575.00</u>
Total Uses	<u>\$3,139,333.15</u>

(1) Interest capitalized through and including November 1, 2016.

(2) Costs of issuance includes, without limitation, legal fees and other costs associated with the issuance of the Series 2015 Bonds.

[Remainder of page intentionally left blank.]

DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2015 Bonds:

<u>Period Ending November 1</u>	<u>Principal (Amortization)</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016		\$147,643.53	\$147,643.53
2017	\$50,000	164,556.26	214,556.26
2018	50,000	162,556.26	212,556.26
2019	55,000	160,556.26	215,556.26
2020	55,000	158,356.26	213,356.26
2021	55,000	156,156.26	211,156.26
2022	60,000	153,956.26	213,956.26
2023	60,000	150,881.26	210,881.26
2024	65,000	147,806.26	212,806.26
2025	70,000	144,475.00	214,475.00
2026	75,000	140,887.50	215,887.50
2027	75,000	137,043.76	212,043.76
2028	80,000	133,200.00	213,200.00
2029	85,000	129,100.00	214,100.00
2030	90,000	124,743.76	214,743.76
2031	95,000	120,131.26	215,131.26
2032	100,000	115,262.50	215,262.50
2033	105,000	110,137.50	215,137.50
2034	110,000	104,756.26	214,756.26
2035	115,000	99,118.76	214,118.76
2036	120,000	93,225.00	213,225.00
2037	125,000	87,075.00	212,075.00
2038	135,000	80,356.26	215,356.26
2039	140,000	73,100.00	213,100.00
2040	150,000	65,575.00	215,575.00
2041	155,000	57,512.50	212,512.50
2042	165,000	49,181.26	214,181.26
2043	175,000	40,312.50	215,312.50
2044	185,000	30,906.26	215,906.26
2045	190,000	20,962.50	210,962.50
2046	200,000	10,750.00	210,750.00
TOTALS	\$3,190,000	\$3,370,281.19	\$6,560,281.19

*The final maturity of the Series 2015 Bonds.

[Remainder of page intentionally left blank.]

THE DISTRICT

General Information

The District was established by Ordinance 02-09 of the Board of County Commissioners of Collier County, Florida (the "County"), enacted on February 26, 2002, and effective on March 4, 2002 (the "Ordinance"). The District encompasses approximately 830 gross acres of partially developed land, of which approximately 710 acres are developable. See "THE DEVELOPMENT" herein for more information.

Legal Powers and Authority

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

Among other provisions, the Act gives the District's Board of Supervisors the authority to, among other things, (a) plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for, among other things: (i) water management and control for lands within the District and to connect any of such facilities with roads and bridges; (ii) water supply, sewer and waste-water management, reclamation and reuse systems or any combination thereof and to construct and operate connecting intercept or outlet sewers and sewer mains and pipes and water mains, conduits, or pipelines in, along, and under any street, alley, highway, or other public place or ways, and to dispose of any effluent, residue, or other byproducts of such system or sewer system; (iii) District roads equal to or exceeding the specifications of the county in which such district roads are located and street lights, landscaping, hardscaping, and undergrounding of electric utility lines; and (iv) with the consent of the local general-purpose government within the jurisdiction of which the power is to be exercised, parks and facilities for indoor and outdoor recreational uses and security; (b) borrow money and issue bonds of the District; (c) impose and foreclose special assessments liens as provided in the Act; and (d) exercise all other powers, necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act.

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of lands of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the Series 2015 Bonds.

Board of Supervisors

The governing body of the District is its Board of Supervisors (the "Board"), which is composed of five Supervisors (the "Supervisors"). The Act provides that, at the initial meeting of the landowners, Supervisors must be elected by the landowners with the two Supervisors receiving the highest number of votes to serve for four years and the remaining Supervisors to serve for a two-year term. Three of the five Supervisors are elected to the Board every two years in November. At such election the two Supervisors

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

Notwithstanding the foregoing, if at any time the Board proposes to exercise its ad valorem taxing power, prior to the exercise of such power, it shall call an election at which all Supervisors shall be qualified electors and shall be elected by qualified electors in the District. Elections subsequent to such decision shall be held in a manner such that the Supervisors will serve four-year terms with staggered expiration dates in the manner set forth in the Act. At the time of the sale of the Series 2015 Bonds, the Developer owns the majority of land in the District.

The Act provides that it shall not be an impermissible conflict of interest under Florida law governing public officials for a Supervisor to be a stockholder, officer or employee of a landowner or of any entity affiliated with a landowner (which includes the Developer).

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Asher*	Chairperson	November, 2016
Keith Berg*	Vice-Chairperson	November, 2016
Anthony Burdett*	Assistant Secretary	November, 2018
Stephen Reiter*	Assistant Secretary	November, 2018
Chris Batchelor*	Assistant Secretary	November, 2016

* Employee of the Developer or an affiliate of the Developer.

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

The District Manager and Other Consultants

The chief administrative official of the District is the District Manager (as hereinafter defined). The Act provides that a district manager has charge and supervision of the works of the District and is

responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed by the Board.

The District has retained JPWard and Associates, LLC, Wilton Manors, Florida, to serve as its district manager ("District Manager"). The District Manager's office is located at 2041 NE 6 Terrace, Wilton Manors, Florida 33305, telephone number (954) 658-4900.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Bryant Miller Olive P.A., Orlando, Florida, as Bond Counsel; Waldrop Engineering, P.A., Bonita Springs, Florida, as Consulting Engineer; and Coleman, Yovanovich & Koester, P.A., Naples, Florida, as District Counsel. The Board has also retained JPWard and Associates, LLC, Wilton Manors, Florida, to serve as Methodology Consultant and to prepare the Assessment Methodology.

Outstanding Bonds

The District previously issued its Special Assessment Bonds, Series 2013 (the "Series 2013 Bonds") on December 12, 2013 in the original principal amount of \$7,050,000 which are currently outstanding in the aggregate principal amount of \$6,965,000 and its Special Assessment Bonds, Series 2015 (the "Series 2015 Phase 3 Bonds") on April 9, 2015 in the original principal amount of \$3,950,000, all of which are currently outstanding. The Series 2013 Bonds and the Series 2015 Phase 3 Bonds are secured by assessments levied on lands in the District separate and distinct from the lands that will be subject to the Series 2015 Special Assessments securing the Series 2015 Bonds.

[Remainder of page intentionally left blank.]

THE CAPITAL IMPROVEMENT PLAN AND THE PHASE 4 PROJECT

In the "Flow Way Community Development District Master Engineer's Report" dated August, 2013 (the "Master Engineer's Report") and the "Flow Way Community Development District Phase 4 Engineer's Report for the 2015 Project" dated October 2015 (the "Phase 4 Engineer's Report" and, together with the Master Engineer's Report, the "Engineer's Report"), the District Engineer sets forth the District's capital improvement plan (the "CIP"). The total cost of the entire District CIP, which includes without limitation the Phase 4 Project, is estimated to be approximately \$31.9 million. The CIP includes offsite improvements, earthwork, drainage facilities, water facilities, wastewater facilities, irrigation facilities, exterior landscaping, professional and permit fees and environmental preservation and mitigation. The CIP is expected to be substantially complete by 2020. See the Engineer's Report attached hereto in Appendix C for a breakdown of the CIP and estimated costs associated therewith.

In December 2013 the District issued its Series 2013 Bonds in the original principal amount of \$7,050,000 to provide funds for the Series 2013 Project. The Series 2013 Project consisted of Phases 1 and 2 of the District's CIP. The total cost of the Series 2013 Project was approximately \$10,190,770 and was completed in the second quarter of 2015. See "THE DEVELOPMENT – Update on Series 2013 and Series 2015 (Phase 3) Assessment Areas" for more information.

In April 2015 the District issued its Series 2015 Bonds in the original principal amount of \$3,950,000 to provide funds for the Series 2015 Phase 3 Project. The Series 2015 Phase 3 Project consisted of Phase 3 of the District's CIP. The total cost of the Series 2015 Phase 3 Project was approximately \$3,453,575 and is expected to be completed in the first quarter of 2017. See "THE DEVELOPMENT – Update on Series 2013 and Series 2015 (Phase 3) Assessment Areas" for more information.

The "Phase 4 Project" shall mean Phase 4 of the CIP, as further described in the Engineer's Report. The Phase 4 Project will include certain improvements to the stormwater management system, utilities (consisting of potable water, sanitary sewer and irrigation improvements), exterior landscaping, certain off-site improvements, and environmental mitigation. See Phase 4 Engineer's Report attached hereto in Appendix C for more information regarding the Phase 4 Project. The Phase 4 Engineer's Report estimates the total cost of the Phase 4 Project to be approximately \$3,888,694, which consists of the following:

<u>Description</u>	<u>Estimated Phase 4 Project Costs</u>
Surface Water Management	\$1,969,854
Water	251,691
Wastewater	364,952
Irrigation	293,156
Exterior Landscaping	198,518
Offsite Improvements	175,265
Environmental Mitigation	291,160
Professional & Permit Fees	<u>344,098</u>
Total	\$3,888,694

Net proceeds from the Series 2015 Bonds will fund approximately \$2,591,185 of the Phase 4 Project. The Developer will covenant to complete the Phase 4 Project to the extent not funded with the net proceeds of the Series 2015 Bonds. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors causing Failure to Complete the Phase 4 Project or the Construction of Homes within the Series 2015 Assessment Area". See also "THE DEVELOPMENT – Developer Finance Plan and the Status of

the Series 2015 Assessment Area" herein for more information regarding the status of development in the Series 2015 Assessment Area.

The District expects to issue Additional Bonds to fund other portions of the CIP that will be secured by special assessments levied on District Lands separate and distinct from the District Lands subject to the Series 2013 Special Assessments, the Series 2015 (Phase 3) Special Assessments and the Series 2015 Special Assessments. See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2015 BONDS – Additional Obligations" for a summary of the Indenture provisions restricting future bonds on the District Lands subject to the Series 2015 Special Assessments.

ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS

JPWard and Associates, LLC, Wilton Manors, Florida (the "Methodology Consultant"), has prepared the Final Special Assessment Report dated November 23, 2015 (the "Assessment Methodology") included herein as Appendix D. The Assessment Methodology sets forth an overall method for allocating the Series 2015 Special Assessments to be levied against that portion of the lands within the District benefited by the Phase 4 Project, and collected by the District as a result thereof. Once levied and imposed, the Series 2015 Special Assessments are a first lien on the land against which assessed until paid or barred by operation of law, co-equal with other taxes and assessments levied by the District and other units of government. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

The Series 2015 Special Assessments that will secure the Series 2015 Bonds will be levied only on Phase 4 of the Development, consisting of approximately 26.64 gross acres (the "Series 2015 Assessment Area"), and not any other land within the District. It is anticipated that the Series 2015 Assessment Area will contain approximately 107 single family units and 56 condominium units. As of the date hereof, 71 of the 107 single family units have been platted and the remaining 36 single family units are expected to be platted in the third quarter of 2016. The 56 condominium units are currently platted as single family units but are in the process of being replatted as multi-family units. See "Development Finance Plan and Status of Series 2015 Assessment Area" for a summary of the platting status of the lots within the Series 2015 Assessment Area.

The Series 2015 Special Assessments to be levied to pay debt service on the Series 2015 Bonds and the Series 2015 Bonds total par per unit are set forth below:

<u>Product</u>	<u># of Units</u>	<u>Annual Series 2015 Special Assessment*</u>	<u>Series 2015 Bonds Total Par Per Unit</u>
SF 52'	76	\$1,398.88	\$19,317.88
SF 62'	31	\$2,184.02	\$30,160.36
MF (condo)	<u>56</u>	\$1,017.50	\$14,051.25
Total	163		

* Includes estimated Collier County collection costs and the statutory early payment discount, which may fluctuate.

In addition to the above estimated Series 2015 Special Assessments, each homeowner in the Development will pay annual taxes, including local ad valorem property taxes, the maintenance and operating assessments to be levied by the District which are currently anticipated to be approximately \$250 annually, subject to increase. The total millage rate in the unincorporated area of the County is approximately 9.71 mills. These taxes would be payable in addition to the assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Collier County, Florida may each levy ad

valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes and assessments levied by these other entities could be substantially higher than in the current year. See "BONDOWNERS RISKS" and "THE DEVELOPMENT – Taxes, Fees and Assessments" for more information, including proposed associations' assessments.

The map set forth on the following page outlines the proposed Series 2015 Assessment Area upon platting in green with the Series 2013 Assessment Area and the Series 2015 (Phase 3) Assessment Area for the District's outstanding bonds outlined in yellow and blue, respectively.

[Remainder of page intentionally left blank.]

Set forth below is a map of the District which includes the Series 2015 Assessment Area.



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

The following information is provided by the Developer as a means for the prospective bondholders to understand the anticipated development plan and risks associated with the Development. The Developer's obligations to pay the Series 2015 Special Assessments are no greater than the obligation of any other landowner within the District. The Developer is not a guarantor of payment on any property within the District and the recourse for the Developer's failure to pay is limited to its ownership interests in the property.

THE DEVELOPMENT

General

Esplanade Golf and Country Club of Naples (the "Development") is an approximately 1,798 gross acre, 710 developable acre, master-planned residential and bundled golf community located entirely in the unincorporated area of the County, which is in the process of being expanded by an additional 19.65 gross acres. The Development is situated northeast of the intersection of Immokalee Road and County Road 951, about three miles east of Interstate 75 and is located within three to eight miles of several big box stores (i.e., Target, Wal-Mart, Home Depot, etc.), chain restaurants and boutique shopping and dining in Mercato, Village on Venetian Bay and Fifth Avenue. There are also numerous medical facilities within six to eight miles of the Development including North Collier Hospital and Physicians Regional Medical Center.

The Development was originally planned to consist of approximately 1,121 single family and multi-family dwelling units, an 18-hole golf course, a clubhouse and a network of trails and parks, but may be expanded to include up to an additional 112 single family or multi-family units. The entire existing developable portion of the Development is located within the District; however, the Development also includes 969 gross acres of conservation areas that are located outside of the District and the additional 19.65 gross acres that may be added to the Development are not currently within the District boundaries but may be at some time in the future.

The Development is being developed in phases. Land development commenced in January 2013 and the entire Development is expected to be completed by 2020. The District previously issued its Series 2013 Bonds on December 12, 2013 in connection with the development of Phases 1 and 2 of the Development (the "Series 2013 Assessment Area") and its Series 2015 Phase 3 Bonds on April 9, 2015 in connection with the development of Phase 3 of the Development (the "Series 2015 (Phase 3) Assessment Area"). The lands in the Series 2013 Assessment Area and Series 2015 (Phase 3) Assessment Area are not subject to the Series 2015 Special Assessments that are securing the Series 2015 Bonds. See "Update on Series 2013 and Series 2015 (Phase 3) Assessment Areas" below for more information on the status of the Series 2013 Assessment Area and the Series 2015 (Phase 3) Assessment Area. The Series 2015 Bonds are secured by the Series 2015 Special Assessments which are being levied on the lands in Phase 4 of the Development (the "Series 2015 Assessment Area"). The District anticipates issuing Additional Bonds in the future in connection with the development of the remaining land in the District outside of the Series 2013 Assessment Area, the Series 2015 (Phase 3) Assessment Area and the Series 2015 Assessment Area.

Taylor Morrison Esplanade Naples, LLC, a Florida limited liability company (the "Developer"), owns the majority of the land in the District and all of the land in the Series 2015 Assessment Area. See "THE DEVELOPER" herein for more information regarding the Developer. The Developer will be responsible for land development and the marketing and construction of homes for sale. Other than certain lots sold to an affiliate of Stock Development, a homebuilder, the Developer does not anticipate any other homebuilders will be building in the Development, however the Developer is not prohibited from selling any of its lots to other homebuilders.

Update on Series 2013 and Series 2015 (Phase 3) Assessment Areas

The District previously issued its Series 2013 Bonds and Series 2015 Phase 3 Bonds to provide funds for the Series 2013 Project benefitting Phases 1 and 2 of the Development and the Series 2015 Project benefitting Phase 3 of the Development, respectively. The Series 2013 Special Assessments that secure the Series 2013 Bonds were levied only on Phases 1 and 2 of the Development and the Series 2015 (Phase 3) Special Assessments that secure the Series 2015 Phase 3 Bonds were levied only on Phase 3 of the Development. The lands in the Series 2013 Assessment Area and the Series 2015 (Phase 3) Assessment Area are not subject to the Series 2015 Special Assessments and are not security for the Series 2015 Bonds.

Home construction began in the Series 2013 Assessment Area in January 2014. The Developer closed the first residential home in the Series 2013 Assessment Area in September 2014. Home construction began in the Series 2015 (Phase 3) Assessment Area in March 2015 by Stock Development. A summary of the status of the Series 2013 Assessment Area and the Series 2015 (Phase 3) Assessment Area as of September 30, 2015 is set forth below.

Series 2013 Assessment Area

Product Type	Units	Developed & Platted Units	Units under Contract	Units Constructed	Units Under Construction	Units Sold and Closed
Single Family 52'	69	69	16	39	15	37
Single Family 57'	1	1	0	1	0	1
Single Family 62'	82	82	14	32	15	30
Single Family 76'	61	61	13	18	11	16
Single Family 90'	7	7	0	0	0	0
Multi-Family	<u>96</u>	<u>96</u>	<u>8</u>	<u>16</u>	<u>16</u>	<u>11</u>
TOTAL	316	316	51	106	57	95

Series 2015 (Phase 3) Assessment Area

Product Type	Units	Developed & Platted Units	Units under Contract	Units Constructed	Units Under Construction	Units Sold and Closed
Single Family 52'	32	32	0	0	0	0
Single Family 76'	23	23*	0	0	0	0
Single Family 90'	18	18	6	2	5	0
Single Family 100'	<u>17</u>	<u>17</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	90	90	6	2	5	0

* Platted, but only partially developed.

Approximately \$28,780,675 was spent by the Developer developing Phases 1 and 2 of the Development (which does not include the cost of the work of the original developer) and the total estimated cost to complete development of Phases 1 and 2 is approximately \$225,000. The Developer anticipates completing construction of all infrastructure in the Series 2013 Assessment Area by the second quarter of 2016, which is primarily the final lift of asphalt pavement.

Approximately \$2,150,000 has been spent to date by the Developer developing Phase 3 of the Development (which does not include the cost of the work of the original developer) and the total estimated cost to complete development of Phase 3 is approximately \$750,000. The Developer anticipates completing construction of all infrastructure in the Series 2015 (Phase 3) Assessment Area by the first quarter of 2017.

Land Acquisition by the Developer

The Developer acquired all of the land within the District on January 30, 2013, for a purchase price of approximately \$32,000,000. The Developer has since sold 15 ninety foot (90') lots outside of the Series 2015 Assessment Area to Stock Development. All of the Developer's land within the District was originally subject to a Mortgage and Security Agreement dated January 30, 2013 and recorded on February 7, 2013 in Book 4883, Page 3973 of the Official Records of the County (the "Mortgage") in favor of IMCollier Joint Venture, a Florida joint venture (the "Mortgagee"). The Mortgage originally secured obligations in the original aggregate principal amount of \$27,000,000. The Developer's lands in the Series 2015 Assessment Area, as well as the golf course, clubhouse and other amenities, have been released from the lien of the Mortgage.

The Mortgage continues to be a lien on the remaining Developer owned properties in the District outside of the Series 2013 Assessment Area, the Series 2015 (Phase 3) Assessment Area and the Series 2015 Assessment Area, which includes the District Lands planned for the remaining 552 residential units and securing Developer obligations in the aggregate outstanding principal amount of \$12,000,000. The obligations accrue interest at the fixed rate of 2% per annum and have a final maturity date of October 11, 2019. The Developer is obligated to pay the Mortgagee the following principal amounts on the following dates and in connection therewith the Mortgagee will release the following number of lots:

<u>Principal Due Date</u>	<u>Principal Amount</u>	<u># of Lots Released</u>
October 11, 2016	\$3,000,000	158
October 11, 2017	\$3,000,000	135
October 11, 2018	\$3,000,000	127
October 11, 2019	\$3,000,000	132

Development Finance Plan and Status of Series 2015 Assessment Area (Phase 4)

Land development commenced in the Series 2015 Assessment Area with mass earthwork in 2014 and undergrounding of utilities starting in September 2015. As of November 1, 2015, the Developer has spent approximately \$2,150,000 on development costs in the Series 2015 Assessment Area and the total land development costs to complete the development of the Series 2015 Assessment Area is estimated by the Developer to be approximately \$1,700,000. It is anticipated that the Series 2015 Assessment Area will contain approximately 107 single family units and 56 condominium units. As of the date hereof, 71 of the 107 single family units have been platted and the remaining 36 single family units are expected to be platted in the third quarter of 2016. The 56 condominium units are currently platted as single family units but are in the process of being replatted as multi-family condominium units. The Developer anticipates completing development of the Series 2015 Assessment Area by the second quarter of 2017.

The net proceeds of the Series 2015 Bonds of approximately \$2,591,185 will be used to provide funds to construct a portion of the 2015 Project. The Developer will enter into a completion agreement at closing on the Series 2015 Bonds to complete any portion of the 2015 Project not funded with the Series 2015 Bonds. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors causing Failure to Complete the Phase 4 Project or the Construction of Homes within the Series 2015 Assessment Area" herein.

Residential Product Offerings

The following table reflects the Developer's current expectations for the neighborhoods to be constructed in the Series 2015 Assessment Area along with the number of developable units, bedrooms, bathrooms, square footages, and home prices, all of which are subject to change.

<u>Product</u>	<u>Lot Width</u>	<u>Units</u>	<u>Bedrooms</u>	<u>Baths</u>	<u>Square Feet</u>	<u>Estimated Retail Lot Value</u>	<u>Estimated Home Prices</u>
Single Family	52'	76	2 - 3	2 - 3.5	1,800 - 3,200	\$102,550	\$340,000 - \$480,000
Single Family	62'	31	3	3 - 3.5	2,200 - 3,500	\$114,375	\$463,900 - \$544,900
<u>Multi-Family</u>	N/A	<u>56</u>	2 + den	2	1,616 - 1,632	\$74,375	\$265,000
Total		163					

The Developer anticipates the following homes in the Series 2015 Assessment Area will be sold to residential end users in the following years: 90 homes in 2016 and 73 homes in 2017. These anticipated absorption rates are based upon estimates and assumptions made by the Developer that are inherently uncertain, though considered reasonable by the Developer, and are subject to significant business, economic, and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Developer. As a result, there can be no assurance such absorption rates will occur or be realized in the time frames anticipated.

Permits and Development Approvals

The Development has received zoning and site plan approval as a Residential Planned Unit Development (the "RPUD"). The zoning approval will allow for the development of a maximum of 1,121 residential units within the District's boundaries.

The RPUD requirements are set forth in County Ordinances 2004-41, 2009-21 and 2012-41. The RPUD imposes certain development obligations on the Developer, at the Developer's cost, including, without limitation, the following: (i) dedication to the County of certain rights-of-ways; (ii) construction of a 10' wide multi-use pathway to be located along the Immokalee Road right-of-way on the north side of the Cocohatchee Canal as part of the entrance construction, which such construction is currently underway and expected to be completed in six to eight weeks; (iii) the construction of the Developer's fair share of the north leg of the CR-951 / Broken Back Road intersection with Immokalee Road in accordance with the RPUD prior to issuance of the 400th building permit or commencement of construction of the intersection improvements, which is currently in the design phase and the Developer anticipates will cost approximately \$500,000; (iv) construction of the two northbound lanes of a future four land road design of Broken Back Road / Collier Boulevard (CR-951) from The Quarry's north entrance to the Project's Eastern entrance in accordance with the RPUD, which is currently in the design phase and the Developer anticipates will cost approximately \$332,170; and (v) complete construction of the golf course and temporary golf pro shop / locker room prior to the issuance of a certificate of occupancy for the 100th dwelling unit. The Developer completed the temporary golf pro shop / locker room, consisting of a triple wide trailer, in March 2014 at a total cost of approximately \$300,000 and the golf course was completed in March 2014. The Developer is required to complete construction of the

permanent golf pro shop / locker room prior to the issuance of a certificate of occupancy for the 500th dwelling unit. The permanent golf pro shop / locker room are currently in the design phase and the Developer anticipates construction commencing in early 2017. See "Amenities" below for more information.

The Developer has entered into a contract to purchase an additional 19.65 acre parcel located adjacent to and near the southeast corner of the Development. The 19.65 acres parcel has received Collier County zoning approval by amending and adding the property to the existing RPUD. The property is entitled for a maximum of 112 dwelling units and will comply with the existing development standards. The additional property has also received South Florida Water Management District Environmental Resource Permit. This property is within the Collier County PUD, but currently not within the boundary of the District, but maybe included at some point in the future.

The Developer has received all required South Florida Water Management District permits for all planned stormwater management and wetland improvements in the Development. The Developer has received all required County permits and approvals for the remaining development work associated with the Phase 4 Project with the exception of certain County permits required for 36 of the single family units and the 56 multi-family units planned for the Series 2015 Assessment Area which are expected to be received in the ordinary course in the first quarter of 2016 and the third quarter of 2016, respectively. The District's Consulting Engineer will certify at the closing of the Series 2015 Bonds that there are no known issues which would prevent permits or approvals necessary for the installation of the infrastructure for the Development, the Phase 4 Project and the CIP from being obtained.

Taxes, Fees and Assessments

The Series 2015 Bonds will be secured by the Series 2015 Special Assessments levied against the land designated as Phase 4 within the District (the "Series 2015 Assessment Area") consisting of approximately 26.64 gross acres and not any other land within the District. The Series 2015 Special Assessments to be levied to pay debt service on the Series 2015 Bonds and the Series 2015 Bonds total par per unit are set forth below:

<u>Product</u>	<u># of Units</u>	<u>Annual Series 2015 Special Assessment*</u>	<u>Series 2015 Bonds Total Par Per Unit</u>
SF 52'	76	\$1,398.88	\$19,317.88
SF 62'	31	\$2,184.02	\$30,160.36
MF	<u>56</u>	\$1,017.50	\$14,051.25
Total	163		

* Includes estimated Collier County collection costs and the statutory early payment discount, which may fluctuate.

In addition to the above estimated Series 2015 Special Assessments, each homeowner in the Development will pay annual taxes, including local ad valorem property taxes, the maintenance and operating assessments to be levied by the District which are currently anticipated to be approximately \$250 annually, subject to increase, and the homeowner association assessments to be levied by the homeowners association, Esplanade Golf & Country Club of Naples, Inc. (the "Master HOA"). Master HOA fees are currently range from \$170 per month for condominiums, up to \$290 per month for larger single family lots, which all include the "social" (non-golf) club membership which all homeowners will be required to pay. In addition, homeowners that buy bundled golf course membership will pay an additional \$219 per month. The Developer anticipates that 300 of the lots in the District will pay for the social club membership only and the remaining 821 lots will be for both the social club and the golf

course memberships. In addition, separate homeowners associations may be established within the Development which would also have the right to charge association fees.

The total millage rate in the unincorporated area of the County is approximately 9.71 mills. These taxes would be payable in addition to the assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Collier County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes and assessments levied by these other entities could be substantially higher than in the current year.

Amenities

The Development will contain an amenity campus consisting of a comprehensive system of pathways leading to neighborhood parks and other amenities, including a clubhouse and other amenity center buildings totaling an estimated 12,000 square feet, which buildings are expected to contain a restaurant, bar, kitchen, library, and wellness center. The Development will have tennis, pickle ball and bocce courts, resort pools and other sports facilities. The Development will contain an events lawn with stage and seating areas to accommodate approximately 800 people for entertainment and social activities.

The Development contains an 18-hole golf course with an accompanying clubhouse and golf and tennis pro shop. The Developer commenced development of the golf course in May 2013 and completed the course in March 2014. As of January 2015, the Developer has spent approximately \$9,000,000 on the golf course (which does not include any costs incurred in connection with the temporary pro shop or certain earthwork costs). A temporary pro shop, consisting of a triple wide trailer, and a cart storage facility was also installed in March 2014 at a total cost of approximately \$314,000. Four tennis courts were completed mid-2015. Construction has commenced on the Wellness Center, Tiki (poolside) Bar and resort pool, and the Developer anticipates completing these facilities in mid-2016. The remaining amenity facilities in late 2017.

Education

Children residing in the Development are expected to attend Laurel Oak Elementary School, Oakridge Middle School and Gulf Coast High School, all of which are located within approximately two (2) miles of the Development. The Collier County School Board may change school boundaries from time to time and there is no requirement that students residing in the Development be permitted to attend the schools which are closest to the Development.

Environmental

The Developer's parent company, Taylor Morrison of Florida, received a letter dated October 31, 2011, from YPC Consulting Group, PL ("YPC") that Taylor Morrison may rely on the Phase I Environmental Site Assessment (the "ESA") delivered from YPC to G and M Naples, LLC in June 2011. The ESA covered all of the District Lands. The Phase I Environmental Site Assessment identified no recognized environmental conditions ("REC") on the District Lands. See "BONDOWNERS' RISK – Regulatory and Environmental Risks" herein for more information regarding potential environmental risks.

Utilities

Electric utilities will be provided to the Development by FPL (Florida Power and Light). Natural gas services will be provided by TECO (Tampa Electric Company) Peoples Gas. Telephone and cable TV service will be provided to the Development by CenturyLink Corporation and/or Comcast. Potable water and wastewater service to the Development will be provided by the County.

Competition

The Development is expected to compete with projects in the County market generally. The Developer believes the three projects listed below will be the most direct competition for the Development.

The Quarry

The Quarry is a bundled golf community located adjacent to the community. Homes have been constructed in the project by Pulte Homes ranging from 1,811 Sq. Ft. to 3,999 Sq. Ft. and priced from \$350k to \$1.1m. At build-out The Quarry is expected to contain approximately 625 single family units. Sales commenced in the first quarter of 2006.

Twin Eagles

Twin Eagles Golf and Country Club is a bundled golf community located adjacent to the community. Homes have been constructed in the project by Lennar Homes, Minto Homes and Arthur Rutenberg Homes ranging from 1,649 Sq. Ft. to 4,207 Sq. Ft. and priced from \$405k to \$2.3m. At build-out Twin Eagles is expected to contain approximately 648 single family units. Sales commenced in the second quarter of 2006.

Riverstone

Riverstone is a non-golf community located adjacent to the Development. Homes have been constructed in the project by GL Homes. At build out, Riverstone is expected to contain approximately 800 single family units (consisting of several different product lines ranging from approximately 1,853 square feet to 4,742 square feet and priced from \$376k to \$693k). Sales commenced in Riverstone in January 2012.

Treviso Bay

Treviso Bay is a bundled golf community located approximately 13 miles from the Development. Homes are being constructed by Lennar, Stock and Taylor Morrison. Homes sales commenced in January 2012. Treviso Bay is expected to contain approximately 1,450 units at build out (consisting of several different product lines ranging from approximately 1,107 square feet to 2,394 square feet and priced from \$425k to \$1m).

Olde Cypress

Olde Cypress is an existing golf community located adjacent to the Development. Homes are being constructed by Stock Development. Development commenced in 1999, but Stock Development began developing the final phase in January 2013 consisting of a product line ranging from 1,809 Sq. Ft. to 3,158 Sq. Ft. and priced from \$480k to \$630k. It is estimated that upon build out, Olde Cypress will contain approximately 540 units.

The information in this section has been obtained from third parties and public sources believed to be accurate, but cannot be certified as to its accuracy and is subject to change. This section does not purport to summarize all of the existing or planned communities in the area of the Development, but rather provide a description of those that the Developer believes pose primary competition to the Development.

THE DEVELOPER

Taylor Morrison Esplanade Naples, LLC, a Florida limited liability company (the "Developer"), is a special purpose entity that owns all of the land in the District. The Developer is a Florida limited liability company that was formed on December 22, 2011. Taylor Morrison of Florida, Inc., a Florida corporation ("Taylor Morrison of Florida"), owns a 99.999% interest in the Developer and the remaining 0.001% interest is owned by G and M Naples, a Florida limited liability company, which is an unaffiliated entity. Pursuant to a Memorandum of Agreement recorded on January 30, 2013 in the public records of the County at Book 4884 Page 1, any bulk sale or bulk disposition of District Lands by the Developer requires the unanimous consent of both members.

The ultimate parent of Taylor Morrison of Florida is Taylor Morrison Home Corp. ("Taylor Morrison"). Taylor Morrison's principal business is residential homebuilding throughout the United States, with operations focused in Arizona, California, Colorado, Florida and Texas. Taylor Morrison's common shares trade on the New York Stock Exchange under the symbol THMC. Taylor Morrison is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "SEC"). The file number for Taylor Morrison is No. 0001-562476. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street NW, Judiciary Plaza, Washington, DC, and at the SEC's regional offices in Chicago (Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois). Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by Taylor Morrison pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

Neither Taylor Morrison nor Taylor Morrison of Florida is associated with the offering of the Series 2015 Bonds. Neither Taylor Morrison nor Taylor Morrison of Florida has any liability, is a guarantor of, nor an obligor of any nature with respect to the Phase 4 Project or its completion, the Series 2015 Bonds, or any obligation or other undertaking with respect to the Developer.

TAX MATTERS

General

The Code establishes certain requirements which must be met subsequent to the issuance of the Series 2015 Bonds in order that interest on the Series 2015 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2015 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2015 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2015 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The District has covenanted in the Indenture with respect to the Series 2015 Bonds to

comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2015 Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Series 2015 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Series 2015 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Series 2015 Bonds may be subject to the federal alternative minimum tax when any Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Series 2015 Bonds.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Series 2015 Bonds. Prospective purchasers of Series 2015 Bonds should be aware that the ownership of Series 2015 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2015 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on Series 2015 Bonds; (iii) the inclusion of interest on Series 2015 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on Series 2015 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on Series 2015 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the District, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2015 Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2015 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDOWNERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDOWNERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding

Interest paid on tax-exempt Series 2015 Bonds such as the Series 2015 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2015 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2015 Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Series 2015 Bonds and proceeds from the sale of Series 2015 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series

2015 Bonds. This withholding generally applies if the owner of Series 2015 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2015 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters Relating to the Series 2015 Bonds

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2015 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2015 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2015 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2015 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2015 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Series 2015 Bonds. Prospective purchasers of the Series 2015 Bonds should consult their own tax advisors as to the tax consequences of owning the Series 2015 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

On May 30, 2013, the IRS delivered to Village Center CDD, a Florida special district established under Chapter 190, Florida Statutes, a private ruling, called a technical advice memorandum (the "Villages TAM"), in connection with the examination by the IRS of bonds issued by the Village Center CDD. The Villages TAM concluded that, despite having certain eminent domain powers, the Village Center CDD is not a political subdivision permitted to issue tax-exempt bonds based on a number of facts including that its governing board is elected by a small group of landowners, and that it "was organized and operated to perpetuate private control and avoid indefinitely responsibility to a public electorate, either directly or through another elected state or local governmental body." Village Center CDD received a second TAM dated June 17, 2015 which granted relief to Village Center CDD from retroactive application of the IRS's conclusion as to a political subdivision.

The Villages TAMs, as private, non-precedential, rulings, bind only the IRS and the Village Center CDD, and only in connection with the Village Center CDD bonds under examination and addressed in the Villages TAM. Moreover, the cited legal basis for the Villages TAMs is extremely limited, and, therefore, the value of the Villages TAMs as guidance is also limited. Nonetheless, the breadth and force of the language used in the Villages TAMs may reflect the disfavor of the IRS toward governmental entities with governing boards elected by landowners, and this position may lead the enforcement branch of the IRS to select bonds of other issuers with landowner-controlled boards for examination.

Like the board of the Village Center CDD, the Board of Supervisors of the District are necessarily elected by the landowners in the District, since there is not yet enough qualified electors

residing within the District. The Act, which contains the uniform statutory charter for all community development districts and by which the District is governed, delegates to the District certain traditional sovereign powers including, but not limited to, eminent domain, ad valorem taxation and regulatory authority over rates, fees and charges for district facilities. On the basis of the Act and certain representations by the Developer forming a part of the District's tax certificate as to reasonable expectations of transition to a resident-elected Board of Supervisors and, therefore, it does not appear from the facts and circumstances that the District was organized to avoid indefinitely responsibility to a public electorate. On the basis of the foregoing and other factors, Bond Counsel has concluded that under current law the District is a political subdivision for purposes of Section 103 of the Code, notwithstanding that its Board of Supervisors is temporarily elected by landowners. Bond counsel intends to deliver its unqualified approving opinion in the form attached hereto as "APPENDIX B: PROPOSED FORM OF OPINION OF BOND COUNSEL."

The release of the Villages TAM may cause an increased risk of examination of the Series 2015 Bonds. Owners of the Series 2015 Bonds are advised that if the IRS does audit the Series 2015 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the Series 2015 Bonds may have limited rights to participate in such procedure. The Indenture does not provide for any adjustment to the interest rates borne by the Series 2015 Bonds in the event of a change in the tax-exempt status of the Series 2015 Bonds. The commencement of an audit or an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2015 Bonds would adversely impact both liquidity and pricing of the Series 2015 Bonds in the secondary market.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Series 2015 Bonds maturing on November 1, 2036 and November 1, 2046 (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondowners of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

AGREEMENT BY THE STATE

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the Series 2015 Bonds, that it will not limit or alter the rights of the District to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the

terms of any agreement made with the holders of such bonds and that it will not in any way impair the rights or remedies of such holders.

LEGALITY FOR INVESTMENT

The Act provides that the Series 2015 Bonds are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State of Florida, and constitute securities which may be deposited by banks or trust companies as security for deposits of state, county, municipal or other public funds, or by insurance companies as required or voluntary statutory deposits.

SUITABILITY FOR INVESTMENT

In accordance with applicable provisions of Florida law, the Series 2015 Bonds may initially be sold by the District only to "accredited investors" within the meaning of Chapter 517, Florida Statutes and the rules promulgated thereunder. The limitation of the initial offering to Accredited Investors does not denote restrictions on transfer in any secondary market for the Series 2015 Bonds. Investment in the Series 2015 Bonds poses certain economic risks. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum.

ENFORCEABILITY OF REMEDIES

The remedies available to the Owners of the Series 2015 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2015 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds will be qualified as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LITIGATION

The District

There is no litigation of any nature now pending or, to the knowledge of the District threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2015 Bonds, or in any way contesting or affecting (i) the validity of the Series 2015 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, (ii) the pledge or application of any moneys or security provided for the payment of the Series 2015 Bonds, (iii) the existence or powers of the District or (iv) the validity of the Assessment Proceedings.

The Developer

The Developer has represented that there is no litigation of any nature now pending or, to the knowledge of the Developer, threatened, which could reasonably be expected to have a material and adverse effect upon the ability of the Developer to complete the Development, the Phase 4 Project or the CIP as described herein, materially and adversely affect the ability of the Developer to pay the Series 2015 Special Assessments imposed against the land within the District owned by the Developer or

materially and adversely affect the ability of the Developer to perform its various obligations described in this Limited Offering Memorandum.

CONTINGENT FEES

The District has retained Bond Counsel, District Counsel, the Consulting Engineer, the Methodology Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2015 Bonds. Except for the payment of fees to District Counsel, the Consulting Engineer and the Methodology Consultant, the payment of fees of the other professionals is each contingent upon the issuance of the Series 2015 Bonds.

NO RATING

No application for a rating for the Series 2015 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2015 Bonds would have been obtained if application had been made.

EXPERTS

The Engineer's Report included in Appendix C to this Limited Offering Memorandum has been prepared by Waldrop Engineering, P.A., Bonita Springs, Florida, the Consulting Engineer. Appendix C should be read in its entirety for complete information with respect to the subjects discussed therein. JPWard and Associates, LLC, Wilton Manors, Florida, as Methodology Consultant, has prepared the Assessment Methodology set forth as Appendix D hereto. Appendix D should be read in its entirety for complete information with respect to the subjects discussed therein. As a condition to closing on the Series 2015 Bonds, both the Consulting Engineer and the Methodology Consultant will consent to the inclusion of their reports in this Limited Offering Memorandum.

FINANCIAL INFORMATION

This District has covenanted in the form of Continuing Disclosure Agreement set forth in Appendix E hereto to provide its annual audited financial statements to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"), commencing with the audit for the District fiscal year ended September 30, 2015, which the District expects to be available on or before April 30, 2016. Attached hereto as Appendix F is a copy of the District's most recent audited financial statements for the fiscal year ended September 30, 2014 and the District's most recent unaudited financial statements for the period ending September 30, 2015. Such financial statements, including the auditors' report for the audited financial statements, have been included in this Limited Offering Memorandum as public documents and consent from the auditors was not requested. The Series 2015 Bonds are not general obligation bonds of the District and are payable solely from the Pledged Revenues.

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

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder requires that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private business).

The District is not and has not been in default on any bonds or other debt obligations since December 31, 1975.

CONTINUING DISCLOSURE

The District and the Developer will enter into the Continuing Disclosure Agreement (the "Disclosure Agreement") in the form of Appendix E, for the benefit of the Series 2015 Bondholders (including owners of beneficial interests in such Series 2015 Bonds), respectively, to provide certain financial information and operating data relating to the District and the Development by certain dates prescribed in the Disclosure Agreement (the "Reports") with the MSRB through the MSRB's EMMA system. The specific nature of the information to be contained in the Reports is set forth in "APPENDIX E: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT." Under certain circumstances, the failure of the District or the Developer to comply with their respective obligations under the Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement would allow the Series 2015 Bondholders (including owners of beneficial interests in such Series 2015 Bonds), as applicable, to bring an action for specific performance.

The District and Developer previously entered into continuing disclosure obligations in connection with the District's Series 2013 Bonds and its Series 2015 Phase 3 Bonds. The District and the Developer have provided continuing disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission; provided, however, a review of filings made pursuant to such prior agreements indicates that certain filings were either not filed or not timely filed and that notices of such missed and late filings were not provided. The District and Developer fully anticipate satisfying all future disclosure obligations required pursuant to the Disclosure Agreement. At the request of the Underwriter of the Series 2015 Bonds, the District has appointed Lerner Reporting Services, Inc. to serve as the dissemination agent for the Series 2015 Bonds.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter"), has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2015 Bonds from the District at a purchase price of \$3,075,533.15 (par amount of the Series 2015 Bonds, less original issue discount of \$50,666.85 and an Underwriter's discount of \$63,800.00). The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the Series 2015 Bonds if they are purchased.

The Underwriter intends to offer the Series 2015 Bonds to accredited investors at the offering price set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Series 2015 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

VALIDATION

The Series 2015 Bonds are one of a series of bonds that were validated by a Final Judgment of the Circuit Court in and for Collier County on October 29, 2013. The period for appeal of the judgment of validation of such capital improvement revenue bonds, which includes the Series 2015 Bonds, expired with no appeal having been filed.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the Series 2015 Bonds are subject to the approval of Bryant Miller Olive P.A., Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel Coleman, Yovanovich & Koester, P.A., Naples, Florida, for the Developer by its counsel, J. Wayne Crosby, P.A., Winter Park, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. GrayRobinson, P.A. has previously provided, and may continue to provide, legal services to the Developer in connection with the Development. Coleman, Yovanovich & Koester, P.A., Naples, Florida, has previously provided, and may continue to provide, legal services to Stock Development and its affiliates in connection with the Development.

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

MISCELLANEOUS

Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the Series 2015 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Limited Offering Memorandum is submitted in connection with the sale of the Series 2015 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Limited Offering Memorandum is not to be construed as a contract with the purchaser or the Beneficial Owners of any of the Series 2015 Bonds.

[Remainder of page intentionally left blank.]

AUTHORIZATION AND APPROVAL

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

**FLOW WAY COMMUNITY
DEVELOPMENT DISTRICT**

By: /s/ John Asher
Chairperson, Board of Supervisors

APPENDIX A

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

MASTER TRUST INDENTURE

between

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

Dated as of December 1, 2013

relating to

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS

ARTICLE I DEFINITIONS 2 -

ARTICLE II THE BONDS 17 -

Section 2.01. Amounts and Terms of Bonds; Details of Bonds 17 -

Section 2.02. Execution 19 -

Section 2.03. Authentication; Authenticating Agent 19 -

Section 2.04. Registration and Registrar 19 -

Section 2.05. Mutilated, Destroyed, Lost or Stolen Bonds 19 -

Section 2.06. Temporary Bonds 20 -

Section 2.07. Cancellation and Destruction of Surrendered Bonds 20 -

Section 2.08. Registration, Transfer and Exchange 20 -

Section 2.09. Persons Deemed Owners 21 -

Section 2.10. Limitation on Incurrence of Certain Indebtedness 21 -

Section 2.11. Qualification for The Depository Trust Company 21 -

ARTICLE III ISSUE OF BONDS 23 -

Section 3.01. Issue of Bonds 23 -

ARTICLE IV ACQUISITION OF PROJECT 26 -

Section 4.01. Project to Conform to Plans and Specifications; Changes 26 -

Section 4.02. Compliance Requirements 26 -

ARTICLE V ACQUISITION AND CONSTRUCTION FUND 26 -

Section 5.01. Acquisition and Construction Fund 26 -

ARTICLE VI SPECIAL ASSESSMENTS; APPLICATION THEREOF TO FUNDS AND ACCOUNTS 28 -

Section 6.01. Special Assessments; Lien of Indenture on Pledged Revenues 28 -

Section 6.02. Funds and Accounts Relating to the Bonds 29 -

Section 6.03. Revenue Fund 29 -

Section 6.04. Debt Service Fund 30 -

Section 6.05. Debt Service Reserve Fund 32 -

Section 6.06. Bond Redemption Fund 34 -

Section 6.07. Drawings on Credit Facility 35 -

Section 6.08. Procedure When Funds Are Sufficient to Pay All Bonds of a Series 35 -

Section 6.09. Certain Moneys to Be Held for Series Bondowners Only 35 -

Section 6.10. Unclaimed Moneys 35 -

ARTICLE VII SECURITY FOR AND INVESTMENT OR DEPOSIT OF FUNDS 36 -

Section 7.01. Deposits and Security Therefor 36 -

Section 7.02. Investment or Deposit of Funds 36 -

Section 7.03. Valuation of Funds 37 -

ARTICLE VIII REDEMPTION AND PURCHASE OF BONDS 38 -

{26254/001/00760151.DOCv8}

{26254/001/00760151.DOCv8}

Section 8.01. Redemption Dates and Prizes 38 -

Section 8.02. Notice of Redemption and of Purchase 39 -

Section 8.03. Partial Redemption of Bonds 41 -

ARTICLE IX COVENANTS OF THE ISSUER 41 -

Section 9.01. Power to Issue Bonds and Create Lien 41 -

Section 9.02. Payment of Principal and Interest on Bonds 42 -

Section 9.03. Special Assessments; Re-Assessments 42 -

Section 9.04. Method of Collection 43 -

Section 9.05. Delinquent Special Assessments 43 -

Section 9.06. Sale of Tax Certificates and Issuance of Tax Deeds; Foreclosure of Special Assessment Liens 44 -

Section 9.07. Books and Records with Respect to Special Assessments 44 -

Section 9.08. Removal of Special Assessment Liens 45 -

Section 9.09. Deposit of Special Assessments 45 -

Section 9.10. Construction to be on Issuer Lands 46 -

Section 9.11. Operation, Use and Maintenance of Project 46 -

Section 9.12. Observance of and Compliance with Valid Requirements 46 -

Section 9.13. Payment of Operating or Maintenance Costs by State or Others 46 -

Section 9.14. Public Liability and Property Damage Insurance; Maintenance of Insurance; Use of Insurance and Condemnation Proceeds 46 -

Section 9.15. Collection of Insurance Proceeds 49 -

Section 9.16. Use of Revenues for Authorized Purposes Only 49 -

Section 9.17. Books, Records and Annual Reports 49 -

Section 9.18. Observance of Accounting Standards 50 -

Section 9.19. Employment of Certified Public Accountant 50 -

Section 9.20. Establishment of Fiscal Year, Annual Budget 50 -

Section 9.21. Employment of Consulting Engineer; Consulting Engineer's Report 50 -

Section 9.22. Audit Reports 50 -

Section 9.23. Covenant Against Sale or Encumbrance; Exceptions 51 -

Section 9.24. No Loss of Lien on Pledged Revenues 51 -

Section 9.25. Compliance With Other Contracts and Agreements 51 -

Section 9.26. Issuance of Additional Obligations 51 -

Section 9.27. Extension of Time for Payment of Interest Prohibited 52 -

Section 9.28. Further Assurances 52 -

Section 9.29. Use of Bond Proceeds to Comply with Internal Revenue Code 52 -

Section 9.30. Corporate Existence and Maintenance of Properties 52 -

Section 9.31. Continuing Disclosure 52 -

Section 9.32. Provisions Relating to Bankruptcy or Insolvency of Landowner 53 -

ARTICLE X EVENTS OF DEFAULT AND REMEDIES 54 -

Section 10.01. Events of Default and Remedies 54 -

Section 10.02. Events of Default Defined 55 -

Section 10.03. No Acceleration 56 -

{26254/001/00760151.DOCv8}

Section 10.04. Legal Proceedings by Trustee 56 -

Section 10.05. Discontinuance of Proceedings by Trustee 56 -

Section 10.06. Bondholders May Direct Proceedings 56 -

Section 10.07. Limitations on Actions by Bondholders 56 -

Section 10.08. Trustee May Enforce Rights Without Possession of Bonds 57 -

Section 10.09. Remedies Not Exclusive 57 -

Section 10.10. Delays and Omissions Not to Impair Rights 57 -

Section 10.11. Application of Moneys in Event of Default 57 -

Section 10.12. Trustee's Right to Receive; Compliance with Act 58 -

Section 10.13. Trustee and Bondholders Entitled to all Remedies under Act 58 -

Section 10.14. Credit Facility Issuer's Rights Upon Events of Default 58 -

Section 10.15. Issuer: Covenants After Event Of Default 59 -

ARTICLE XI THE TRUSTEE; THE PAYING AGENT AND REGISTRAR 59 -

Section 11.01. Acceptance of Trust 59 -

Section 11.02. No Responsibility for Recitals 59 -

Section 11.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence 60 -

Section 11.04. Compensation and Indemnity 60 -

Section 11.05. No Duty to Renew Insurance 60 -

Section 11.06. Notice of Default; Right to Investigate 60 -

Section 11.07. Obligation to Act on Defaults 60 -

Section 11.08. Reliance by Trustee 61 -

Section 11.09. Trustee May Deal in Bonds 61 -

Section 11.10. Construction of Ambiguous Provisions 61 -

Section 11.11. Resignation of Trustee 61 -

Section 11.12. Removal of Trustee 62 -

Section 11.13. Appointment of Successor Trustee 62 -

Section 11.14. Qualification of Successor 62 -

Section 11.15. Instruments of Succession 62 -

Section 11.16. Merger of Trustee 63 -

Section 11.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar 63 -

Section 11.18. Resignation of Paying Agent or Registrar 63 -

Section 11.19. Removal of Paying Agent or Registrar 63 -

Section 11.20. Appointment of Successor Paying Agent or Registrar 64 -

Section 11.21. Qualifications of Successor Paying Agent or Registrar 64 -

Section 11.22. Judicial Appointment of Successor Paying Agent or Registrar 64 -

Section 11.23. Acceptance of Duties by Successor Paying Agent or Registrar 64 -

Section 11.24. Successor by Merger or Consolidation 65 -

ARTICLE XII ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS 65 -

Section 12.01. Acts of Bondholders; Evidence of Ownership of Bonds 65 -

ARTICLE XIII AMENDMENTS AND SUPPLEMENTS 65 -

{26254/001/00760151.DOCv8}

Section 13.01. Amendments and Supplements Without Bondholders' Consent..... 65 -
Section 13.02. Amendments With Bondholders' Consent..... 66 -
Section 13.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. -
66 -
ARTICLE XIV DEFEASANCE..... 66 -
Section 14.01. Defeasance..... 66 -
Section 14.02. Deposit of Funds for Payment of Bonds..... 67 -
ARTICLE XV MISCELLANEOUS PROVISIONS..... 68 -
Section 15.01. Limitations on Recourse..... 68 -
Section 15.02. Payment Dates..... 68 -
Section 15.03. No Rights Conferred on Others..... 68 -
Section 15.04. Illegal Provisions Disregarded..... 68 -
Section 15.05. Substitute Notice..... 68 -
Section 15.06. Notices..... 68 -
Section 15.07. Controlling Law..... 69 -
Section 15.08. Successors and Assigns..... 69 -
Section 15.09. Headings for Convenience Only..... 69 -
Section 15.10. Counterparts..... 69 -
Section 15.11. Appendices and Exhibits..... 69 -

- EXHIBIT A – LEGAL DESCRIPTION OF THE DISTRICT
- EXHIBIT B – DESCRIPTION OF THE PROJECT
- EXHIBIT C – FORM OF BOND
- EXHIBIT D – FORM OF REQUISITION

THIS MASTER TRUST INDENTURE, dated as of December 1, 2013 (the "Master Indenture"), by and between FLOW WAY COMMUNITY DEVELOPMENT DISTRICT (the "Issuer"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee, a national banking association, authorized to accept and execute trusts of the character herein set out (said corporation and any bank or trust company becoming successor trustee under the Indenture being hereinafter referred to as the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government duly organized and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance No. 02-09 of the Board of County Commissioners of Collier County, Florida (the "County"), enacted on February 26, 2002, and effective on March 4, 2002, for the purpose, among other things, of financing and managing the acquisition and construction, maintenance, and operation of the major infrastructure within and without the boundaries of the premises to be governed by the Issuer; and

WHEREAS, the premises to be governed by the Issuer (as further described in Exhibit A hereto, the "District Lands") consist of approximately 829.74 acres of land located entirely within the County; and

WHEREAS, the Issuer has determined to undertake, in one or more stages, the acquisition and construction of certain public infrastructure pursuant to the Act for the special benefit of the District Lands (as further described in Exhibit B hereto, the "Project") and

WHEREAS, the Issuer proposes to finance the cost of acquisition and construction of the Project by the issuance of one or more series of bonds pursuant to this Indenture;

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

[26254/001/00760151.DOCv3]

[26254/001/00760151.DOCv3]

Revenues (hereinafter defined) as security for the payment of the principal, redemption or purchase price of (as the case may be) and interest on Bonds of a Series issued hereunder and any reimbursement due to any Credit Facility Issuer for any drawing on its Credit Facility issued with respect to any such Bonds, as required under the terms of the corresponding Credit Facility Agreement, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

ARTICLE I
DEFINITIONS

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

"Account" shall mean any account established pursuant to the Indenture.

"Acquisition Agreement" shall mean one or more Acquisition Agreements among the Issuer and the Developer, pursuant to which the Developer agrees to provide, design, construct and sell to the Issuer, and the Issuer agrees to purchase from the Developer, certain improvements comprising a portion of the Project and with respect to a Series of Bonds, as further provided in a Supplemental Indenture.

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

"Annual Budget" shall mean the Issuer's budget of current operating and maintenance expenses for the Project for a Fiscal Year, adopted pursuant to the provisions of Section 9.20 of this Indenture, as the same may be amended from time to time.

"Authenticating Agent," shall mean the agent so described in, and appointed pursuant to, Section 2.03 hereof.

"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 Newspaper" shall mean a newspaper printed in English and customarily published at least once a day at least five days a week and generally circulated in New York, New York, or Collier County, Florida, or such other locations as the Issuer from time to time may determine by written notice provided to the Trustee. When successive publications in an Authorized Newspaper are required, they may be made in the same or different Authorized Newspapers.

"Board" shall mean the board of supervisors of the Issuer,

"Bonds" shall mean the Flow Way Community Development District Special Assessment Bonds, Series [to be designated] issued in one or more Series and delivered pursuant to the provisions of this Master Indenture and Bonds subsequently issued to refund all or a portion of the Bonds.

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

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

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

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

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder.

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

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

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

[26254/001/00760151.DOCv3]

[26254/001/00760151.DOCv3]

"Consulting Engineer" shall mean the Independent engineer or engineering firm or corporation at the time employed by the Issuer under the provisions of Section 9.21 of this Indenture to perform and carry out duties imposed on the Consulting Engineer by the Indenture. The Independent engineer or engineering firm or corporation at the time serving as the engineer to the Issuer may serve as Consulting Engineer under the Indenture.

"Continuing Disclosure Agreement" shall mean a Continuing Disclosure Agreement, by and among the Issuer, the Developer, if applicable, and any dissemination agent named therein in connection with the issuance of a Series of Bonds hereunder, pursuant to the requirements of the Rule.

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

- (a) expenses of determining the feasibility or practicability of acquisition, construction, or reconstruction;
- (b) cost of surveys, estimates, plans, and specifications;
- (c) cost of improvements;
- (d) engineering, architectural, fiscal, legal, accounting and other professional and advisory expenses and charges;
- (e) cost of all labor, materials, machinery, and equipment (including, without limitation, (i) amounts payable to contractors, builders and materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the Issuer and its employees, materials and supplies purchased by the Issuer and permits and licenses obtained by the Issuer);
- (f) cost of all lands, properties, rights, easements, and franchises acquired;
- (g) financing charges;
- (h) creation of initial reserve and debt service funds;
- (i) working capital;
- (j) interest charges incurred or estimated to be incurred on money borrowed prior to and during construction and acquisition and for such reasonable period of time after completion of construction or acquisition as the Board may determine;

[26254/001/00760151.DOCv5]

practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the Issuer or any other Person who has paid the same in addition to direct payment of Costs.

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

"County" shall mean Collier County, Florida.

"Credit Facility" shall mean any credit enhancement mechanism such as an irrevocable letter of credit, a surety bond, a policy of municipal bond insurance, a corporate or other guaranty, a purchase agreement, a credit agreement or deficiency agreement or other similar facility applicable to the Bonds, as established pursuant to a Supplemental Indenture, pursuant to which the entity providing such facility agrees to provide funds to make payment of the principal of and interest on the Bonds. Notwithstanding anything to the contrary contained in the Indenture, the Bonds may be issued without a Credit Facility; the decision to provide a Credit Facility in respect of any Bonds shall be within the absolute discretion of the Issuer.

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

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

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

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

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

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

"Debt Service Reserve Insurance Policy" shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited to the credit of the Debt Service Reserve Fund or any account thereof in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation

[26254/001/00760151.DOCv5]

- (k) the cost of issuance of Bonds, including, without limitation, advertisements and printing;
- (l) the cost of any election held pursuant to the Act and all other expenses of issuance of bonds;
- (m) the discount, if any, on the sale or exchange of Bonds;
- (n) amounts required to repay temporary or bond anticipation loans made to finance any costs permitted under the Act;
- (o) costs of prior improvements performed by the Issuer in anticipation of the Project;
- (p) costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services, or any other Person, for a default or breach under the corresponding contract, or in connection with any other dispute;
- (q) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;
- (r) payments, contributions, dedications, and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any Issuer purpose;
- (s) administrative expenses;
- (t) taxes, assessments and similar governmental charges during construction or reconstruction of the Project;
- (u) expenses of Project management and supervision;
- (v) costs of effecting compliance with any and all governmental permits relating to the Project;
- (w) such other expenses as may be necessary or incidental to the acquisition, construction, or reconstruction of the Project or to the financing thereof; and
- (x) any other "cost" or expense as provided by the Act.

In connection with the refunding or redeeming of any Bonds, "Cost" includes, without limiting the generality of the foregoing, the items listed in (d), (k), (l) and (m) above, and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent

[26254/001/00760151.DOCv5]

of the issuer thereof. The issuer thereof shall be a municipal bond insurer whose obligations ranking pari passu with its obligations under such policy, bond or other evidence of insurance are rated at the time of deposit of such policy, bond or other evidence of insurance to the credit of the Debt Service Reserve Fund or any account thereof in the one of the two highest rating categories of either Moody's or S&P, unless otherwise approved by the Credit Facility Issuer who has issued a municipal bond insurance policy with respect to the Bonds.

"Debt Service Reserve Letter of Credit" shall mean the irrevocable, transferable letter or line of credit, if any, deposited for the credit of the Debt Service Reserve Fund or any account thereof in lieu of or in partial substitution for cash or securities on deposit therein, which letter or line of credit constitutes an unconditional senior obligation of the issuer thereof. The issuer of such letter or line of credit shall be a banking association, bank or trust company or branch thereof whose senior debt obligations ranking pari passu with its obligations under such letter or line of credit are rated at the time of deposit of the letter or line of credit to the credit of the Debt Service Reserve Fund or any account thereof in the one of the two highest rating categories of either Moody's or S&P, unless otherwise approved by the Credit Facility Issuer who has issued a municipal bond insurance policy with respect to the Bonds.

"Debt Service Reserve Requirement" shall mean, for each Series of Bonds, unless a different requirement shall be specified in a Supplemental Indenture, an amount equal to the lesser of (i) the maximum annual Debt Service Requirements for the Outstanding Bonds of such Series, (ii) 12.5% of the average annual Debt Service Requirements for the Outstanding Bonds of such Series, and (iii) 10% of the original proceeds (within the meaning of the Code) of the Bonds of such Series.

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

"Deferred Costs" shall mean the amount advanced by the Developer and deposited into the appropriate Account of the Acquisition and Construction Fund, and with respect to an Acquisition Agreement or the amount by which the Cost of the Project or portion thereof to be conveyed by the Developer to the Issuer pursuant to such Acquisition Agreement exceeds the amount actually paid by the Issuer for the Project or portion thereof from proceeds of the applicable Series of Bonds, the repayment of such costs being subordinate to the Bonds issued and Outstanding under the Indenture and payable, if ever, solely as provided herein and in the applicable Supplemental Indenture. The Trustee may conclusively rely on specific written instructions set forth in the applicable Supplemental Indenture or certifications set forth in a requisition delivered to it with respect to the existence of any Deferred Costs to be paid and the amount to be paid. In all other respects, the Trustee, absent specific written notice from the Issuer or the District Manager, is authorized to assume that no Deferred Costs exist.

"Developer" shall mean Taylor Morrison Esplanade Naples, L.L.C. a Florida limited liability company, and any affiliate or any entity which succeeds to all or any part of the

[26254/001/00760151.DOCv5]

respective interests and assumes any or all of the respective responsibilities of said entities, as the developers of the District Lands.

"District Lands" shall mean the premises governed by the Issuer, currently consisting of approximately 829.74 acres of land located entirely within the County, as more fully described in Exhibit A.

"District Manager" shall mean the then District Manager or acting District Manager of the Issuer.

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

"Fiscal Year" shall mean the period of twelve (12) months beginning October 1 of each calendar year and ending on September 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding September 30; or such other consecutive twelve-month period as may hereafter be established by Florida law and applicable to the Issuer.

"Fund" shall mean any fund established pursuant to this Indenture.

"Generally Accepted Governmental Accounting Principles" shall mean those accounting principles applicable in the preparation of financial statements of governmental entities such as the Issuer.

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

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

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

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

"Interest Payment Date" shall mean each May 1 and November 1 commencing on the date specified in a Certified Resolution of the Issuer or in the Supplemental Indenture pursuant to which a Series of Bonds is issued.

[26254/001/00760151.DOCv5]

- 8 -

days of receipt of publication of such downgrade, either (A) maintain Collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (B) repurchase all Collateral and terminate the repurchase agreement. Further, if the provider's rating by either S&P or Moody's falls below "A-" or "A3," respectively, the provider must at the direction of the Issuer to the Trustee, within ten (10) calendar days, either (1) maintain Collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (2) repurchase all Collateral and terminate the repurchase agreement without penalty. In the event the repurchase agreement provider has not satisfied the above conditions within ten (10) days of the date such conditions apply, then the repurchase agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall withdraw the entire amount invested plus accrued interest within two (2) Business Days. Any repurchase agreement entered into pursuant to this Indenture shall contain the following additional provisions:

(i) Failure to maintain the requisite Collateral percentage will require the Issuer or the Trustee to liquidate the Collateral as provided above;

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

(iii) The repurchase agreement shall state and an opinion of Counsel in form and in substance satisfactory to the Trustee shall be rendered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted Collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(iv) The repurchase agreement shall be a "repurchase agreement" as defined in the United States Bankruptcy Code and, if the provider is a domestic bank, a "qualified financial contract" as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and such bank is subject to FIRREA;

(v) The repurchase transaction shall be in the form of a written agreement, and such agreement shall require the provider to give written notice to the Trustee of any change in its long-term debt rating;

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

(vii) The Issuer and the Trustee shall receive the opinion of Counsel (which opinion shall be addressed to the Issuer and the Trustee and shall be in form and substance satisfactory to the Trustee) that such repurchase agreement complies with the terms of this section and is legal, valid, binding and enforceable upon the provider in accordance with its terms;

[26254/001/00760151.DOCv5]

- 10 -

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

"Investment Grade Rating" shall mean either a rating of "BBB-" or higher by S&P or a rating of "Baa3" or higher by Moody's or a rating of "BBB-" or higher by Fitch Ratings, Inc.

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

(1) Government Obligations;

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

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

(4) commercial paper rated in one of the top two rating categories by both Moody's and S&P;

(5) obligations of any state of the United States or political subdivision thereof or constituted authority thereof the interest on which is exempt from federal income taxation under Section 103 of the Code and rated in one of the top two rating categories by both Moody's and S&P;

(6) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category by Moody's or S&P;

(7) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly with Collateral with a domestic or foreign bank or corporation (other than life or property casualty insurance company) the long-term debt of which, or, in the case of a financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's provided that the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within ten

[26254/001/00760151.DOCv5]

- 9 -

(viii) The term of the repurchase agreement shall be no longer than ten years or the remaining term of the Bonds, whichever is earlier;

(ix) The interest with respect to the repurchase transaction shall be payable no less frequently than quarterly;

(x) The repurchase agreement shall provide that the Trustee may withdraw funds without penalty at any time, or from time to time, for any purpose permitted or required under this Indenture;

(xi) Any repurchase agreement shall provide that a perfected security interest in such investments is created for the benefit of the Beneficial Owners under the Uniform Commercial Code of Florida, or book-entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are created for the benefit of the Beneficial Owners; and

(xii) The Collateral delivered or transferred to the Issuer, the Trustee, or a third-party acceptable to, and acting solely as agent for, the Trustee (the "Holder of the Collateral") shall be delivered and transferred in compliance with applicable state and federal laws (other than by means of entries on provider's books) free and clear of any third-party liens or claims pursuant to a custodial agreement subject to the prior written approval of the majority of the Holders and the Trustee. The custodial agreement shall provide that the Trustee must have disposition or control over the Collateral of the repurchase agreement, irrespective of an event of default by the provider of such repurchase agreement.

If such investments are held by a third-party, they shall be held as agent for the benefit of the Trustee as fiduciary for the Beneficial Owners and not as agent for the bank serving as Trustee in its commercial capacity or any other party and shall be segregated from securities owned generally by such third party or bank;

(8) any other investment permitted under Florida law and approved in writing by the Owners of a majority in aggregate principal amount of the Bonds secured thereby;

(9) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the Issuer of Columbia, if such obligations are rated in one of the three highest ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's; and

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

[26254/001/00760151.DOCv5]

- 11 -

unsecured obligation (or claims paying ability) rated Aa2 or better by Moody's and AA or better by S&P or Fitch, respectively (if the term of such agreement is more than 365 days) or is the lead bank of a parent bank holding company with an unsecured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

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

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

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

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

in the event of a suspension, withdrawal, or downgrade below Aa3, AA- or AA- by Moody's, S&P or Fitch, respectively, the provider shall notify the Trustee within 10 business days of such downgrade event and the provider shall at its option, within five (5) days after notice is given to the Trustee, take any of the following actions:

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

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

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

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

(11) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the Issuer of

{26254/001/00760151.DOCv5}

- 12 -

thereof, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; and

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

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

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

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

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

"Pledged Revenues" shall mean, unless otherwise provided by Supplemental Indenture with respect to a specific Series of Bonds, with respect to a particular Series of Bonds Outstanding, (a) all revenues received by the Issuer from Special Assessments levied and collected on all or a portion of the District Lands with respect to such Series of Bonds, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Special Assessments or from the issuance and sale of tax certificates with respect to such Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture; provided, however, that Pledged Revenues shall not include (i) any moneys transferred to the Rebate Fund, or investment earnings thereon and (ii) "special assessments" levied and collected by the Issuer under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the Issuer under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (i) and (ii) of this provision).

"Project" shall mean with respect to any Series of Bonds, the portion or portions of the construction and acquisition of exterior landscaping improvements, water and wastewater improvements, stormwater management improvements, environmental preservation and mitigation and off-site roadway improvements and other public infrastructure items relating thereto, all as more specifically described in the Supplemental Indenture relating to such Series

{26254/001/00760151.DOCv5}

- 14 -

Columbia, if such obligations are rated in one of the three highest ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's; and

(12) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 or the corresponding provisions of subsequent laws provided that such fund is rated at least "AA" by S&P (without regard to gradation) or at least "Aa" by Moody's (without regard to gradation).

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

"Issuer" shall mean the Flow Way Community Development District.

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

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

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

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

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

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

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

{26254/001/00760151.DOCv5}

- 13 -

of Bonds; provided that a Project shall specially benefit all of the District Lands on which Special Assessments to secure such Series of Bonds have been levied.

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

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

"Rebate Fund" shall mean the Fund, if any, so designated, which is established pursuant to an arbitrage rebate agreement, into which shall be deposited certain moneys in accordance with the provisions of said arbitrage rebate agreement.

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

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

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

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

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

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

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

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

{26254/001/00760151.DOCv5}

- 15 -

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

"Series" shall mean all of the Bonds authenticated and delivered at one time on original issuance and pursuant to any Certified Resolution of the Issuer authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable Supplemental Indenture, regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the Issuer upon original issuance. Two or more Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Indenture.

"Significant Bondholder" shall mean one registered owner that owns more than 50% of the aggregate Outstanding principal amount of a Series of Bonds.

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

"Sinking Fund Installments" shall mean the money required to be deposited in the Sinking Fund Account for the purpose of the mandatory redemption of any term Bonds issued pursuant to the Indenture, the specific amounts and times of such deposits to be as set forth in Section 8.01(c) hereof and the applicable Supplemental Indenture.

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

[26254/001/00760151.DOCv5]

- 16 -

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

Except to the extent otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, interest on any Bond is payable on any Interest Payment Date by check or draft mailed on the Interest Payment Date to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date, at his address as it appears on the Bond Register. The Bonds shall bear interest from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date; provided further, however, that if at the time of authentication of any Bond interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid. Any interest on any Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

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

[26254/001/00760151.DOCv5]

- 15 -

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

"State" shall mean the State of Florida.

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

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

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

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

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

ARTICLE II THE BONDS

SECTION 2.01. AMOUNTS AND TERMS OF BONDS; DETAILS OF BONDS. The Issuer is hereby authorized to issue in one or more Series pursuant to the terms and conditions of this Master Indenture, its obligations to be known as "Flow Way Community Development [District Special Assessment Bonds, Series [to be designated]" (the "Bonds"). The total principal amount of Bonds that may be issued under this Master Indenture is expressly limited to \$45,000,000 exclusive of any refunding bonds. The Bonds shall be issued in Authorized Denominations and within each Series shall be numbered consecutively from R-1 and upwards in each series and in substantially the form attached hereto as Exhibit C, with such appropriate variations, omissions and insertions as are permitted or required by this Master Indenture or as otherwise provided in a Supplemental Indenture. All Bonds shall be issued only upon satisfaction of the conditions set forth in Article III hereof, and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in such request.

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

[26254/001/00760151.DOCv5]

- 17 -

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

SECTION 2.03. AUTHENTICATION; AUTHENTICATING AGENT. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as Authenticating Agent, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created. The Trustee shall at all times serve as Authenticating Agent.

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

SECTION 2.05. MUTILATED, DESTROYED, LOST OR STOLEN BONDS. If any Bond shall become mutilated, the Issuer shall execute and the Trustee or Authenticating Agent, as the case may be, shall thereupon authenticate and deliver a new Bond of like Series, tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee or Authenticating Agent, as the case may be, of such mutilated Bond for cancellation, and the Issuer and the Trustee or Authenticating Agent, as the case may be, may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Issuer and the Trustee or Authenticating Agent, as the case may be; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Issuer shall execute, and thereupon the Trustee or Authenticating Agent, as the case may be, shall authenticate and deliver a new Bond of like Series, tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee or Authenticating Agent, as the case may be, pay to the Owner the principal amount of and accrued interest on such Bond upon the maturity thereof and compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefor.

[26254/001/00760151.DOCv5]

- 19 -

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

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

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

SECTION 2.07. CANCELLATION AND DESTRUCTION OF SURRENDERED BONDS. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the Registrar, Paying Agent or Authenticating Agent to, and cancelled and destroyed by, the Trustee. The Trustee shall deliver to the Issuer a certificate of destruction in respect of all Bonds destroyed in accordance with this Section.

SECTION 2.08. REGISTRATION, TRANSFER AND EXCHANGE. As provided in Section 2.04 hereof, the Issuer shall cause a Bond Register in respect of the Bonds to be kept at the designated office of the Registrar.

Upon surrender for requisition of transfer of any Bond at the designated office of the Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.08, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as described in Section 2.03 hereof) shall authenticate and deliver, in the name of the designated transferees, one or more new Bonds of a like aggregate principal amount and of the same Series and maturity.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of a like aggregate principal amount and of the same Series and maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or Registrar or Authenticating Agent as

described in Section 2.03 hereof) shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

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

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

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

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

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

SECTION 2.10. LIMITATION ON INCURRENCE OF CERTAIN INDEBTEDNESS. The Issuer will not issue Bonds, except upon the conditions and in the manner provided or as otherwise permitted in the Indenture provided that the Issuer may enter into agreements with issuers of Credit Facilities which involve liens on Pledged Revenues on a parity with that of the Bonds or portion thereof which is supported by such Credit Facilities.

SECTION 2.11. QUALIFICATION FOR THE DEPOSITORY TRUST COMPANY. To the extent provided in a Supplemental Indenture or authorized and directed by a Resolution of the Issuer authorizing the issuance of a Series of Bonds, the Trustee shall be authorized to enter into agreements with The Depository Trust Company, New York, New York ("DTC") and

(26254/001/00760151.DOCv3)

- 20 -

other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, teletype or other similar means of communication.

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

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

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

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

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

The Issuer and the Trustee, if appropriate, shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will

(26254/001/00760151.DOCv3)

- 22 -

register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

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

ARTICLE III ISSUE OF BONDS

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

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

(2) a written opinion or opinions of Counsel to the Issuer, addressed to the Trustee that (a) all conditions prescribed herein as precedent to the issuance of the Bonds have been fulfilled; (b) the Bonds have been validly authorized and executed and when authenticated and delivered pursuant to the request of the Issuer will be valid obligations of the Issuer entitled to the benefit of the trust created hereby and will be enforceable in accordance with their terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity; (c) any consents of any Regulatory Bodies required in connection with the issuance of the Bonds or in connection with the acquisition of the improvements included in the Project have been obtained or can be reasonably expected to be obtained (which opinion may be based on certifications from the Consulting Engineer); and (d) if the acquisition of any real property or interest therein is included in the purpose of such issue, (i) the Issuer has or can acquire good and marketable title thereto free from all liens and encumbrances except such as will not materially interfere with

(26254/001/00760151.DOCv3)

- 23 -

the proposed use thereof or (ii) the Issuer has or can acquire a valid, subsisting and enforceable leasehold, easement, right-of-way or other interest in real property sufficient to effectuate the purpose of the issue (which opinion may be stated in reliance on the opinion of other Counsel satisfactory to the signer or on a title insurance policy issued by a reputable title company) (clauses (c) and (d) shall not apply in the case of the issuance of a refunding Series of Bonds);

(3) an opinion of Counsel to the Issuer, which shall also be addressed to the Trustee, to the effect that: (a) the Issuer has good right and lawful authority under the Act to undertake the Project, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body; (b) that the Special Assessment proceedings have been taken in accordance with Florida law and that the Issuer has taken all action necessary to levy and impose the Special Assessments; (c) that the Special Assessments are legal, valid, and binding liens upon the property against which the Special Assessments are made, coequal with the lien of all State, County, Issuer and municipal ad valorem taxes and superior in priority to all other liens, titles and claims against said property then existing or thereafter created, until paid; (d) the related Indenture has been duly and validly authorized, approved, and executed by the Issuer; (e) the issuance of the Series of Bonds has been duly authorized and approved by the Board; and (f) the related Indenture (assuming due authorization, execution and delivery by the Trustee) constitutes a binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity (clauses (a), (b) and (c) shall not apply in the case of the issuance of a refunding Series of Bonds);

(4) a Consulting Engineer's certificate addressed to the Issuer and the Trustee setting forth the estimated cost of the Project, and in the case of an acquisition by the Issuer of all or a portion of the Project that has been completed, stating, in the signer's opinion, (a) that the portion of the Project improvements to be acquired from the proceeds of such Bonds have been completed in accordance with the plans and specifications therefor; (b) the Project improvements are constructed in a sound workmanlike manner and in accordance with industry standards; (c) the purchase price to be paid by the Issuer for the Project improvements is no more than the lesser of (i) the fair market value of such improvements and (ii) the actual Cost of construction of such improvements; and (d) the plans and specifications for the Project improvements have been approved by all Regulatory Bodies required to approve them (specifying such Regulatory Bodies) or such approval can reasonably be expected to be obtained; provided, however, that in lieu of the information required in clause (a), there may be delivered to the Trustee satisfactory evidence of the acceptance of operational and maintenance responsibility of each component of the Project by one or more governmental entities (the foregoing shall not be applicable in the case of the issuance of a refunding Series of Bonds);

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

[26254/001/00760151.DOCv5]

- 24 -

ARTICLE IV ACQUISITION OF PROJECT

SECTION 4.01. PROJECT TO CONFORM TO PLANS AND SPECIFICATIONS; CHANGES. The Issuer will proceed to complete any Project or portion thereof for which any Series of Bonds is being issued in accordance with the plans and specifications therefor, as such plans and specifications may be amended from time to time, and subject to the specific requirements of the Supplemental Indenture for such Series of Bonds.

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

ARTICLE V ACQUISITION AND CONSTRUCTION FUND

SECTION 5.01. ACQUISITION AND CONSTRUCTION FUND. The Trustee shall establish an Acquisition and Construction Fund into which shall be deposited the proceeds from each Series of Bonds issued under the Indenture (unless otherwise specified herein or in the applicable Supplemental Indenture for a Series of Bonds) and from which Costs may be paid as set forth herein and in the applicable Supplemental Indenture. Unless otherwise specified in the applicable Supplemental Indenture, a separate Series Account shall be established in the Acquisition and Construction Fund with respect to each Series of Bonds issued hereunder and the proceeds of each Series of Bonds (other than Bonds issued to refund all or a portion of the Bonds) shall be deposited into the corresponding Series Account in the Acquisition and Construction Fund. The amounts in any account of the Acquisition and Construction Fund, until applied as hereinafter provided, shall be held for the security of the Series of Bonds hereunder in respect of which such Series Account was established. Separate subaccounts within any Series Account of the Acquisition and Construction Fund shall be maintained by the Trustee in respect of each Series of Bonds upon request of the Issuer whenever, in the opinion of the Issuer, it is appropriate to have a separate accounting in respect of the Costs of any designated portion of a Project. Payments shall be made from the appropriate Series Account of the Acquisition and Construction Fund to pay any unpaid Costs of Issuance of the Series of Bonds in question, including without limitation, legal, engineering, and consultants' fees and to pay amounts to be reimbursed to the Issuer for Costs advanced, and thereafter to pay Costs of planning, financing, acquisition, construction, reconstruction, equipping and installation of the applicable Project or portion thereof.

(a) *Deposits.* In addition to the deposit of amounts received by the Trustee on the date of issuance of each Series of Bonds, the Issuer shall pay or cause to be paid to the Trustee,

[26254/001/00760151.DOCv5]

- 26 -

(6) the proceeds of the sale of such Bonds.

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

(8) one or more Certified Resolutions of the Issuer relating to the levy of Special Assessments in respect of the Project, and evidencing that the Issuer has undertaken and, to the extent then required under applicable law, completed all necessary proceedings, including, without limitation, the approval of assessment rolls, the holding of public hearings, the adoption of resolutions and the establishment of all necessary collection procedures, in order to levy and collect Special Assessments upon the District Lands in an amount sufficient to pay the Debt Service Requirement on the Bonds to be issued (the foregoing shall not be applicable in the case of the issuance of a refunding Series of Bonds);

(9) an executed opinion of Bond Counsel;

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

(11) a copy of a Final Judgment of Validation and a Certificate of No Appeal with respect to the Bonds that are subject to validation;

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

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

(14) such other documents, certifications and opinions as shall be required by the Supplemental Indenture or by the Issuer or the Trustee upon advice of counsel.

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

[26254/001/00760151.DOCv5]

- 25 -

for deposit into the Series Account of the Acquisition and Construction Fund, as promptly as practicable, the following amounts:

(i) Subject to Section 9.23 hereof, payments made to the Issuer from the sale, lease or other disposition of the Project or any portion thereof; and

(ii) Subject to Section 9.14 hereof, the balance of insurance proceeds with respect to the loss or destruction of the Project or any portion thereof.

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

(b) *Disbursements.* All payments from the Acquisition and Construction Fund shall be paid in accordance with the provisions of this subsection. 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 this subsection (b). Before any such payment shall be made, the Issuer shall file with the Trustee a fully executed requisition in the form of Exhibit D attached hereto signed by a Responsible Officer and except for payment of costs of issuance, a certificate of Consulting Engineer signed by a consulting engineer also in the form of Exhibit D attached hereto and as may be modified by terms of the related Supplemental Indenture. Upon receipt of each such requisition and accompanying certificate, the Trustee shall promptly withdraw from the Acquisition and Construction Fund and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. All requisitions and certificates received by the Trustee pursuant to this Section 5.01 shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the Issuer, the Consulting Engineer, the Owner of any Bonds, and the agents and representatives thereof.

(c) *Completion of Project.* On the date of completion of a Project, as evidenced by the delivery of a Certificate of the Consulting Engineer and adoption of a resolution by the Board accepting a Project as provided by Section 170.09, Florida Statutes, as amended (the "Completion Date"), the balance in the Acquisition and Construction Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Project or the payment of Deferred Costs, shall be transferred by the Trustee to, and deposited in, the applicable Series

[26254/001/00760151.DOCv5]

- 27 -

Account of the Bond Redemption Fund and applied as provided in Section 6.06 hereof and in the applicable Supplemental Indenture.

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

SECTION 6.01. SPECIAL ASSESSMENTS; LIEN OF INDENTURE ON PLEDGED REVENUES. The Issuer hereby covenants that it shall levy Special Assessments, and evidence and certify the same to the Tax Collector or shall cause the Property Appraiser to certify the same on the tax roll to the Tax Collector for collection by the Tax Collector and enforcement by the Tax Collector or the Issuer, pursuant to the Act, Chapter 170 or Chapter 197, Florida Statutes, or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on Bonds issued and Outstanding hereunder.

The Issuer shall, within thirty (30) days of receipt thereof, pay to the Trustee for deposit in the Series Account of the Revenue Fund established under Section 6.03 hereof all Special Assessments received by the Issuer from the levy thereof on the District Lands subject to assessments for the payment of the related Series of Bonds; provided, however, that amounts received as prepayments of Special Assessments and any amounts received under a "true-up" or similar agreement shall be deposited directly into the Bond Redemption Fund established hereunder or in any account thereof established pursuant to the applicable Supplemental Indenture. The Issuer shall notify the Trustee at the time of deposit of any amounts received as prepayments of Special Assessments and shall identify the related Series of Bonds.

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

[26254/001/00760151.DOCX/5]

- 28 -

maturing on the next succeeding principal payment date, less any amount on deposit in the applicable Series Principal Account not previously credited;

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

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

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

SIXTH, subject to the following paragraph the balance of any moneys remaining after making the foregoing deposits shall remain therein.

SECTION 6.04. DEBT SERVICE FUND. The Trustee is hereby authorized and directed to establish a Debt Service Fund which shall consist of amounts deposited therein by the Trustee and any other amounts the Issuer may pay to the Trustee for deposit therein with respect to the related Series of Bonds. The Debt Service Fund shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. The Trustee shall establish within the Debt Service Fund pursuant to a Supplemental Indenture, a Series Principal Account, a Series Interest Account and a Series Sinking Fund Account for each Series of Bonds, which accounts shall be separate and apart from all other Funds and Accounts established under the Indenture and from all other moneys of the Trustee.

The Trustee at all times shall make available to any Paying Agent the funds in the Series Principal Account and the Series Interest Account of the Debt Service Fund to pay the principal of the applicable Series of Bonds as they mature upon surrender thereof and the interest on the

[26254/001/00760151.DOCX/5]

- 30 -

SECTION 6.02. FUNDS AND ACCOUNTS RELATING TO THE BONDS. The Funds and Accounts specified in this Article VI shall be established under the Master Indenture and each Supplemental Indenture pursuant to which a Series of Bonds is issued for the benefit of the specific Series of Bonds issued pursuant to such Supplemental Indenture and any Series issued on a parity therewith and, unless expressly otherwise provided in said Supplemental Indenture, shall not apply to Bonds Outstanding hereunder issued under any other indenture supplemental hereto. Subject to the foregoing sentence, all moneys, including, without limitation, proceeds of a Series of Bonds, on deposit to the credit of the Funds and Accounts established hereunder and under a Supplemental Indenture (except for moneys transferred to the Rebate Fund) shall be pledged to the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series of Bonds issued hereunder and under such Supplemental Indenture, and any Series issued on a parity therewith.

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

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

SECOND, beginning on the date set forth in the related Supplemental Indenture, and no later than the Business Day next preceding each May 1 thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the Principal Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series

[26254/001/00760151.DOCX/5]

- 29 -

applicable Series of Bonds as it becomes payable, respectively. When a Series of Bonds is redeemed, the amount, if any, in the Debt Service Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption.

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

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

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

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

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

[26254/001/00760151.DOCX/5]

- 31 -

SECTION 6.05. DEBT SERVICE RESERVE FUND. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund and pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder. The Debt Service Reserve Fund and each Series Account therein shall be held by the Trustee for the benefit of each related Series of Bonds; provided, however, that notwithstanding anything to the contrary contained in this Master Indenture, the Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Fund is not applicable and no account therein shall secure such Series of Bonds. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, on the date of issuance and delivery of a Series of Bonds an amount of Bond proceeds equal to the Debt Service Reserve Requirement in respect of such Series of Bonds, calculated as of the date of issuance and delivery of such Series of Bonds, shall be deposited in the related Series Account of the Debt Service Reserve Fund. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds and as long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such Series of Bonds, earnings on investments in the Series Account of the Debt Service Reserve Fund shall, be transferred to the related Series Account of the Revenue Fund. Otherwise, earnings on investments in each Series Account of the Debt Service Reserve Fund shall be retained therein until applied as set forth herein. Unless otherwise provided in a Supplemental Indenture, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement as a result of an optional prepayment by the owner of a lot or parcel of land of a Special Assessment against such lot or parcel, which Special Assessment is pledged for the payment and security of such Series of Bonds, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the Bond Redemption Fund established for such Series of Bonds, as a credit against the principal amount of the prepayment otherwise required to be made by the owner of such lot or parcel. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, and in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Series Account of the Debt Service Reserve Requirement for any other reason, the excess amount shall be transferred from the Series Account of the Debt Service Reserve Fund to the related Series Account of the Revenue Fund.

Whenever for any reason on an Interest Payment Date or principal payment date or mandatory redemption date with respect to a related Series of Bonds secured by a Series Account of the Debt Service Reserve Fund the amount in the related Series Interest Account, the related Series Principal Account or the related Series Sinking Fund Account, as the case may be, is insufficient to pay all amounts payable on such Series of Bonds therefrom on such payment

[26254/001/00760151.DOCv5]

- 32 -

Fund is only partially funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, prior to drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Series Account of the Debt Service Reserve Fund to remedy the deficiency in accordance with the second paragraph of this Section 6.05 and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as provided in this sentence. Amounts drawn on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be applied as set forth in the second paragraph of this Section 6.05. Any amounts drawn under a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy.

SECTION 6.06. BOND REDEMPTION FUND. The Trustee is hereby authorized and directed to establish a Series Bond Redemption Fund for each Series of Bonds issued hereunder into which shall be deposited, moneys in the amounts and at the times provided in Sections 5.01, 6.01, 6.03, 6.05, 9.08(c) and 9.14(c) of this Master Indenture. The Series Bond Redemption Fund shall constitute an irrevocable trust fund to be applied solely as set forth in the applicable Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under such Indenture and from all other moneys of the Trustee. All earnings on investments held in the Series Bond Redemption Fund shall be retained therein and applied as set forth below.

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

FIRST, to make such deposits into the Series Rebate Fund, if any, as the Issuer may direct in accordance with an arbitrage rebate agreement, such moneys thereupon to be used solely for the purposes specified in said arbitrage rebate agreement. Any moneys so transferred from the Series Bond Redemption Fund to the Series Rebate Fund shall thereupon be free from the lien and pledge of the related Indenture;

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

THIRD, the remainder to be utilized by the Trustee, at the direction of a Responsible Officer, to call for redemption on each Interest Payment Date on which Bonds of the applicable Series are subject to optional redemption pursuant to Section

[26254/001/00760151.DOCv5]

- 34 -

dates, the Trustee shall, without further instructions, transfer the amount of any such deficiency from the related Series Account of the Debt Service Reserve Fund into the related Series Interest Account, the related Series Principal Account and the related Series Sinking Fund Account, as the case may be, with priority to the related Series Interest Account and then, proportionately according to the respective deficiencies therein, to the related Series Principal Account and the related Series Sinking Fund Account, to be applied to pay amounts due with respect to a Series of Bonds secured by the Series Account of the Debt Service Reserve Fund on such date.

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

In the event that upon the occurrence of any deficiency in a Series Interest Account, a Series Principal Account or a Series Sinking Fund Account, the Series Account of the Debt Service Reserve Fund is then funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, the Trustee shall, on an Interest Payment Date or principal payment date or mandatory redemption date to which such deficiency relates, draw upon the Debt Service Reserve Letter of Credit or cause to be paid under the Debt Service Reserve Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy as applicable, and any corresponding reimbursement or other agreement governing the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy; provided, however, that if at the time of such deficiency the Series Account of the Debt Service Reserve

[26254/001/00760151.DOCv5]

- 33 -

8.01(a) hereof such amount of Bonds of the applicable Series as, with the redemption premium, may be practicable; provided, however, that not less than Five Thousand Dollars (\$5,000) principal amount of Bonds of the applicable Series shall be called for redemption at one time.

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

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

SECTION 6.08. PROCEDURE WHEN FUNDS ARE SUFFICIENT TO PAY ALL BONDS OF A SERIES. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, if at any time the moneys held by the Trustee in the Funds and Accounts hereunder and under a Supplemental Indenture and available therefor are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds of a Series then Outstanding under such Indenture to maturity or prior redemption, together with any amounts due the Issuer and the Trustee, Paying Agent, Registrar, Credit Facility Issuer, the Trustee, at the direction of the Issuer, shall apply the amounts in the Series Funds and Series Accounts to the payment of the aforesaid obligations and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

SECTION 6.09. CERTAIN MONEYS TO BE HELD FOR SERIES BONDOWNERS ONLY. Each Series of Bonds issued pursuant to this Master Indenture and a Supplemental Indenture shall be secured by Pledged Revenues, as set forth herein, and otherwise may be secured by such additional Funds and Accounts and other security (including, but not limited to, Credit Facilities) established by the pertinent Supplemental Indenture. Moneys and investments in the various Funds and Accounts created under a Supplemental Indenture expressly and solely for the benefit of the Series of Bonds issued under such Supplemental Indenture shall be held in trust by the Trustee for the benefit of the Holders of, and Credit Facility Issuer with respect to, Bonds of that Series only.

SECTION 6.10. UNCLAIMED MONEYS In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Trustee in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim

[26254/001/00760151.DOCv5]

- 35 -

against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

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

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

SECTION 7.02. INVESTMENT OR DEPOSIT OF FUNDS. Except to the extent otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in the Series Account in the Debt Service Fund and any Series Bond Redemption Fund created under any Supplemental Indenture only in Government Obligations and securities described in subparagraphs (6), of the definition of Investment Securities. Except to the extent otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in any Series Account of the Debt Service Reserve Fund in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net

[26254/001/00760151.DOCv5]

- 36 -

**ARTICLE VIII
REDEMPTION AND PURCHASE OF BONDS**

SECTION 8.01. REDEMPTION DATES AND PRICES. The Bonds may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the Issuer, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and in a Supplemental Indenture.

(a) **Optional Redemption.** Bonds of a Series shall be subject to optional redemption at the direction of the Issuer, at the times and upon payment of the Redemption Price plus the accrued interest to the redemption date, as provided in a Supplemental Indenture.

(b) **Extraordinary Mandatory Redemption in Whole or in Part.** Except as otherwise provided in a Supplemental Indenture with respect to Bonds of the related Series, Bonds of a Series are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Interest Payment Date, at an extraordinary mandatory Redemption Price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, (i) from moneys deposited into the related Series Bond Redemption Fund following the payment in full of Special Assessments on any portion of the District Lands in accordance with the provisions of Section 9.08(a) hereof; (ii) from moneys deposited into the related Series Bond Redemption Fund following the payment in full of Special Assessments on any portion of the District Lands as a result of any prepayment of Special Assessments in accordance with Section 9.08(b) hereof; (iii) when sufficient moneys are on deposit in the related Series Funds and Accounts (other than the Rebate Fund and any other Fund or Account as provided in a Supplemental Indenture with respect to a Series of Bonds) to pay and redeem all Outstanding Bonds of a Series and accrued interest thereon to the redemption date in addition to all amounts owed to Persons under the Indenture; (iv) unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds from moneys in excess of the Series Account of the Debt Service Reserve Requirement in the Series Account of the Debt Service Reserve Fund transferred to the Series Bond Redemption Fund pursuant to Section 6.05 hereof; (v) from excess moneys transferred from the Series Account of the Revenue Fund to the Series Bond Redemption Fund in accordance with Section 6.03 of this Master Indenture; (vi) from moneys, if any, on deposit in the Series Bond Redemption Fund pursuant to Section 9.14(c) hereof following condemnation or the sale of any portion of the District Lands benefited by a Project to a governmental entity under threat of condemnation by such governmental entity or the damage or destruction of all or substantially all of the Project when such moneys are not to be used pursuant to 9.14(c) to repair, replace or restore the Project provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable; or (vii) from amounts transferred to the Series Account of the Bond Redemption Fund from the Series Account of the Acquisition and Construction Fund in accordance with Section 5.01(c) hereof.

[26254/001/00760151.DOCv5]

- 38 -

capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, subject to Section 6.05 of this Master Indenture and unless otherwise provided in a Supplemental Indenture with respect to a specific Series of Bonds, any interest and other income so received shall be deposited in the related Series Account of the Revenue Fund. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund.

Absent specific instructions as aforesaid, all moneys in the Funds and Accounts established under the Indenture shall be invested in investments of the nature described in subparagraph (6) of the definition of Investment Securities. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale upon the investment instructions of the Issuer or otherwise, including that set forth in the first sentence of this paragraph. The Trustee may make any investments permitted by the provisions of this Section 7.02 through its own bond department or brokerage division.

SECTION 7.03. VALUATION OF FUNDS. Except for the assets on deposit in the Debt Service Reserve Fund, the Trustee shall value the assets in each of the Funds and Accounts established hereunder or under any Supplemental Indenture within five (5) Business Days following each November 1 interest payment date. With respect to the assets in the Debt Service Reserve Fund, including all accounts established therein, the Trustee shall value such assets 45 days prior to each interest payment date, and, in either case, as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder or under any Supplemental Indenture, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder.

[26254/001/00760151.DOCv5]

- 37 -

(c) **Mandatory Sinking Fund Redemption.** Bonds of a Series shall be subject to mandatory sinking fund redemption at a Redemption Price of 100% of the principal amount thereof plus accrued interest to the redemption date, in the years and amounts set forth in a Supplemental Indenture.

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

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

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

SECTION 8.02. NOTICE OF REDEMPTION AND OF PURCHASE. Except where otherwise required by a Supplemental Indenture, when required to redeem or purchase Bonds of a Series under any provision of the Indenture or directed to do so by the Issuer, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses and also to any Credit Facility Issuer, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds of such Series for which notice was duly mailed in accordance with this Section 8.02. Such notice shall be given in the name of the Issuer, shall be dated, shall set forth the Bonds of such Series Outstanding which shall be called for redemption or purchase and shall include, without limitation, the following additional information:

- (a) the redemption or purchase date;
- (b) the redemption or purchase price;

[26254/001/00760151.DOCv5]

- 39 -

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

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

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

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

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

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

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

Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the

[26254/001/00760151.DOCv5]

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

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

SECTION 9.03. SPECIAL ASSESSMENTS; RE-ASSESSMENTS.

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

(b) If any Special Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any such Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make such Special Assessment when it might have done so, the Issuer shall either (i) take all necessary steps to cause a new Special Assessment to be made for the whole or any part of said improvement or against any property benefited by said

[26254/001/00760151.DOCv5]

specified redemption date, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Payment of the Redemption Price, together with accrued interest, shall be made by the Trustee or Paying Agent to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price of the Bonds to be redeemed, the expenses of giving notice and any other expenses of redemption, shall be paid out of the Fund from which redemption is to be made or by the Issuer, or as specified in a Supplemental Indenture.

SECTION 8.03. PARTIAL REDEMPTION OF BONDS. Except to the extent otherwise provided in a Supplemental Indenture, if less than all of a Series of Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of the Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(a), such redemption shall be effectuated by redeeming Bonds of such Series of such maturities in such manner as shall be specified by the Issuer in writing, subject to the provisions of Section 8.01 hereof. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(b), such redemption shall be effectuated by redeeming Bonds of such Series pro rata among the maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose, with the portion to be redeemed from each maturity being equal to the product of the aggregate principal amount of Bonds of such Series to be redeemed multiplied times a fraction the numerator of which is the principal amount of the Series of Bonds of such maturity outstanding immediately prior to the redemption date and the denominator of which is the aggregate principal amount of all Bonds of such Series outstanding immediately prior to the redemption date.

**ARTICLE IX
COVENANTS OF THE ISSUER**

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

[26254/001/00760151.DOCv5]

improvement, or (ii) in its sole discretion, make up the amount of such Special Assessment from any legally available moneys, which moneys shall be deposited into the applicable Series Account in the Revenue Fund. In case such second Special Assessment shall be annulled, the Issuer shall obtain and make other Special Assessments until a valid Special Assessment shall be made.

SECTION 9.04. METHOD OF COLLECTION Special Assessments shall be collected by the Issuer in accordance with the provisions of the Act and Chapter 170 or Chapter 197, Florida Statutes, or any successor statutes thereto, as applicable, in accordance with the terms of this Section. The Issuer shall use its best efforts to adopt the uniform method for the levy, collection and enforcement of Special Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes thereto, as soon as practicable, or a comparable alternative method afforded by Section 197.3631, Florida Statutes. The Issuer shall use its best efforts to enter into one or more written agreements with the Property Appraiser and the Tax Collector, either individually or jointly (together, the "Property Appraiser and Tax Collector Agreement") in order to effectuate the provisions of this Section. The Issuer shall use its best efforts to ensure that any such Property Appraiser and Tax Collector Agreement remains in effect for at least as long as the final maturity of Bonds Outstanding under the Indenture. To the extent that the Issuer is not able to collect Special Assessments pursuant to the "uniform tax roll collection" method under Chapter 197, Florida Statutes, the Issuer may elect to collect and enforce Special Assessments pursuant to any available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto. The election to collect and enforce Special Assessments in any year pursuant to any one method shall not, to the extent permitted by law, preclude the Issuer from electing to collect and enforce Special Assessments pursuant to any other method permitted by law in any subsequent year.

Notwithstanding the immediately preceding paragraph or any other provision in this Master Indenture to the contrary, if the Trustee, acting at the direction of fifty-one percent (51%) of the Owners of a Series of Bonds, requests that the District not use the uniform method, but instead collect and enforce the Assessments securing such Series of Bonds pursuant to another available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto, then the District shall collect and enforce said Assessments in the manner and pursuant to the method so requested by the Trustee.

SECTION 9.05. DELINQUENT SPECIAL ASSESSMENTS. Subject to the provisions of Section 9.04 hereof, if the owner of any lot or parcel of land assessed for a particular Project shall be delinquent in the payment of any Special Assessment, then such Special Assessment shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deeds as regards such delinquent Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of

[26254/001/00760151.DOCv5]

law, then upon the delinquency of any Special Assessment the Issuer shall, to the extent permitted by law, utilize any other method of enforcement as provided by Section 9.04 hereof, including, without limitation, declaring the entire unpaid balance of such Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, Florida Statutes, and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law.

SECTION 9.06. SALE OF TAX CERTIFICATES AND ISSUANCE OF TAX DEEDS; FORECLOSURE OF SPECIAL ASSESSMENT LIENS. If the Special Assessments levied and collected under the uniform method described in Section 9.04 are delinquent, then the applicable procedures for issuance and sale of tax certificates and tax deeds for nonpayment shall be followed in accordance with Chapter 197, Florida Statutes and related statutes. Alternatively, if the uniform method of levy and collection is not utilized, and if any property shall be offered for sale for the nonpayment of any Special Assessment, and no person or persons shall purchase the same for an amount at least equal to the full amount due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), the property may then be purchased by the Issuer for an amount equal to the balance due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any) from any legally available funds of the Issuer, and the Issuer shall thereupon receive in its corporate name (or in the name of a special purpose entity) the title to the property for the benefit of the Owners; provided that the Trustee shall have the right, acting at the direction of fifty-one percent (51%) of the Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, shall have the power and shall use its best efforts to lease or sell such property and deposit all of the net proceeds of any such lease or sale into the related Series Account of the Revenue Fund. Not less than ten (10) days prior to the filing of any foreclosure action or any sale of tax deed as herein provided, the Issuer shall cause written notice thereof to be mailed to the Owners of the Series of Bonds secured by such delinquent Special Assessments. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to such Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, agrees that it shall be required to take the measure provided by law for sale of property acquired by it as trustee for the Owners within thirty (30) days after the receipt of the request therefor signed by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of all Outstanding Bonds of the Series payable from Special Assessments assessed on such property.

SECTION 9.07. BOOKS AND RECORDS WITH RESPECT TO SPECIAL ASSESSMENTS. In addition to the books and records required to be kept by the Issuer pursuant to the provisions of Section 9.17 hereof, the Issuer shall keep books and records for the collection of the Special Assessments on the District Lands, which such books, records and accounts shall be kept separate and apart from all other books, records and accounts of the Issuer. The District Manager or the District Manager's designee, at the end of each Fiscal Year, shall prepare a written report setting forth the collections received, the number and amount of

(26254/001/00760151.DOCv5)

- 44 -

as such upon delivery to the Trustee and shall be deposited directly into the related Series Bond Redemption Fund).

SECTION 9.10. CONSTRUCTION TO BE ON ISSUER LANDS. Except for certain off site mitigation, roadway and landscaping improvements which are or may be outside the District Lands and are required in order for the District Lands to be developed, the Issuer covenants that no part of a Project will be constructed on, over or under lands other than (i) lands good and marketable title to which is owned by the Issuer or other appropriate entity in fee simple, (ii) lands on, over or under which the Issuer or other appropriate entity shall have acquired perpetual easements for the purposes of the Project, or (iii) lands, including public streets and highways, the right to the use and occupancy of which for such purposes shall be vested in the Issuer or other appropriate entity by law or by valid franchises, licenses, easements or rights of way or other legally effective permissions or approval.

SECTION 9.11. OPERATION, USE AND MAINTENANCE OF PROJECT. The Issuer shall establish and enforce reasonable rules and regulations governing the use of the Project owned by the Issuer, and the operation thereof, such rules and regulations to be adopted in accordance with the Act, and the Issuer shall operate, use and maintain the Project owned by the Issuer in accordance with the Act and all other applicable federal and State laws, rules and regulations; the Issuer shall maintain and operate the Project owned by the Issuer in an efficient and economical manner, shall at all times maintain the same in good repair and in sound operating condition and shall make all necessary repairs, renewals and replacements.

SECTION 9.12. OBSERVANCE OF AND COMPLIANCE WITH VALID REQUIREMENTS. The Issuer shall pay all municipal or governmental charges lawfully levied or assessed upon the Project or any part thereof or upon any revenues when the same shall become due, and the Issuer shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Project. The Issuer shall not, except as otherwise permitted in Section 9.23 of this Article, create or suffer to be created any lien or charge upon the Project or upon Pledged Revenues, except the lien and charge of the Bonds on the Pledged Revenues.

SECTION 9.13. PAYMENT OF OPERATING OR MAINTENANCE COSTS BY STATE OR OTHERS. The Issuer may permit the United States of America, the State, or any of their agencies, departments or political subdivisions to pay all or any part of the cost of maintaining, repairing and operating the Project out of funds other than Pledged Revenues.

SECTION 9.14. PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE; MAINTENANCE OF INSURANCE; USE OF INSURANCE AND CONDEMNATION PROCEEDS.

(a) Except as otherwise provided in subsection (d) of this Section, the Issuer will carry or cause to be carried, in respect of the Project, comprehensive general liability insurance (covering bodily injury and property damage) issued by one or more insurance companies

(26254/001/00760151.DOCv5)

- 46 -

delinquencies, the proceedings taken to enforce collections and cure delinquencies and an estimate of time for the conclusion of such legal proceedings. A signed copy of such report shall be furnished to the Trustee (solely as a repository of such information) as soon as practicable after such audit shall become available and shall, upon written request, be mailed to any Owner.

SECTION 9.08. REMOVAL OF SPECIAL ASSESSMENT LIENS. Except as otherwise provided in a Supplemental Indenture with respect to a related Series of Bonds the following procedures shall apply in connection with the removal of Special Assessment liens.

(a) At any time from the date of levy of Special Assessments on a parcel of District Lands through the date that is thirty (30) days after the related Project has been completed and the Board of Supervisors of the Issuer has adopted a resolution accepting such Project as provided by Section 170.09, Florida Statutes, as amended, any owner of property subject to the Special Assessments may, at its option, require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Special Assessments that relate to a Series of Bonds by paying to the Issuer the entire amount of such Special Assessment on such property, without interest.

(b) At any time subsequent to thirty (30) days after the related Project has been completed and the Board of Supervisors of the Issuer has adopted a resolution accepting such Project as provided by Section 170.09, Florida Statutes, as amended, any owner of property subject to the Special Assessments may, at its option, require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Special Assessments by paying to the Issuer the entire amount of the Special Assessment, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within forty (40) calendar days before an Interest Payment Date), attributable to the property subject to Special Assessment owned by such owner.

(c) Upon receipt of a prepayment as described in (a) or (b) above, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the County an affidavit or affidavits, as the case may be, executed by an authorized officer of the Issuer, to the effect that the Special Assessment has been paid and that such Special Assessment lien is thereby released and extinguished. Except as otherwise provided by a Supplemental Indenture, upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the applicable Series Bond Redemption Fund to be applied to the redemption of Bonds in accordance with Section 8.01(b)(i) or (ii) hereof, as the case may be.

SECTION 9.09. DEPOSIT OF SPECIAL ASSESSMENTS. The Issuer covenants to cause any Special Assessments collected or otherwise received by it to be deposited with the Trustee within thirty (30) days after receipt thereof for deposit into the Revenue Fund (except that amounts received as prepayments of Special Assessments shall be designated by the Issuer

(26254/001/00760151.DOCv5)

- 45 -

authorized and qualified to do business under the laws of the State, in such amounts as is customary for similar operations, or as is more specifically set forth hereinbelow.

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

The Issuer shall secure such reasonable and customary insurance protection as the Issuer determines to be in its best interests and otherwise consistent with the Indenture; provided, however, that the Issuer may act as a self-insurer in accordance with the requirements of subsection (d) hereof. All policies providing the insurance coverages required by this Section shall designate the Issuer as the loss-payee and shall be made payable to the Issuer.

(c) All proceeds received from property damage or destruction insurance and all proceeds received from the condemnation of a Project or any part thereof are hereby pledged by the Issuer as security for the related Series of Bonds and shall be deposited at the option of the Issuer, but subject to the limitations hereinafter described, either (i) into a separate fund to be established by the Trustee for such purpose, and used to remedy the loss, damage or taking for which such proceeds are received, either by repairing the damaged property or replacing the destroyed or taken property, as soon as practicable after the receipt of such proceeds, or (ii) into the related Series Bond Redemption Fund for the purpose of purchasing or redeeming Bonds according to the provisions set forth in Article VIII hereof. The Issuer shall not be entitled to deposit insurance proceeds or condemnation awards into the separate fund described above in clause (i) of this paragraph (and such proceeds and awards shall be deposited directly into the related Series Bond Redemption Fund pursuant to clause (ii) of this paragraph) unless there shall have been filed with the Issuer within a reasonable time after the damage, destruction or condemnation (A) a certificate from the Consulting Engineer that the proceeds of the insurance or condemnation awards deposited into such separate fund, together with other funds available for such purposes, will be sufficient to repair, rebuild, replace or restore such property to substantially the same condition as it was in prior to its damage, destruction or condemnation (taking into consideration any changes, alterations and modifications that the Issuer may desire), (B) an opinion from the Consulting Engineer that the Project can be repaired, rebuilt, replaced or restored within two (2) years following the damage, destruction or condemnation thereof and (C) an opinion of the Consulting Engineer that, in each of the three (3) Fiscal Years following completion of such repair, rebuilding, replacement or restoration, the Issuer will be in compliance with its obligations hereunder. If the certificate described in clause (A) of this paragraph is not rendered because such proceeds or awards are insufficient for such purposes, the Issuer may deposit any other legally available funds in such separate fund in an amount required to enable the Consulting Engineer to render its certificate. If the insurance proceeds or

(26254/001/00760151.DOCv5)

- 47 -

condemnation awards deposited in such separate fund are more than sufficient to repair the damaged property or to replace the destroyed or taken property, the balance thereof remaining shall be deposited to the credit of the related Series Account in the Revenue Fund.

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

Prior to participation in any plan of Qualified Self Insurance not currently in effect, the Issuer shall deliver to the Trustee (i) a copy of the proposed plan, and (ii) from the District Manager, an evaluation of the proposed plan together with an opinion to the effect that (A) the proposed Qualified Self Insurance plan will provide the coverage required by subsections (a) and (b) of this Section, and (B) the proposed Qualified Self Insurance plan provides for the creation of actuarially sound reserves.

Each plan of Qualified Self Insurance shall be in written form, shall provide that upon the termination of such plan reserves will be established or insurance acquired in amounts adequate to cover any potential retained liability in respect of the period of self insurance, and shall be reviewed annually by the District Manager or registered actuary who shall deliver to the Issuer a report on the adequacy of the reserves established thereunder in light of claims made. If the District Manager or registered actuary determines that such reserves are inadequate in light of the claims made, he shall make recommendations as to the amount of reserves that should be established and maintained, and the Issuer shall comply with such recommendations unless it can establish to the satisfaction of the Trustee that such recommendations are unreasonable in light of the nature of the claims or the history of recovery against the Issuer for similar claims. A copy of each Qualified Self Insurance plan and of each annual report thereon shall be delivered to the Trustee.

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

Within the first six (6) months of each Fiscal Year, the District Manager shall file with the Trustee a complete report of the status of the insurance coverages relating to all Projects, such report to include, without being limited therein, a schedule of all insurance policies required by the Indenture which are then in effect, stating with respect to each policy the name of the insurer, the amount, number and expiration date, and the hazards and the risks covered thereby. The Trustee shall hold such report solely as a repository for the Holders of the Bonds, and shall have no duty to require the filing of such report or to determine compliance by the Issuer with the requirements of this section.

[26254/001/00760151.DOCv5]

SECTION 9.15. COLLECTION OF INSURANCE PROCEEDS. Copies of all insurance policies referred to in Section 9.14 of this Article shall be available at the offices of the Issuer at all reasonable times to the inspection of the Holders of \$1,000,000 or more in aggregate principal amount of the related Series of Bonds and their agents and representatives duly authorized in writing. The Issuer covenants that it will take such action as may be necessary to demand, collect and sue for any insurance money which may become due and payable under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee. The Trustee is hereby authorized in its own name to demand, collect, sue and receive any insurance money which may become due and payable under any policies payable to it.

Any appraisal or adjustment of any loss or damage under any policy of insurance required under the Indenture, whether such policy is payable to the Issuer or to the Trustee, and any settlement or payment of indemnity under any such policy which may be agreed upon by the Issuer and any insurer shall be evidenced by a certificate, signed by the District Manager approved by the Consulting Engineer, and filed with the Trustee. The Trustee shall in no way be liable or responsible for the collection of insurance moneys in case of any loss or damage.

SECTION 9.16. USE OF REVENUES FOR AUTHORIZED PURPOSES ONLY. None of the Pledged Revenues shall be used for any purpose other than as provided in the Indenture and no contract or contracts shall be entered into or any action taken by the Issuer or the Trustee which will be inconsistent with the provisions of the Indenture.

SECTION 9.17. BOOKS, RECORDS, AND ANNUAL REPORTS. The Issuer shall keep proper books of record and account in accordance with Generally Accepted Governmental Accounting Principles (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Project, and which, together with all other books and records of the Issuer, including, without limitation, insurance policies, relating to the Project, shall at all times be subject during regular business hours to the inspection of the Trustee.

The Issuer shall annually, within the time periods prescribed by Florida law and any applicable Continuing Disclosure Agreement, file with the Municipal Securities Rulemaking Board, a copy of an annual report for such year, prepared in accordance with Generally Accepted Governmental Accounting Principles by a Certified Public Accountant, relating to its operations and including, without limitation, statements in reasonable detail of financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year relating to the Project, and a summary, with respect to each Fund and Account established under the Indenture, of the receipts therein and disbursements therefrom during such Fiscal Year, and the amounts held therein at the end of such Fiscal Year.

The report, statements and other documents required to be furnished by the Issuer to the Trustee pursuant to any provisions of the Indenture shall be available for the inspection of Bondholders at the office of the Trustee.

[26254/001/00760151.DOCv5]

SECTION 9.18. OBSERVANCE OF ACCOUNTING STANDARDS. The Issuer covenants that all the accounts and records of the Issuer relating to the Project will be kept according to Generally Accepted Governmental Accounting Principles consistently applied and consistent with the provisions of the Indenture.

SECTION 9.19. EMPLOYMENT OF CERTIFIED PUBLIC ACCOUNTANT. The Issuer shall employ or cause to be employed as required a Certified Public Accountant to perform auditing functions and duties required by the Act and the Indenture.

SECTION 9.20. ESTABLISHMENT OF FISCAL YEAR, ANNUAL BUDGET. The Issuer's current Fiscal Year begins on October 1 of each year and ends on September 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established.

On or before the first day of each Fiscal Year the Issuer shall adopt a final Annual Budget with respect to the Project for such Fiscal Year for the payment of anticipated operating and maintenance expenses and shall supply a copy of such budget promptly upon the approval thereof to the Trustee and to any Bondholders who shall have so requested in writing and shall have filed their names and addresses with the Secretary of the Board for such purpose. If for any reason the Issuer shall not have adopted the Annual Budget with respect to the Project on or before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the new Annual Budget, be deemed in force for the ensuing Fiscal Year. The Issuer may at any time adopt an amended or supplemental Annual Budget for the remainder of the current Fiscal Year, and when such amended or supplemental Annual Budget is approved it shall be treated as the official Annual Budget under the Indenture. Copies of such amended or supplemental Annual Budget shall be filed with the Trustee and mailed by the Issuer to any Bondholders who shall have so requested in writing and shall have filed their names and addresses with the Secretary of the Board for such purpose.

SECTION 9.21. EMPLOYMENT OF CONSULTING ENGINEER, CONSULTING ENGINEER'S REPORT.

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

SECTION 9.22. AUDIT REPORTS. The Issuer covenants that, on an annual basis, it will cause an audit to be made by a Certified Public Accountant covering all receipts and moneys then on deposit with or in the name of the Trustee or the Issuer and any security held therefor and any investments thereof. Such audit report shall be filed with the Municipal Securities Rulemaking Board no later than the filing deadline required by Florida law with respect to the Issuer's annual audit and/or as required by any applicable Continuing Disclosure Agreement. If the material required to be in such audit also appears in the annual report of the

[26254/001/00760151.DOCv5]

Issuer provided for in Section 9.17 hereof in a manner that can be readily identified, then the filing of a copy of such annual audit shall satisfy the requirement of this Section.

SECTION 9.23. COVENANT AGAINST SALE OR ENCUMBRANCE EXCEPTIONS. Subject to Section 9.26 hereof, the Issuer covenants that, (a) except for those improvements comprising the Project that are to be conveyed by the Issuer to the County, the State, or another governmental entity and (b) except as in this Section permitted, it will not sell, lease or otherwise dispose of or encumber the Project, or any part thereof. The Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of a Series of Bonds or from Pledged Revenues if the District Manager shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, at the written direction of the Issuer shall be deposited to the credit of the related Series Account in the Revenue Fund.

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

The Issuer may lease or grant easements, franchises or concessions for the use of any part of the Project not incompatible with the maintenance and operation thereof, if the Consulting Engineer shall approve such lease, easement, franchise or concession in writing, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements, franchises or concessions) shall be deposited as received to the credit of related Series Account in the Revenue Fund.

SECTION 9.24. NO LOSS OF LIEN ON PLEDGED REVENUES. The Issuer shall not do or omit to do, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Pledged Revenues or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee under any arbitrage rebate agreement.

SECTION 9.25. COMPLIANCE WITH OTHER CONTRACTS AND AGREEMENTS. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements which the Issuer enters into in connection with the Project and the issuance of the Bonds.

SECTION 9.26. ISSUANCE OF ADDITIONAL OBLIGATIONS. The Issuer shall not issue any obligations other than the Bonds payable from Pledged Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge,

[26254/001/00760151.DOCv5]

payable from Pledged Revenues except as provided in Section 6.01 hereof with respect the reimbursement due any Credit Facility Issuer.

SECTION 9.27. EXTENSION OF TIME FOR PAYMENT OF INTEREST PROHIBITED. The Issuer shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor by purchasing or funding or in any manner keeping alive any such claim for interest no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under the Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

SECTION 9.28. FURTHER ASSURANCES. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture.

SECTION 9.29. USE OF BOND PROCEEDS TO COMPLY WITH INTERNAL REVENUE CODE. The Issuer covenants to the Holders of the Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Bonds issued hereunder which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code section and related regulations throughout the term of such Bonds. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in any arbitrage rebate agreement executed in connection with the issuance of each Series of Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Bonds.

SECTION 9.30. CORPORATE EXISTENCE AND MAINTENANCE OF PROPERTIES. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the Issuer shall maintain its corporate existence as a local unit of special purpose government under the Act and shall provide for or otherwise require the Project, and all parts thereof owned by the Issuer to be (a) continuously operated, repaired, improved and maintained as shall be necessary to provide adequate service to the lands benefited thereby; and (b) in compliance with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any competent public authority.

SECTION 9.31. CONTINUING DISCLOSURE. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Issuer or the

[26254/001/00760151.DOCv5]

- 52 -

including without limitation, motions seeking relief from the automatic stay, dismissal of the Proceeding, valuation of the property belonging to the Insolvent Taxpayer, termination of exclusivity, and objections to disclosure statements, plans of liquidation or reorganization, and motions for use of cash collateral, seeking approval of sales or post-petition financing; and, if the Trustee chooses to exercise any such rights, the Issuer shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to the Issuer in connection with any Proceeding of any Insolvent Taxpayer, including, without limitation, the right to file and/or prosecute any claims, to propose and prosecute a plan, to vote to accept or reject a plan, and to make any election under Section 1113(b) of the United States Bankruptcy Code; and

(c) the Issuer shall not challenge the validity or amount of any claim submitted in such Proceeding by the Trustee in good faith or any valuations of the lands owned by any Insolvent Taxpayer submitted by the Trustee in good faith in such Proceeding or take any other action in such Proceeding, which is adverse to the Trustee's enforcement of the Issuer claim with respect to the Assessments securing a Series of Bonds or receipt of adequate protection (as that term is defined in the United States Bankruptcy Code).

Without limiting the generality of the foregoing, the Issuer agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the Assessments securing a Series of Bonds, (ii) to deliver to the Issuer a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

Notwithstanding the provisions of paragraph (a) above, nothing in this Section 9.32 shall preclude the Issuer from becoming a party to a Proceeding in order to enforce a claim for operation and maintenance assessments, and the Issuer 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 Issuer 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 directions with respect to the Assessments securing a Series of Bonds whether such claim is pursued by the Issuer or the Trustee.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

SECTION 10.01. EVENTS OF DEFAULT AND REMEDIES. Except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default and remedies with respect to each Series of Bonds shall be as set forth in this Master Indenture.

[26254/001/00760151.DOCv5]

- 54 -

Developer(s) (if obligated pursuant to the Continuing Disclosure Agreement) to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Bonds of a Series and receipt of indemnity to its satisfaction, shall) or any Holder of the Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Section 9.31. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

SECTION 9.32. PROVISIONS RELATING TO BANKRUPTCY OR INSOLVENCY OF LANDOWNER. The provisions of this Section 9.32 shall apply both before and after the commencement, whether voluntary or involuntary, or any case, proceeding or other action by or against any owner of any tax parcel subject to Assessments (an "Insolvent Taxpayer") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding"), except where such tax parcel shall be homestead property. For as long as any Series of Bonds remain outstanding, in any Proceeding involving the Issuer, any Insolvent Taxpayer, any Series of Bonds or any Assessments securing a Series of Bonds, the Issuer shall be obligated to act in accordance with direction from the Trustee with regard to all matters directly or indirectly affecting the Series of Bonds or for as long as any such Series of Bonds remain Outstanding.

The Issuer further acknowledges and agrees that, although a Series of Bonds may be issued by the Issuer, the Owners of the Series of Bonds are categorically a party with a financial stake in the transaction and, consequently, a party with a vested interest in a Proceeding. In the event of any Proceeding involving any Insolvent Taxpayer:

(a) the Issuer 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 securing a Series of Bonds, such Series of Bonds or any rights of the Trustee under the Indenture that is inconsistent with any direction from the Trustee;

(b) the Trustee shall have the right, but is not obligated to, (i) vote in any such Proceeding any and all claims of the Issuer, except for any claims the Issuer may have related to the Issuer's operation and maintenance assessments or other claims unrelated to the Assessments securing a Series of Bonds or such Series of Bonds, and (ii) file any motion, pleading, plan or objection in any such Proceeding on behalf of the Issuer, except for any claims the Issuer may have related to the Issuer's operation and maintenance assessments or other claims unrelated to the Assessments securing a Series of Bonds or such Series of Bonds,

[26254/001/00760151.DOCv5]

- 53 -

SECTION 10.02. EVENTS OF DEFAULT DEFINED. Each of the following shall be an "Event of Default" under the Indenture, with respect to a Series of Bonds:

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

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

(c) if the Issuer, for any reason, is rendered incapable of fulfilling its obligations under the Indenture or under the Act; or

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

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

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

(g) The Trustee withdraws or is authorized to withdraw more than ten percent (10%) of the available funds (regardless of whether the Trustee does or does not, per the direction of a majority of the Owners of the outstanding Series of Bonds, actually make such withdrawal), from a Series Account of the Debt Service Reserve Fund established to pay Debt Service Requirements for a Series of Bonds; or

[26254/001/00760151.DOCv5]

- 55 -

(h) More than twenty-five percent (25%) of the operation and maintenance assessments levied and collected directly by the Issuer are not paid by the date such are due and payable ("Delinquent Direct Billed Operation and Maintenance Assessments").

SECTION 10.03. NO ACCELERATION. No Series of Bonds issued under this Master Indenture shall be subject to acceleration.

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

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Bonds of such Series, including, without limitation, the right to require the Issuer to carry out any agreements with, or for the benefit of, the Bondholders of the Bonds of such Series and to perform its or their duties under the Act;
- (b) bring suit upon the Series of Bonds;
- (c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds of such Series;
- (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds of such Series; and
- (e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing such Series of Bonds.

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

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

SECTION 10.07. LIMITATIONS ON ACTIONS BY BONDHOLDERS. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of the applicable Series shall have

[26254/001/00760151.DOCv5]

- 56 -

the principal or Redemption Price coming due on such Bonds on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any preference or priority of one such Bond of a Series over another or of any installment of interest over another.

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

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

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

SECTION 10.12. TRUSTEE'S RIGHT TO RECEIVER; COMPLIANCE WITH ACT. The Trustee shall be entitled as of right to the appointment of a receiver and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

SECTION 10.13. TRUSTEE AND BONDHOLDERS ENTITLED TO ALL REMEDIES UNDER ACT. It is the purpose of this Article to provide such remedies to the Trustee and Bondholders as may be lawfully granted under the provisions of the Act and other applicable laws of the State; if any remedy herein granted shall be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act and other applicable laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article X shall apply to and be binding upon any receiver appointed in accordance with Section 10.12 hereof.

SECTION 10.14. CREDIT FACILITY ISSUER'S RIGHTS UPON EVENTS OF DEFAULT. Anything in the Indenture to the contrary notwithstanding, if any Event of Default has occurred and is continuing while a Credit Facility securing all or a portion of such Bonds of a Series Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the

[26254/001/00760151.DOCv5]

- 58 -

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

SECTION 10.08. TRUSTEE MAY ENFORCE RIGHTS WITHOUT POSSESSION OF BONDS. All rights under the Indenture and a Series of Bonds may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds of such Series.

SECTION 10.09. REMEDIES NOT EXCLUSIVE. Except as limited under Section 15.01 of this Master Indenture, no remedy contained in the Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 10.10. DELAYS AND OMISSIONS NOT TO IMPAIR RIGHTS. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article X may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.11. APPLICATION OF MONEYS IN EVENT OF DEFAULT. Any moneys received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article X with respect to a Series of Bonds shall be applied in the following priority:

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

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

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any preference or priority of one installment of interest over any other installment, and

SECOND: to payment to the persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full

[26254/001/00760151.DOCv5]

- 57 -

Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture, or exercising any trust or power conferred on the Trustee by the Indenture. Said direction shall be controlling to the extent the direction of Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer shall have no rights under this Section.

SECTION 10.15. ISSUER COVENANTS AFTER EVENT OF DEFAULT. The Issuer 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 this Master Indenture and the applicable Supplemental Indenture, the provisions for the collection of delinquent Special Assessments, the provisions for the foreclosure of liens of delinquent Special 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, a majority of the Owners, from time to time, of the applicable Series of Bonds. Notwithstanding anything to the contrary herein, and unless otherwise directed by a majority of the Owners and allowed pursuant to Federal or State law, the Issuer acknowledges and agrees that (i) upon failure of any property owner to pay an installment of Special Assessments collected directly by the Issuer when due, that the entire Special Assessments related to the applicable Series of Bonds on the tax parcel as to which such delinquent Special Assessment pertains, with interest and penalties thereon, shall immediately become due and payable and the Issuer shall promptly, but in any event within thirty (30) days, cause to be commenced the necessary legal proceedings for the foreclosure of liens of delinquent Special Assessments related to the applicable Series of Bonds with respect to such tax parcel, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as now provided by law in suits to foreclose mortgages.

ARTICLE XI THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 11.01. ACCEPTANCE OF TRUST. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article XI, to all of which the parties hereto the Bondholders and any Credit Facility Issuer agree. The Trustee shall act as Trustee under this Indenture. Subject to the provisions of Section 11.03 hereof, the Trustee shall have only such duties as are expressly set forth herein, and no duties shall be implied on the part of the Trustee.

SECTION 11.02. NO RESPONSIBILITY FOR RECITALS. The recitals, statements and representations in this Master Indenture or in the Bonds, save only the Trustee's Certificate, if any, upon the Bonds have been made by the Issuer and not by the Trustee and the Trustee shall be under no responsibility for the correctness thereof.

[26254/001/00760151.DOCv5]

- 59 -

SECTION 11.03. TRUSTEE MAY ACT THROUGH AGENTS; ANSWERABLE ONLY FOR WILLFUL MISCONDUCT OR NEGLIGENCE. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct or breach of its obligations hereunder.

SECTION 11.04. COMPENSATION AND INDEMNITY. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, and shall, to the extent permitted by law, indemnify and hold the Trustee harmless against any liabilities which it may incur in the proper exercise and performance of its powers and duties hereunder, except with respect to its own willful misconduct, negligence or breach of its obligations hereunder. If the Issuer defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys coming into its hands and payable to the Issuer but exclusive of the Rebate Fund and moneys from a drawing on any Credit Facility, which right of payment shall be prior to the right of the holders of the Bonds. The provision for indemnity shall survive the termination of the Indenture and, as to any Trustee, its removal or resignation as Trustee.

SECTION 11.05. NO DUTY TO RENEW INSURANCE. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the Issuer to require or effect or renew insurance or to report or file claims of loss thereunder.

SECTION 11.06. NOTICE OF DEFAULT; RIGHT TO INVESTIGATE. The Trustee shall give written notice by first-class mail to registered Holders of a Series of Bonds of all defaults known to the Trustee, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 11.07 being defined to include the events specified as "Events of Default" in Article X hereof, but not including any notice or periods of grace provided for therein); provided that, except in the case of a default in payment of principal or interest or Redemption Price, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondholders. The Trustee shall not be deemed to have notice of any default other than a payment default under the Indenture or a notification by a Credit Facility Issuer of a default under its Credit Facility, unless notified in writing of such default by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of a Series. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder, and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Issuer, an investigation into the affairs of the Issuer.

SECTION 11.07. OBLIGATION TO ACT ON DEFAULTS. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, unless it is

[26254/001/00760151.DOCv5]

- 60 -

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

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

SECTION 11.13. APPOINTMENT OF SUCCESSOR TRUSTEE. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer shall appoint a successor and shall mail notice of such appointment by first-class mail to each Bondholder as its name and address appear on the Bond Register, and to the Paying Agent, Registrar, Authenticating Agent, Credit Facility Issuer, if any, and any rating agency that shall then have in effect a rating on any of the Bonds. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Master Indenture prior to the date specified in the notice of resignation or removal as the date when such resignation or removal was to take effect, the Holders of a majority in aggregate principal amount of all Bonds then Outstanding may appoint a successor Trustee.

SECTION 11.14. QUALIFICATION OF SUCCESSOR. A successor Trustee shall be a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000.

SECTION 11.15. INSTRUMENTS OF SUCCESSION. Any successor Trustee shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder and thereupon, such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder, after deducting all amounts owed to the Trustee, shall pay over to the successor Trustee all moneys held by it hereunder and, upon request of the successor Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument or instruments prepared by the Issuer transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the predecessor Trustee, except for its rights to indemnity under Section 11.04 hereof.

[26254/001/00760151.DOCv5]

- 62 -

requested in writing to do so by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds which are or would be, upon the taking of such action, subject to remedial proceedings under Article X of this Master Indenture, and if in the Trustee's opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity satisfactory to it.

SECTION 11.08. RELIANCE BY TRUSTEE. The Trustee may act on any requisition, resolution, notice, telegram, facsimile transmission, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed, signed or given by the persons purporting to be authorized (which in the case of the Issuer shall be a Responsible Officer) or to have been prepared and furnished pursuant to any of the provisions of the Indenture; the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

SECTION 11.09. TRUSTEE MAY DEAL IN BONDS. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Issuer; provided, however, that if the Trustee determines that any such relation is in conflict with its duties under the Indenture, it shall eliminate the conflict or resign as Trustee.

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

SECTION 11.11. RESIGNATION OF TRUSTEE. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Secretary of the Issuer not less than sixty (60) days before the date when such resignation is to take effect. Notice of such resignation shall be sent by first-class mail to each Bondholder as its name and address appears on the Bond Register and to any Paying Agent, Registrar, Authenticating Agent and Credit Facility Issuer, if any, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing, such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within ninety (90) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed. Notice of such resignation shall also be given to any rating agency that shall then have in effect a rating on any of the Bonds.

[26254/001/00760151.DOCv5]

- 61 -

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

SECTION 11.17. EXTENSION OF RIGHTS AND DUTIES OF TRUSTEE TO PAYING AGENT AND REGISTRAR. The provisions of Sections 11.02, 11.03, 11.04, 11.08, 11.09 and 11.10 hereof are hereby made applicable to the Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or Registrar, hereby enters into and agrees to comply with the covenants and agreements of the Indenture applicable to the Paying Agent and Registrar, respectively.

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

SECTION 11.19. REMOVAL OF PAYING AGENT OR REGISTRAR. The Paying Agent or Registrar may be removed at any time prior to any Event of Default by the Issuer by filing with the Paying Agent or Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by the Issuer appointing a successor, or an instrument or instruments in writing designating, and accompanied by an instrument or appointment by the Issuer of such successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Registrar appointed

[26254/001/00760151.DOCv5]

- 63 -

hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

SECTION 11.20. APPOINTMENT OF SUCCESSOR PAYING AGENT OR REGISTRAR. In case at any time the Paying Agent or Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Registrar, as the case may be, and a successor shall be appointed by the Issuer; and in case at any time the Paying Agent or Registrar shall resign, then a successor shall be appointed by the Issuer. After any such appointment, notice of such appointment shall be given by the Issuer to the predecessor Paying Agent or Registrar, the successor Paying Agent or Registrar, the Trustee, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. Any new Paying Agent or Registrar so appointed shall immediately, and without further act, supersede the predecessor Paying Agent or Registrar.

SECTION 11.21. QUALIFICATIONS OF SUCCESSOR PAYING AGENT OR REGISTRAR. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (i) authorized by law to perform all the duties imposed upon it by the Indenture and (ii) capable of meeting its obligations hereunder, and (b) shall have a combined net capital and surplus of at least \$50,000,000.

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

SECTION 11.23. ACCEPTANCE OF DUTIES BY SUCCESSOR PAYING AGENT OR REGISTRAR. Any successor Paying Agent or Registrar shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Registrar herein. Upon request of such Paying Agent or Registrar, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Registrar and such

[26254/001/00760151.DOCv5]

- 64 -

department, agency or branch thereof, or any other unit of government of the State, provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders; and

(d) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190 and 197, Florida Statutes, so long as, in the opinion of counsel to the Issuer, such changes either: (i) do not have an adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, that they nevertheless are required to be made as a result of such amendments.

SECTION 13.02. AMENDMENTS WITH BONDHOLDERS' CONSENT. Subject to the provisions of Section 13.03 hereof, this Master Indenture may be amended from time to time by a Supplemental Indenture and any Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding in the case of the Master Indenture, and of the Series of Bonds then Outstanding and secured by such Supplemental Indenture in the case of an amendment of a Supplemental Indenture; provided that with respect to (a) the interest payable upon any Bonds, (b) the dates of maturity or redemption provisions of any Bonds, (c) this Article XIII and (d) the security provisions hereunder or under any Supplemental Indenture, which may only be amended by approval of the Owners of all Bonds to be so amended.

SECTION 13.03. TRUSTEE AUTHORIZED TO JOIN IN AMENDMENTS AND SUPPLEMENTS; RELIANCE ON COUNSEL. The Trustee is authorized to join in the execution and delivery of any supplemental indenture or amendment permitted by this Article XIII and in so doing may rely on a written opinion of Counsel that such supplemental indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

ARTICLE XIV DEFEASANCE

SECTION 14.01. DEFEASANCE. When interest on, and principal or Redemption Price (as the case may be) of, the Bonds of a Series or any portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in a Certified Resolution of the Issuer (the "Escrow Agent") moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys, remaining uninvested, will provide sufficient moneys to fully pay (i) such Bonds of a Series or portion thereof to be defeased, and (ii) any other sums payable hereunder by the Issuer, the right, title and interest of the Trustee with respect to such Bonds of a Series or portion thereof to be defeased shall thereupon cease, the lien of the Indenture on the Pledged Revenues, and the Funds and Accounts established under the Indenture shall be defeased and discharged, and the Trustee, on demand of the Issuer, shall release the Indenture as to such Bonds of a Series or portion thereof to be so defeased and shall execute such documents to evidence such release as

[26254/001/00760151.DOCv5]

- 66 -

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

SECTION 11.24. SUCCESSOR BY MERGER OR CONSOLIDATION. Any corporation into which any Paying Agent or Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent or Registrar hereunder shall be a party, or any corporation which shall have purchased substantially all of the bond administration business of the corporate trust department shall be the successor Paying Agent or Registrar under the Indenture without the execution or filing of any paper or any further act on the part of the parties thereto, anything in the Indenture to the contrary notwithstanding.

ARTICLE XII ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS

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

ARTICLE XIII AMENDMENTS AND SUPPLEMENTS

SECTION 13.01. AMENDMENTS AND SUPPLEMENTS WITHOUT BONDHOLDERS' CONSENT. This Master Indenture and any Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by a Certified Resolution of the Issuer filed with the Trustee, for one or more of the following purposes:

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

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

(c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of any Project to the State, the County or any

[26254/001/00760151.DOCv5]

- 65 -

may be reasonably required by the Issuer and shall turn over to the Issuer or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Series Funds and Accounts upon the defeasance in whole of all of the Bonds of a Series.

SECTION 14.02. DEPOSIT OF FUNDS FOR PAYMENT OF BONDS. If the Issuer deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds of a Series becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 14.01 hereof, interest on such Bonds of a Series shall cease to accrue on such date of maturity or prior redemption and all liability of the Issuer with respect to such Bonds of a Series shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 8.02 hereof, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the Issuer shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the Bond Register, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds of a Series. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Owners. At the time of the deposit referred to above, there shall be delivered to the Escrow Agent a verification from a firm of independent certified public accountants stating that the principal of and interest on the Defeasance Securities, together with the stated amount of any cash remaining on deposit with the Escrow Agent, will be sufficient without reinvestment to pay the remaining principal of, redemption premium, if any, and interest on such defeased Bonds.

Money so deposited with the Escrow Agent which remains unclaimed three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Escrow Agent in default with respect to any covenant in the Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Escrow Agent, before making payment to the Issuer, may, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

[26254/001/00760151.DOCv5]

- 67 -

ARTICLE XV
MISCELLANEOUS PROVISIONS

SECTION 15.01. **LIMITATIONS ON RECOURSE.** No personal recourse shall be had for any claim based on the Indenture or the Bonds against any member of the Board of the Issuer, officer, employee or agent, past, present or future, of the Issuer or of any successor body as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

The Bonds are payable solely from the Pledged Revenues, and any other moneys held by the Trustee under the Indenture for such purpose. There shall be no other recourse under the Bonds, the Indenture or otherwise, against the Issuer or any other property now or hereafter owned by it.

SECTION 15.02. **PAYMENT DATES.** In any case where an Interest Payment Date or the maturity date of the Bonds or the date fixed for the redemption of any Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 15.03. **NO RIGHTS CONFERRED ON OTHERS.** Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Bonds.

SECTION 15.04. **ILLEGAL PROVISIONS DISREGARDED.** If any term of the Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held invalid or unenforceable, the remaining provisions or the application of such terms or provisions to Persons and situations other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each remaining term and provision hereof and thereof shall be valid and enforced to the fullest extent permitted by law.

SECTION 15.05. **SUBSTITUTE NOTICE.** If for any reason it shall be impossible to make duplication of any notice required hereby in a newspaper or newspapers, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

SECTION 15.06. **NOTICES.** Any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the Issuer or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of the Indenture if and when personally delivered and receipted for, or sent by registered United States mail, return receipt requested, addressed as follows:

- (a) As to the Issuer - Flow Way Community Development District
c/o JP Ward & Associates, LLC
513 Northeast 13th Avenue
Fort Lauderdale, FL 33301
Attention: District Manager
- With a copy to: Coleman Yovanovich Koester
4001 Tamiami Trail N., Suite 300
Naples, FL 34103
ATTN: Greg Urbanovic, Esq.
- (b) As to the Trustee - Wells Fargo Bank, National Association
One Independent Drive, Suite 620
Jacksonville, FL 32202
Attention: Corporate Trust Department

Any of the foregoing may, by notice sent to each of the others, designate a different or additional address to which notices under the Indenture are to be sent.

All documents received by the Trustee under the provisions of the Indenture and not required to be redelivered shall be retained in its possession, subject at all reasonable times to the inspection of the Issuer, any Consultant, any Bondholder and the agents and representatives thereof as evidence in writing.

SECTION 15.07. **CONTROLLING LAW.** The Indenture shall be governed by and construed in accordance with the laws of the State.

SECTION 15.08. **SUCCESSORS AND ASSIGNS.** All the covenants, promises and agreements in the Indenture contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15.09. **HEADINGS FOR CONVENIENCE ONLY.** The table of contents and descriptive headings in this Master Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 15.10. **COUNTERPARTS.** This Master Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 15.11. **APPENDICES AND EXHIBITS.** Any and all appendices or exhibits referred to in and attached to this Master Indenture are hereby incorporated herein and made a part hereof for all purposes.

[26256\X01\00760151.DOC\5]

- 68 -

[26256\X01\00760151.DOC\5]

- 69 -

IN WITNESS WHEREOF, Flow Way Community Development District has caused this Master Indenture to be executed by the Chairman of its Board and its corporate seal to be hereunto affixed, attested by the Secretary or Assistant Secretary of its Board and Wells Fargo Bank, National Association has caused this Master Indenture to be executed by one of its corporate offices, all as of the day and year first above written.

[SEAL]

Attest:

FLOW WAY COMMUNITY
DEVELOPMENT DISTRICT

By: 
John Asher, Chairperson
Board of Supervisors


James P. Ward, Secretary
Board of Supervisors

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee, Paying Agent
and Registrar

By: 
Lisa Derryberry, Vice President

[26256\001\00760151.DOC\5]

74

[26256\001\00760151.DOC\5]

A-1

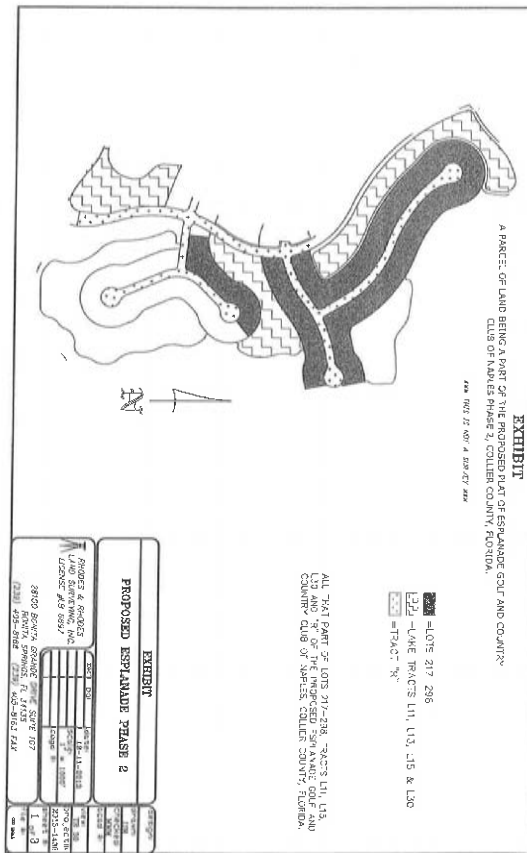
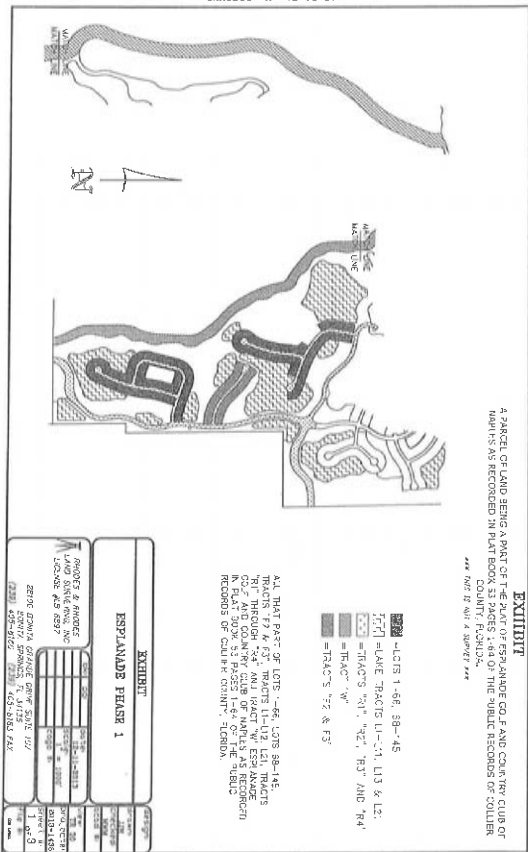


EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project includes the following improvements:

- Exterior Landscaping
- Water and Wastewater Facilities
- Stormwater Management
- Environmental Preservation and Mitigation
- Off-Site Roadway Improvements

EXHIBIT C

[FORM OF BOND]

The following legend shall appear on the Bond only if the Bonds are privately placed:

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, BASED UPON THE EXEMPTION FROM REGISTRATION AVAILABLE UNDER SECTION 3(a)(2) THEREOF, AND MAY BE SOLD OR OTHERWISE TRANSFERRED ONLY TO AN "ACCREDITED INVESTOR," AS SUCH TERM IS DEFINED IN 17 C.F.R. SECTION 230.501(a), OR ANY SUCCESSOR PROVISION THERE TO, IN ACCORDANCE WITH APPLICABLE FEDERAL AND STATE SECURITIES LAWS AND OTHERWISE IN ACCORDANCE WITH THE PROVISIONS OF THE INDENTURE REFERRED TO BELOW.

R-_____ \$_____

UNITED STATES OF AMERICA
 STATE OF FLORIDA
 FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
 SPECIAL ASSESSMENT BOND,
 SERIES []

Interest Rate Maturity Date Date of Original Issuance CUSIP

Registered Owner: _____

Principal Amount: _____

KNOW ALL PERSONS BY THESE PRESENTS that the Flow Way Community Development District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof at the corporate trust office of Wells Fargo Bank, National Association, in Jacksonville, Florida, as paying agent (said Wells Fargo Bank, National Association and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Principal Amount set forth above with interest thereon at the Interest Rate per annum set forth above, computed on 360-day year of 30-day months, payable on the first day of May and November of each year. Principal of this Bond is payable at the corporate trust office of Wells Fargo Bank, National Association, located in Jacksonville, Florida, in lawful money of the United States of America. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed on each Interest Payment Date to the address of the registered owner as such name and

address shall appear on the registry books of the Issuer maintained by Wells Fargo Bank, National Association, as Registrar (said Wells Fargo Bank, National Association and any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each interest payment date or the date on which the principal of a Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent interest payment date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from the date of authentication hereof, or unless such date of authentication is prior to _____, 20____, in which case from _____, 20____, or unless the date of authentication hereof is between a Record Date and the next succeeding interest payment date, in which case from such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below).

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF AND SUCH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH ON THE FRONT SIDE HEREOF.

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

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 execution of the Trustee, or such other authenticating agent as may be appointed by the Trustee under the Indenture, of the certificate of authentication endorsed hereon.

(26254/001/00760151.DOCv5)

C-2

IN WITNESS WHEREOF, Flow Way Community Development District has caused this Bond to be signed by the facsimile signature of the Chairman of its Board of Supervisors and a facsimile of its seal to be imprinted hereon, and attested by the facsimile signature of the Secretary of its Board of Supervisors, all as of the date hereof.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

[SEAL]

By: _____
Name: _____
Title: Chairman, Board of Supervisors

(SEAL)

Attest:

By: _____
Name: _____
Title: Secretary, Board of Supervisors

(26254/001/00760151.DOCv5)

C-3

CERTIFICATE OF AUTHENTICATION

[Back of Bond]

This Bond is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Agent

This Bond is one of an authorized issue of Bonds of the Flow Way Community Development District, a community development district duly created, organized and existing under Chapter 190, Florida Statutes (the Uniform Community Development District Act of 1980), as amended (the "Act") and Ordinance No. 02-09 of the Board of County Commissioners of Collier County, Florida, designated as "Flow Way Community Development District Special Assessment Bonds, Series _____" (the "Bonds"), in the aggregate principal amount of _____ Dollars (\$ _____) of like date, tenor and effect, except as to number. The Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act, to pay a portion of the costs of the acquisition and construction of exterior landscaping improvements, water and wastewater improvements, stormwater management improvements, environmental preservation and mitigation and off-site roadway improvements and incidental costs. The Bonds shall be issued as fully registered Bonds in authorized denominations, as set forth in the Indenture. The Bonds are issued under and secured by a Master Trust Indenture dated as of _____, 20____ (the "Master Indenture"), as amended and supplemented by a _____ Supplemental Trust Indenture dated as of _____, 20____ (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each by and between the Issuer and the Trustee, executed counterparts of which are on file at the corporate trust office of the Trustee in Jacksonville, Florida.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds issued under the Indenture, the operation and application of the Debt Service Fund and other Funds and Accounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of, premium, if any, and the interest on the Bonds, the levy and the evidencing and certifying for collection, of Special Assessments, the nature and extent of the security for the Bonds, the terms and conditions on which the Bonds are issued, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the registered owners of Bonds, the conditions under which such Indenture may be amended with the consent of the registered owners of a majority in aggregate principal amount of the Bonds outstanding, and as to other rights and remedies of the registered owners of the Bonds.

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

It is expressly agreed by the registered owner of this Bond that such registered owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, Collier County, Florida, the State of Florida or any other political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, Collier County, Florida,

(26254/001/00760151.DOCv5)

C-4

(26254/001/00760151.DOCv5)

C-5

the State of Florida or any other political subdivision thereof, for the payment of the principal of, premium, if any, and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Special Assessments to be assessed and levied by the Issuer as set forth in the Indenture.

By the acceptance of this Bond, the registered owner hereof assents to all the provisions of the Indenture.

This Bond is payable from and secured by Pledged Revenues, as such term is defined in the Indenture, all in the manner provided in the Indenture. The Indenture provides for the levy and the evidencing and certifying, of non ad valorem assessments in the form of Special Assessments to secure and pay the Bonds.

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

Optional Redemption

The Bonds are subject to redemption at the option of the Issuer in whole or in part at any time on or after _____, 1, ____ at the redemption prices (expressed as percentages of principal amount to be redeemed) set forth below, plus accrued interest to the redemption date, upon notice from the Issuer to the Trustee as set forth in the Indenture.

Redemption Period (Both Dates Inclusive)	Redemption Price
1, ____ to ____ 31, ____	\$ _____
1, ____ to ____ 31, ____	\$ _____
1, ____ and thereafter	\$ _____

[26254/001/00760151.DOCv5]

C-6

Notice of Redemption

The Trustee shall cause notice of redemption to be mailed at least thirty but not more than sixty days prior to the date of redemption to all registered owners of Bonds to be redeemed (as such owners appear on the books of the Registrar on the fifth (5th) day prior to such mailing) and to certain additional parties as set forth in the Indenture; provided, however, that failure to mail any such notice or any defect in the notice or the mailing thereof shall not affect the validity of the redemption of the Bonds for which such notice was duly mailed in accordance with the Indenture. If less than all of the Bonds shall be called for redemption, the notice of redemption shall specify the Bonds to be redeemed. On the redemption date, the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and on such date interest shall cease to accrue, such Bonds shall cease to be entitled to any benefit under the Indenture and such Bonds shall not be deemed to be outstanding under the provisions of the Indenture and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and interest on any Bonds not paid shall continue to accrue, as provided in the Indenture.

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

The Issuer shall keep books for the registration of the Bonds at the corporate trust office of the Registrar in Jacksonville, Florida. Subject to the restrictions contained in the Indenture, the Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer shall execute

[26254/001/00760151.DOCv5]

C-6

Mandatory Sinking Fund Redemption

The Bonds are subject to mandatory sinking fund redemption on May 1 in the years and in the principal amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption. Such principal amounts shall be reduced as specified by the Issuer by the principal amount of any Bonds redeemed pursuant to optional or extraordinary mandatory redemption as set forth above or purchased and cancelled pursuant to the provisions of the Indenture.

Year	Principal Amount of Bonds to be Paid	Year	Principal Amount of Bonds to be Paid

Extraordinary Mandatory Redemption in Whole or in Part

The Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any interest payment date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, (i) from moneys deposited into the Bond Redemption Fund following the payment in full of Special Assessments on any portion of the District Lands in accordance with the provisions of the Section 9.08(a) of the Indenture; (ii) from moneys deposited into the Bond Redemption Fund following the payment in full of Special Assessments on any portion of the District Lands as a result of any prepayment of Special Assessments in accordance with the provisions of Section 9.08(b) of the Indenture; (iii) when sufficient moneys are on deposit in the related Funds and Accounts (other than the Rebate Fund and any other fund or account as provided in the Supplemental Indenture) to pay and redeem all Outstanding Bonds and accrued interest thereon to the redemption date in addition to all amounts owed to Persons under the Indenture; (iv) unless otherwise provided in the applicable Supplemental Indenture from moneys in excess of the Debt Service Reserve Requirement in the Debt Service Reserve Fund transferred to the Bond Redemption Fund pursuant to the Indenture; (v) from excess moneys transferred from the Revenue Fund to the Bond Redemption Fund in accordance with the Indenture; or (vi) from amounts transferred to the Series Account of the Bond Redemption Fund from the Series Account of the Acquisition and Construction Fund in accordance with the Indenture.

[26254/001/00760151.DOCv5]

C-7

and the Trustee or such other authenticating agent as may be appointed by the Trustee under the Indenture shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing. Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Neither the Issuer nor the Registrar on behalf of the Issuer shall be required (i) to issue transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

The Issuer, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, the Paying Agent or the Registrar) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, including particularly the Act, and that the issuance of this Bond, and of the issue of the Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

[26254/001/00760151.DOCv5]

C-9

STATEMENT OF VALIDATION

This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court of the Twentieth Judicial Circuit of Florida, in and for Collier County, Florida, rendered on the _____ day of _____, 20__.

Chairman

Secretary

ABBREVIATIONS

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
- TFN FNT - as tenants by the entireties
- JT TEN - as joint tenants with rights of survivorship and not as tenants in common
- UNIFORM TRANSFER MIN ACT - _____ Custodian _____
(Cust) (Minor)
- Under Uniform Transfer to Minors
- Act _____
(State)

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

{26254/001/00760151.DOCv5}

C-10

{26254/001/00760151.DOCv5}

C-11

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____
(please print or typewrite name and address of assignee)

_____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Please insert social security or other identifying number of Assignee.

{26254/001/00760151.DOCv5}

C-12

EXHIBIT D

FORM OF REQUISITION
FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2013

The undersigned, a Responsible Officer of the Flow Way Community Development District (the "Issuer") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the Issuer to Wells Fargo Bank, National Association, as trustee (the "Trustee"), dated as of December 1, 2013, as supplemented by that certain First Supplemental Trust Indenture dated as of December 1, 2013, (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 from which disbursement to be made:

The undersigned hereby certifies that:

- 1. obligations in the stated amount set forth above have been incurred by the Issuer,

or

- this requisition is for Costs of Issuance payable from the Acquisition and Construction Fund that have not previously been paid;

- 2. each disbursement set forth above is a proper charge against the Acquisition and Construction Fund;

- 3. each disbursement set forth above was incurred in connection with the acquisition and/or construction of the Project;

- 4. each disbursement represents a Cost of the Project which has not previously been paid.

{26254/001/00760151.DOCv5}

D-1

The undersigned hereby further certifies that there has not been filed with or served upon the Issuer 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 Issuer is at the date of such certificate entitled to retain.

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

**FLOW WAY COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Responsible Officer

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

Consulting Engineer

{26254;001;00760151.DOCv5}{26254;001;00760151.DOCv5}
D-2

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS3

ARTICLE II THE SERIES 2015 BONDS8

SECTION 2.01. Amounts and Terms of Series 2015 Bonds; Issue of Series 2015 Bonds8

SECTION 2.02. Execution.....8

SECTION 2.03. Authentication8

SECTION 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2015 Bonds8

SECTION 2.05. Debt Service on the Series 2015 Bonds.....9

SECTION 2.06. Disposition of Series 2015 Bond Proceeds.....10

SECTION 2.07. Book-Entry Form of Series 2015 Bonds.....10

SECTION 2.08. Appointment of Registrar and Paying Agent.....11

SECTION 2.09. Conditions Precedent to the Issuance of Series 2015 Bonds11

ARTICLE III REDEMPTION OF SERIES 2015 BONDS13

SECTION 3.01. Redemption Dates and Prices.....13

SECTION 3.02. Notice of Redemption.....16

ARTICLE IV ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS; PREPAYMENTS; REMOVAL OF SPECIAL ASSESSMENT LIENS17

SECTION 4.01. Establishment of Certain Funds and Accounts.....17

SECTION 4.02. Series 2015 Revenue Account20

SECTION 4.03. Power to Issue Series 2015 Bonds and Create Lien21

SECTION 4.04. Project to Conform to Plans and Specifications; Changes.....21

SECTION 4.05. Prepayments; Removal of Special Assessment Liens21

ARTICLE V ADDITIONAL COVENANTS OF THE ISSUER.....23

SECTION 5.01. Collection of Series 2015 Special Assessments23

SECTION 5.02. Additional Covenant Regarding Special Assessments23

SECTION 5.03. Foreclosure of Assessment Lien23

SECTION 5.04. No Additional Bonds, Limitation on Parity Liens.....24

SECTION 5.05. Requisite Owners for Direction or Consent.....24

SECTION 5.06. Acknowledgement Regarding Series 2015 Acquisition and Construction Account Moneys Following an Event of Default.....24

SECTION 5.07. Enforcement of True-Up Agreement and completion Agreement25

SECTION 5.08. Assignment of District's Rights Under Collateral Assignment25

ARTICLE VI MISCELLANEOUS PROVISIONS26

SECTION 6.01. Interpretation of Supplemental Indenture26

THIRD SUPPLEMENTAL TRUST INDENTURE

BETWEEN

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

AND

U.S. BANK NATIONAL ASSOCIATION,
As Trustee

Dated as of December 1, 2015

Authorizing and Securing

\$3,190,000

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
(Collier County, Florida)
Special Assessment Bonds, Series 2015
(Phase 4 Project)

26254/004/01058088.DOCXv6

26254/004/01058088.DOCXv6

i

SECTION 6.02. Amendments26

SECTION 6.03. Counterparts.....26

SECTION 6.04. Appendices and Exhibits26

SECTION 6.05. Payment Dates26

SECTION 6.06. No Rights Conferred on Others26

SECTION 6.07. Patriot Requirements of Trustee.....26

SECTION 6.08. Brokerage Requirements.....26

EXHIBIT A - Form of Series 2015 Bond
EXHIBIT B - Form of Investor Letter

THIS THIRD SUPPLEMENTAL TRUST INDENTURE dated as of December 1, 2015 (the "Third Supplemental Indenture") between FLOW WAY COMMUNITY DEVELOPMENT DISTRICT (the "Issuer" or the "District"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America (said banking association and any bank or trust company becoming successor trustee under this Third Supplemental Indenture being hereinafter referred to as the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government duly organized and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act") and Ordinance No. 02-09 of the Board of County Commissioners of Collier County, Florida (the "Ordinance"), for the purpose, among other things, of financing and managing the acquisition and construction, maintenance and operation of certain public infrastructure for the benefit of the premises to be governed by the Issuer; and

WHEREAS, the premises to be governed by the Issuer are described more fully in Exhibit A to the Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture") between the District and the Trustee (referred to herein as the "District Lands") currently consist of approximately 829.74 acres of land located entirely within Collier County, Florida (the "County"); and

WHEREAS, the Issuer has been created for the purpose of delivering certain community development services and facilities for the benefit of the District Lands; and

WHEREAS, the Issuer has heretofore determined to undertake, in various stages, the planning, financing, acquisition, construction, reconstruction, equipping and installation of certain roadway, water, sewer, landscaping, irrigation, storm water management, entry features and recreational improvements and associated professional fees and incidental costs related thereto pursuant to the Act for the special benefit of the District Lands (as further described in Exhibit B to the Master Indenture, the "Project"); and

WHEREAS, the Board of Supervisors of the Issuer (the "Board") duly adopted Resolution No. 2013-16 on June 11, 2013 authorizing, among other things, the issuance, in one or more series, of not to exceed \$45,000,000 aggregate principal amount of its Flow Way Community Development District Special Assessment Bonds in order to pay all or a portion of the costs of the planning, financing, acquisition, construction, reconstruction, equipping and installation of the Project, as supplemented and amended by Resolution 2016-3 duly adopted by the Board on November 10, 2015 authorizing, among other things, the sale of its Flow Way Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2015 (Phase 4 Project) in an aggregate principal amount not to exceed \$5,800,000 for the

26254/004/01058088.DOCXv6

ii

26254/004/01058088.DOCXv6

1

purpose, among other things, of providing funds for the payment of a portion of the costs of the Project (the portion of the Project financed with proceeds of the Series 2015 Bonds is referred to herein as the "Phase 4 Project"); and

WHEREAS, pursuant to the Master Indenture and this Third Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture"), the Issuer has determined to issue \$3,190,000 original aggregate principal amount of Flow Way Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Series 2015 Bonds") to provide funds for the payment of the costs of the Phase 4 Project; and

WHEREAS, the proceeds of the Series 2015 Bonds will be used to provide funds for (i) the payment of a portion of the costs of the Phase 4 Project, (ii) the funding of the Series 2015 Debt Service Reserve Account, (iii) the payment of a portion of the interest to come due on the Series 2015 Bonds, and (iv) the payment of the costs of issuance of the Series 2015 Bonds; and

WHEREAS, the Series 2015 Bonds will be secured by a pledge of the Pledged Revenues (as hereinafter defined) to the extent provided herein which such Pledged Revenues consist primarily of the Series 2015 Special Assessments (as hereinafter defined) levied on that portion of the District Lands benefitted by the Phase 4 Project; and

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2015 Bonds, the security and payment of the principal or redemption price thereof (as the case may be) and interest thereon, the rights of the Bondholders and the performance and observance of all of the covenants contained herein and in said Series 2015 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2015 Bonds by the Owners thereof, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer does hereby assign, transfer, set over and pledge to the Trustee, its successors in trust and its assigns forever, and grants a lien on all of the right, title and interest of the Issuer in and to the Pledged Revenues (hereinafter defined) as security for the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series 2015 Bonds issued hereunder and any other amounts owed hereunder, and any Bonds issued on a parity with the Series 2015 Bonds, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien created by the Indenture.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2015 Bonds issued and to be issued under this Third Supplemental Indenture, without preference, priority or distinction as to lien or otherwise

26254/004/01058088.DOCXv6

2

Owner is an "accredited investor" as described in Rule 501(a) under Regulation D of the Securities Act of 1933, as amended.

"Completion Agreement" shall mean the Completion Agreement dated as of December 8, 2015, among the Issuer and the Developer, as such agreement may be modified from time to time.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2015 Bonds, dated December 8, 2015, by and among the Issuer, the Landowner, and the dissemination agent named herein.

"Debt Service Reserve Requirement" shall mean, with respect to the Series 2015 Bonds, an amount, as calculated from time to time, equal to seventy-five percent (75%) of the maximum annual Debt Service Requirement for the Series 2015 Bonds, which is initially \$161,929.70 on the date hereof.

"Developer" shall mean Taylor Morrison Esplanade Naples, LLC, a Florida limited liability company, and any entity or entities which succeed to all or any part of the interests and assume any or all of the responsibilities of said entities.

"District Manager" shall mean the person or entity serving as the Issuer's District Manager from time to time.

"Engineer's Report" shall mean the Flow Way Community Development District Phase 4 Engineer's Report for the 2015 Project dated October 2015 prepared by Waldrop Engineering, Inc., as amended and supplemented to date.

"Indenture" shall mean collectively, the Master Indenture and this Third Supplemental Indenture.

"Interest Payment Date" shall mean May 1 and November 1 of each year, commencing May 1, 2016.

"Majority Owners" shall mean the Beneficial Owners of more than 50% of the Series 2015 Bonds Outstanding.

"Paying Agent" shall mean U.S. Bank National Association, and its successors and assigns as Paying Agent hereunder.

"Phase 4 Project" shall mean Phase 4 of the Project, as further described in the Engineer's Report, a portion of which will be financed with proceeds of the Series 2015 Bonds.

"Pledged Revenues" shall mean with respect to the Series 2015 Bonds (a) all revenues received by the Issuer from the Series 2015 Special Assessments levied and collected on that portion of the District Lands benefitted by the Phase 4 Project, including, without limitation,

26254/004/01058088.DOCXv6

4

(except as otherwise specifically provided in this Third Supplemental Indenture) of any one Series 2015 Bond over any other Series 2015 Bond, all as provided in the Indenture, and any Bonds issued on a parity with the Series 2015 Bonds.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal or redemption price of the Series 2015 Bonds issued, and any Bonds issued on a parity with the Series 2015 Bonds, secured and Outstanding hereunder and the interest due or to become due thereon, at the times and in the manner mentioned in such Series 2015 Bonds and the Indenture, according to the true intent and meaning thereof and hereof, and the Issuer shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Third Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Third Supplemental Indenture to be and remain in full force and effect.

ARTICLE I

DEFINITIONS

In this Third Supplemental Indenture capitalized terms used without definition shall have the meanings ascribed thereto in the Master Indenture and, in addition, the following terms shall have the meanings specified below, unless otherwise expressly provided or unless the context otherwise requires:

"Arbitrage Certificate" shall mean that certain Arbitrage Certificate of the Issuer, dated December 8, 2015, relating to certain restrictions on arbitrage under the Code.

"Assessment Methodology" shall mean the Final Special Assessment Report for the Flow Way Community Development District Series 2015 - Phase 4 Capital Improvement Program dated November 23, 2015, including, without limitation, all exhibits and appendices thereto.

"Assessment Resolutions" shall mean Resolution Nos. 2016-1, 2016-2 and 2016-4 of the Issuer dated, October 27, 2015, October 27, 2015 and December 1, 2015, respectively, as amended and supplemented from time to time.

"Authorized Denomination" shall mean, with respect to the Series 2015 Bonds, \$5,000 and any integral multiple thereof; provided, however, if any initial beneficial owner does not purchase at least \$100,000 of the Series 2015 at the time of initial delivery of the Series 2015 Bonds, such beneficial owner must either execute and deliver to the Underwriter on the date of delivery of the Series 2015 Bonds the investor letter substantially in the form attached hereto as Exhibit B or otherwise establish to the satisfaction of the Underwriter that such Beneficial

26254/004/01058088.DOCXv6

3

amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2015 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2015 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture; provided, however, that Pledged Revenues shall not include (A) any moneys transferred to the Rebate Fund, or investment earnings thereon and (B) "special assessments" levied and collected by the Issuer under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the Issuer under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (A) and (B) of this proviso).

"Prepayment" shall mean the payment by any owner of property of the amount of Series 2015 Special Assessments encumbering its property, in whole or in part, prior to its scheduled due date, including optional prepayments and prepayments which become due pursuant to the "true-up" mechanism contained in the Assessment Resolutions. "Prepayments" shall include, without limitation, Series 2015 Prepayment Principal.

"Quarterly Redemption Date" shall mean each February 1, May 1, August 1, and November 1.

"Registrar" shall mean U.S. Bank National Association, and its successors and assigns as Registrar hereunder.

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

"Resolution" shall mean, collectively, (i) Resolution 2013-16 of the Issuer dated June 11, 2013, pursuant to which the Issuer authorized, among other things, the issuance, in one or more series, of not to exceed \$45,000,000 aggregate principal amount of its special assessment bonds in order to pay all or a portion of the costs of the planning, financing, acquisition, construction, reconstruction, equipping and installation of certain roadway, water, sewer, landscaping, irrigation, storm water management, entry features and recreational improvements and associated professional fees and incidental costs related thereto, for the special benefit of the District Lands or portions thereof, and (ii) Resolution 2016-3 of the Issuer dated November 10, 2015, pursuant to which the Issuer authorized the issuance of the Series 2015 Bonds in an aggregate principal amount not to exceed \$5,800,000 to finance, among other things, a portion of the costs of the Project, specifying the details of the Series 2015 Bonds and delegating authority to the Chairman or a Designated Member (as defined in the Resolution) to award and sell the Series 2015 Bonds.

"Series 2015 Acquisition and Construction Account" shall mean the Account so designated, established as a separate Account within the Acquisition and Construction Fund pursuant to Section 4.01(a) of this Third Supplemental Indenture.

26254/004/01058088.DOCXv6

5

"Series 2015 Bond Redemption Fund" shall mean the Series 2015 Bond Redemption Fund established pursuant to Section 4.01(g) of this Third Supplemental Indenture.

"Series 2015 Costs of Issuance Subaccount" shall mean the Account so designated, established as a separate Subaccount within the Series 2015 Acquisition and Construction Account pursuant to Section 4.01(a) of this Third Supplemental Indenture.

"Series 2015 Debt Service Reserve Account" shall mean the Account so designated, established as a separate Account within the Debt Service Reserve Fund pursuant to Section 4.01(f) of this Third Supplemental Indenture.

"Series 2015 General Account" shall mean the Account so designated, established as a separate Account under the Series 2015 Bond Redemption Fund pursuant to Section 4.01(g) of this Third Supplemental Indenture.

"Series 2015 Interest Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(d) of this Third Supplemental Indenture.

"Series 2015 Prepayment Account" shall mean the Account so designated, established as a separate Account under the Series 2015 Bond Redemption Fund pursuant to Section 4.01(g) of this Third Supplemental Indenture.

"Series 2015 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of Series 2015 Special Assessments being prepaid.

"Series 2015 Principal Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(c) of this Third Supplemental Indenture.

"Series 2015 Revenue Account" shall mean the Account so designated, established as a separate Account within the Revenue Fund pursuant to Section 4.01(b) of this Third Supplemental Indenture.

"Series 2015 Sinking Fund Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(e) of this Third Supplemental Indenture.

"Series 2015 Special Assessments" shall mean the Special Assessments levied on that portion of the District Lands specially benefitted by the Phase 4 Project or any portion thereof, which assessments correspond in amount to the debt service on the Series 2015 Bonds.

"Special Assessments" shall mean the non-ad valorem special assessments levied by the Issuer against developable acreage within the District Lands pursuant to Section 190.022,

26254/004/01058088.DOCXv6

ARTICLE II

THE SERIES 2015 BONDS

SECTION 2.01. Amounts and Terms of Series 2015 Bonds; Issue of Series 2015 Bonds. No Series 2015 Bonds may be issued under this Third Supplemental Indenture except in accordance with the provisions of this Article and Articles II and III of the Master Indenture.

(a) The total principal amount of Series 2015 Bonds that may be issued under this Third Supplemental Indenture is expressly limited to \$3,190,000. The Series 2015 Bonds shall be numbered consecutively from R-1 and upwards.

(b) Any and all Series 2015 Bonds shall be issued substantially in the form attached hereto as **Exhibit A**, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Resolution. The Issuer shall issue the Series 2015 Bonds upon execution of this Third Supplemental Indenture and satisfaction of the requirements of Section 3.01 of the Master Indenture; and the Trustee shall, at the Issuer's request, authenticate such Series 2015 Bonds and deliver them as specified in the request.

SECTION 2.02. Execution. The Series 2015 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2015 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2015 Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as provided in the Master Indenture.

SECTION 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2015 Bonds.

(a) The Series 2015 Bonds are being issued hereunder in order to provide funds to (i) pay a portion of the costs of the Phase 4 Project, (ii) fund the Series 2015 Debt Service Reserve Account, (iii) fund capitalized interest, and (iv) pay the costs of issuance of the Series 2015 Bonds. The Series 2015 Bonds shall be designated "Flow Way Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2015 (Phase 4 Project)," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2015 Bonds shall be dated the date of original issuance thereof. Interest on the Series 2015 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2015 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest

26254/004/01058088.DOCXv6

Florida Statutes, as amended, and the applicable resolutions of the District, and shall include the Series 2015 Special Assessments.

"Substantially Absorbed" shall mean the date on which a principal amount of the Series 2015 Special Assessments equaling at least ninety-five percent (95%) of the then Outstanding principal amount of the Series 2015 Bonds are levied on the District Lands with respect to which a certificate of occupancy has been issued for a structure thereon. Satisfaction of the foregoing definition shall be evidenced by the delivery by the District to the Trustee of a written certificate of the District's assessment consultant to such effect and upon which the Trustee may conclusively rely.

"Third Supplemental Indenture" shall mean this Third Supplemental Trust Indenture dated as of December 1, 2015 by and between the Issuer and the Trustee, as supplemented or amended.

"True-Up Agreement" shall mean the True-Up Agreement, dated as of December 8, 2015, by and among the Issuer, the Developer and the District Manager.

"Uniform Method" shall mean the uniform method for the levy, collection and enforcement of Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, as amended.

The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the forms of Series 2015 Bonds), refer to the entire Indenture.

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

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

[Remainder of page intentionally left blank]

26254/004/01058088.DOCXv6

has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to May 1, 2016, in which case from the date of original issuance of the Series 2015 Bonds, or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date.

(c) Except as otherwise provided in Section 2.07 of this Third Supplemental Indenture in connection with a book entry only system of registration of the Series 2015 Bonds, the principal or Redemption Price of the Series 2015 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent upon presentation of such Series 2015 Bonds. Except as otherwise provided in Section 2.07 of this Third Supplemental Indenture in connection with a book entry only system of registration of the Series 2015 Bonds, the payment of interest on the Series 2015 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2015 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2015 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Series 2015 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Series 2015 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

SECTION 2.05. Debt Service on the Series 2015 Bonds.

(a) The Series 2015 Bonds will mature on November 1 in the years, be issued in the principal amounts and bear interest at the rates per annum, subject to the right of prior redemption in accordance with their terms, as follows.

26254/004/01058088.DOCXv6

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
November 1, 2021	\$265,000	4.000%
November 1, 2036	1,305,000	5.125
November 1, 2046	1,620,000	5.375

(b) Interest on the Series 2015 Bonds will be computed in all cases on the basis of a 360-day year comprised of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2015 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2015 Bond Proceeds. From the proceeds of the Series 2015 Bonds received by the Trustee (\$3,075,533.15),

(a) \$161,929.70, which is an amount equal to the Debt Service Reserve Requirement in respect of the Series 2015 Bonds, shall be deposited in the Series 2015 Debt Service Reserve Account of the Debt Service Reserve Fund,

(b) \$174,775.00 shall be deposited into the Series 2015 Costs of Issuance Subaccount of the Series 2015 Acquisition and Construction Account and applied to pay costs of issuance of the Series 2015 Bonds,

(c) \$147,643.53 shall be deposited into the Series 2015 Interest Account and applied to pay capitalized interest on the Series 2015 Bonds, and

(d) \$2,591,184.92, constituting all remaining proceeds of the Series 2015 Bonds, shall be deposited in the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund to be applied to pay Costs of the Phase 4 Project in accordance with Article V of the Master Indenture.

SECTION 2.07. Book-Entry Form of Series 2015 Bonds. The Series 2015 Bonds shall be issued as one fully registered bond per maturity of each series and deposited with The Depository Trust Company, New York, New York ("DTC"), which is responsible for establishing and maintaining records of ownership for its participants.

The Issuer shall enter into a letter of representations with DTC providing for such book-entry-only system, in accordance with the provisions of Section 2.11 of the Master Indenture. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC within sixty (60) days of such termination and, in all instances, prior to the next Interest Payment Date, the Trustee will, at the expense of the Issuer, register and deliver to the Beneficial Owners replacement Series 2015 Bonds in the form of fully registered Series 2015 Bonds in accordance with the instructions from Cede & Co.

26254/004/01058088.DOCXv6

10

Delivery to the Trustee of the net proceeds from the issuance and sale of the Series 2015 Bonds is conclusive evidence of the satisfaction of the conditions precedent for authentication of the Series 2015 Bonds.

[Remainder of page intentionally left blank]

26254/004/01058088.DOCXv6

12

SECTION 2.08. Appointment of Registrar and Paying Agent. The Issuer shall keep, at the designated corporate trust office of the Registrar, books (the "Bond Register") for the registration, transfer and exchange of the Series 2015 Bonds, and hereby appoints U.S. Bank National Association, as its Registrar to keep such books and make such registrations, transfers, and exchanges as required hereby. U.S. Bank National Association hereby accepts its appointment as Registrar and its duties and responsibilities as Registrar hereunder. Registrations, transfers and exchanges shall be without charge to the Bondholder requesting such registration, transfer or exchange, but such Bondholder shall pay any taxes or other governmental charges on all registrations, transfers and exchanges.

The Issuer hereby appoints U.S. Bank National Association as Paying Agent for the Series 2015 Bonds. U.S. Bank National Association accepts its appointment as Paying Agent and its duties and responsibilities as Paying Agent hereunder.

SECTION 2.09. Conditions Precedent to the Issuance of the Series 2015 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2015 Bonds, all the Series 2015 Bonds shall be executed by the Issuer for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer or upon its order, but only upon the further receipt by the Trustee of:

- (a) Certified copies of the Assessment Resolutions;
- (b) Executed originals of the Master Indenture and this Third Supplemental Indenture;
- (c) An opinion of Counsel to the District substantially to the effect that (i) the Issuer has been duly established and validly exists as a community development district under the Act, (ii) the Issuer has good right and lawful authority under the Act to purchase the Phase 4 Project being financed with the proceeds of the Series 2015 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 Phase 4 Project, (iii) all proceedings undertaken by the Issuer with respect to the Series 2015 Special Assessments have been in accordance with Florida law, (iv) the Issuer has taken all action necessary to levy and impose the Series 2015 Special Assessments, and (v) the Series 2015 Special Assessments are legal, valid and binding liens upon the property against which such Series 2015 Special Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid;
- (d) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2015 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this Third Supplemental Indenture; and
- (e) Copies of executed investor letters in the form attached hereto as **Exhibit B** if such investor letter is required, as determined by the Underwriter.

26254/004/01058088.DOCXv6

11

ARTICLE III

REDEMPTION OF SERIES 2015 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2015 Bonds shall be subject to redemption at the times and in the manner provided in Article VIII of the Master Indenture and in this Article III. All payments of the Redemption Price of the Series 2015 Bonds shall be made on the dates hereinafter required. If less than all the Series 2015 Bonds are to be redeemed pursuant to an optional redemption or an extraordinary mandatory redemption, the portions of the Series 2015 Bonds to be redeemed shall be selected as provided in Section 8.03 of the Master Indenture. Partial redemptions of Series 2015 Bonds shall be made in such a manner that the remaining Series 2015 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2015 Bond of each maturity.

(a) Optional Redemption. The Series 2015 Bonds may, at the option of the Issuer, be called for redemption prior to maturity in whole or in part at any time on or after November 1, 2026 (less than all Series 2015 Bonds to be selected by lot), at a Redemption Price equal to 100% of the principal amount of Series 2015 Bonds to be redeemed plus accrued interest from the most recent Interest Payment Date to the redemption date.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2015 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Quarterly Redemption Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2015 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2015 Prepayment Principal deposited into the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund following the payment in whole or in part of Series 2015 Special Assessments on any portion of the District Lands in accordance with the provisions of Section 4.05(a) of this Third Supplemental Indenture, including with excess moneys transferred from the Series 2015 Debt Service Reserve Account to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund resulting from such Series 2015 Special Assessment prepayments pursuant to Section 4.01(f)(ii) of this Third Supplemental Indenture.

(ii) from amounts on deposit in the Series 2015 Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for the Series 2015 Bonds and transferred to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund in accordance with Section 6.05 of the Master Indenture and Section 4.01(f) hereof to be used for the extraordinary mandatory redemption of the Series 2015 Bonds.

(iii) on or after the Completion Date of the Phase 4 Project, by application of moneys remaining in the Series 2015 Acquisition and Construction

26254/004/01058088.DOCXv6

13

Account of the Acquisition and Construction Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Phase 4 Project, all of which shall be transferred as specified in Section 4.01(a) hereof to the Series 2015 General Account of the Series 2015 Bond Redemption Fund, credited toward extinguishment of the Series 2015 Special Assessments and applied toward the redemption of the Series 2015 Bonds in accordance with the manner it has credited such excess moneys toward extinguishment of Series 2015 Special Assessments which the Issuer shall describe to the Trustee in writing.

(iv) following condemnation or the sale of any portion of the Phase 4 Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Phase 4 Project to the Trustee by or on behalf of the Issuer for deposit into the Series 2015 General Account of the Series 2015 Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2015 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Series 2015 Special Assessments which the Issuer shall describe to the Trustee in writing.

(v) following the damage or destruction of all or substantially all of the Phase 4 Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series 2015 General Account of the Series 2015 Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2015 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Series 2015 Special Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Phase 4 Project would not be economical or would be impracticable.

(vi) from moneys, if any, on deposit in the Series 2015 Funds and Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding Series 2015 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

(c) **Mandatory Sinking Fund Redemption.** The Series 2015 Bonds maturing on November 1, 2021 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2017	\$50,000	2020	\$55,000
2018	\$50,000	2021*	\$55,000
2019	\$55,000		

*Maturity.

The Series 2015 Bonds maturing on November 1, 2036 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2022	\$60,000	2030	\$90,000
2023	\$60,000	2031	\$95,000
2024	\$65,000	2032	\$100,000
2025	\$70,000	2033	\$105,000
2026	\$75,000	2034	\$110,000
2027	\$75,000	2035	\$115,000
2028	\$80,000	2036*	\$120,000
2029	\$85,000		

*Maturity.

The Series 2015 Bonds maturing on November 1, 2046 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2037	\$125,000	2042	\$165,000
2038	\$135,000	2043	\$175,000
2039	\$140,000	2044	\$185,000
2040	\$150,000	2045	\$190,000
2041	\$155,000	2046*	\$200,000

*Maturity.

SECTION 3.02. Notice of Redemption.

(a) When required to redeem Series 2015 Bonds under any provision of this Third Supplemental Indenture or directed to redeem Series 2015 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2015 Bonds to be redeemed notice of the redemption, as set forth in Section 8.02 of the Master Indenture.

[Remainder of page intentionally left blank]

ARTICLE IV

ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS;
ADDITIONAL COVENANTS OF THE ISSUER; PREPAYMENTS; REMOVAL OF SPECIAL
ASSESSMENT LIENS

SECTION 4.01. Establishment of Certain Funds and Accounts.

(a) The Trustee shall establish a separate Account within the Acquisition and Construction Fund designated as the "Series 2015 Acquisition and Construction Account." Proceeds of the Series 2015 Bonds shall be deposited into the Series 2015 Acquisition and Construction Account in the amount set forth in Section 2.06 of this Third Supplemental Indenture, together with any excess moneys transferred to the Series 2015 Acquisition and Construction Account, and such moneys in the Series 2015 Acquisition and Construction Account shall be applied as set forth in Article V of the Master Indenture and Sections 4.01(a) and 3.01(b)(iii) of this Third Supplemental Indenture. After the Completion Date of the Phase 4 Project and after retaining in the Series 2015 Acquisition and Construction Account the amount, if any, of all remaining unpaid Costs of the Phase 4 Project set forth in the Engineers' Certificate establishing such Completion Date, any funds remaining in the Series 2015 Acquisition and Construction Account shall be transferred to and deposited into the Series 2015 General Account of the Series 2015 Bond Redemption Fund and applied to the extraordinary mandatory redemption of the Series 2015 Bonds.

There is hereby established within the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund held by the Trustee a "Series 2015 Costs of Issuance Subaccount." Amounts in the Series 2015 Costs of Issuance Subaccount shall be applied by the Trustee to pay the costs relating to the issuance of the Series 2015 Bonds. Six months after the date of issuance of the Series 2015 Bonds, any moneys remaining in the Series 2015 Costs of Issuance Subaccount which have not been requisitioned by the Issuer to pay costs relating to the issuance of the Series 2015 Bonds shall be deposited into the Series 2015 Acquisition and Construction Account and applied as set forth in Article V of the Master Indenture and Sections 4.01(a) and 3.01(b)(iii) of this Third Supplemental Indenture.

(b) Pursuant to Section 6.03 of the Master Indenture, the Trustee shall establish a separate Account within the Revenue Fund designated as the "Series 2015 Revenue Account." Series 2015 Special Assessments (except for Prepayments of Series 2015 Special Assessments which shall be deposited in the Series 2015 Prepayment Account) shall be deposited by the Trustee into the Series 2015 Revenue Account which shall be applied as set forth in Article VI of the Master Indenture and Section 4.02 of this Third Supplemental Indenture.

(c) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2015 Principal Account." Moneys shall be deposited into the Series 2015 Principal Account as

provided in Article VI of the Master Indenture and Section 4.02 of this Third Supplemental Indenture, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2015 Interest Account." Proceeds of the Series 2015 Bonds shall be deposited into the Series 2015 Interest Account in the amount set forth in Section 2.06 of this Third Supplemental Indenture. Moneys deposited into the Series 2015 Interest Account pursuant to Article VI of the Master Indenture and Section 4.02 of this Third Supplemental Indenture and shall be applied for the purposes as provided in such sections.

(e) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2015 Sinking Fund Account." Moneys shall be deposited into the Series 2015 Sinking Fund Account as provided in Article VI of the Master Indenture and Section 4.02 of this Third Supplemental Indenture and applied for the purposes provided therein and in Section 3.01(c) of this Third Supplemental Indenture.

(f) Pursuant to Section 6.05 of the Master Indenture, the Trustee shall establish an Account within the Debt Service Reserve Fund designated as the "Series 2015 Debt Service Reserve Account."

(i) Proceeds of the Series 2015 Bonds shall be deposited into the Series 2015 Debt Service Reserve Account in the amount set forth in Section 2.06(a) of this Third Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2015 Debt Service Reserve Account pursuant to the Master Indenture, shall be applied for the purposes provided therein and in this Section 4.01(f). On the date that is 45 days prior to each Quarterly Redemption Date (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2015 Debt Service Reserve Account and transfer any excess therein (except for excess resulting from interest earnings) above the Debt Service Reserve Requirement for the Series 2015 Bonds as follows: (A) prior to the Completion Date of the Phase 4 Project, to the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund, and (B) on and after the Completion Date of the Phase 4 Project, such amounts shall be retained in the Series 2015 Debt Service Reserve Account until otherwise applied as set forth herein including redemption in accordance with Section 3.01(b)(ii) hereof.

(ii) Notwithstanding the foregoing paragraph, so long as no Event of Default has occurred and has not been cured, upon an optional prepayment by the owner of a lot or parcel of land of a Series 2015 Special Assessment against such lot or parcel as provided in Section 4.05(a) of this Third Supplemental Indenture, the District shall determine the Debt Service Reserve Requirement for the Series 2015 Bonds taking into account such optional prepayment and shall direct the Trustee to transfer any

amount on deposit in the Series 2015 Debt Service Reserve Account in excess thereof (except for excess resulting from interest earnings) from the Series 2015 Debt Service Reserve Account to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund, as a credit against the Series 2015 Prepayment Principal otherwise required to be made by the owner of such lot or parcel.

(iii) Earnings on investments in the Series 2015 Debt Service Reserve Account shall be disposed of as follows:

(A) If as of the last date on which amounts on deposit in the Series 2015 Debt Service Reserve Account were valued by the Trustee there was a deficiency in the Series 2015 Debt Service Reserve Account, or if after such date withdrawals have been made from the Series 2015 Debt Service Reserve Account and have created such a deficiency, then earnings on investments in the Series 2015 Debt Service Reserve Account shall be deposited to the credit of the Series 2015 Debt Service Reserve Account until the amount on deposit therein equals the Debt Service Reserve Requirement for the Series 2015 Bonds; and

(B) As long as there exists no default under the Indenture to the actual knowledge of the officers of the Trustee responsible for the administration of the trust estate and the amount in the Series 2015 Debt Service Reserve Account is not reduced below the then Debt Service Reserve Requirement, then earnings on investments in the Series 2015 Debt Service Reserve Account shall be applied as follows: (x) prior to the Completion Date of the Phase 4 Project, to the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund, and (y) on and after the Completion Date of the Phase 4 Project, to the Series 2015 Revenue Account of the Revenue Fund.

(g) Pursuant to Section 6.06 of the Master Indenture, the Trustee shall establish a separate Series Bond Redemption Fund designated as the "Series 2015 Bond Redemption Fund" and within such Fund, a "Series 2015 General Account" and a "Series 2015 Prepayment Account." Except as otherwise provided in this Third Supplemental Indenture, moneys to be deposited into the Series 2015 Bond Redemption Fund as provided in Article VI of the Master Indenture shall be deposited to the Series 2015 General Account of the Series 2015 Bond Redemption Fund. Series 2015 Special Assessment prepayments shall be deposited directly into the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund as provided in the Indenture.

(h) (i) Moneys in the Series 2015 General Account of the Series 2015 Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

26254/004/01058088.DOCXv6

18

FIRST, to make such deposits into the Rebate Fund for the Series 2015 Bonds, if any, as the Issuer may direct in writing in accordance with the Arbitrage Certificate, such moneys thereupon to be used solely for the purposes specified in the Arbitrage Certificate. Any moneys so transferred from the Series 2015 General Account of the Series 2015 Bond Redemption Fund to the Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for redemption pursuant to Section 3.01(b)(iii), (iv), (v) and (vi) hereof an amount of Series 2015 Bonds equal to the amount of money transferred to the Series 2015 General Account of the Series 2015 Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the written direction of a Responsible Officer, to call for redemption on each Interest Payment Date on which Series 2015 Bonds are subject to optional redemption pursuant to Section 3.01(a) hereof such amount of Series 2015 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of Series 2015 Bonds shall be called for redemption at one time.

(ii) Moneys in the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund (including all earnings on investments therein) shall be accumulated therein to be used to call for redemption pursuant to Section 3.01(b)(i) hereof an amount of Series 2015 Bonds equal to the amount of money transferred to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund pursuant to the aforesaid provision, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in Section 3.01(b)(i) hereof.

SECTION 4.02. Series 2015 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2015 Revenue Account of the Revenue Fund to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, not later than the Business Day preceding each February 1, May 1, August 1 and November 1, to the Series 2015 Interest Subaccount of the Debt Service Fund, an amount from the Series 2015 Revenue Account equal to the interest on the Series 2015 Bonds due on such February 1, May 1, August 1 or November 1, if any, less any amounts on deposit in the Series 2015 Interest Subaccount not previously credited;

SECOND, no later than the Business Day next preceding each November 1, to the Series 2015 Principal Account of the Debt Service Fund, an amount from the Series 2015 Revenue Account equal to the principal amount of Series 2015 Bonds Outstanding maturing on such November 1, if any, less any amounts on deposit in the Series 2015 Principal Account not previously credited;

26254/004/01058088.DOCXv6

20

26254/004/01058088.DOCXv6

19

THIRD, no later than the Business Day next preceding each November 1, to the Series 2015 Sinking Fund Account of the Debt Service Fund, an amount from the Series 2015 Revenue Account equal to the principal amount of Series 2015 Bonds subject to sinking fund redemption on such November 1, less any amount on deposit in the Series 2015 Sinking Fund Account not previously credited;

FOURTH, upon receipt but no later than the Business Day next succeeding each Interest Payment Date, to the Series 2015 Debt Service Reserve Account, an amount from the Series 2015 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Debt Service Reserve Requirement for the Series 2015 Bonds; and

FIFTH, subject to the following paragraph, the balance of any moneys remaining after making the foregoing deposits shall remain in the Series 2015 Revenue Account, unless pursuant to the Arbitrage Certificate it is necessary to make a deposit into the Rebate Fund, in which case the Issuer shall direct the Trustee to make such deposit thereto.

Moneys held for the credit of the Series 2015 Revenue Account which are not otherwise required to be deposited pursuant to this Section shall be retained therein and applied on subsequent dates for the purposes and in the priority set forth above.

SECTION 4.03. Power to Issue Series 2015 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2015 Bonds, to execute and deliver the Indenture and to pledge the Pledged Revenues for the benefit of the Series 2015 Bonds to the extent set forth herein. The Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series 2015 Bonds, except for Bonds issued to refund all or a portion of the Series 2015 Bonds. The Series 2015 Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Owners of the Series 2015 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Project to Conform to Plans and Specifications; Changes. The Issuer will proceed to complete the Project, as described in the Engineer's Report, in accordance with the plans and specifications therefor, as such plans and specifications may be amended by the Issuer from time to time; provided that prior to any such amendment of the plans and specifications for the Project, the Consulting Engineer shall have delivered its certificate approving the proposed amendment to such plans and specifications.

SECTION 4.05. Prepayments; Removal of Special Assessment Liens.

(a) At any time any owner of property subject to the Series 2015 Special Assessments may, at its option, or under certain circumstances described in the Assessment

26254/004/01058088.DOCXv6

21

ADDITIONAL COVENANTS OF THE ISSUER

Resolutions in connection with Prepayments derived from application of the "true-up" mechanism therein, shall, require the Issuer to reduce or release and extinguish the lien upon its property by virtue of the levy of the Series 2015 Special Assessments by paying to the Issuer all or a portion of the Series 2015 Special Assessment, which shall constitute Series 2015 Prepayment Principal, as directed in writing by the Issuer pursuant to the provisions of Section 4.01(h)(ii) of this Third Supplemental Indenture, plus accrued interest to the next succeeding Quarterly Redemption Date (or the second succeeding Quarterly Redemption Date if such prepayment is made within 45 calendar days before a Quarterly Redemption Date), attributable to the property subject to Series 2015 Special Assessment owned by such owner; provided, however, to the extent that such payments are to be used to redeem Series 2015 Bonds in the event the amount in the Series 2015 Debt Service Reserve Account will exceed the Debt Service Reserve Requirement for the Series 2015 Bonds as a result of a Prepayment in accordance with this Section 4.05(a) and the resulting redemption in accordance with Section 3.01(b)(i) of this Third Supplemental Indenture of Series 2015 Bonds, the excess amount shall be transferred from the Series 2015 Debt Service Reserve Account to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund, as a credit against the Series 2015 Prepayment Principal otherwise required to be paid by the owner of such lot or parcel, upon written instructions of the Issuer together with a certificate of a Responsible Officer of the Issuer stating that, after giving effect to such transfers sufficient moneys will be on deposit in the Series 2015 Debt Service Reserve Account to equal or exceed the Debt Service Reserve Requirement for the Series 2015 Bonds and accompanied by cash flows which demonstrate that, after giving effect to the proposed redemption of Series 2015 Bonds, there will be sufficient Pledged Revenues to pay the principal and interest, when due, on all Series 2015 Bonds that will remain Outstanding.

(b) Upon receipt of Series 2015 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee and clearly identify such amounts as Series 2015 Prepayment Principal, and the Issuer shall take such action as is necessary to record in the official records of the County an affidavit or affidavits, as the case may be, executed by the District Manager, to the effect that the Series 2015 Special Assessment has been paid in whole or in part and that such Series 2015 Special Assessment lien is thereby reduced, or released and extinguished, as the case may be. Upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund to be applied in accordance with Section 4.01(h)(ii) of this Third Supplemental Indenture, to the redemption of Series 2015 Bonds in accordance with Section 3.01(b)(i) of this Third Supplemental Indenture.

[Remainder of page intentionally left blank]

26254/004/01058088.DOCXv6

22

full amount due on the Series 2015 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 Series 2015 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 2015 Bonds; provided that the Trustee shall have the right, acting at the written direction of the Majority Owners, but shall not be obligated, to direct the District with respect to any action taken pursuant to this Section. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2015 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the Series 2015 Bonds within sixty (60) days after the receipt of the request therefor signed by the Trustee or the Majority Owners.

SECTION 5.04. No Additional Bonds; Limitation on Parity Liens. Notwithstanding any provision in the Master Indenture to the contrary, the Issuer covenants that so long as there are any Series 2015 Bonds Outstanding and the Series 2015 Special Assessments have not been Substantially Absorbed, the Issuer shall not issue Bonds or other debt obligations, other than refunding bonds, secured by Special Assessments for capital projects on the District Lands subject to the Series 2015 Special Assessments. The Issuer further covenants that so long as there are any Series 2015 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Pledged Revenues, except for refunding bonds.

SECTION 5.05. Requisite Owners for Direction or Consent. Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires fifty-one percent of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Holders.

SECTION 5.06. Acknowledgement Regarding Series 2015 Acquisition and Construction Account Moneys Following an Event of Default. In accordance with the provisions of the Indenture, upon the occurrence of an Event of Default with respect to the Series 2015 Bonds, the Series 2015 Bonds are payable solely from the Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the Issuer hereby acknowledges that, upon the occurrence of an Event of Default with respect to the Series 2015 Bonds, (i) the Pledged Funds includes, without limitation, all amounts on deposit in the Series 2015 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) the Pledged Funds may not be used by the Issuer (whether to pay costs of the Project or otherwise) without the consent of the Majority Owners and (iii) the Pledged Funds may be used by the Trustee, at the direction or with the approval of the Majority Owners, to pay costs and expenses incurred in connection with the pursuit of remedies under the Indenture.

26254/004/01058088.DOCXv6

24

SECTION 5.01. Collection of Series 2015 Special Assessments. Notwithstanding Section 9.04 of the Master Trust Indenture, at all times prior to the Issuer's Fiscal Year ending September 30, 2016, the Series 2015 Special Assessments shall be directly collected and enforced by the Issuer pursuant to the provisions of the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto. Commencing in the Issuer's Fiscal Year beginning October 1, 2016, pursuant to Section 9.04 of the Master Trust Indenture, Series 2015 Special Assessments levied on platted lots and pledged hereunder to secure the Series 2015 Bonds will be collected pursuant to the Uniform Method. The Issuer covenants to enter into a Property Appraiser and Tax Collector Agreement with the County in order to comply with the provisions of this section.

Notwithstanding the immediately preceding paragraph or any other provision in the Indenture to the contrary, upon the occurrence of an Event of Default, if the Trustee, acting at the direction of the Majority Owners, requests that the Issuer not use the Uniform Method, but instead collect and enforce Series 2015 Special Assessments pursuant to another available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto, then the Issuer shall collect and enforce said Series 2015 Special Assessments in the manner and pursuant to the method so requested by the Trustee.

Any Series 2015 Special Assessments that are not collected pursuant to the Uniform Method shall be billed directly to the applicable landowner and be payable not later than thirty (30) days prior to each Interest Payment Date.

SECTION 5.02. Additional Covenant Regarding Series 2015 Special Assessments. In addition to, and not in limitation of, the covenants contained elsewhere in the Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2015 Special Assessments, including the Assessment Resolution and the Assessment Methodology, and to levy the Series 2015 Special Assessments and any required true-up payments set forth in the Assessment Methodology, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2015 Bonds, when due. The Assessment Methodology shall not be amended without written consent of the Majority Owners.

SECTION 5.03. Foreclosure of Assessment Lien. Notwithstanding Section 9.06 of the Master Indenture or any other provision of the Indenture to the contrary, the following provisions shall apply with respect to the Series 2015 Special Assessments and Series 2015 Bonds.

If any property shall be offered for sale for the nonpayment of any Series 2015 Special Assessment and no person or persons shall purchase such property for an amount equal to the

26254/004/01058088.DOCXv6

23

SECTION 5.07. Enforcement of True-Up Agreement and Completion Agreement. The District, either through its own actions, or actions caused to be taken through the Trustee, covenants that it shall strictly enforce all of the provisions of the Completion Agreement and the True-Up Agreement, and, upon the occurrence and continuance of a default under either or both of such Agreements, the District covenants and agrees that the Trustee, at the direction of the Majority Owners shall act on behalf of, and in the District's stead, to enforce the provisions of such Agreements and to pursue all available remedies under applicable law or in equity. Anything herein or in the Master Indenture to the contrary notwithstanding, failure of the District to enforce, or permit the Trustee to enforce in its stead, all of the provisions of the Completion Agreement and the True-Up Agreement upon demand of the Majority Owners, or the Trustee at the direction of the Majority Owners, shall constitute an Event of Default under the Indenture without benefit of any period for cure.

SECTION 5.08. Assignment of District's Rights Under Collateral Assignment. The District hereby assigns its rights under the Collateral Assignment to the Trustee for the benefit of the Owners, from time to time, of Bonds Outstanding under the Indenture. The Trustee shall act in accordance with the directions of the Majority Owners.

[Remainder of page intentionally left blank]

26254/004/01058088.DOCXv6

25

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.01. Interpretation of Supplemental Indenture. This Third Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2015 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Third Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Supplemental Indenture shall be read and construed as one document.

SECTION 6.02. Amendments. Any amendments to this Third Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

SECTION 6.03. Counterparts. This Third Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6.04. Appendices and Exhibits. Any and all schedules, appendices or exhibits referred to in and attached to this Third Supplemental Indenture are hereby incorporated herein and made a part of this Third Supplemental Indenture for all purposes.

SECTION 6.05. Payment Dates. In any case in which an Interest Payment Date, Quarterly Redemption Date or the maturity date of the Series 2015 Bonds or the date fixed for the redemption of any Series 2015 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 6.06. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2015 Bonds.

SECTION 6.07. Patriot Requirements of 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.

SECTION 6.08. Brokerage Requirements. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the

26254/004/01058088.DOCXv6

Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

[Remainder of page intentionally left blank]

26254/004/01058088.DOCXv6

IN WITNESS WHEREOF, Flow Way Community Development District has caused this Third Supplemental Trust Indenture to be executed by the Chairman of its Board of Supervisors and its corporate seal to be hereunto affixed and attested by the Secretary of its Board of Supervisors and U.S. Bank National Association has caused this Third Supplemental Trust Indenture to be executed by one of its Vice Presidents, all as of the day and year first above written.

SEAL

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

Attest:

By: _____
John Asher, Chairperson
Board of Supervisors

James P. Ward, Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Scott Schuhle, Vice President

26254/004/01058088.DOCXv6

EXHIBIT A

FORM OF SERIES 2015 BOND

R-1

\$ _____ [Par Amount]

UNITED STATES OF AMERICA

STATE OF FLORIDA

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
(Collier County, Florida)
Special Assessment Bonds, Series 2015
(Phase 4 Project)

Interest Rate	Maturity Date	Dated Date	CUSIP
[]%	November 1, 20[]	December 8, 2015	34347V []

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [] DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that Flow Way Community Development District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association, located in Ft. Lauderdale, Florida, as paying agent (said bank and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the principal amount set forth above with interest thereon at the rate per annum set forth above, payable on the first day of May and November of each year, commencing May 1, 2016. Principal of this Bond is payable at the designated corporate trust office of U.S. Bank National Association located in Ft. Lauderdale, Florida in lawful money of the United States of America. Except when registration of this Bond is being maintained pursuant to a book-entry only system, interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed to the address of the registered owner as such name and address shall appear on the registry books of the Issuer maintained by U.S. Bank National Association, as Registrar (said Registrar and any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each interest payment date or the date on which the principal of this Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent interest payment date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date hereof is prior to May 1, 2016, in

26254/004/01058088.DOCXv6

which case from the dated date of this Bond specified above, or unless the date of authentication hereof is between a Record Date and the next succeeding interest payment date, in which case from such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below). The foregoing notwithstanding, any Owner of Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY OUT OF THE PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE ISSUER, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE BONDS, EXCEPT THAT THE ISSUER IS OBLIGATED UNDER THE INDENTURE TO LEVY, AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2015 SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

This Bond is one of an authorized series of Bonds of Flow Way Community Development District (the "District"), a community development district duly created, organized and existing under the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and Ordinance No. 02-09 enacted by the Board of County Commissioners of Collier County, Florida on February 26, 2002, designated as "Flow Way Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Series 2015 Bonds"), in the aggregate principal amount of \$3,190,000 of like date, tenor and effect, except as to number. The Series 2015 Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act. Proceeds of the Series 2015 Bonds shall be used to (i) pay a portion of the costs of the Phase 4 Project, (ii) fund the Debt Service Reserve Requirement for the Series 2015

26254/004/01058088.DOCXv6

A-2

This Bond is payable from and secured by Pledged Revenues, as such term is defined in the Indenture, all in the manner provided in the Indenture. The Indenture provides for the levy, and the evidencing and certifying, of non-ad valorem assessments in the form of Series 2015 Special Assessments to secure and pay the Series 2015 Bonds.

The Series 2015 Bonds are subject to redemption prior to maturity in the amounts, at the times and in the manner provided below. All payments of the redemption price of the Series 2015 Bonds shall be made on the dates specified below. If less than all the Series 2015 Bonds are to be redeemed pursuant to an optional redemption or an extraordinary mandatory redemption, the portions of the Series 2015 Bonds to be redeemed will be selected as provided in the Master Indenture. Partial redemption of Series 2015 Bonds shall be made in such a manner that the remaining Series 2015 Bonds held by each Bondholder shall be in Authorized Denominations.

Optional Redemption

The Series 2015 Bonds may, at the option of the Issuer, be called for redemption prior to maturity in whole or in part at any time on or after November 1, 2026 (less than all Series 2015 Bonds to be selected by lot), at a Redemption Price equal to 100% of the principal amount of Series 2015 Bonds to be redeemed plus accrued interest from the most recent Interest Payment Date to the redemption date.

Extraordinary Mandatory Redemption

The Series 2015 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any Quarterly Redemption Date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2015 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

- (i) from Series 2015 Prepayment Principal deposited into the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund following the payment in whole or in part of Series 2015 Special Assessments on any portion of the District Lands in accordance with the provisions of the Indenture, including with excess moneys transferred from the Series 2015 Debt Service Reserve Account to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund resulting from such Series 2015 Special Assessment prepayments pursuant to the Indenture.
- (ii) from amounts on deposit in the Series 2015 Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for the Series 2015 Bonds and transferred to the Series 2015 Prepayment Account of the Series 2015 Bond Redemption Fund in accordance with the Indenture to be used for the extraordinary mandatory redemption of the Series 2015 Bonds.
- (iii) on or after the Completion Date of the Phase 4 Project, by application of moneys remaining in the Series 2015 Acquisition and Construction Account of the

26254/004/01058088.DOCXv6

A-4

Bonds, (iii) the payment of a portion of the interest to come due on the Series 2015 Bonds, and (iv) pay the costs of issuance of the Series 2015 Bonds. The Series 2015 Bonds shall be issued as fully registered Bonds in authorized denominations, as set forth in the Indenture. The Series 2015 Bonds are issued under, and are secured and governed by, a Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture"), by and between the Issuer and the Trustee, as supplemented and amended by a Third Supplemental Trust Indenture dated as of December 1, 2015 (the "Third Supplemental Indenture"), by and between the Issuer and the Trustee (the Master Indenture and the Third Supplemental Indenture together are referred to herein as the "Indenture"), executed counterparts of which are on file at the designated corporate trust office of the Trustee in Ft. Lauderdale, Florida.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Series 2015 Bonds issued under the Indenture, the operation and application of the Series 2015 Debt Service Reserve Account and other Funds and Accounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of and interest on the Series 2015 Bonds, the levy, and the evidencing and certifying for collection, of Series 2015 Special Assessments, the nature and extent of the security for the Series 2015 Bonds, the terms and conditions on which the Series 2015 Bonds are issued and on which additional Bonds and refunding Bonds payable from Pledged Revenues may be issued on a parity herewith, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the registered owners of Bonds, the conditions under which such Indenture may be amended with the consent of the registered owners of a majority in aggregate principal amount of the Series 2015 Bonds outstanding, and as to other rights and remedies of the registered owners of the Series 2015 Bonds.

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

It is expressly agreed by the registered owner of this Bond that such registered owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, Collier County, Florida, the State of Florida or any political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, Collier County, Florida, the State of Florida or any political subdivision thereof, for the payment of the principal of, premium, if any, and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Series 2015 Special Assessments to be assessed and levied by the Issuer as set forth in the Indenture.

By the acceptance of this Bond, the registered owner hereof assents to all the provisions of the Indenture.

26254/004/01058088.DOCXv6

A-3

Acquisition and Construction Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Phase 4 Project, all of which shall be transferred to the Series 2015 General Account of the Series 2015 Bond Redemption Fund, credited toward extinguishment of the Series 2015 Special Assessments and applied toward the redemption of the Series 2015 Bonds in accordance with the manner it has credited such excess moneys toward extinguishment of Series 2015 Special Assessments which the Issuer shall describe to the Trustee in writing.

(iv) following condemnation or the sale of any portion of the Phase 4 Project to a governmental entity under threat of condemnation by such governmental entity and the payment of moneys which are not to be used to rebuild, replace or restore the taken portion of the Phase 4 Project to the Trustee by or on behalf of the Issuer for deposit into the Series 2015 General Account of the Series 2015 Bond Redemption Fund in order to effectuate such redemption and, which moneys shall be applied by the Issuer to redeem Series 2015 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Series 2015 Special Assessments which the Issuer shall describe to the Trustee in writing.

(v) following the damage or destruction of all or substantially all of the Phase 4 Project to such extent that, in the reasonable opinion of the Issuer, the repair and restoration thereof would not be economical or would be impracticable, to the extent of amounts paid by the Issuer to the Trustee for deposit to the Series 2015 General Account of the Series 2015 Bond Redemption Fund which moneys shall be applied by the Issuer to redeem Series 2015 Bonds in accordance with the manner it has credited such moneys toward extinguishment of Series 2015 Special Assessments; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Phase 4 Project would not be economical or would be impracticable, such certificate upon which the Trustee shall be entitled to rely.

(vi) from moneys, if any, on deposit in the Series 2015 Funds and Accounts (other than the Rebate Fund) sufficient to pay and redeem all Outstanding Series 2015 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

Mandatory Sinking Fund Redemption

The Series 2015 Bonds maturing on November 1, 2021 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

26254/004/01058088.DOCXv6

A-5

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2017	\$50,000	2020	\$55,000
2018	\$50,000	2021*	\$55,000
2019	\$55,000		

*Maturity.

The Series 2015 Bonds maturing on November 1, 2036 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2022	\$60,000	2030	\$90,000
2023	\$60,000	2031	\$95,000
2024	\$65,000	2032	\$100,000
2025	\$70,000	2033	\$105,000
2026	\$75,000	2034	\$110,000
2027	\$75,000	2035	\$115,000
2028	\$80,000	2036*	\$120,000
2029	\$85,000		

*Maturity.

The Series 2015 Bonds maturing on November 1, 2046 are subject to mandatory redemption in part by the Issuer by lot prior to their scheduled maturity from moneys in the Series 2015 Sinking Fund Account established under the Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption on November 1 of the years and in the principal amounts set forth below:

Year (November 1)	Amortization Installment	Year (November 1)	Amortization Installment
2037	\$125,000	2042	\$165,000
2038	\$135,000	2043	\$175,000
2039	\$140,000	2044	\$185,000
2040	\$150,000	2045	\$190,000
2041	\$155,000	2046*	\$200,000

*Maturity.

26254/004/01058088.DOCXv6

A-6

Notice of Redemption

The Trustee shall cause notice of redemption to be mailed at least thirty (30) but not more than sixty (60) days prior to the date of redemption to all registered owners of Bonds to be redeemed (as such owners appear on the books of the Registrar on the fifth (5th) day prior to such mailing) and to certain additional parties as set forth in the Indenture; provided, however, that failure to mail any such notice or any defect in the notice or the mailing thereof shall not affect the validity of the redemption of the Bonds for which such notice was duly mailed in accordance with the Indenture. If less than all of the Bonds shall be called for redemption, the notice of redemption shall specify the Bonds to be redeemed. On the redemption date, the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and on such date interest shall cease to accrue, such Bonds shall cease to be entitled to any benefit under the Indenture and such Bonds shall not be deemed to be outstanding under the provisions of the Indenture and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If at the time of mailing of notice of an redemption the Issuer shall not have deposited with the Trustee moneys sufficient to redeem or purchase all the Bonds called for redemption or purchase, then the notice of redemption shall be entitled "CONDITIONAL NOTICE OF REDEMPTION" or "CONDITIONAL NOTICE OF PURCHASE," as appropriate, and shall expressly state that the redemption or purchase, as appropriate, is conditional and is subject to the deposit of the redemption or purchase moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and interest on any Bonds not paid shall continue to accrue, as provided in the Indenture.

This Bond shall be issued initially pursuant to a book-entry-only system administered by The Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the Bonds, with no physical distribution of Bonds to be made. Any provisions of the Indenture or this Bond requiring physical delivery of Bonds shall, under the book-entry-only system, be deemed to be satisfied by a notation on the records maintained by DTC of ownership interests of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Bonds ("Beneficial Owners").

This Bond shall initially be issued in the name of Cede & Co. as nominee for DTC, and so long as this Bond is held in book-entry-only form Cede & Co. shall be considered the registered owner for all purposes hereof, including the payment of the principal of and interest on this Bond. Payment to DTC Participants shall be the responsibility of DTC. Payments by

26254/004/01058088.DOCXv6

A-7

DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to individual Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Issuer or the Trustee.

The Issuer shall keep books for the registration of the Bonds at the designated corporate trust office of the Registrar in Ft. Lauderdale, Florida. Except when registration of the Bonds is being maintained pursuant to a book-entry-only system, the Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer shall execute and the Trustee or such other authenticating agent as may be appointed by the Trustee under the Indenture shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. There shall be no charge for any such exchange or transfer of Bonds, but the Issuer may require payment of a sum sufficient to pay any tax, fee or other governmental charge imposed. Neither the Issuer nor the Registrar shall be required (a) to transfer or exchange Bonds for a period of 15 days next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bond called for redemption in whole or in part.

The Issuer, the Trustee, the Paying Agent and the Registrar may deem and treat the person in whose name any Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon made by anyone other than the Issuer, the Trustee, the Paying Agent or the Registrar) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee, the Paying Agent nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, including particularly the Act, and that the issuance of this Bond, and of the issue of the Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

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 execution of the Trustee, or such other authenticating agent as may be appointed by the Trustee under the Indenture, of the certificate of authentication endorsed hereon.

26254/004/01058088.DOCXv6

A-8

IN WITNESS WHEREOF, Flow Way Community Development District has caused this Bond to be signed by the manual signature of the Chairman of its Board of Supervisors and a facsimile of its seal to be imprinted hereon, and attested by the manual signature of the Secretary of its Board of Supervisors, all as of the date hereof.

[SEAL]

**FLOW WAY COMMUNITY
DEVELOPMENT DISTRICT**

Attest:

By: _____
Chairman
Board of Supervisors

Secretary, Board of Supervisors

26254/004/01058088.DOCXv6

A-9

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: December 8, 2015

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: Vice President

STATEMENT OF VALIDATION

This Bond is one of a series of Bonds which were validated by judgment of the Circuit Court of the Twentieth Judicial Circuit of Florida, in and for Collier County, Florida, rendered on the 29th day of October, 2013.

Chairman, Board of Supervisors

Secretary, Board of Supervisors

26254/004/01058088.DOCXv6

A-10

26254/004/01058088.DOCXv6

A-11

ABBREVIATIONS

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

TEN COM as tenants in common
TEN ENT as tenants by the entireties
JT TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM GIFT MIN ACT - Custodian (Cust) (Minor)
under Uniform Gifts to Minors Act (State)

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

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(please print or typewrite name and address of assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

Signature Guarantee:

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 whatsoever.

26254/004/01058088.DOCXv6

A-12

EXHIBIT B

FORM OF INVESTOR LETTER

[Date]

FMSbonds, Inc.
20660 W. Dixie Highway
North Miami Beach, Florida 33180

Re: \$ Flow Way Community Development District Special Assessment Bonds, Series 2015

Ladies and Gentlemen:

The undersigned is authorized to sign this letter [on behalf of Name of Non-Individual Investor], as the beneficial owner (the "Investor") of \$ of the above-referenced Bonds [state maturing on November 1, bearing interest at the rate of % per annum and CUSIP #] (herein, the "Investor Bonds").

In connection with the purchase of the Investor Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Investor Bonds and to execute this letter, any other instruments and documents required to be executed by the Investor in connection with the purchase of the Investor Bonds.

2. The Investor meets the criteria of an "accredited investor" as described in one or more of the categories derived from Rule 501(a) under Regulation D of the Securities Act of 1933, as amended (the "Securities Act") summarized below, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations including those which are not rated or credit-enhanced, to be able to evaluate the risks and merits of the investment represented by the Bonds. Please check the appropriate box below to indicate the type of accredited investor:

a bank, insurance company, registered investment company, business development company, or small business investment company;

an employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;

26254/004/01058088.DOCXv6

B-1

a charitable organization, corporation, or partnership with assets exceeding \$5 million;

a business in which all the equity owners are "accredited investors";

a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person, except that mortgage indebtedness on the primary residence shall not be included as a liability;

a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year; or

a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Investor Bonds whose purchase is directed by a sophisticated person.

3. The Investor has been supplied with an (electronic) copy of the Preliminary Limited Offering Memorandum dated November 17, 2015 of the Issuer and relating to the Bonds (the "Offering Document") and has reviewed the Offering Document and represents that such Offering Document has provided full and meaningful disclosure in order to make an informed decision to invest in the Investor Bonds.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

Very truly yours,

[Name], [Type of Entity]

By: _____
Name: _____
Title: _____
Date: _____

Or

[Name], an Individual

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

Upon delivery of the Series 2015 Bonds in definitive form, Bryant Miller Olive P.A., Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

Flow Way Community Development District
Naples, Florida

U.S. Bank National Association
Ft. Lauderdale, Florida

\$3,190,000
FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
(COLLIER COUNTY, FLORIDA)
SPECIAL ASSESSMENT BONDS, SERIES 2015

Ladies and Gentlemen:

We have acted as Bond Counsel to the Flow Way Community Development District (the "Issuer") in connection with the issuance by the Issuer of its \$3,190,000 Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Series 2015 Bonds") pursuant to and under the authority of the Constitution and the laws of the State of Florida, particularly the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, and other applicable provisions of law (collectively, the "Act") and Resolution No. 2013-16 duly adopted by the Board of Supervisors of the Issuer (the "Board") on June 11, 2013, as supplemented and amended by Resolution No. 2016-3 duly adopted by the Board on November 10, 2015 (collectively, the "Resolution"). The Series 2015 Bonds are being further issued under and are secured by a Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture"), as supplemented by that certain Third Supplemental Trust Indenture dated as of December 1, 2015 (the "Third Supplement" and, together with the Master Indenture, the "Indenture"), each by and between the Issuer and U.S. Bank National Association, as successor trustee. In our capacity as Bond Counsel, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Indenture.

The Series 2015 Bonds are being issued to (i) pay a portion of the costs of the Issuer's Phase 4 Project, (ii) fund the Series 2015 Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement for the Series 2015 Bonds, (iii) pay a portion of the interest to come due on the Series 2015 Bonds, and (iv) pay certain costs of issuance of the Series 2015 Bonds.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution and the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of Coleman, Yovanovich & Koester, P.A., counsel to the Issuer, as to the due creation and valid existence of the Issuer, the due adoption of the Resolution and the due execution and delivery of the Series 2015 Bonds and the Indenture.

The Series 2015 Bonds are payable from the Pledged Revenues which consists of (a) all revenues received by the Issuer from the Series 2015 Special Assessments levied and collected on that portion of the District Lands benefited by the Phase 4 Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2015 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2015 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture (except for the Rebate Fund), in the manner and to the extent provided in the Indenture.

The Series 2015 Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional, statutory or other limitation of indebtedness and the holders thereof shall never have the right to compel the exercise of any ad valorem taxing power of the Issuer or taxation in any form of any real or personal property for the payment of the principal of or interest on the Series 2015 Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that, under existing law:

1. The Indenture constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.
2. The Series 2015 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their respective terms, and payable from and secured solely by the Pledged Revenues in the manner and to the extent provided in the Indenture.
3. The Indenture creates a valid lien upon the Pledged Revenues for the security of the Series 2015 Bonds.
4. Interest on the Series 2015 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Series 2015 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Indenture to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2015 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2015 Bonds.

It is to be understood that the rights of the owners of the Series 2015 Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida, the exercise of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of any offering material relating to the Series 2015 Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series 2015 Bonds. In addition, we have not been engaged to and, therefore, express no opinion regarding the perfection or priority of the lien on the Pledged Revenues created by the Indenture other than as provided in paragraph 3 above. Further, we express no opinion

regarding federal income or state tax consequences arising with respect to the Series 2015 Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof. Delivery of this opinion to parties other than the Issuer does not create an attorney-client relationship with such parties.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

APPENDIX C
ENGINEER'S REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FLOW WAY
COMMUNITY DEVELOPMENT DISTRICT**

**Phase 4
Engineer's Report
2015 Project**

Prepared for:

Flow Way Community Development District
Board of Supervisors
2041 NE 6th Terrace
Wilton Manors, FL 33305

Prepared by:



28100 Bonita Grande Dr. Suite 305
Bonita Springs, FL 34135

October 2015

TABLE OF CONTENTS

1.0	INTRODUCTION	1
1.1	OVERVIEW of District	1
1.2	Purpose and Scope of this Report	2
2.0	DISTRICT BOUNDARY AND PROPERTY SERVED	3
2.1	District Boundary	3
2.2	Existing Infrastructure.....	3
3.0	COST ALLOCATION OF CAPITAL IMPROVEMENT PLAN.....	4
3.1	SURFACE WATER MANAGEMENT.....	4
3.2	Water & Wastewater Systems.....	7
3.3	IRRIGATION DISTRIBUTION Systems	10
3.4	EXTERIOR LANDSCAPING.....	13
3.5	OFFSITE IMPROVEMENTS	16
3.6	ENVIRONMENTAL MITIGATION	18
3.7	PROFESSIONAL & PERMIT FEES	21
4.0	SUMMARY OF ALLOCATION OF CONSTRUCTION COSTS.....	23

TABLES

Table 1 - Master Land Use Summary within the District Boundaries.....	2
Table 2 - Surface Water Management - ERU Value Calculation.....	5
Table 3 - Project Surface water Management - Property Cost	6
Table 4 - Phase 1 & 2 Surface water Management - Property Cost	6
Table 5 - Phase 3 Surface Water Management - Property Cost	7
Table 6 - Phase 4 Surface Water Management - Property Cost	7
Table 7 - Water & Wastewater - ERU Value Calculation	8
Table 8 - Project Water & Wastewater - Property Cost.....	9
Table 9 - Phase 1 & 2 Water & Wastewater - Property Cost	9
Table 10 - Phase 3 Water & Wastewater - Property Cost.....	10
Table 11 - Phase 4 Water & Wastewater - Property Cost.....	10
Table 12 - Irrigation System - ERU Value Calculation.....	11
Table 13 - Project Irrigation System - Property Cost	11
Table 14 - Phase 1 & 2 Irrigation System - Property Cost	12
Table 15 - Phase 3 Irrigation System - Property Cost	12
Table 16 - Phase 4 Irrigation System - Property Cost	13
Table 17 - Exterior Landscaping - ERU Value Calculations.....	14
Table 18 - Project Exterior Landscaping - Property Cost.....	14
Table 19 - Phase 1 & 2 Exterior Landscaping - Property Cost.....	15
Table 20 - Phase 3 Exterior Landscaping - Property Cost.....	15
Table 21 - Phase 4 Exterior Landscaping - Property Cost.....	16
Table 22 - Offsite Improvements - ERU Value Calculation.....	16
Table 23 - Project Offsite Improvements - Property Cost	17
Table 24 - Phase 1 & 2 Offsite Improvements - Property Cost	17
Table 25 - Phase 3 Offsite Improvements - Property Cost	18
Table 26 - Phase 4 Offsite Improvements - Property Cost	18
Table 27 - Environmental Mitigation - ERU Value Calculation	19
Table 28 - Project Environmental Mitigation - Property Cost.....	19
Table 29 - Phase 1 & 2 Environmental Mitigation - Property Cost.....	20
Table 30 - Phase 3 Environmental Mitigation - Property Cost.....	20
Table 31 - Phase 4 Environmental Mitigation - Property Cost.....	21
Table 32 - Professional & Permit Fees - ERU Value Calculation.....	21
Table 33 - Project Professional & Permit Fees - Property Cost	22
Table 34 - Phase 1 & 2 Professional & Permit Fees - Property Cost	22
Table 35 - Phase 3 Professional & Permit Fees - Property Cost	22
Table 36 - Phase 4 Professional & Permit Fees - Property Cost	23
Table 37 - Cost Per Individual Parcel Type.....	24
Table 38 - Project Proportional Cost per Parcel Type	24
Table 39 - Phase 1 & 2 Proportional Cost per Parcel Type	25
Table 40 - Phase 3 Proportional Cost per Parcel Type	25
Table 41 - Phase 4 Proportional Parcel Type Cost	26

EXHIBITS

- EXHIBIT 1 - Location Map
- EXHIBIT 2 - District Boundary
- EXHIBIT 3 - District Development
- EXHIBIT 4 - Phased District Facilities
- EXHIBIT 5 - Phased District Wastewater Facilities
- EXHIBIT 6 - Phased District Irrigation Facilities
- EXHIBIT 7 - Phased District Surface Water Management Facilities
- EXHIBIT 8 - Phased Environmental Preserve & Mitigation Areas
- EXHIBIT 9 - District Boundary Sketch & Description

1.0 INTRODUCTION

1.1 OVERVIEW of District

The Flow Way Community Development District, (the “District”) is located in portions of Sections 15 & 22, Township 48 South and Range 26 East and is entirely within unincorporated Collier County, Florida. The district site covers approximately 830 acres and is northwest of the intersection of Immokalee Road and County Road 951. Refer to the EXHIBIT 1, LOCATION MAP located in the Appendix of this report.

The District was established on February 26, 2002 by the Collier County Board of County Commissioner approval and adoption of Ordinance Number 02-09. The District boundary is demonstrated in EXHIBIT 2, DISTRICT BOUNDARY, located in the Appendix of this report. A metes and bounds description of the District boundary, recorded with the adopted ordinance, is included as EXHIBIT 9 in the Appendix.

The District will serve the Esplanade Golf and Country Club of Naples (the “Development”). Refer to EXHIBIT 3, DISTRICT DEVELOPMENT, located in the Appendix of this report. The lands within the District are zoned PUD and the current plan of development consist of single-family and multi-family dwelling units, an 18-hole bundled golf course, amenity campus and a network of trails and parks. The development is projected to occur over a 5-year period.

The Development, which will be served by the District, will consist of approximately 1,121 single family and multi-family dwelling units, an 18-hole bundled golf course and amenity campus. The project will be developed in multiple phases.

The following table, Table 1, describes the general land use categories found within the District:

Table 1 - Master Land Use Summary within the District Boundaries

TYPE OF USE ¹	ACRES +/-	PERCENT OF TOTAL
Surface Water Management	178.24	21%
Single Family Residential	166.21	20%
Multi-Family Residential	29.78	4%
Road Rights-of-Way	59.72	7%
Conservation Areas	156.51	19%
Golf Course, Sales, Maintenance and Amenity Facilities	132.76	16%
Other (Uplands, Open Space, etc.)	106.23	13%
TOTAL	829.74	100.00%

1. Areas for “Type of Use” are not meant to represent the areas for potential CDD funding or acquisitions.

1.2 Purpose and Scope of this Report

The purpose of this report is to establish the qualified cost for Phase 4 of the Development, being financed by the Series 2016 Bonds and reallocate qualified costs associated with all properties pursuant to the revised products types. This was accomplished by following the Cost Allocation Methodology established within the Phase 1 & 2 report and outlined in Section 3.0 of this report. Once the Phase 4 proportional value of the estimated District costs of construction has been calculated, the appropriate cost will be allocated for the Phase 4 Special Assessment. The allocated costs for Phases 1, 2, and 3 were also updated to reflect changes to the project’s product mix.

The Special Assessments will fund the capital improvement plan for certain Phase 4 public infrastructure improvements to serve the District (the “Improvement(s)”) and their probable construction cost. A brief description for each Phase Improvement is included in the body of this report. The overall financing plan and assessment methodology will be developed by the District’s financial consultant. Only those Improvements set forth herein that are determined by the District’s Bond Counsel to be eligible for tax-exempt bond financing will be funded by bonds of the District. The Developer may finance and construct certain of these Improvements not financed by the District and convey the same to the District as well as construct all other improvements needed for the Development.

The Phase 4 Improvements are required by or are consistent with the requirements of the County and other applicable regulatory and jurisdictional entities.

The Improvement Plan contained in this report reflects the present intentions of the District. The exact location of the Improvements may be changed during the course of approval and implementation. These changes will not diminish or alter the benefits to be received by the lands of the District. The District retains the right to make reasonable adjustments in the Improvement Plan to meet the requirements of any governmental agency and at the same time provide the same or greater benefits to the lands of the District. Regulatory criteria will continue to evolve and future changes may affect the implementation of the Improvement Plan, as it may be changed from time to time. The implementation of any Improvements outlined within the Improvement Plan requires the final approval of the District's Board of Supervisors.

Costs contained in this report have been prepared based on actual construction costs where available and on estimates of costs using the best available information. It is possible that the estimated costs could vary based on final engineering and ultimate construction bids.

2.0 DISTRICT BOUNDARY AND PROPERTY SERVED

2.1 District Boundary

EXHIBIT 2 illustrates the boundary of the District. Immokalee Road (County Road 846) borders the southern boundary of the District. The eastern boundary of the District borders residential areas. Wetlands/conservation/preservation areas border the western and northern boundaries.

2.2 Existing Infrastructure

Prior to the start of construction of the Phase 1 & 2 Improvements, the existing infrastructure in the vicinity of the District consisted mainly of area roadways and nearby utilities. Immokalee Road runs along the southern edge of the site. A 12-inch water main and a 10-inch sanitary wastewater force main, along Immokalee Road, were previously extended to serve the Development.

The Phase 1 & 2 improvements include infrastructure to support the overall development and the Phase 1 & 2 units, which are summarized below:

- Potable water facilities included 10" and 12" water main along Esplanade Blvd., 10" and 12" water main along Torre Vista Ln., and 6", 8", and 10" water main pipe within the residential parcels and amenity campus.
- Wastewater facilities included 8" and 15" gravity main, 8" and 10" force main, and two pump stations to service Phases 1 & 2.
- Irrigation facilities included 4", 6", 8", 10", and 12" PVC irrigation mains and one irrigation pump located on the south side of Lake #7.
- Surface water management system included a proportionate share of the total infrastructure.
- Preserve area included a proportionate share of the total preserve costs.

The Phase 3 improvements include infrastructure to support the overall development and the Phase 3 units, which are summarized below:

- Environmental Mitigation – Contouring of woodstork creation area.
- Wookstork creation area clearing, grubbing, silt fence, planting, watering and scrapedown.
- Water Main along Arrezo Court Sta. 0+69 to 3+88 and 0+80 to 10+15
- Gravity main along Arrezo Court Sta. 0+30 to 4+03 and 0+65 to 10+05
- Irrigation main along Arrezo Court Sta. 0+76 to 4+25 and 0+11 to 10+13
- Dewatering blasting and drilling for Lakes 14b, 16, 17, 18 and the Pass-Through
- Lake 17 excavation
- Lakes 14-20 slope stabilization
- Trees & sod from eastern and southeastern buffer along Torre Vista Land and Broken Back Road.
- Phase 2 Plans and Plat coordination, construction/certification and environmental professional fees.

3.0 COST ALLOCATION OF CAPITAL IMPROVEMENT PLAN

The Individual Property Type descriptions refer to the approximate width of the lot for the various product types, but lot widths will vary for similar residential product type. It should be noted that a 57 foot wide lot is larger than a 62' wide lot in overall area due to the 57 foot wide lot being significantly deeper.

3.1 SURFACE WATER MANAGEMENT

The Surface Water Management System, which consists of the Earthwork and Drainage Facilities, has an overall cost of \$17,500,000.00, as outlined in the Master Engineer's Report. The Surface Water Management System includes the interconnected lake system within the District and specifically consists of surface water management lakes, drainage pipes, catch basins, swales, berms and water control structures. The costs are allocated based on the impervious area for each unit type within the District. Impervious area is a reasonable surrogate for water treatment requirements and peak runoff rate.

The District's surface water management system, although it can be broken down into distinctive basins, was designed to be an integrated and functional water management system for flood protection, treatment and attenuation of stormwater runoff for the entire District. The proposed water management system will raise the project's finished floor elevations above FEMA's flood elevation, potentially eliminating the need for flood insurance after appropriate applications are processed through FEMA. All parts of the system, irrespective of their geographic location within the District, are an important and integral part of the function of Surface Water Management System and must be operated and maintained as one to ensure the adequate function of the system and that the permit requirements placed on the District as a whole are being met. As such, the system is intended to and does function as a single and comprehensive system. The golf course and other amenities are also integral parts of the community that benefit each property owner. The golf course itself provides storage for larger

storm events. As such, the surface water management costs associated with the golf course and amenities will be distributed to each unit owner.

It is our recommendation that the construction costs of the District’s surface water management system be allocated based on the percentage of capacity usage anticipated for each residential unit type within the District. The capacity of the system includes stormwater treatment, flood protection and runoff attenuation. An individual property’s impervious area is a good measure of the relative impact it will have on a surface water management system’s capacity. This is directly related to stormwater treatment requirements, flood protection needs and attenuation capacity required.

We recommend the Total Annual Assessments be divided among all properties based on an ERU Factor for each unit type. The ERU Factor was calculated based on the estimated impervious area for each unit type. The benchmark for the ERU was a typical 52’ wide lot with 0.07 ac of impervious area. Impervious areas were calculated for each unit type and divided by 0.07 ac in order to establish the following ERU Factors.

Table 2 - Surface Water Management - ERU Value Calculation

Product Type	Impervious Area	Pervious Area	Total Area	ERU Value
52' Lot	0.07	0.09	0.16	1
57' Lot	0.11	0.09	0.20	1.5
62' Lot	0.13	0.06	0.19	1.84
76' Lot	0.18	0.06	0.24	2.52
90' Lot	0.20	0.09	0.29	2.73
100' Lot	0.24	0.10	0.34	3.27
Multi-family (Esplanade)	0.06	0.04	0.1	0.82
Multi-family (Vercelli)	0.04	0.06	0.1	0.55
Golf Course and Amenities	-	-	-	-

Utilizing the cost allocation discussed above, and the proposed unit count for the District, the following table illustrates the cost distribution per product type.

Table 3 – Project Surface water Management - Property Cost

Product Type	Number of Units	Total Surface Water Management Facility
52' Lot	338	\$4,063,784.14
57' Lot	1	\$18,034.55
62' Lot	207	\$4,579,332.66
76' Lot	133	\$4,029,639.32
90' Lot	25	\$820,571.75
100' Lot	17	\$668,357.90
Multi-family (Esplanade)	208	\$2,050,647.04
Multi-family (Vercelli)	192	\$1,269,632.64
Golf Course & Amenities	0	\$0.00
Total	1121	\$17,500,000.00

Table 4 - Phase 1 & 2 Surface water Management - Property Cost

Product Type	Number of Units	Total Surface Water Management Facility
52' Lot	69	\$829,589.07
57' Lot	1	\$18,034.55
62' Lot	81	\$1,791,912.78
76' Lot	62	\$1,878,478.48
90' Lot	7	\$229,760.09
100' Lot	0	\$0.00
Multi-family (Esplanade)	96	\$946,452.48
Multi-family (Vercelli)	0	\$0.00
Golf Course & Amenities	0	\$0.00
Total	316	\$5,694,227.45

Table 5 - Phase 3 Surface Water Management - Property Cost

Product Type	Number of Units	Total Surface Water Management Facility
52' Lot	32	\$384,736.96
57' Lot	0	\$0.00
62' Lot	0	\$0.00
76' Lot	23	\$696,854.92
90' Lot	18	\$590,811.66
100' Lot	17	\$668,357.90
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	0	\$0.00
Golf Course & Amenities	0	\$0.00
Total	90	\$2,340,761.44

Table 6 - Phase 4 Surface Water Management - Property Cost

Product Type	Number of Units	Total Surface Water Management Facility
52' Lot	76	\$913,750.28
57' Lot	0	\$0.00
62' Lot	31	\$685,793.78
76' Lot	0	\$0.00
90' Lot	0	\$0.00
100' Lot	0	\$0.00
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	56	\$370,309.52
Golf Course & Amenities	0	\$0.00
Total	163	\$1,969,853.58

3.2 Water & Wastewater Systems

The next component of the District's Capital Improvement Plan is the Potable Water, and Wastewater Systems. The distribution mains installed by the District serve all components of the District. In order to establish the cost distribution for the construction of the Utility System, we will analyze the costs in two parts, with the first being the potable water and wastewater costs and the second being the irrigation distribution system. It is necessary to

split the Utility System in this manner in order to correctly allocate the costs based on Engineering Design principals based on projected usage by land use category. With regard to the potable water distribution and sanitary sewer collection system, we propose to utilize typical flow rates as follows to establish ERU's for each land use category within the District.

Table 7 - Water & Wastewater - ERU Value Calculation

Land Use Category	Avg. Building SF	Flow Rate	ERU Value
52' Lot	2900	268	1.00
57' Lot	3700	332	1.24
62' Lot	3500	316	1.18
76' Lot	4340	383	1.43
90' Lot	5070	442	1.65
100' Lot	5800	500	1.87
Multi-family (Esplanade)	2600	244	0.91
Multi-family (Vercelli)	1620	166	0.62
Golf Course & Amenity		4000	14.93

Flow Rates for the above ERU calculation were based on flow rates established in F.A.C. (Florida Administrative Code) Chapter 64E-6, which sets forth flow rates for different land use categories for use in designing water and wastewater facilities. The flow rate for Single Family Land Uses is based on a 3 bedroom home and for Multi Family Uses is based on a 2 bedroom home, plus 100 gallon for every additional 750 sf. The flow rates for the Commercial and Golf Course uses are based on 0.1 gallons per day per square foot for 40,000 square foot of clubhouse area, halfway houses and cart barn offices only for the golf course & amenity calculation.

The benchmark for the ERU factor is a Single Family Home on a 52' lot. In order to establish ERUs for each land use, the flow rate is divided by the 52' Lot Single Family flow rate of 247 gallons per day.

Utilizing the ERU Calculation, determined above, for each land use, the cost allocation for the Water and Wastewater improvements is shown below.

Table 8 – Project Water & Wastewater - Property Cost

Product Type	Water	Sewer
52' Lot	\$578,108.44	\$838,256.90
57' Lot	\$2,118.83	\$3,072.30
62' Lot	\$417,460.36	\$605,317.28
76' Lot	\$325,263.22	\$471,631.47
90' Lot	\$70,457.44	\$102,163.25
100' Lot	\$54,246.18	\$78,658.12
Multi-family (Esplanade)	\$323,900.02	\$469,654.84
Multi-family (Vercelli)	\$202,917.44	\$294,230.17
Golf Course & Amenities	\$25,528.06	\$37,015.67
Total	\$2,000,000.00	\$2,900,000.00

Table 9 - Phase 1 & 2 Water & Wastewater - Property Cost

Product Type	Water	Sewer
52' Lot	\$118,016.22	\$171,123.45
57' Lot	\$2,118.83	\$3,072.30
62' Lot	\$163,354.05	\$236,863.28
76' Lot	\$151,626.46	\$219,858.28
90' Lot	\$19,728.08	\$28,605.71
100' Lot	\$0.00	\$0.00
Multi-family (Esplanade)	\$149,492.32	\$216,763.77
Multi-family (Vercelli)	\$0.00	\$0.00
Golf Course & Amenities	\$25,528.06	\$37,015.67
Total	\$629,864.03	\$913,302.46

Table 10 - Phase 3 Water & Wastewater - Property Cost

Product Type	Water	Sewer
52' Lot	\$54,732.16	\$79,361.60
57' Lot	\$0.00	\$0.00
62' Lot	\$0.00	\$0.00
76' Lot	\$56,248.53	\$81,560.33
90' Lot	\$50,729.36	\$73,557.54
100' Lot	\$54,246.18	\$78,658.12
Multi-family (Esplanade)	\$0.00	\$0.00
Multi-family (Vercelli)	\$0.00	\$0.00
Golf Course & Amenities	\$0.00	\$0.00
Total	\$215,956.23	\$313,137.59

Table 11 - Phase 4 Water & Wastewater - Property Cost

Product Type	Water	Sewer
52' Lot	\$129,988.88	\$188,483.80
57' Lot	\$0.00	\$0.00
62' Lot	\$62,518.22	\$90,651.38
76' Lot	\$0.00	\$0.00
90' Lot	\$0.00	\$0.00
100' Lot	\$0.00	\$0.00
Multi-family (Esplanade)	\$0.00	\$0.00
Multi-family (Vercelli)	\$59,184.25	\$85,817.13
Golf Course & Amenities	\$0.00	\$0.00
Total	\$251,691.35	\$364,952.31

3.3 IRRIGATION DISTRIBUTION Systems

With regard to the Irrigation Distribution System, the cost distribution, again, should be prepared based on the usage expected for each land use. This is based on the irrigated area for each individual property type. In the case of the residential (both single and multi-family), the irrigated area is simply the pervious area calculated previously in the Surface Water Management Section. In the case of the Amenity, the actual irrigated area was calculated based on the area of the pervious surface areas around the clubhouse and tennis facility. The

actual Golf Course area was excluded. Separate pumping and irrigation distribution system will serve the golf course and will not be funded, owned or operated by the District.

As with previous ERU factor calculations, the ERU Factor is established by dividing the irrigated area for each Product Type by the irrigated area for a typical 52' Lot.

Table 12 - Irrigation System - ERU Value Calculation

Product Type	Pervious Area	ERU Value
52' Lot	0.09	1.0
57' Lot	0.09	1.0
62' Lot	0.06	0.7
76' Lot	0.06	0.7
90' Lot	0.09	1.0
100' Lot	0.10	1.1
Multi-family (Esplanade)	0.04	0.5
Multi-family (Vercelli)	0.06	0.7
Amenity	7	79.1

Utilizing the above ERU Value Calculation, the Proportional Individual property Cost for the Irrigation System are shown in the tables below.

Table 13 – Project Irrigation System - Property Cost

Product Type	Units	Cost
52' Lot	338	\$743,921.10
57' Lot	1	\$2,263.94
62' Lot	207	\$297,984.56
76' Lot	133	\$199,514.85
90' Lot	25	\$55,508.42
100' Lot	17	\$41,108.95
Multi-family (Esplanade)	208	\$206,968.28
Multi-family (Vercelli)	192	\$278,597.93
Amenity	1	\$174,131.97
Total	1122	\$2,000,000.00

Table 14 - Phase 1 & 2 Irrigation System - Property Cost

Product Type	Units	Cost
52' Lot	69	\$151,865.55
57' Lot	1	\$2,263.94
62' Lot	81	\$116,602.65
76' Lot	62	\$93,006.92
90' Lot	7	\$15,542.36
100' Lot	0	\$0.00
Multi-family (Esplanade)	96	\$95,523.82
Multi-family (Vercelli)	0	\$0.00
Amenity	1	\$174,131.97
Total	317	\$648,937.21

Table 15 - Phase 3 Irrigation System - Property Cost

Product Type	Units	Cost
52' Lot	32	\$70,430.40
57' Lot	0	\$0.00
62' Lot	0	\$0.00
76' Lot	23	\$34,502.57
90' Lot	18	\$39,966.06
100' Lot	17	\$41,108.95
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	0	\$0.00
Amenity	0	\$0.00
Total	90	\$186,007.98

Table 16 - Phase 4 Irrigation System - Property Cost

Product Type	Units	Cost
52' Lot	76	\$167,272.20
57' Lot	0	\$0.00
62' Lot	31	\$44,625.71
76' Lot	0	\$0.00
90' Lot	0	\$0.00
100' Lot	0	\$0.00
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	56	\$81,257.73
Amenity	0	\$0.00
Total	163	\$293,155.64

3.4 EXTERIOR LANDSCAPING

Exterior Landscaping that has been installed by the District consists of buffering installed along Immokalee Road and other areas of the District. The landscaping that was installed by the District is necessitated by requirements of the Collier County Land Development Code, which requires landscape buffering along public roadways and between different zoning categories and uses within the County.

This requirement is due to the development of the District as a whole. It is required to develop the project. The golf course and other amenities are also integral parts of the community as a whole that benefit each property owner. As such, the exterior landscaping costs associated with the golf course and amenities will be distributed to each unit owner.

The exterior landscaping benefit/use for each property owner can be related to the individual property size. The larger lots will benefit more from increased property values and are responsible for more of the costs due to their larger relative size. The costs associated with the exterior landscape improvement are distributed based on the unit lot size, utilizing an ERU Factor of 1.0 for the 52' Lots.

Table 17 - Exterior Landscaping - ERU Value Calculations

Product Type	ERU Value	Number of Units
52' Lot	1.00	338
57' Lot	1.24	1
62' Lot	1.19	207
76' Lot	1.51	133
90' Lot	1.79	25
1000' Lot	2.10	17
Multi-family (Esplanade)	0.62	208
Multi-family (Vercelli)	0.62	192
		1121

Based on the ERU Values, the costs allocated to each property within the District are as follows:

Table 18 – Project Exterior Landscaping - Property Cost

Product Type	Number of Units	Cost
52' Lot	338	\$454,741.82
57' Lot	1	\$1,670.83
62' Lot	207	\$331,847.40
76' Lot	133	\$270,881.02
90' Lot	25	\$60,138.76
100' Lot	17	\$48,066.91
Multi-family (Esplanade)	208	\$172,979.70
Multi-family (Vercelli)	192	\$159,673.57
Total	1121	\$1,500,000.00

Table 19 - Phase 1 & 2 Exterior Landscaping - Property Cost

Product Type	Number of Units	Cost
52' Lot	69	\$92,831.91
57' Lot	1	\$1,670.83
62' Lot	81	\$129,853.33
76' Lot	62	\$126,275.36
90' Lot	7	\$16,838.85
100' Lot	0	\$0.00
Multi-family (Esplanade)	96	\$79,836.78
Multi-family (Vercelli)	0	\$0.00
Total	316	\$447,307.07

Table 20 - Phase 3 Exterior Landscaping - Property Cost

Product Type	Number of Units	Cost
52' Lot	32	\$43,052.48
57' Lot	0	\$0.00
62' Lot	0	\$0.00
76' Lot	23	\$46,844.09
90' Lot	18	\$43,299.91
100' Lot	17	\$48,066.91
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	0	\$0.00
Total	90	\$181,263.38

Table 21 - Phase 4 Exterior Landscaping - Property Cost

Product Type	Number of Units	Cost
52' Lot	76	\$102,249.64
57' Lot	0	\$0.00
62' Lot	31	\$49,696.95
76' Lot	0	\$0.00
90' Lot	0	\$0.00
100' Lot	0	\$0.00
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	56	\$46,571.46
Total	163	\$198,518.05

3.5 OFFSITE IMPROVEMENTS

The offsite improvements funded by the District were limited to transportation related improvements within the County Road 951 Extension right-of-way. These improvements are required by Collier County PUD Ordinance No. 12-14 and are necessary for development of the project. The Golf Course and Amenity are not included in the cost allocation, as it will not be a traffic generator. These are generally for use by the residents.

The ITE Trip Generation Manual was utilized to determine the expected daily trips generated by each Land Use within the District, as follows:

Table 22 - Offsite Improvements - ERU Value Calculation

Product Type	Trips	ERU Value
52' Lot	10	1.0
57' Lot	10	1.0
62' Lot	10	1.0
76' Lot	10	1.0
90' Lot	10	1.0
100' Lot	10	1.0
Multi-family (Esplanade)	7	0.7
Multi-family (Vercelli)	7	0.7

By utilizing the above ERU values to allocate the Offsite Improvement Costs, the following costs per land use result.

Table 23 – Project Offsite Improvements - Property Cost

Product Type	Number of Units	Cost
52' Lot	338	\$405,194.40
57' Lot	1	\$1,198.80
62' Lot	207	\$248,151.60
76' Lot	133	\$159,440.40
90' Lot	25	\$29,970.00
100' Lot	17	\$20,380.80
Multi-family (Esplanade)	208	\$174,545.28
Multi-family (Vercelli)	192	\$161,118.72
Total		\$1,200,000.00

Table 24 - Phase 1 & 2 Offsite Improvements - Property Cost

Product Type	Number of Units	Cost
52' Lot	69	\$82,717.20
57' Lot	1	\$1,198.80
62' Lot	81	\$97,102.80
76' Lot	62	\$74,325.60
90' Lot	7	\$8,391.60
100' Lot	0	\$0.00
Multi-family (Esplanade)	96	\$80,559.36
Multi-family (Vercelli)	0	\$0.00
Total		\$344,295.36

Table 25 - Phase 3 Offsite Improvements - Property Cost

Product Type	Number of Units	Cost
52' Lot	32	\$38,361.60
57' Lot	0	\$0.00
62' Lot	0	\$0.00
76' Lot	23	\$27,572.40
90' Lot	18	\$21,578.40
100' Lot	17	\$20,380.80
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	0	\$0.00
Total		\$107,893.20

Table 26 - Phase 4 Offsite Improvements - Property Cost

Product Type	Number of Units	Cost
52' Lot	76	\$91,108.80
57' Lot	0	\$0.00
62' Lot	31	\$37,162.80
76' Lot	0	\$0.00
90' Lot	0	\$0.00
100' Lot	0	\$0.00
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	56	\$46,992.96
Total		\$175,264.56

3.6 ENVIRONMENTAL MITIGATION

As part of the District’s Capital Improvement Program, the District was required to fund the construction of mitigation for wetland, and other habitat, impacts that were due to the development of the District’s Facilities and land uses. This replacement is a result of areas within the District that were subject to wetland impacts, and are not associated with any specific land use in the District, as the development of the District as a whole was contingent upon the impact and mitigation program that was permitted by the South Florida Water Management District, United States Army Corps of Engineers and Collier County. The golf course and other amenities are also integral parts of the community that benefit each property owner. As such, the environmental mitigation costs associated with the golf course and amenities will be distributed to each unit owner.

The relative use/benefit from the environmental mitigation for each homeowner is associated with their individual property size. The larger lots will benefit more from increased property

values and are responsible for more of the costs due to their larger relative size. We propose that the costs associated with the required Environmental Mitigation be allocated to each unit based on total lot size, utilizing an ERU Factor of 1.0 for the 52' Lots.

Table 27 - Environmental Mitigation - ERU Value Calculation

Product	Type	ERU Value	Number of Units
52' Lot		1.00	338
57' Lot		1.24	1
62' Lot		1.19	207
76' Lot		1.51	133
90' Lot		1.79	25
1000' Lot		2.10	17
Multi-family (Esplanade)		0.62	208
Multi-family (Vercelli)		0.62	192

Based on the ERU Values, the cost allocated to each property within the District is as follows.

Table 28 – Project Environmental Mitigation - Property Cost

Product	Type	Number of Units	Cost
52' Lot		338	\$666,955.12
57' Lot		1	\$2,450.55
62' Lot		207	\$486,709.85
76' Lot		133	\$397,292.43
90' Lot		25	\$88,203.58
100' Lot		17	\$70,496.69
Multi-family (Esplanade)		208	\$253,703.73
Multi-family (Vercelli)		192	\$234,188.05
Total		1121	\$2,200,000.00

Table 29 - Phase 1 & 2 Environmental Mitigation - Property Cost

Product	Type	Number of Units	Cost
52' Lot		69	\$136,153.56
57' Lot		1	\$2,450.55
62' Lot		81	\$190,451.68
76' Lot		62	\$185,203.99
90' Lot		7	\$24,697.00
100' Lot		0	\$0.00
Multi-family (Esplanade)		96	\$117,094.03
Multi-family (Vercelli)		0	\$0.00
Total		316	\$656,050.81

Table 30 - Phase 3 Environmental Mitigation - Property Cost

Product	Type	Number of Units	Cost
52' Lot		32	\$63,143.68
57' Lot		0	\$0.00
62' Lot		0	\$0.00
76' Lot		23	\$68,704.71
90' Lot		18	\$63,506.57
100' Lot		17	\$70,496.69
Multi-family (Esplanade)		0	\$0.00
Multi-family (Vercelli)		0	\$0.00
Total		90	\$265,851.65

Table 31 - Phase 4 Environmental Mitigation - Property Cost

Product	Type	Number of Units	Cost
52' Lot		76	\$149,966.24
57' Lot		0	\$0.00
62' Lot		31	\$72,888.92
76' Lot		0	\$0.00
90' Lot		0	\$0.00
100' Lot		0	\$0.00
Multi-family (Esplanade)		0	\$0.00
Multi-family (Vercelli)		56	\$68,304.85
Total		163	\$291,160.00

3.7 PROFESSIONAL & PERMIT FEES

Professional & Permit Fees are funded by the District as part of the Capital Improvement Program and consist of typical costs associated with development of projects of this size and nature. These generally consist of consultant fees for design, permitting and management of the Capital Improvement Project, Permit Fees, Legal Fees, etc. As with the Environmental and Exterior Landscape costs, these soft costs are not directly attributable to any specific land uses or individual property within the District. Rather they are associated with the development of the District as a whole. Therefore, the associated costs are distributed to each unit based on total lot size, utilizing an ERU Factor of 1.0 for the 52' Lots.

Table 32 - Professional & Permit Fees - ERU Value Calculation

Product Type	ERU Value	Number of Units
52' Lot	1.00	338
57' Lot	1.24	1
62' Lot	1.19	207
76' Lot	1.51	133
90' Lot	1.79	25
1000' Lot	2.10	17
Multi-family (Esplanade)	0.62	208
Multi-family (Vercelli)	0.62	192

Based on the above ERU Values, the costs allocated to each property within the District is as follows:

Table 33 – Project Professional & Permit Fees - Property Cost

Product Type	Number of Units	Cost
52' Lot	338	\$788,219.38
57' Lot	1	\$2,896.10
62' Lot	207	\$575,202.33
76' Lot	133	\$469,527.23
90' Lot	25	\$104,240.55
100' Lot	17	\$83,315.26
Multi-family (Esplanade)	208	\$299,831.56
Multi-family (Vercelli)	192	\$276,767.59
Total	1121	\$2,600,000.00

Table 34 - Phase 1 & 2 Professional & Permit Fees - Property Cost

Product Type	Number of Units	Cost
52' Lot	69	\$160,908.69
57' Lot	1	\$2,896.10
62' Lot	81	\$225,079.17
76' Lot	62	\$218,877.36
90' Lot	7	\$29,187.35
100' Lot	0	\$0.00
Multi-family (Esplanade)	96	\$138,383.80
Multi-family (Vercelli)	0	\$0.00
Total	316	\$775,332.47

Table 35 - Phase 3 Professional & Permit Fees - Property Cost

Product Type	Number of Units	Cost
52' Lot	32	\$74,624.32
57' Lot	0	\$0.00
62' Lot	0	\$0.00
76' Lot	23	\$81,196.44
90' Lot	18	\$75,053.20
100' Lot	17	\$83,315.26
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	0	\$0.00
Total	90	\$314,189.21

Table 36 - Phase 4 Professional & Permit Fees - Property Cost

Product Type	Number of Units	Cost
52' Lot	76	\$177,232.76
57' Lot	0	\$0.00
62' Lot	31	\$86,141.41
76' Lot	0	\$0.00
90' Lot	0	\$0.00
100' Lot	0	\$0.00
Multi-family (Esplanade)	0	\$0.00
Multi-family (Vercelli)	56	\$80,723.88
Total	163	\$344,098.05

4.0 SUMMARY OF ALLOCATION OF CONSTRUCTION COSTS

The following table is a summary of the Cost Allocation per Individual property Type after applying the above Cost Allocations.

Table 37 - Cost Per Individual Parcel Type

Parcel Type	Surface Water Management	Water	Wastewater	Irrigation	Exterior Landscaping	Offsite Improvements	Environmental mitigation	Professional & Permit Fess	Total
52' Lot	\$12,023.03	\$1,710.38	\$2,480.05	\$2,200.95	\$1,345.39	\$1,198.80	\$1,973.24	\$2,332.01	\$25,263.85
57' Lot	\$18,034.55	\$2,118.83	\$3,072.30	\$2,263.94	\$1,670.83	\$1,198.80	\$2,450.55	\$2,896.10	\$33,705.89
62' Lot	\$22,122.38	\$2,016.72	\$2,924.24	\$1,439.54	\$1,603.13	\$1,198.80	\$2,351.26	\$2,778.76	\$36,434.81
76' Lot	\$30,298.04	\$2,445.59	\$3,546.10	\$1,500.11	\$2,036.70	\$1,198.80	\$2,987.16	\$3,530.28	\$47,542.78
90' Lot	\$32,822.87	\$2,818.30	\$4,086.53	\$2,220.34	\$2,405.55	\$1,198.80	\$3,528.14	\$4,169.62	\$53,250.15
100' Lot	\$39,315.17	\$3,190.95	\$4,626.95	\$2,418.17	\$2,827.47	\$1,198.87	\$4,146.86	\$4,900.90	\$62,625.34
Multi-family (Esplanade)	\$9,858.88	\$1,557.21	\$2,257.96	\$995.04	\$831.63	\$839.16	\$1,219.73	\$1,441.50	\$19,001.11
Multi-family (Vercelli)	\$6,612.67	\$1,056.86	\$1,532.45	\$1,451.03	\$831.63	\$839.16	\$1,219.73	\$1,441.50	\$14,985.03
Golf Course & Amenity	\$0.00	\$25,528.06	\$37,015.67	\$174,131.97	\$0.00	\$0.00	\$1,219.73	\$1,441.50	\$239,336.93

Table 38 - Project Proportional Cost per Parcel Type

Parcel Type	Surface Water Management	Water	Wastewater	Irrigation	Exterior Landscaping	Offsite Improvements	Environmental mitigation	Professional & Permit Fess	Total
52' Lot	\$4,063,784.14	\$578,108.44	\$838,256.90	\$743,921.10	\$454,741.82	\$405,194.40	\$666,955.12	\$788,219.38	\$8,539,181.30
57' Lot	\$18,034.55	\$2,118.83	\$3,072.30	\$2,263.94	\$1,670.83	\$1,198.80	\$2,450.55	\$2,896.10	\$33,705.89
62' Lot	\$4,579,332.66	\$417,460.36	\$605,317.28	\$297,984.56	\$331,847.40	\$248,151.60	\$486,709.85	\$575,202.33	\$7,542,006.05
76' Lot	\$4,029,639.32	\$325,263.22	\$471,631.47	\$199,514.85	\$270,881.02	\$159,440.40	\$397,292.43	\$469,527.23	\$6,323,189.94
90' Lot	\$820,571.75	\$70,457.44	\$102,163.25	\$55,508.42	\$60,138.76	\$29,970.00	\$88,203.58	\$104,240.55	\$1,331,253.75
100' Lot	\$668,357.90	\$54,246.18	\$78,658.12	\$41,108.95	\$48,066.91	\$20,380.80	\$70,496.69	\$83,315.26	\$1,064,630.81
Multi-family (Esplanade)	\$2,050,647.04	\$323,900.02	\$469,654.84	\$206,968.28	\$172,979.70	\$174,545.28	\$253,703.73	\$299,831.56	\$3,952,230.44
Multi-family (Vercelli)	\$1,269,632.64	\$202,917.44	\$294,230.17	\$278,597.93	\$159,673.57	\$161,118.72	\$234,188.05	\$276,767.59	\$2,877,126.11
Golf Course & Amenity	\$0.00	\$25,528.06	\$37,015.67	\$174,131.97	\$0.00	\$0.00	\$0.00	\$0.00	\$236,675.70
Total	\$17,500,000.00	\$2,000,000.00	\$2,900,000.00	\$2,000,000.00	\$1,500,000.00	\$1,200,000.00	\$2,200,000.00	\$2,600,000.00	\$31,900,000

Table 39 - Phase 1 & 2 Proportional Cost per Parcel Type

Parcel Type	Surface Water Management	Water	Wastewater	Irrigation	Exterior Landscaping	Offsite Improvements	Environmental mitigation	Professional & Permit Fess	Total
52' Lot	\$829,589.07	\$118,016.22	\$171,123.45	\$151,865.55	\$92,831.91	\$82,717.20	\$136,153.56	\$160,908.69	\$1,743,205.65
57' Lot	\$18,034.55	\$2,118.83	\$3,072.30	\$2,263.94	\$1,670.83	\$1,198.80	\$2,450.55	\$2,896.10	\$33,705.89
62' Lot	\$1,791,912.78	\$163,354.05	\$236,863.28	\$116,602.65	\$129,853.33	\$97,102.80	\$190,451.68	\$225,079.17	\$2,951,219.75
76' Lot	\$1,878,478.48	\$151,626.46	\$219,858.28	\$93,006.92	\$126,275.36	\$74,325.60	\$185,203.99	\$218,877.36	\$2,947,652.45
90' Lot	\$229,760.09	\$19,728.08	\$28,605.71	\$15,542.36	\$16,838.85	\$8,391.60	\$24,697.00	\$29,187.35	\$372,751.05
100' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Multi-family (Esplanade)	\$946,452.48	\$149,492.32	\$216,763.77	\$95,523.82	\$79,836.78	\$80,559.36	\$117,094.03	\$138,383.80	\$1,824,106.35
Multi-family (Vercelli)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Golf Course & Amenity	\$0.00	\$25,528.06	\$37,015.67	\$174,131.97	\$0.00	\$0.00	\$0.00	\$0.00	\$236,675.70
Total	\$5,694,227.45	\$629,864.03	\$913,302.46	\$648,937.21	\$447,307.07	\$344,295.36	\$656,050.81	\$775,332.47	\$10,109,316.85

Table 40 - Phase 3 Proportional Cost per Parcel Type

Parcel Type	Surface Water Management	Water	Wastewater	Irrigation	Exterior Landscaping	Offsite Improvements	Environmental mitigation	Professional & Permit Fess	Total
52' Lot	\$384,736.96	\$54,732.16	\$79,361.60	\$70,430.40	\$43,052.48	\$38,361.60	\$63,143.68	\$74,624.32	\$808,443.20
57' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
62' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
76' Lot	\$696,854.92	\$56,248.53	\$81,560.33	\$34,502.57	\$46,844.09	\$27,572.40	\$68,704.71	\$81,196.44	\$1,093,483.98
90' Lot	\$590,811.66	\$50,729.36	\$73,557.54	\$39,966.06	\$43,299.91	\$21,578.40	\$63,506.57	\$75,053.20	\$958,502.70
100' Lot	\$668,357.90	\$54,246.18	\$78,658.12	\$41,108.95	\$48,066.91	\$20,380.80	\$70,496.69	\$83,315.26	\$1,064,630.81
Multi-family (Esplanade)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Multi-family (Vercelli)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Golf Course & Amenity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$2,340,761.44	\$215,956.23	\$313,137.59	\$186,007.98	\$181,263.38	\$107,893.20	\$265,851.65	\$314,189.21	\$3,925,060.68

Table 41 - Phase 4 Proportional Parcel Type Cost

Parcel Type	Surface Water Management	Water	Wastewater	Irrigation	Exterior Landscaping	Offsite Improvements	Environmental mitigation	Professional & Permit Fess	Total
52' Lot	\$913,750.28	\$129,988.88	\$188,483.80	\$167,272.20	\$102,249.64	\$91,108.80	\$149,966.24	\$177,232.76	\$1,920,052.60
57' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
62' Lot	\$685,793.78	\$62,518.22	\$90,651.38	\$44,625.71	\$49,696.95	\$37,162.80	\$72,888.92	\$86,141.41	\$1,129,479.17
76' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
90' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
100' Lot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Multi-family (Esplanade)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Multi-family (Vercelli)	\$370,309.52	\$59,184.25	\$85,817.13	\$81,257.73	\$46,571.46	\$46,992.96	\$68,304.85	\$80,723.88	\$839,161.78
Golf Course & Amenity	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$1,969,853.58	\$251,691.35	\$364,952.31	\$293,155.64	\$198,518.05	\$175,264.56	\$291,160.00	\$344,098.05	\$3,888,693.55

5.0 CONCLUSION

We believe that the proposed cost allocation methodology, as described in this report, is both technically sound as well as practical in its intent and design. The engineering principals are specific to the site and function of each component of the District's infrastructure for the first 4 Phases.

This information represents the current intentions of the District, with regard to the existing and proposed infrastructure. This report may be subject to change in the future, should the intentions of the District change.

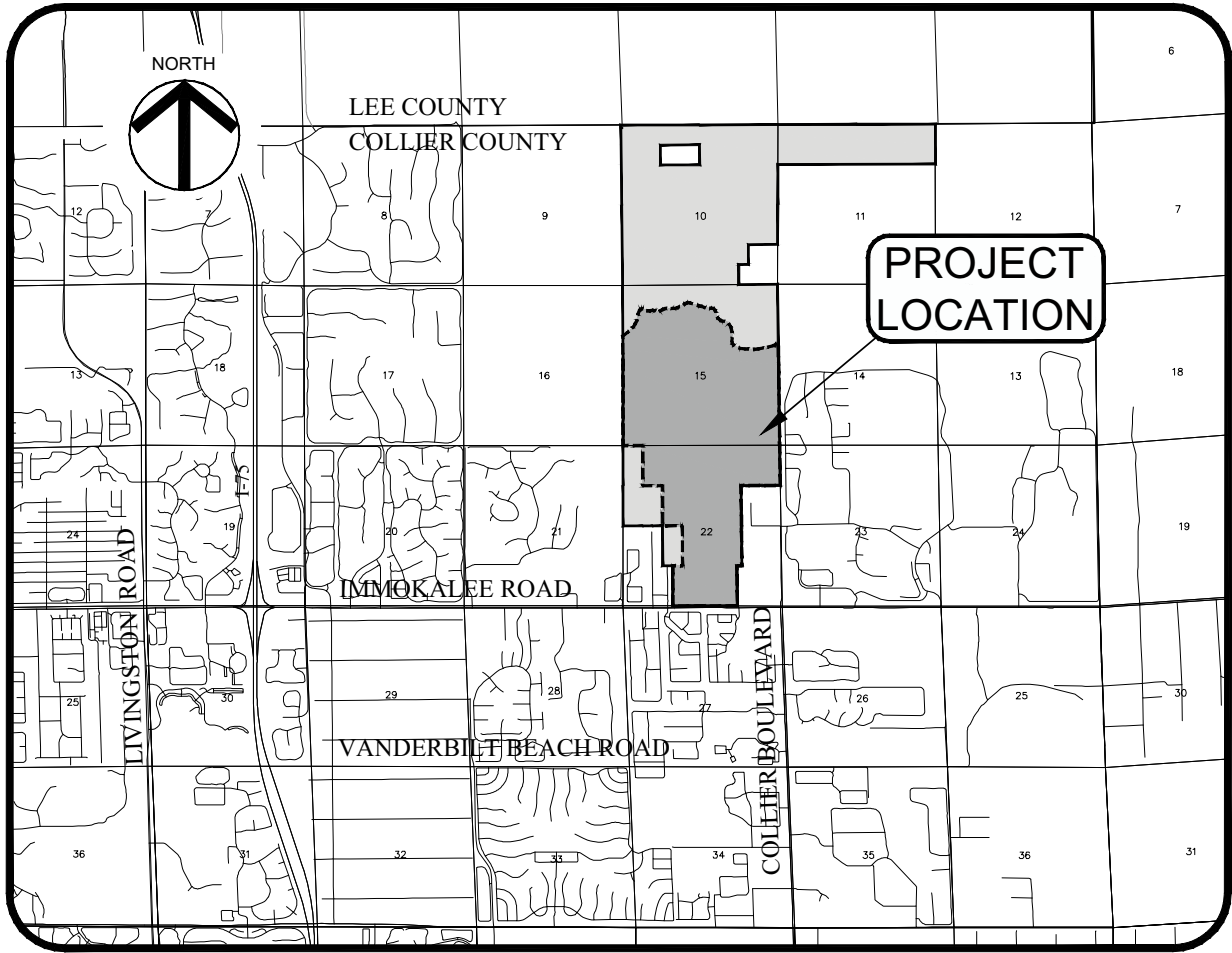
The Improvements, as outlined in this report, are necessary for the functional development of the lands of the District as required by the applicable independent unit of local government. The planning and design of these Improvements is in accordance with current governmental regulatory requirements. The Improvements will provide their intended function so long as the construction is in substantial compliance with the design and permits.

The items of construction in this report are based on actual costs for completed items and on current plan quantities for the ongoing or future infrastructure construction as shown on the approved construction drawings and specifications, latest revision.

It is my professional opinion that the infrastructure costs provided herein for the District Improvements are reasonable to complete the first 4 Phases of construction of the Improvements described herein and that these Improvements, described herein, will benefit and add value to the District and are public improvements or community facilities as set forth in Section 190.012(1) and (2) of the Florida Statutes.

The estimate of infrastructure construction costs is only an estimate and not a guaranteed maximum price. The estimated costs is based on unit prices currently being experienced for ongoing and similar items of work in the County and quantities as represented on the construction plans. The labor market, future costs of equipment and materials, and the actual construction process are all beyond control. Due to this inherent opportunity for fluctuation in cost, the total final cost may be more or less than this estimate

EXHIBIT 1 - Location Map



PROJECT LOCATION MAP

PART OF SECTIONS 15 & 22
 TOWNSHIP 48 SOUTH, RANGE 26 EAST
 COLLIER COUNTY, FLORIDA
 (NO SCALE)



**WALDROP
 ENGINEERING**

CIVIL ENGINEERING & LAND
 DEVELOPMENT CONSULTANTS
 1103 MARBELLA PLAZA DRIVE
 TAMPA, FL 33619
 P: 813-443-8282 F: 813-443-8285
 EMAIL: info@waldropengineering.com

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

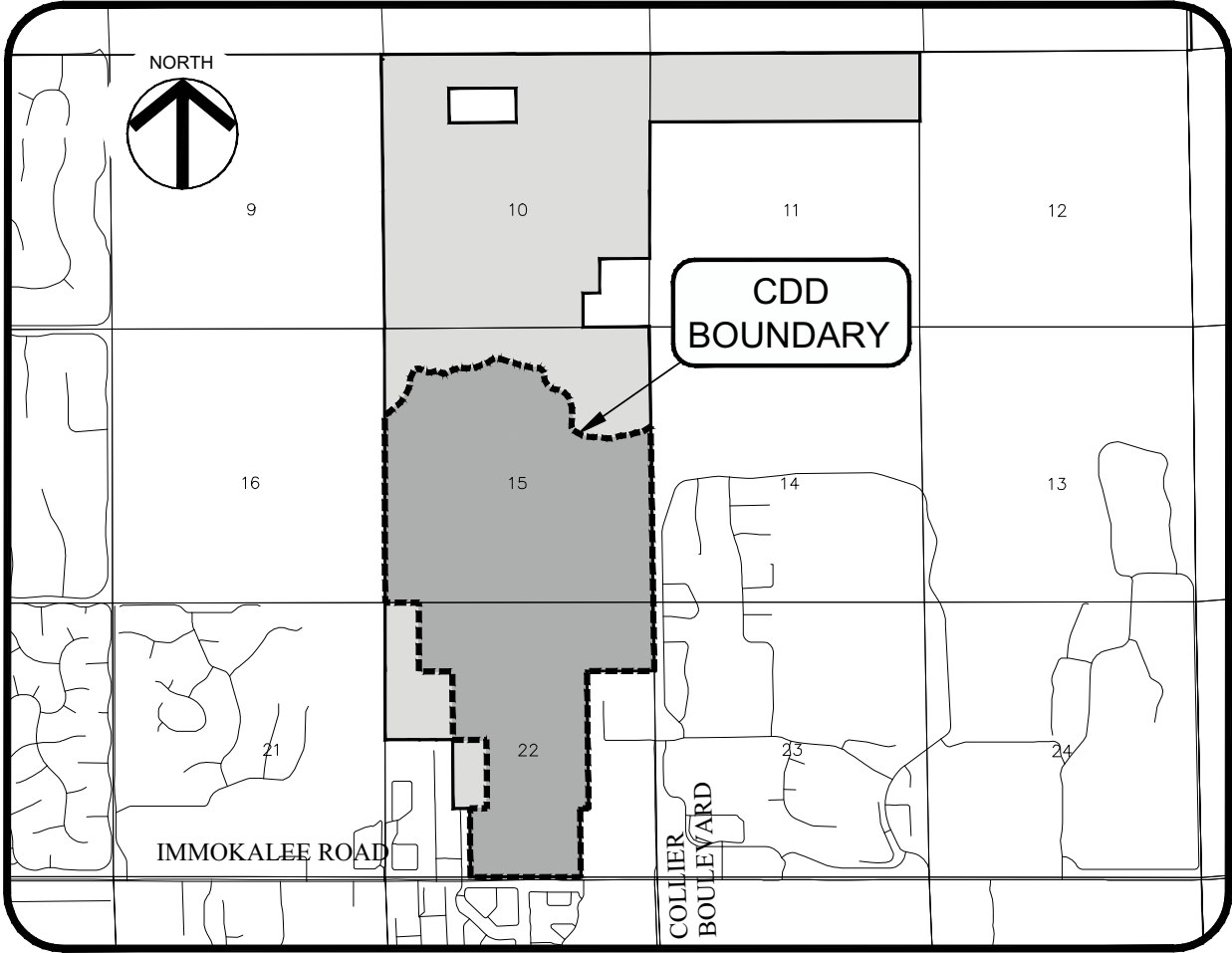
LOCATION MAP
 EXHIBIT

PREPARED FOR:

BOARD OF
 SUPERVISORS FLOW
 WAY CDD

FILE NAME: 276110401
 UPDATED: 10/7/2015

EXHIBIT 2 - District Boundary



PROJECT SITE MAP

PART OF SECTIONS 15 & 22
 TOWNSHIP 48 SOUTH, RANGE 26 EAST
 COLLIER COUNTY, FLORIDA
 (NO SCALE)



**WALDROP
 ENGINEERING**

CIVIL ENGINEERING & LAND
 DEVELOPMENT CONSULTANTS

1103 MARBELLA PLAZA DRIVE
 TAMPA, FL 33619

P: 813-443-8282 F: 813-443-8285
 EMAIL: info@waldropengineering.com

FLORIDA CERTIFICATE OF AUTHORIZATION #8636

DISTRICT
 BOUNDARY
 EXHIBIT

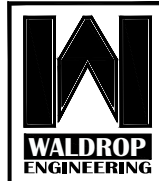
PREPARED FOR:
 BOARD OF
 SUPERVISORS
 FLOW WAY CDD

FILE NAME: 276110402
 UPDATED: 10/7/2015

EXHIBIT 3 - District Development



JULIA T. EMMETT, P.E., 11000 W. COLLEEN DRIVE, SUITE 100, FORT MYERS, FL 33907
 TEL: 888.333.3333 FAX: 888.333.3333
 WWW.WALDROPENGINEERING.COM



WALDROP ENGINEERING
 CIVIL ENGINEERING & LAND DEVELOPMENT CONSULTANTS
 1100 WABBLELLA PLAZA DRIVE
 FORT MYERS, FL 33907
 P: 813-443-8282 F: 813-443-8285
 EMAIL: info@waldropengineering.com

FLORIDA CERTIFICATE OF AUTHORIZATION 0003
DISTRICT DEVELOPMENT EXHIBIT 3

PREPARED FOR:
 BOARD OF SUPERVISORS FLOW WAY CDD

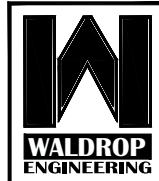
LEGEND	
	PHASE 1 & 2 BONDS
	PHASE 3 BONDS
	PHASE 4 BONDS

FILE NAME: 276110403
 UPDATED: 10/7/2015

EXHIBIT 4 - Phased District Potable Water Facilities



LEGEND	
	PHASE 1 & 2 BONDS
	PHASE 3 BONDS
	PHASE 4 BONDS



ENGINEERING & LAND DEVELOPMENT CONSULTANTS
 1183 MARBELLA PLACE DRIVE
 TAMPA, FL 33617
 P: 813-443-8282 F: 813-443-8285
 EMAIL: INFO@WALDROPENGINEERING.COM
 FLORIDA CERTIFICATE OF AUTHORIZATION #683

PHASED DISTRICT WATER FACILITIES EXHIBIT 4

PREPARED FOR:
 BOARD OF SUPERVISORS
 FLOW WAY CDD

FILE NAME: 276110404
 UPDATED: 10/7/2015

J:\2015\11-FlowWay\MapDocs\276110404\276110404_Planet_4_Phased_District_Water_Facilities_Exhibit_4.dwg
 10/7/2015 10:40:40 AM

EXHIBIT 5 - Phased District Wastewater Facilities

EXHIBIT 6 - Phased District Irrigation Facilities



LEGEND
 EXTERIOR LANDSCAPE

LEGEND
 PHASE 1 & 2 BONDS
 PHASE 3 BONDS
 PHASE 4 BONDS

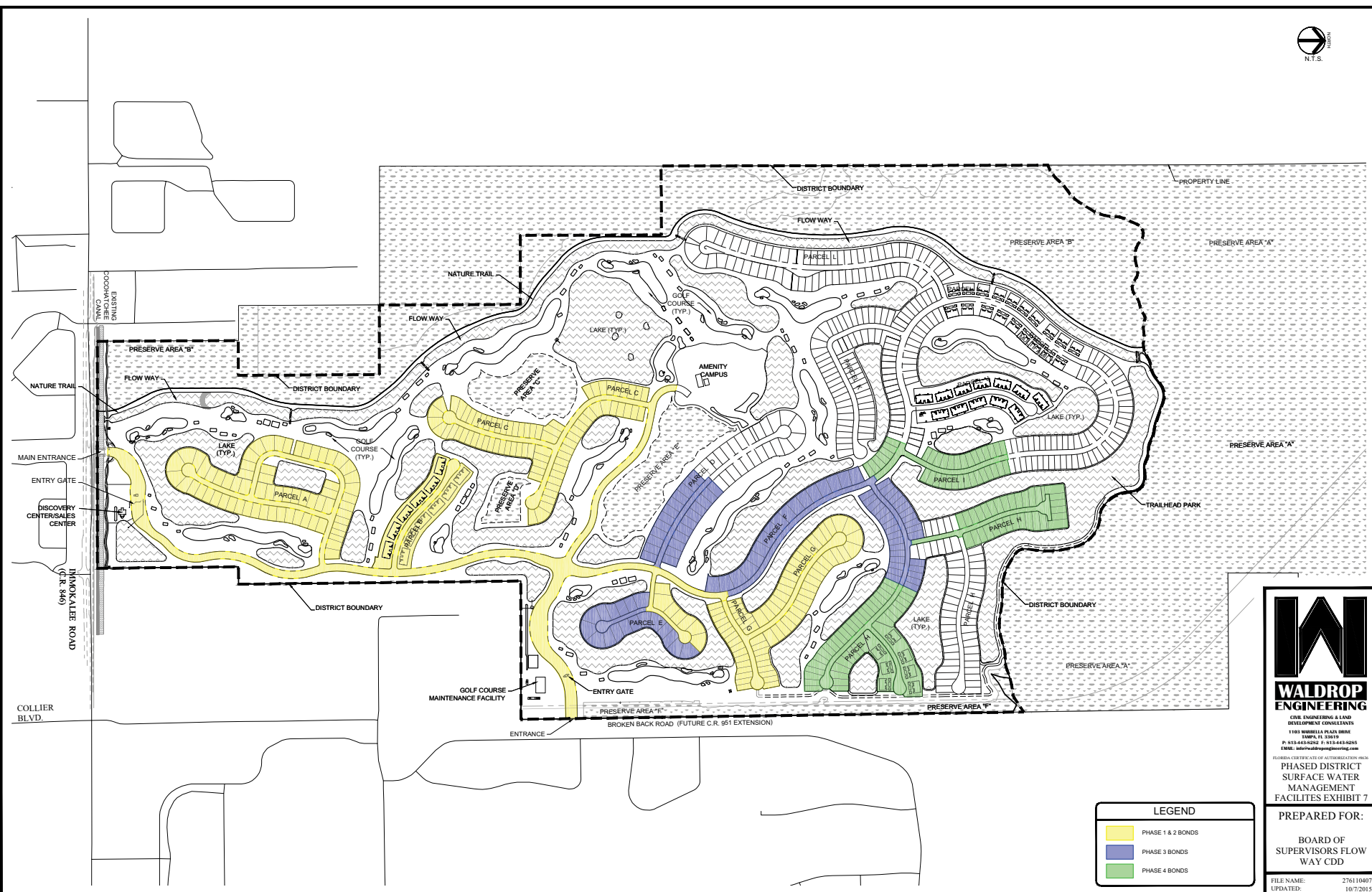
W
WALDROP
ENGINEERING
 CIVIL ENGINEERING & LAND
 DEVELOPMENT CONSULTANTS
 1183 MARBELLA PLAZA DRIVE
 TAMPA, FL 33617
 P: 813-443-8292 F: 813-443-8285
 EMAIL: info@waldropengineering.com
 FLORIDA CERTIFICATE OF AUTHORIZATION #8693
PHASE DISTRICT
IRRIGATION FACILITIES
EXHIBIT 6

PREPARED FOR:
 BOARD OF
 SUPERVISORS
 FLOW WAY CDD


FILE NAME: 276110406
 UPDATED: 10/7/2015

J:\2015\11 - Board of Supervisors\276110406\276110406 Exhibit 6 Phase 1 - Final\1 - Phase 1 - Final\1 - Phase 1 - Final\276110406.dwg
 10/7/2015 10:48:59 AM
 10/7/2015 10:48:59 AM

*EXHIBIT 7 - Phased District Surface Water Management
Facilities*



JULIA T. EMMETT, P.E., 11000 W. COLLEEN DRIVE, SUITE 100, FORT MYERS, FL 33907
 TEL: 888.444.4444 FAX: 888.444.4444
 WWW.WALDROPENGINEERING.COM



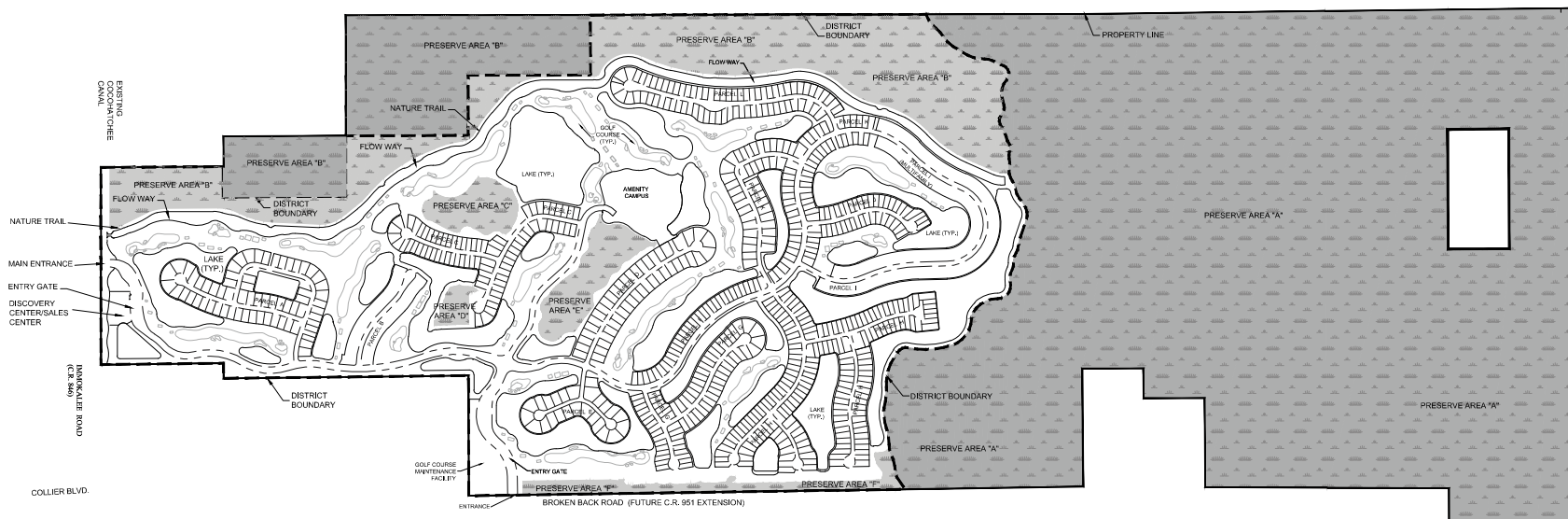
WALDROP ENGINEERING
 CIVIL ENGINEERING & LAND DEVELOPMENT CONSULTANTS
 1100 MADONNA PLAZA DRIVE
 FORT MYERS, FL 33907
 P: 813-443-8282 F: 813-443-8285
 EMAIL: info@waldropengineering.com

FLORIDA CERTIFICATE OF AUTHORIZATION 08163
PHASED DISTRICT SURFACE WATER MANAGEMENT FACILITIES EXHIBIT 7

PREPARED FOR:
 BOARD OF SUPERVISORS FLOW WAY CDD

FILE NAME: 276110407
 UPDATED: 10/7/2015


*EXHIBIT 8 - Phased Environmental Preserve &
Mitigation Areas*



LEGEND

PRESERVATION AREA WITHIN DISTRICT BOUNDARY
 PRESERVATION AREA OUTSIDE OF DISTRICT BOUNDARY

PRESERVATION AREAS IN/OUT OF DISTRICT BOUNDARY			
PRESERVE	IN	OUT	TOTAL
A	---	888.55 AC.	888.55 AC.
B	118.34 AC.	80.15 AC.	198.49 AC.
C	9.67 AC.	---	9.67 AC.
D	2.79 AC.	---	2.79 AC.
E	13.77 AC.	---	13.77 AC.
F	10.61 AC.	---	10.61 AC.
TOTAL	155.18 AC.	968.70 AC.	1123.88 AC.



**WALDROP
ENGINEERING**

CIVIL ENGINEERING & LAND
DEVELOPMENT CONSULTANTS

1183 MARBELLA PLAZA DRIVE
TAMPA, FL 33617
P: 813-443-8282 F: 813-443-8285
EMAIL: info@waldrop-engineering.com

FLORIDA CERTIFIED PROFESSIONAL ENGINEER

PHASE 8

**ENVIRONMENTAL
PRESERVATION &
MITIGATION AREA
EXHIBIT 8**

PREPARED FOR:

**BOARD OF
SUPERVISORS
FLOW WAY CDD**

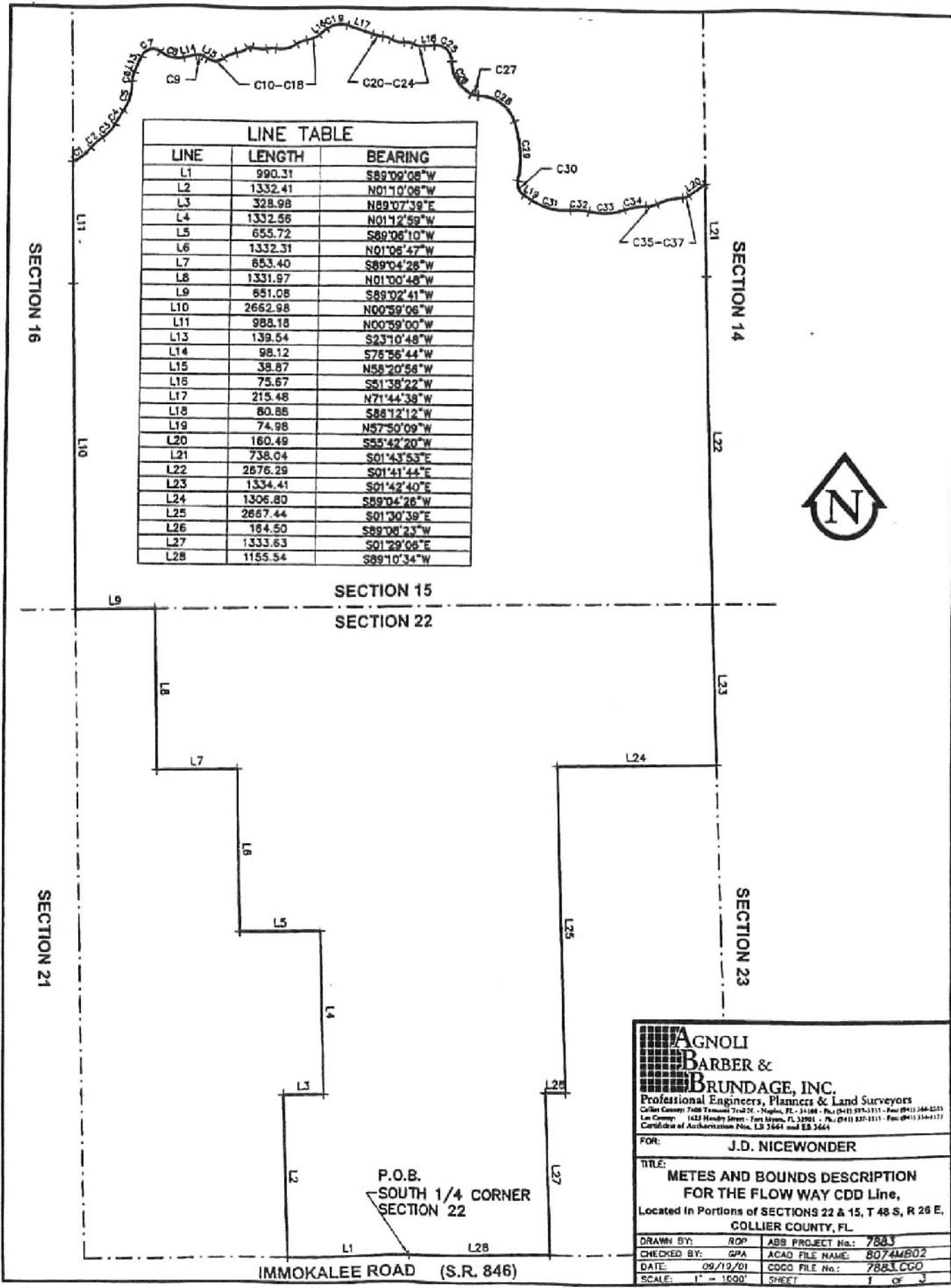
FILE NAME: 276110408
UPDATED: 10/7/2015

J:\276110408\276110408.dwg (10/7/2015 10:40:08 AM) PLOT: 10/7/2015 10:40:08 AM
 276110408.dwg (10/7/2015 10:40:08 AM) PLOT: 10/7/2015 10:40:08 AM

EXHIBIT 9 - District Boundary Sketch & Description

(Exhibit 2 of Ordinance 02-09)

LINE TABLE		
LINE	LENGTH	BEARING
L1	990.31	S89°09'08"W
L2	1332.41	N01°10'06"W
L3	328.98	N89°07'38"E
L4	1332.56	N01°12'59"W
L5	655.72	S89°06'10"W
L6	1332.31	N01°06'47"W
L7	653.40	S89°04'26"W
L8	1331.97	N01°00'48"W
L9	651.08	S89°02'41"W
L10	2662.98	N00°59'06"W
L11	988.18	N00°59'00"W
L13	139.54	S23°10'48"W
L14	98.12	S78°56'44"W
L15	38.87	N58°20'58"W
L16	75.67	S51°38'22"W
L17	215.48	N71°44'38"W
L18	80.88	S88°12'12"W
L19	74.98	N57°50'09"W
L20	180.49	S55°42'20"W
L21	738.04	S01°43'53"E
L22	2676.29	S01°41'44"E
L23	1334.41	S01°42'40"E
L24	1306.80	S89°04'28"W
L25	2667.44	S01°30'39"E
L26	184.50	S89°08'23"W
L27	1333.63	S01°29'08"E
L28	1155.54	S89°10'34"W



AGNOLI BARBER & BRUNDAGE, INC.
Professional Engineers, Planners & Land Surveyors
Carter Center 7608 Tamiami Trail SE - Naples, FL - 34108 - Ph: (813) 975-1111 - Fax: (813) 344-2222
Lee County: 1425 Hensley Street - Fort Myers, FL 33901 - Ph: (813) 937-1111 - Fax: (813) 334-1111
Certificate of Authorization Nos. LB 3664 and ES 3664

FOR: **J.D. NICEWONDER**

TITLE: **METES AND BOUNDS DESCRIPTION FOR THE FLOW WAY CDD Line, Located in Portions of SECTIONS 22 & 15, T 48 S, R 28 E, COLLIER COUNTY, FL.**

DRAWN BY: ROP	ABB PROJECT No.: 7883
CHECKED BY: GPA	ACAD FILE NAME: 8074MB02
DATE: 09/19/01	CGO FILE No.: 7883.CGO
SCALE: 1" = 1000'	SHEET 1 OF 3

LEGAL DESCRIPTION OF NICEWONDER PROPERTY SOUTH

A PARCEL OF LAND LYING IN SECTIONS 15 AND 22, TOWNSHIP 48 SOUTH, RANGE 26 EAST, COLLIER COUNTY, FLORIDA, SAID PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

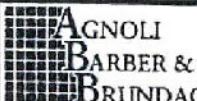
Beginning at the South Quarter Corner of said Section 22; thence S.89°09'08"W., a distance of 990.31 feet; thence N.01°10'06"W., a distance of 1,332.41 feet; thence N.89°07'39"E., a distance of 328.98 feet; thence N.01°12'59"W., a distance of 1,332.56 feet; thence S.89°06'10"W., a distance of 655.72 feet; thence N.01°06'47"W., a distance of 1,332.31 feet; thence S.89°04'26"W., a distance of 653.40 feet; thence N.01°00'48"W., a distance of 1,331.97 feet; thence S.89°02'41"W., a distance of 651.08 feet; thence N.00°59'06"W., a distance of 2,662.98 feet; thence N.00°59'00"W., a distance of 988.18 feet to the point of curve of a non tangent curve to the left, of which the radius point lies N.21°31'58"W., a radial distance of 359.00 feet; thence northeasterly along the arc, through a central angle of 29°40'27", a distance of 185.93 feet to a point of reverse curve to the right having a radius of 381.00 feet and a central angle of 18°46'56"; thence northeasterly along the arc, a distance of 124.90 feet to a point of reverse curve to the left having a radius of 312.00 feet and a central angle of 27°38'40"; thence northeasterly along the arc, a distance of 150.54 feet to a point of reverse curve to the right having a radius of 1,988.00 feet and a central angle of 03°33'22"; thence northeasterly along the arc, a distance of 123.39 feet to a point of reverse curve to the left having a radius of 412.00 feet and a central angle of 35°06'17"; thence northerly along the arc, a distance of 252.43 feet to a point of reverse curve to the right having a radius of 188.00 feet and a central angle of 24°47'52"; thence northerly along the arc, a distance of 81.37 feet; thence N.23°10'48"E., a distance of 139.54 feet to a point of curve to the right having a radius of 98.00 feet and a central angle of 107°41'02"; thence easterly along the arc a distance of 184.18 feet to a point of reverse curve to the left having a radius of 212.00 feet and a central angle of 53°55'06"; thence easterly along the arc, a distance of 199.50 feet; thence N.76°56'44"E., a distance of 98.12 feet to a point of curve to the right having a radius of 88.00 feet and a central angle of 44°42'20"; thence easterly along the arc a distance of 68.66 feet; thence S.58°20'56"E., a distance of 38.87 feet to a point of curve to the left having a radius of 112.00 feet and a central angle of 71°41'55"; thence easterly along the arc a distance of 140.15 feet to a point of reverse curve to the right having a radius of 225.00 feet and a central angle of 28°55'44"; thence northeasterly along the arc, a distance of 113.60 feet to a point of reverse curve to the left having a radius of 212.00 feet and a central angle of 27°20'10"; thence northeasterly along the arc, a distance of 101.15 feet to a point of reverse curve to the right having a radius of 38.00 feet and a central angle of 58°26'43"; thence easterly along the arc, a distance of 38.76 feet to a point of reverse curve to the left having a radius of 212.00 feet and a central angle of 32°15'37"; thence easterly along the arc, a distance of 119.37 feet to a point of reverse curve to the right having a radius of 188.00 feet and a central angle of 23°02'51"; thence easterly along the arc, a distance of 75.62 feet to a point of reverse curve to the left having a radius of 212.00 feet and a central angle of 46°44'53"; thence easterly along the arc, a distance of 172.97 feet to a point of reverse curve to the right having a radius of 188.00 feet and a central angle of 28°19'29"; thence easterly along the arc, a distance of 92.94 feet to a point of reverse curve to the left having a radius of 212.00 feet and a central angle of 30°42'52"; thence northeasterly along the arc, a distance of 113.65 feet; thence N.51°38'22"E., a distance of 75.67 feet to a point of curve to the right having a radius of 188.00 feet and a central angle of 56°37'01"; thence easterly along the arc a distance of 185.77 feet; thence S.71°44'38"E., a distance of 215.48 feet to a point of curve to the left having a radius of 312.00 feet and a central angle of 15°36'30"; thence easterly along the arc a distance of 84.99 feet to a point of reverse curve to the right having a radius of 138.00 feet and a central angle of 30°18'09"; thence easterly along the arc, a distance of 72.99 feet to a point of reverse curve to the left having a radius of 162.00 feet and a central angle of 38°42'28"; thence easterly along the arc, a distance of 109.44 feet to a point of reverse curve to the right having a radius of 138.00 feet and a central angle of 34°16'32"; thence easterly along the arc, a distance of 82.55 feet to a point of reverse curve to the left having a radius of 162.00 feet and a central angle of 32°18'53"; thence easterly along the arc, a distance of 91.37 feet; thence N.86°12'12"E., a distance of 80.88 feet to a point of curve to the right having a radius of 138.00 feet

(SEE SHEET 3 OF 3 FOR CONTINUATION)

GENERAL NOTES:

1. DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.
2. R.O.W. = RIGHT-OF-WAY.
3. CURVE DIMENSIONS ARE AS FOLLOWS:
 Δ = DELTA, R = RADIUS, A = ARC, CH = CHORD,
 AND CHB = CHORD BEARING
4. BEARINGS ARE ASSUMED BASED ON THE SOUTH LINE OF THE SOUTHEAST 1/4 OF SECTION 22, TOWNSHIP 48 SOUTH, RANGE 26 EAST, BEING N 89°10'34" E.
5. TOTAL AREA = 829.74 ACRES MORE OR LESS.

* **NOT A SURVEY** *

 <p>AGNOLI BARBER & BRUNDAGE, INC. Professional Engineers, Planners & Land Surveyors Collier County: 1400 Tuscumbia Trail N., Naples, FL - 34108 - Ph: (941) 997-1111 - Fax (941) 994-1209 Lee County: 1415 Hendry Street - Fort Myers, FL 33901 - Ph: (941) 333-1111 - Fax (941) 334-1177 Certificate of Authorization Nos. LB 3464 and LB 3464</p>	
FOR: J.D. NICEWONDER	
TITLE: METES AND BOUNDS DESCRIPTION FOR THE FLOW WAY CDD Line, Located in Portions of SECTIONS 22 & 15, T 48 S, R 26 E, COLLIER COUNTY, FL.	
DRAWN BY: ROP	ABB PROJECT No.: 7883
CHECKED BY: GPA	ACAD FILE NAME: 8074MB02
DATE: 09/19/01	COORD FILE No.: 7883.CCD
SCALE: 1" = 1000'	SHEET 2 OF 3

CURVE TABLE					
CURVE	RADIUS	LENGTH	DELTA	TANGENT	CHORD BEARING
C1	359.00	185.93	29°40'27"	95.10	N53°37'49"E
C2	381.00	124.90	18°46'56"	83.01	S45°11'03"W
C3	312.00	150.54	27°38'40"	76.76	N43°45'11"E
C4	1988.00	123.39	3°33'22"	61.71	S31°42'32"W
C5	412.00	252.43	35°08'17"	130.32	N15°38'05"E
C6	188.00	81.37	24°47'52"	41.33	S10°46'52"W
C7	98.00	184.19	107°41'02"	134.11	S77°01'19"W
C8	212.00	199.50	53°55'06"	107.83	S78°05'43"E
C9	88.00	68.68	44°42'20"	36.19	N80°42'06"W
C10	112.00	140.15	71°41'55"	80.92	N85°48'06"E
C11	225.00	113.80	28°55'44"	58.04	S84°25'01"W
C12	212.00	101.15	27°20'10"	51.55	N65°12'47"E
C13	38.00	38.76	58°28'43"	21.28	S80°46'04"W
C14	212.00	119.37	32°15'37"	61.31	S88°08'24"E
C15	188.00	75.82	23°02'51"	36.33	S89°15'13"W
C16	212.00	172.97	48°44'53"	91.63	N77°24'12"E
C17	188.00	92.84	28°19'29"	47.44	S88°11'29"W
C18	212.00	113.85	30°42'52"	58.22	N66°59'48"E
C19	188.00	185.77	58°37'01"	101.28	S79°58'52"W
C20	312.00	84.99	15°38'30"	42.78	S79°32'53"E
C21	138.00	72.99	30°18'09"	37.37	N72°12'03"W
C22	182.00	109.44	38°42'28"	58.90	S78°24'13"E
C23	138.00	82.55	34°18'32"	42.55	N78°37'11"W
C24	182.00	91.37	32°18'53"	46.93	S77°38'22"E
C25	138.00	224.07	93°01'46"	145.50	N47°18'55"W
C26	312.00	330.36	60°40'03"	182.57	S31°08'04"E
C27	112.00	57.69	29°30'43"	29.50	S76°11'27"E
C28	308.00	383.12	71°16'11"	220.79	N55°19'43"W
C29	908.00	484.40	30°33'57"	248.11	N04°23'39"W
C30	112.00	134.34	68°43'29"	76.58	S23°28'25"E
C31	512.00	333.98	37°22'29"	173.18	S70°31'24"E
C32	488.00	155.66	18°16'33"	78.50	N86°04'22"W
C33	512.00	297.82	33°19'39"	153.25	N88°24'05"E
C34	488.00	178.15	20°54'59"	90.08	S80°11'45"W
C35	212.00	94.41	25°30'56"	48.00	N77°53'47"E
C36	588.00	217.08	21°09'09"	109.79	S75°42'53"W
C37	103.00	54.98	30°35'07"	28.16	N70°59'54"E


(CONTINUED FROM SHEET 2 OF 3)

and a central angle of 93°01'46"; thence southeasterly along the arc a distance of 224.07 feet to a point of reverse curve to the left having a radius of 312.00 feet and a central angle of 60°40'03"; thence southeasterly along the arc, a distance of 330.36 feet to a point of compound curve to the left having a radius of 112.00 feet and a central angle of 29°30'43"; thence easterly along the arc, a distance of 57.69 feet to a point of reverse curve to the right having a radius of 308.00 feet and a central angle of 71°16'11"; thence southeasterly along the arc, a distance of 383.12 feet to a point of compound curve to the right having a radius of 908.00 feet and a central angle of 30°33'57"; thence southerly along the arc, a distance of 484.39 feet to a point of reverse curve to the left having a radius of 112.00 feet and a central angle of 68°43'29"; thence southeasterly along the arc, a distance of 134.34 feet; thence S.57°50'09"E., a distance of 74.98 feet to a point of curve to the left having a radius of 512.00 feet and a central angle of 37°22'29"; thence easterly along the arc a distance of 333.98 feet to a point of reverse curve to the right having a radius of 488.00 feet and a central angle of 18°16'33"; thence easterly along the arc, a distance of 155.66 feet to a point of reverse curve to the left having a radius of 512.00 feet and a central angle of 33°19'39"; thence easterly along the arc, a distance of 297.82 feet to a point of reverse curve to the right having a radius of 488.00 feet and a central angle of 20°54'59"; thence easterly along the arc, a distance of 178.15 feet to a point of reverse curve to the left having a radius of 212.00 feet and a central angle of 25°30'56"; thence easterly along the arc, a distance of 94.41 feet to a point of reverse curve to the right having a radius of 588.00 feet and a central angle of 21°09'09"; thence easterly along the arc, a distance of 217.08 feet to a point of reverse curve to the left having a radius of 103.00 feet and a central angle of 30°35'07"; thence easterly along the arc, a distance of 54.98 feet; thence N.55°42'20"E., a distance of 160.49 feet; thence S.01°43'53"E., a distance of 738.04 feet; thence S.01°41'44"E., a distance of 2,676.29 feet; thence S.01°42'40"E., a distance of 1,334.41 feet; thence S.89°04'26"W., a distance of 1,306.80 feet; thence S.01°29'06"E., a distance of 2,667.44 feet; thence S.89°08'23"W., a distance of 164.50 feet; thence S.01°29'06"E., a distance of 1,333.63 feet; thence S.89°10'34"W., a distance of 1,155.54 feet to the POINT OF BEGINNING.

Containing 829.74 acres, more or less;
subject to easements and restrictions of record.

* NOT A SURVEY *

AGNOLI, BARBER & BRUNDAGE, INC.
Professional Engineers, Planners & Land Surveyors

BY  Guy P. Adams, P.S.M. # 4390

AGNOLI BARBER & BRUNDAGE, INC.		
Professional Engineers, Planners & Land Surveyors		
<small>Office: 7400 Tenthon Trail N., Naples, FL 34109 - Ph: (941) 977-3111 - Fax: (941) 286-2211 Lee County: 1415 W. Broadway, Fort Myers, FL 33903 - Ph: (941) 337-3111 - Fax: (941) 334-1177 Certificate of Authorization: No. LR 3666 and EB 3464</small>		
FOR:	J.D. NICEWONDER	
TITLE:	METES AND BOUNDS DESCRIPTION FOR THE FLOW WAY CDD Line, Located in Portions of SECTIONS 22 & 15, T 48 S, R 26 E, COLLIER COUNTY, FL.	
DRAWN BY:	ROP	ABB PROJECT No.: 7883
CHECKED BY:	GPA	ACAD FILE NAME: 8074MB02
DATE:	09/19/01	CDGO FILE No.: 7883.CGO
SCALE:	1" = 1000'	SHEET 3 OF 3

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

ASSESSMENT METHODOLOGY

[THIS PAGE INTENTIONALLY LEFT BLANK]

*FLOW WAY COMMUNITY DEVELOPMENT DISTRICT
SERIES 2015 – PHASE 4 CAPITAL IMPROVEMENT
PROGRAM
PAR AMOUNT \$3,190,000*

Final Special Assessment Report

Prepared by:

JPWard & Associates LLC

JAMES P. WARD, Chief Operating Officer

954.658.4900

WARD9490@COMCAST.NET

11/23/2015

*2041 NE 6TH TERRACE
WILTON MANORS
FLORIDA 33305*

1.0 BACKGROUND AND THRESHOLD MATTERS

The District was created and chartered by law and established on the property by Collier County effective February 26, 2002, as amended.

The District manages the provision of infrastructure to the community known as Esplanade Golf and Country Club of Naples, which is approximately 830 acres of land and is situated northwest of the intersection of Immokalee Road and County Road 951.

The District's single and special purpose is to manage the construction, acquisition, maintenance and financing of its public works including basic infrastructure, system, facilities, services and improvement.¹

The District was essentially dormant since establishment, until 2013 when Taylor Morrison Esplanade Naples, LLC ("Taylor Morrison Esplanade") acquired the entire land area within the District. In 2013 the District issued its first Series of Bonds for the first two phases of development, which development is currently underway, and in 2015 the District continued the development of the capital improvement program with the issuance of the Series 2015 Bonds for Phase 3.

This report is intended to continue the development of the capital improvement program for this Series of Bonds for the development of Phase 4, and to define the assessments that will be required to implement the capital improvement plan for Phase 4.

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

This 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 revised residential and commercial product types to insure that the new assessments are fair, just and reasonable for all property within the District.

2.0 THE DISTRICT

The District was established by Ordinance of the Board of County Commissioner's of Collier County, Florida, effective February 26, 2002 and encompasses a total of 830 acres. The development, known as Esplanade Golf and Country Club of Naples also encompasses approximately 830 acres.

The District encompasses the community known as Esplanade Golf and Country Club of Naples and is situated northeast of the intersection of Immokalee Road and County Road 951.

Interstate 75 and U.S. 41 provide direct access to Fort Lauderdale and Miami, respectively. Interstate 75 also provides access to Fort Myers, Sarasota, Tampa and northern Florida. The Southwest Florida International Airport is located approximately forty (40) minutes north via Interstate 75, and the Miami International Airport is located approximately one (1) hour and forty-five (45) minutes east via Interstate 75.

3.0 PURPOSE OF THIS REPORT

This Special Assessment Report has been developed to provide a roadmap and lays out in detail each step for use by the Board for the imposition and levy of non-ad valorem special assessments. This report begins by introducing the Cost Allocation methodology, as prepared by Waldrop Engineering, Inc. to the Board, and then the report introduces the Assessment Methodology. These two methodologies constitute the District's procedure for instituting the Assessments to fund the capital improvement program for the District.

The Cost Allocation Methodology discloses the computations for the cost and dollar amounts for the systems, facilities and services provided by the District per parcel for each unity type of acre.

The Assessment Methodology outlines the properties within the District that are subject to the Assessments and the special benefit conferred peculiar to each property by, and received from, the systems, facilities and services provided by the District's capital improvement program. The Assessment Methodology will have three primary objectives: (1) to determine the

special and peculiar benefits that flow to the assessable properties in the District from the capital improvement plan provided by the District; (2) to apportion the special benefits peculiar to all parcels in a manner that is fair and reasonable, resulting in the proportionate special benefit; and (3) to apply the proportionate special benefit to the proposed allocated costs in each assessment category potentially resulting in a modification to the costs allocated and fixing the Assessments per parcel or acre. The first two objectives of the Assessment Methodology set forth a framework to apply to the already allocated costs and dollar amount of Assessments associated with the operations and maintenance expenditures benefiting properties. Once the framework is set, the proportionate special benefit may modify the earlier allocated dollar amounts of the assessments per parcel or per acre. The report is designed to conform to the requirements of Chapters 189, 190, 170 and 197, Florida Statutes, and is consistent with the District's understanding of the case law on this subject.

The existing systems, facilities and services earlier acquired and constructed by this District produced special benefits, peculiar to both acres and platted parcels, which were apportioned in a manner that is fair and reasonable and which were based on the development plan by the Original Developer. The current developer (Taylor Morrison Esplanade) has completely changed the entire development program since acquiring the lands in 2013 based on current economic conditions. The new development plan which was implemented with the issuance of the District's Series 2013 Bonds, was consistent with the Series 2015 Bonds, and this report continues that implementation for Phase 4 development area. Through focused, pinpointed and responsive management by the District of its systems, facilities and services special benefits that flow peculiar to the properties are enhanced.

4.0 METHODOLOGY FOR ALLOCATING COSTS AND ASSESSMENTS

4.1 Cost Allocation

The allocation of costs in the cost allocation methodology is based on accepted practices in accordance with applicable laws and the procedure for the imposition, levy and collection of non-ad valorem special assessments as set forth in the District Charter ² and in conformity with State laws applicable to such assessments.

² See the Act in chapter 190, Florida Statutes.

The allocation of costs is really in effect a disclosure of the costs as a first step towards determining the final dollar amount of the assessment per unit.

The District's capital program can be broken down into six (6) broad categories: (1) surface water management system, (2) utilities including potable water, wastewater and irrigation, (3) exterior landscaping, (4) off-site improvements, (5) environmental mitigation and (6) professional & permit fees. Mitigation as used herein, is both on-site and off-site preserve enhancement, creation and preservation.

These programs have costs identified in Table 1 below and are merely the first step in the special assessments to be paid. To provide further information, the division (i.e., the allocation) of these cost for each program is further discussed in the Waldrop Engineering Inc., report dated October, 2015.

The special benefits that these programs provide to the properties are more fully disclosed in this report and a preview of some apportionment factors is helpful.³ The key to such factor is the use of Equivalent Residential Units (ERU's"). These units are a tried and true measurement to compare the costs as divided or allocated.

³ As will be disclosed later, apportionment determines the relative magnitude of the special benefits also and provides a further breakdown in costs.

Table 1	
Phase 4 - Cost Allocation	
Description	Allocated Cost
Stormwater Management System	\$ 1,969,853.58
Utilities	
Potable Water	\$ 251,691.35
Sanitary Sewer	\$ 364,952.31
irrigation	\$ 293,155.64
Exterior Landscaping	\$ 198,518.05
Off-Site Improvement	\$ 175,264.56
Environmental Mitigation	\$ 291,160.00
Professional & Permit Fees	\$ 344,098.05
Total:	\$ 3,888,693.55

4.2 Surface Water Management System

The District's surface water management system was designed to be an integrated and functional water management system for the treatment and attenuation of stormwater runoff for the entire District. As such, the allocation of costs are based on the capacity usage anticipated for each land use within the District.

4.3 Potable Water, Wastewater and Irrigation

The District's utility system consists of potable water, sanitary sewer and irrigation water for the community. The development within the District consists primarily residential properties, and a golf course with associated amenities. The potable water and sanitary sewer are divided among all property owners based on typical flow rates established by the District Engineer for similar use types based on the Florida Administrative Code, and that the irrigation water be distributed based on the anticipated use for each land use type.

4.4 Exterior Landscaping, Off-Site Improvements, Mitigation and Miscellaneous

The exterior landscaping consists of buffering along the project boundaries and is necessitated by the requirements of the Collier County Land Development Code, which requires landscape buffering along public roadways and between different zoning categories and uses within the County. As such, the allocation of costs are based on trip generation anticipated for each land use within the District.

4.5 Off-Site Improvements

The off-site improvements consist of transportation related improvements for County Road 951 Extension right-of-way. These improvements were also necessitated by the requirements of the Collier County Land PUD Ordinance NO. 12-14. These roadway improvement costs are divided between the various individual properties based on the size of a typical lot, according to the Engineer's report.

4.6 Environmental Mitigation

The environmental mitigation costs consist of wetland and other habitat improvements caused by the development of Esplanade Golf & Country Club of Naples, to replace existing wetlands. As such, the allocation of costs are based on the capacity usage anticipated for each land use within the District.

4.7 Professional & Permit Fees

Professional and Permit costs are allocated based on the typical lot size anticipated for each land use within the District.

5.0 OVERVIEW OF ASSESSMENT METHODOLOGY; SPECIAL PECULIAR BENEFIT; REASONABLE AND FAIR APPORTIONMENT; PROPORTIONATE SPECIAL BENEFIT

The purpose of this Assessment Methodology is to discuss the special benefits peculiar to the properties from construction and acquisition of the District systems, facilities and services, along with the further enhancement and enjoyment of the property from the District's use of its special pinpointed and focused management capabilities to construct these systems, facilities and services.

The Assessment Methodology herein constitutes a valid and legal methodology for the Flow Way Community Development District in that it confers special benefits peculiar to the properties and apportions those benefits in a reasonable and fair manner resulting in and applying the proportionate special benefit. This section is broken down into four (4) subsections:

Subsection 5.1 provides a detailed overview of the requirements for a valid special assessment. In this subsection, Florida's legal requirements to make the assessments liens equal in dignity to property taxes are explained and detailed. (A lien travels with the property and may result in the loss of the property if it is not paid.)

Subsection 5.2 identifies and details the actual special benefits flowing from the District’s construction activities of it’s, systems, facilities and services to the properties. A breakdown of each special benefit (added use, added enjoyment, the combination of enhanced value and increased marketability and finally decreased insurance premiums) is provided and the way the properties are benefited is explained.

Subsection 5.3 covers the apportionment of these special benefits. This subsection shows the proportion of the special benefit flowing to the individual properties. For example, the Off-site Services will create equal special benefits peculiar to individual properties. That is, the relative magnitude of any one of these special benefits to any one property is proportional to the special benefits to another property. Similarly, the Water Management Services will benefit certain properties more than others, as will the Utilities and Irrigation Services.

The special benefits can be broken down into a percentage of the overall special benefit flowing based on each category. This section explains this breakdown in specificity for each property unit type in relation to the magnitude of the special benefit each property unit enjoys. This apportionment results in the proportionate special benefit.

Subsection 5.4 applies the proportionate special benefit to the dollar amount allocated in the Cost Allocation Methodology.

5.1 Requirements For a Valid Assessment Methodology

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.⁴ The courts recognize added use, added enjoyment, enhanced value

⁴ The two basic requirements for a valid assessment under law are stated succinctly in *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) (“There are two requirements for the imposition of a valid

(footnote continued)

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.

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,⁵ 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 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

special assessment. First, the property assessed must derive a special benefit from the service provided. Second, the assessment must be fairly and reasonably apportioned among the properties that receive the special benefit.” (Citations omitted). The requirement that the benefits received from the property must be peculiar to the parcel or acres is stated in *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) (A special assessment "is imposed upon the theory that that portion of the community which is required to bear it receives some special or peculiar benefit in the enhancement of value of the property against which it is imposed as a result of the improvement made with the proceeds of the special assessment."). The requirement for the existence of a logical connection from the systems, facilities and services constituting the improvements to the parcel or acre is found in *Lake County v. Water Management Corp.*, 695 So. 2d 667, 669 (Fla. 1997) (The test for evaluating whether a special benefit is conferred to 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.")

⁵ *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).

in dignity to the property tax lien.⁶ Florida courts have found that it is not necessary to calculate special benefits with mathematical precision at the time of imposition and levy⁷ so long as the levying and imposition process is not arbitrary, capricious or unfair.⁸

5.2 Special Peculiar Benefits

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 borders of the District, as well as general benefits to the public at large.

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

⁶ *Workman Enterprises, Inc. v. Hernando County*, 790 So. 2d 598, 600 (Fla. 5th DCA 2001) (“When a trial court is presented with a property owner’s challenge to a special assessment the appropriate ‘standard of review is the same for both prongs; that is, the legislative determination as to the existence of special benefits and as to the apportionment of the costs of those benefits should be upheld unless the determination is arbitrary.’”) (Citation omitted). § 170.09, Fla. Stat. (2010) (“The special assessments . . . shall remain liens, coequal with the lien of all state, county, district, and municipal taxes, superior in dignity to all other liens, titles, and claims, until paid.”)

⁷ *City of Boca Raton v. State*, 595 So. 2d 25, 31 (Fla. 1992) (In determining the special benefit each parcel or acre receives, the District is “not required to specifically itemize a dollar amount of benefit to be received by each parcel.”). Pursuant to section 197.122(1), Florida Statutes, all taxes imposed pursuant to the State Constitution and laws of this state shall be a first lien, superior to all other liens, on any property against which the taxes have been assessed and shall continue in full force from January 1 of the year the taxes were levied until discharged by payment or until barred under chapter 95. Pursuant to the collection laws, section 197.3632, Florida Statutes, and all applicable case law, this provision on taxes also applies to non-ad valorem assessments.

⁸ See *Workman Enterprises, Inc. v. Hernando County*, 790 So. 2d 598 (Fla. 5th DCA 2001), *supra* note 5, at 600.

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. The four assessments imposed by this resolution are designed with the specific properties of the District in mind and for their exclusive special benefit.

5.2.1 General Review

From the District's focused and pinpointed management flows the special benefit peculiar to each parcel or acre of added use of the property. This special benefit of added use of a piece of property contemplates the increased ability to "use" the property for its intended purpose.

The District's control and management will also provide another special benefit peculiar to each parcel or acre of added enjoyment of the property. The special benefit of added enjoyment of property contemplates the increase in the satisfaction or quality of use of the specially benefitted property.

Additionally, the District's control and management will provide the special benefit peculiar to each parcel or acre of the probability of increased marketability and value of the property. The dollar increase in the value of the property could be determined at a later time by a property appraiser.

Because the benefits of the District's 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. Put differently, when a property's value increases and the price a property is for sale remains the same, the property will have a greater chance of being sold; therefore, the marketability of that property is increased.

Further, a derivative special benefit also exists from this increased marketability. Because of the overall benefit and increases in property values, the surrounding homes will increase in their marketability. More enhanced neighboring properties mean increased marketability. Therefore, even if a single property's value is not increased from the particular District service, many surrounding properties' value will increase, and the non-value improving property will still gain an increase in marketability.

Finally, the District's focused and pinpointed control and management will provide a special benefit peculiar to each parcel or acre of decreased insurance premiums. The monetary decrease in the insurance premiums could be determined at a later time by an insurance adjuster.

These special and peculiar benefits are real and ascertainable, but are not yet capable of being calculated and assessed as to value with mathematical certainty; however, their magnitude can be determined with certainty today. Each special benefit is by orders 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.

Accordingly, each system, facility and service provided by the District is discussed.

(A) Surface Water Management Systems, Facilities and Services

The Special Benefit of Added Use

From the District's focused and pinpointed management of the Surface Water Management System flows the special benefit peculiar to each parcel or acre of added use of the property. The special benefits peculiar to each parcel or acre from the Surface Water Management System that contributes, as a logical relationship, to the added use of property throughout the District are flood reduction and prevention and reduced over-drainage. The community is being developed as a bundled golf community, where each owner of property within the District will be a member of the Homeowner's Association and the Association will be the owner of the Golf Course. With this development concept, the development of the Golf Course will benefit the property owners directly by permitting the owner's the use of the course and it's associated facilities.

The District's focused and pinpointed control and maintenance of the Surface Water Management System will avoid the need to undergo intense revitalization efforts of the system in the future for all residential properties and of the Golf Course, however the sole beneficiaries of the added use of the Golf Course are the individual property owners in the District, and not the Golf Course since the Golf Course will be owned and operated by the Homeowner's Association to which all individual property owner's will be members of the Homeowner's Association. As such, the individual properties (excluding the Golf Course) will receive the entire benefit of flood protection, treatment and attenuation of stormwater runoff.

The Special Benefit of Added Enjoyment

The District's construction of the Surface Water Management Services will also provide a special benefit peculiar to each parcel or acre of added enjoyment of the property. The items contributing, as a logical relationship, to the special benefit of added enjoyment of the property are reduced pollution on the property and throughout the District, improved water quality throughout the District, and an aesthetic enhancement of property in general through a better-maintained landscape resulting in a clean and pristine environment. Use of the Golf Course will be significantly enhanced by allowing owner's to enjoy a better game-play experience in playing on well drained, hence dry, lands as well as the satisfaction of playing on a highly maintained course with an admirable beauty as a direct result of that maintenance. Again however, since the Golf Course is owned by the Homeowner's Association, the benefit's that are derived from the enjoyment of the surface water management system, flow as a logical consequence to the individual properties (excluding the Golf Course) within the District. These individual properties will also enjoy the significant decrease in pollutant build up on their lands and common areas and the consequent positive environmental and aesthetic effects on their lands and local community as a direct result of the enhanced Surface Water Management System's construction, operation and maintenance by focused District management.

The Special Benefit of the Probability of Enhanced Value and Increased Marketability

The District's construction of the surface water management system will provide further a special benefit peculiar to each parcel or acre in the probability of increased marketability and enhanced value of the property. Specific benefits of this type include decreased landscaping and maintenance costs, reduced environmental degradation, higher quality property maintenance, reduced water treatment costs (since the system is effectively removing a substantial portion of the pollutants before the run-off water reaches a water treatment facility), and increased prestige. Moreover, the enhanced value received by the property will remain despite any change in future use because the surface water management system benefits the lands of the District irrespective of their current or anticipated purpose. The dollar increase in the value of the property can be determined at a later time by a property appraiser. The Golf Course itself, as a better served entity, will be much more valuable, and consequently as a result of the ownership by the Homeowner's Association the individual home values may be positively affected by the golf course. Additionally, as a result of the construction of the surface water management system, this will provide owner's potentially more playing time should its overall enhancement entice more property owners to visit and use the golf course; again, this in turn could increase the prestige and visibility of the course, further driving up the market value of the individual properties in the District. Finally, these individual properties would specially benefit

from value increases in the individual properties, which are directly attributable to providing flood protection, treatment and attenuation of stormwater, a stormwater system that raises the project's finished floor elevation's above FEMA's flood elevation, all from the construction of the District's surface water system, and all at residents' disposal. Finally, the construction of the District's surface water system, will provide less local maintenance and landscaping expenditures, and significantly more attractive individual lots which by their aesthetic characteristics are more sought after and marketable.

The Special Benefit of Decreased Insurance Premiums

Finally, the District's control and management of the surface water management system will provide a special benefit peculiar to each parcel or acre of decreased insurance premiums. The monetary decrease in the insurance premiums could be determined at a later time by an insurance adjuster. The Golf Course as well as residential properties within the District should enjoy significant reductions in insurance costs if the system is proved to decrease pollutants locally in the manner intended as well as provide a means of flood prevention that will reduce the potential for property damage throughout the entire District. Additionally, the mere fact that the system is being constructed to raise the project's finished floor elevations above FEMA's flood elevation, will potentially eliminate the need for or reducing the cost of flood insurance to all individual properties in the District.

(B) Utilities

From the District's focused and pinpointed management, the construction of the District's utility systems, including potable water, sanitary sewer and the irrigation system flows the special benefits peculiar to each parcel or acre in terms of added use, added enjoyment, enhanced value and marketability. All these special benefits would not exist but for the successful operation of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the District requires the Board to construct a utility system for the benefit of and upon each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the District. These services constitute the source of the special benefit peculiar to the property on which the assessment is based because without these services, no capital infrastructure nor its maintenance and operation could ever accrue to the properties.

(C) Exterior Landscaping

From the District's focused and pinpointed management, the construction of the exterior landscaping elements flows special benefits peculiar to each parcel within the District. The Board will provide exterior landscaping which include buffering along Immokalee Road and other areas of the District. This landscaping was required by Collier County Land Development Code. It is these specific services from which all property will gain and specially benefit from added use, added enjoyment, and enhanced value and marketability.

(D) Off-Site Improvements

From the District's focused and pinpointed management, off-site improvements flows the special benefit peculiar to each parcel or acre within the District. These improvements are primarily transportation related improvements and from these improvements the community will mitigate any transportation related deficiencies to the off-site roadway system that are due to the traffic being generated from the parcels and properties in the District. These off-site improvements would not be required if not for the development of the properties in the District and these parcels will specifically benefit from the better flow of traffic into and out of the District. However, the golf course does not generate any additional traffic, since the golf course is not a public course nor open to membership outside the residential property within the District, as such, the golf course receives no benefit from these off-site improvements. Similarly the discovery center does not generate any additional traffic, since it too is not open to the public and is for use only the property owner's in the District, as such, the discover center receives no benefit from these off-site improvements. As applicable to the other services, that is, all these special benefits would not exist but for the successful operation of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the District requires the Board to construct infrastructure that benefit each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the District. These services constitute the source of the special benefit peculiar to the property on which the assessment is based since without these services, no development could ever occur.

(E) Environmental Mitigation

From the District's focused and pinpointed management, mitigation improvements flows the special benefit peculiar to each parcel or acre within the District. These improvements include the construction of wetland, and other habitat replacement due to the development of the community. These mitigation improvements would not be required if not for the

development of the properties in the District and these parcels will specifically benefit from increased storm protection and flood damage due to major storm events. These wetland and other habitat replacements increase nature's nurseries for various birds, animals and plant life, and ultimately increase the enjoyment by residents in the District to participate in wetland activities, such as canoeing, bird watching, photography, and other outdoor recreation. As applicable to the other services, that is, all these special benefits would not exist but for the successful operation of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the District requires the Board to construct infrastructure that benefit each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the District. These services constitute the source of the special benefit peculiar to the property on which the assessment is based since without these services, no development could ever occur.

(F) Professional & Permit Services

From the District's focused and pinpointed management, from these miscellaneous improvements flows the special benefit peculiar to each parcel or acre within the District. These improvements are required and include the necessary soft costs, such as engineering design and inspection, permitting, etc. for all of the other systems, facilities and services. These miscellaneous improvements would not be required if not for the balance of the others systems, facilities and services and as such, development of the properties in the District and these parcels will specifically benefit from all of the other systems, facilities and services. As applicable to the other services, that is, all these special benefits would not exist but for the successful operation of the District's functions and duties by the Board of Supervisors. Each parcel or acre within the District requires the Board to construct infrastructure that benefit each individual property in order to meet the District's single, special purpose in providing sustained high quality infrastructure to the District. These services constitute the source of the special benefit peculiar to the property on which the assessment is based since without these services, no development could ever occur.

5.3 Reasonable and Fair Apportionment: The Proportionate Special Benefit

The special benefits described above must be fairly and reasonably apportioned in relation to the relative magnitude (not the value) of the special benefit received by and peculiar to the various properties being assessed. The magnitude of such benefit is different for each type of property within the District and for each type of assessment on which the special benefit is based. The apportionment here is divided by unit type (as opposed to each individual parcel or acre) because the differences among the parcels and acres in each unit type, while present, are

de minimus in this situation. It is illustrative of such benefit which one parcel or acre enjoys in comparison to another parcel or acre and that relationship informs the respective assessments which each parcel or acre must pay; always in proportion to the extent of the total benefit which they receive in relation to all other properties which also enjoy such benefit. All assessments discussed below are either equal to or less than such benefit with which it is associated.

(A) Surface Water Management System Apportionment

The Surface Water Management System provides several special benefits, peculiar to certain properties within the District, as described above in section 6.2(A). Such benefits conferred by this system, as a whole, are to be apportioned to properties based on: (1) common areas that benefit the entire District (2) common areas that benefit residential only, and (3) specific land uses which generate anticipated runoff based on type of property on a per parcel or per acre basis. These three methods combined will constitute the makeup of the Water Management Services special assessment for each individual parcel or acre.

For the first apportionment method, the District's Water Management assessment will consist of an amount representative of all common areas within the District from which all properties within the District benefit. Because all properties within the District benefit from all District common areas, all properties share in the special benefit conferred on these areas. This is also reflective of the fact that the entire Surface Water Management System is one aggregate system and all properties must bear their share of the respective costs in managing not only their own properties but also of the common areas whose proper functioning is paramount to the integrity of the system as whole.

The second apportionment method addresses the special benefits received by the properties within the residential areas that are common to the residential areas, such as roadways that serve residential areas only, the leisure center and residential common areas as a result of the Surface Water Management system. The residential areas contain additional rights-of-way and common areas that affect water flow only within those residential communities. Therefore, only those properties will receive special benefits from the proper drainage and treatment of stormwater run-off in these areas. Consequently, all properties within these communities are apportioned to reflect the magnitude of these proportionate special benefits.

The third apportionment method, which makes up the remainder of the Water Management assessment, addresses the unit type of individual parcels or acres. Property will be assessed, despite its run-off rate (as calculated in the "Cost Allocation Methodology" above), to reflect the relative magnitude of the individual special benefit it receives proportionally from the

entire Water Management System. A considerable portion of the residential properties within the District consists of impervious surfaces and therefore generate significant run-off from storm events.

(B) Utilities Apportionment

The utility services provide special benefits peculiar to all properties within the District in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure provision. As explained earlier, because certain properties, by their nature, require more utility services and consideration when it comes to the provision of infrastructure, such properties benefit proportionally more than others within the District. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive. Therefore, the magnitude of the proportional special benefit for each property for this particular assessment varies according to the particular characteristics of the parcel or acre, as well as the apportionment that each unit type receives from the other services.

(C) Exterior Landscaping Apportionment

The exterior landscaping services provide special benefits peculiar to all properties within the District in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure. As explained earlier, this is because all properties, by their nature, require these buffer landscaping areas outside the District in order to develop the property within the District, such properties therefore benefit proportionally. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive. Therefore, the magnitude of the proportional benefit for each property for this particular assessment does not vary according to the particular characteristics of the parcel or acre.

(D) Off-Site Apportionment

The off-site services which consist primarily of roadway related improvements within County Road 951 right-of-way and which benefit the communities are apportioned according to the use, expressed as ITE trip generation rates, associated with specific types of property in those communities. Single Family homes generally have more inhabitants, more vehicles, and therefore higher frequency of use of roadways in their respective community. Condominiums, club homes and villas, however, utilize the community roadways less and therefore benefit less than their Single Family unit counterparts. As a result, Single Family units can be said to enjoy

the special benefits of these community specific improvements to a larger magnitude than all other types of units. Single Family units within each respective community will therefore be assessed significantly, but not substantially, more than Multi-Family and for the reason that they will be using community roadways more often and hence receive significantly more special benefits from the specific improvements of roadway lighting, signage and maintenance provided by the District.

(E) Environmental Mitigation Apportionment

The mitigation infrastructure services provide special benefits peculiar to all properties within the District in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure. As explained earlier, this is because all properties, by their nature, require the replacement of lost wetland and habitat, irrespective of the type of land use, such properties therefore benefit proportionally. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive. Therefore, the magnitude of the proportional benefit for each property for this particular assessment does not vary according to the particular characteristics of the parcel or acre.

(F) Professional & Permitting Apportionment

The professional and permitting services provide special benefits peculiar to all properties within the District in the manner described above. These assessments are apportioned relative to the derivative benefits received by particular properties from Board undertakings in the construction of the infrastructure. As explained earlier, this is because all properties, by their nature, require these design, inspection, permitting and other costs that are required for the entire infrastructure program, irrespective of the type of land use, such properties therefore benefit proportionally. While all properties benefit from these services, they are only assessed in accordance with the proportional benefit they receive.

5.4 Application of the Proportionate Special Benefits to the Allocated Costs

Accordingly, the reasonable and fair apportionment of the special benefits provided by the District which is peculiar to both the acres and the platted parcels results in the proportionate special benefit which is the final step required under Florida law to complete the fixing of the assessments to be imposed and levied.

The application of the proportionate special benefit is important. The relative magnitude of each special benefit peculiar to each property for Water Management Services is determined by

analyzing the respective acreage of each unit in proportion to the total acreage of the entire District. The relative magnitude of added use is directly related to the total acreage of each unit type. The greater acreage a particular unit occupies, the greater the special benefit received from the District’s Water Management System and thus, the greater relative magnitude as compared with the other units. The same analysis was employed for the special benefit of added enjoyment because the Golf Course receives more added enjoyment because its purpose is recreational whereas residential plats are mainly for dwelling. Better water management leads to enhanced course conditions and increases the quality and satisfaction of the land use.

Surface Water Management System									
Parcel Type	Number of Units	Number of ERU's	Cost Allocation	Percent of Cost			Allocation by use & Enjoyment		
				Allocation	Use (1)	Enjoyment (2)	All (3)	Enjoyment	Allocation by Unit
52'	76	1	\$ 913,750.28	46.39%	34.79%	11.60%	46.39%	\$ 913,750.28	\$ 12,023.03
57'	0	1.5	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
62'	31	1.84	\$ 685,793.78	34.81%	26.11%	8.70%	34.81%	\$ 685,793.78	\$ 22,122.38
76'	0	2.52	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
90'	0	2.73	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
100'	0	3.27	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Multi-family (Esplanade)	0	0.82	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
MF (Vercelli)	56	0.55	\$ 370,309.52	18.80%	14.10%	4.70%	18.80%	\$ 370,309.52	\$ 6,612.67
Golf Course & Amenity	0	-	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Total	163	12.86	\$ 1,969,853.58	100.00%	75.00%	25.00%	100.00%	\$ 1,969,853.58	

(1) Relative Magnitude

(2) Relative magnitude of Added Enjoyment

(3) Relative Magnitude of All Services

The cost allocation methodology for Utilities, including potable water, sanitary sewer and irrigation was analyzed based on two distinct component parts. First the potable water and sanitary sewer component, flow rates established by Florida Administrative Code for different use types was used. These flow rates help determine the units that use the infrastructure the most, determining the size of pipes and other ancillary facilities for the different unit types, and consequently the most money to be spent on the construction of these facilities.

Similarly for the irrigation system, the cost allocation methodology is based on the use of the facilities with a notable exception, that is the use is based on the average irrigated area for each lot type. The area of land area to be irrigated helps determine the units that use the infrastructure the most, again, also determining the size of pipes and other ancillary facilities for the different unit types, and consequently the most money to be spent on the construction of these facilities.

A similar analysis can be used to determine the relative magnitude of the special benefits peculiar to the properties between the various land use types. The units that cause the most dollars to be spent on the construction of the facilities are the same units that use the infrastructure the most. The units that use the infrastructure the most are also the same units that benefit the most from the infrastructure. Thus, a direct correlation exists between the

units causing the most money to be spent on the cost of construction receiving the most benefits from the capital improvement program.

Potable Water and Sanitary Sewer									
Parcel Type	Number of Units	Number of ERU's	Cost Allocation	Percent of Cost			Allocation by use & Enjoyment		
				Allocation	Use (1)	Enjoyment (2)	All (3)	Enjoyment	Allocation by Unit
52'	76	1.00	\$ 318,472.68	51.65%	38.73%	12.91%	51.65%	\$ 318,472.68	\$ 4,190.43
57'	0	1.24	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
62'	31	1.18	\$ 153,169.60	24.84%	18.63%	6.21%	24.84%	\$ 153,169.60	\$ 4,940.95
76'	0	1.43	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
90'	0	1.65	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
100'	0	1.87	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Multi-family (Esplanade)	0	0.62	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
MF (Vercelli)	56	14.93	\$ 145,001.38	23.51%	17.64%	5.88%	23.51%	\$ 145,001.38	\$ 2,589.31
Golf Course & Amenity	0	0.00	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Total	163	23.90	\$ 616,643.66	76.49%	75.00%	25.00%	100.00%	\$ 616,643.66	

- (1) Relative Magnitude
- (2) Relative magnitude of Added Enjoyment
- (3) Relative Magnitude of All Services

Irrigation Water System									
Parcel Type	Number of Units	Number of ERU's	Cost Allocation	Percent of Cost			Allocation by use & Enjoyment		
				Allocation	Use (1)	Enjoyment (2)	All (3)	Enjoyment	Allocation by Unit
52'	76	1.00	\$ 167,272.20	57.06%	42.79%	14.26%	57.06%	\$ 167,272.20	\$ 2,200.95
57'	0	1.03	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
62'	31	0.65	\$ 44,625.71	15.22%	11.42%	3.81%	15.22%	\$ 44,625.71	\$ 1,439.54
76'	0	0.68	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
90'	0	1.01	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
100'	0	0.45	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Multi-family (Esplanade)	0	0.66	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
MF (Vercelli)	56	79.12	\$ 81,257.73	27.72%	20.79%	6.93%	27.72%	\$ 81,257.73	\$ 81,257.73
Golf Course & Amenity	0	0.00	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Total	163	4.825152	\$ 293,155.64	72.28%	75.00%	25.00%	100.00%	\$ 293,155.64	

- (1) Relative Magnitude
- (2) Relative magnitude of Added Enjoyment
- (3) Relative Magnitude of All Services

The cost allocation methodology for roadway related off-site improvements used ITE (International Traffic Engineers) TRIP rates to determine the allocation of costs for this part of the capital improvement program. The ITE TRIP rates help determine the units that use the infrastructure the most, generating the size of the roadway facilities and consequently cause the most money to be spent in capital on these facilities. A similar analysis can be used to determine the relative magnitude of the special benefits peculiar to the properties in the District. The units that cause the most cost to be spent, and use the infrastructure the most benefit the most from the roadway capital improvement program. Thus, a direct correlation exists between the units causing the most capital to be spent on the roadways and the units receiving the most benefits from the implementation of the capital improvement program.

Off-Site Improvements									
Parcel Type	Number of Units	Number of ERU's	Cost Allocation	Percent of Cost			Allocation by use & Enjoyment		Allocation by Unit
				Allocation	Use (1)	Enjoyment (2)	All (3)	Enjoyment	
52'	76	1	\$ 91,108.80	51.98%	38.99%	13.00%	51.98%	\$ 91,108.80	\$ 1,198.80
57'	0	1	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
62'	31	1	\$ 37,162.80	21.20%	15.90%	5.30%	21.20%	\$ 37,162.80	\$ 1,198.80
76'	0	1	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
90'	0	1	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
100'	0	1	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Multi-family (Esplanade)	0	0.7	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
MF (Vercelli)	56	0	\$ 46,992.96	26.81%	20.11%	6.70%	26.81%	\$ 46,992.96	\$ 839.16
Golf Course & Amenity	0	0	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Total	163	6.7	\$ 175,264.56	100.00%	75.00%	25.00%	100.00%	\$ 175,264.56	

(1) Relative Magnitude

(2) Relative magnitude of Added Enjoyment

(3) Relative Magnitude of All Services

The cost allocation methodology for project landscaping – off-site, environmental wetland mitigation along with professional & permit fees are all project costs that are due to the development of the District as a whole, in that if it were not for the entire development, specific land uses benefit equally from the entire development program. All properties within the District receive increased enjoyment from the off-site landscaping, environmental wetland mitigation and increased use of all services from the typical soft costs associated with development projects of this size and magnitude. As these miscellaneous services are not attributable to any specific land uses the apportionment of these services is reflective of the special benefits explained earlier in this report.

Exterior Landscaping, Environmental Mitigation, Professional & Permitting Fees									
Parcel Type	Number of Units	Number of ERU's	Cost Allocation	Percent of Cost			Allocation by use & Enjoyment		Allocation by Unit
				Allocation	Use (1)	Enjoyment (2)	All (3)	Enjoyment	
52'	76	1.00	\$ 429,448.64	51.51%	38.63%	12.88%	51.51%	\$ 429,448.64	\$ 5,650.64
57'	0	1.24	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
62'	31	1.19	\$ 208,727.28	25.03%	18.78%	6.26%	25.03%	\$ 208,727.28	\$ 6,733.14
76'	0	1.51	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
90'	0	1.79	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
100'	0	0.62	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Multi-family (Esplanade)	0	0.62	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
MF (Vercelli)	56	0.00	\$ 195,600.19	23.46%	17.59%	5.86%	23.46%	\$ 195,600.19	\$ 3,492.86
Golf Course & Amenity	0	0.00	\$ -	0.00%	0.00%	0.00%	0.00%	\$ -	\$ -
Total	163	7.97	\$ 833,776.11	100.00%	75.00%	25.00%	100.00%	\$ 833,776.11	

(1) Relative Magnitude

(2) Relative magnitude of Added Enjoyment

(3) Relative Magnitude of All Services

The table on the following page shows the total apportioned costs after apportionment of the special benefit application.

Total Apportioned Costs after apportionment of Special Benefit Application						
Parcel Type	Surface Water Management	Potable Water and Sanitary Sewer	Irrigation Water	Landscaping, Mitigation, Prof/Permitting Fees	Off-Site Improvements	Total
52'	\$ 913,750.28	\$ 318,472.68	\$ 167,272.20	\$ 429,448.64	\$ 91,108.80	\$ 1,920,052.60
57'	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62'	\$ 685,793.78	\$ 153,169.60	\$ 44,625.71	\$ 208,727.28	\$ 37,162.80	\$ 1,129,479.17
76'	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90'	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100'	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-family (Esplanade)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MF (Vercelli)	\$ 370,309.52	\$ 145,001.38	\$ 81,257.73	\$ 195,600.19	\$ 46,992.96	\$ 839,161.78
Golf Course & Amenity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,969,853.58	\$ 616,643.66	\$ 293,155.64	\$ 833,776.11	\$ 175,264.56	\$ 3,888,693.55

6.0 Overview of the Inventory Adjustment Determination

The assessment methodology is based on the development plan that is currently proposed by the Developer. As with all projects of this size and magnitude, as development occurs their 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 insure that all of the debt is levied only on developable properties, such that by the end of the development period their will be no remaining debt on any undevelopable property.

First, as property is taken from an undeveloped (raw land) state and readied for development, the property is platted or alternatively specific site plans are developed and processed through the County Property Appraiser, who assigns distinct parcel identification numbers for land that is ready to be built upon. Or in the case of property where a condominium is being developed the land is platted as a large tract of land, and ultimately as the developer files the declaration of condominium, the County Property Appraiser assign distinct parcel identifications to each condominium unit that will be constructed on the property.

When either of these events occur, the District then allocates the appropriate portion of it's debt to the newly established and distinct parcel identification numbers. Periodically, the developer will re-plat or revise the declaration of condominium for these lands for different product types, and, as such, the District, will then update the appropriate portion of the re-platted land or revised condominium, and assign the correct allocation of debt to these revised unit types.

The inventory adjustment determination allows for the District to take the debt on these large tracks of land, and assign the correct allocation of debt to these newly created units. This

mechanism is done to insure that the principal assessment for each type of property constructed never exceed the initially allocated assessment contained in this report.

This is done periodically as determined by the District Manager or their authorized representative, and is intended to insure that the remaining number of units to be constructed can be constructed on the remaining developable land. If at any time, the remaining units are insufficient to absorb the remaining development plan, the developer 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.

7.0 Allocation of Series 2015 \$3,190,000 – Phase 4 Capital Improvement Revenue Bonds to Properties in the District.

This section of the report takes the cost allocations identified in this report and spreads that cost over the proposed development plan, taking into consideration the costs of issuing the Series 2015 – Phase 4 Bonds, including Capitalized Interest, Reserve Account Requirements and Cost of Issuance. It should be noted that that the developer, Taylor Morrison of Esplanade, LLC has advised the District that it will contribute \$1,297,508.63 in infrastructure attributable to the Series 2015 – Phase 4 Bonds, as such, the total infrastructure to be financed by the District is \$2,591,184.92 plus the costs of issuance, as shown in the chart below.

The following chart reflects the final sizing for the Series 2015 – Phase 4 Bonds.

From the determination of the Par Debt needed to finance the project, we can compute the outstanding per unit debt, and estimated annual debt service payments on the units.

Flow Way Community Development District
Assessment Levels
Series 2015 - Phase 4 Capital Improvement Revenue Bonds

Parcel Type	Number of Units	Total Apportioned Costs	Percent of Apportioned Costs	Developer Asset Contribution	Deposit to Constuction Account	Percent of Apportioned Costs after Developer Asset	Series 2015 - Total Par Debt By Product Type	Series 2015 - Phase 4 Par Debt Per Unit	MAXIMUM Annual Debt Service	Collection Costs and Discounts	Total Annual Payment Per Unit	Total Debt Service
52'	76	\$ 1,920,052.60	49.38%	\$ 727,491.37	\$ 1,192,561.23	46.02%	\$ 1,468,158.56	\$ 19,317.88	\$ 1,307.36	\$ 91.52	\$ 1,398.88	\$ 99,359.36
57'	0	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62'	31	\$ 1,129,479.17	29.05%	\$ 370,017.26	\$ 759,461.91	29.31%	\$ 934,971.29	\$ 30,160.36	\$ 2,041.14	\$ 142.88	\$ 2,184.02	\$ 63,275.28
76'	0	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90'	0	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100'	0	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-family (Esplanade)	0	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MF (Vercelli)	56	\$ 839,161.78	21.58%	\$ 200,000.00	\$ 639,161.78	24.67%	\$ 786,870.15	\$ 14,051.25	\$ 950.94	\$ 66.57	\$ 1,017.50	\$ 53,252.36
Golf Course & Amenity	0	\$ -					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	163	\$ 3,888,693.55	100.00%	\$ 1,297,508.63	\$ 2,591,184.92	100.00%	\$ 3,190,000.00					\$ 215,887.00
												Max Annual Debt Service \$215,887.00
												Rounding \$ -

8.0 Preliminary Assessment Roll

Exhibit 1 provides the assessment roll for the Series 2015 – Phase 4 Capital Improvement Program, excluding any capitalized interest period. Debt Service assessments shall be paid in thirty (30) annual installments.

Flow Way Community Development District
EXHIBIT 1 - Assessment Roll - Series 2015 - Phase 4 Capital Improvement Program

New Lot Number	Old Lot Number	Folio #	Property Owner	52'	57'	62'	76'	90'	MF	Assessment
Parcel H										
1212	337, Tract O27, Tract GC2	31346504585, 31346500628, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1211	337, 336, Tract GC2	31346504585, 31346504569, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1210	336, 335, ROW, Tract GC2	31346504569, 31346504543, 31346500741, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1209	335, ROW, Tract GC2	31346504543, 31346500741, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1208	335, 334, ROW, Tract GC2	31346504543, 31346504527, 31346500741, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1207	333, ROW, Tract GC2	31346504501, 31346500741, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1206	332, ROW, Tract GC2	31346504488, 31346500741, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1205	331, ROW, Tract GC2	31346504462, 31346500741, 31347511085	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1204	330, ROW, Tract L14	31346504446, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1203	329, ROW, Tract L14	31346504420, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1202	328, ROW, Tract L14	31346504404, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1201	327, ROW, Tract L14	31346504381, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1200	326, ROW, Tract L14	31346504365, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1199	325, ROW, Tract L14	31346504349, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1198	324, ROW, Tract L14	31346504307, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1197	323, ROW, Tract L14	31346504307, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88
1196	322, ROW, Tract L14	31346504284, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	1						\$ 19,317.88

Flow Way Community Development District
EXHIBIT 1 - Assessment Roll - Series 2015 - Phase 4 Capital Improvement Program

New Lot Number	Old Lot Number	Folio #	Property Owner	52'	57'	62'	76'	90'	MF	Assessment
1195	321, ROW, Tract L14	31346504268, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1194	320, ROW, Tract L14	31346504242, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1193	319, ROW, Tract L14	31346504226, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1192	318, 317, ROW, Tract L14	31346504200, 31346504187, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1191	317, 316, ROW, Tract L14	31346504187, 31346504161, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1190	316, 315, ROW, Tract L14	31346504161, 31346504145, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1189	315, 314, ROW, Tract L14	31346504145, 31346504129, 31346500741, 31346500343	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1213	Tract O27, Tract L31	31346500628, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1214	338, 339, ROW, Tract L31	31346504608, 31346504624, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1215	339, 340, ROW, Tract L31	31346504624, 31346504640, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1216	340, 341, ROW, Tract L31	31346501640, 31346504666, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1217	341, 342, ROW, Tract L31	31346504666, 31346504682, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1218	342, 343, ROW, Tract L31	31346504682, 31346504705, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1219	343, 344, ROW, Tract L31	31346504705, 31346504721, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1220	344, 345, ROW, Tract L31	31346504721, 31346504747, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1221	345, 346, 348, ROW, Tract L31	31346504747, 31346504763, 31346504802, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
MF1	346, 347, 348, 349, 350, 351, 352, 353, 354, 355, ROW, Tract L31	31346504763, 31346504789, 31346504802, 31346504828, 31346504844, 31346504860, 31346504886, 31346504909, 31346504925, 31346504941, 31346500741, 31346500424	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232						24	\$ 337,230.06

Flow Way Community Development District
EXHIBIT 1 - Assessment Roll - Series 2015 - Phase 4 Capital Improvement Program

New Lot Number	Old Lot Number	Folio #	Property Owner	52'	57'	62'	76'	90'	MF	Assessment
MF2	356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, ROW, Tract L32	31346504967, 31346504983, 31346505005, 31346505021, 31346505047, 31346505063, 31346505089, 31346505102, 31346505128, 31346505144, 31346505160, 31346505186, 31346505209, 31346505225, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232						32	\$ 449,640.09
1246	66, 367, 368, 369, ROW, Tract L3	31346505160, 31346505186, 31346505209, 31346505225, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1247	370, ROW, Tract L32	31346505241, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1248	371, 372, ROW, Tract L32	31346505267, 31346505283, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1249	372, 373, ROW, Tract L32	31346505283, 31346505306, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1250	373, 374, ROW, Tract L32	31346505306, 31346505322, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1251	374, 375, ROW, Tract L32	31346505322, 31346505348, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1252	375, 376, ROW, Tract L32	31346505348, 31346505364, 31346500741, 31346500440	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232	1						\$ 19,317.88
1275	432, 433, 434, ROW, Tract L33	31346506486, 31346506509, 31346506525, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1276	432, 434, 435, ROW, Tract L33	31346506486, 31346506525, 31346506541, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1277	435, 436, 437, ROW, Tract L33	31346506541, 31346506567, 31346506583, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1278	437, 438, ROW, Tract L33	31346506583, 31346506606, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1279	438, 439, ROW, Tract L33	31346506606, 31346506622, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1280	439, 440, ROW, Tract L33	31346506622, 31346506648, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1281	440, 441, ROW, Tract L33	31346506648, 31346506664, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1282	441, 442, 443, ROW, Tract L33	31346506664, 31346506680, 31346506703, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1283	443, 444, ROW, Tract L33	31346506703, 31346506729, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36

Flow Way Community Development District
EXHIBIT 1 - Assessment Roll - Series 2015 - Phase 4 Capital Improvement Program

New Lot Number	Old Lot Number	Folio #	Property Owner	52'	57'	62'	76'	90'	MF	Assessment
1284	444, 445, ROW, Tract L33	31346506729, 31346506745, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1285	445, 446, ROW, Tract L33	31346506745, 31346506761, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1286	446, 447, 448, ROW, Tract L33	31346506761, 31346506787, 31346506800, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1287	448, 449, 450, ROW, Tract L33	31346506800, 31346506826, 31346506826, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1288	448, 449, 450, 451, ROW	31346506800, 31346506826, 31346506826, 31346506868, 31346500741	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1289	448, ROW	31346506800, 31346500741	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1290	453, 454, 455, 456, ROW	31346506907, 31346506923, 31346506949, 31346506965, 31346500741	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1291	454, 455, 456	31346506923, 31346506949, 31346506965	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1292	454, 455, 456, Tract L33	31346506923, 31346506949, 31346506965, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1293	457, 458, ROW, Tract L33	31346506981, 31346507003, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1294	458, 459, ROW, Tract L33	31346507003, 31346507029, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1295	459, 460, ROW, Tract L33	31346507029, 31346507045, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1296	460, 461, ROW, Tract L33	31346507045, 31346507061, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1297	461, 462, 463, ROW, Tract L33	31346507061, 31346507087, 31346507100, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1298	463, 464, ROW, Tract L33	31346507100, 31346507126, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1299	464, 465, ROW, Tract L33	31346507126, 31346507142, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1300	465, 466, ROW, Tract L33	31346507142, 31346507168, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36
1301	466, 467, ROW, Tract L33	31346507168, 31346507184, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL 34232			1				\$ 30,160.36

Flow Way Community Development District
EXHIBIT 1 - Assessment Roll - Series 2015 - Phase 4 Capital Improvement Program

New Lot Number	Old Lot Number	Folio #	Property Owner	52'	57'	62'	76'	90'	MF	Assessment
1302	467, 468, 469, ROW, Tract L33	31346507184, 31346507207, 31346507223, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232			1				\$ 30,160.36
1303	469, 470, ROW, Tract L33	31346507223, 31346507249, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232			1				\$ 30,160.36
1304	470, 471, ROW, Tract L33	31346507249, 31346507265, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232			1				\$ 30,160.36
1305	471, 472, ROW, Tract L33	31346507265, 31346507285, 31346500741, 31346500466	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232			1				\$ 30,160.36
Total Units				40	0	31	0	0	56	\$ 2,494,556.47
Parcel I										
-	Tract F1	31347500067	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	29						\$ 560,218.40
Total Units				29	0	0	0	0	0	\$ 560,218.40
Parcel K										
-	Tract F1	31347500067	Taylor Morrison of Esplanade Naples LLC 551 North Cattlemen Road, Suite 200, Sarasota, FL. 34232	7						\$ 135,225.13
Total Units				7	0	0	0	0	0	\$ 135,225.13
Total Assessment - All Assessment Area										\$ 3,190,000.00

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of December 8, 2015, is executed and delivered by the **FLOW WAY COMMUNITY DEVELOPMENT DISTRICT** (the "District" or the "Issuer"), **TAYLOR MORRISON ESPLANADE NAPLES, LLC**, a Florida limited liability company (the "Developer"), and **LERNER REPORTING SERVICES, INC.**, a Florida corporation (the "Dissemination Agent") in connection with the issuance of \$3,190,000 original aggregate principal amount of Flow Way Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Bonds"). The Bonds are being issued pursuant to the Master Trust Indenture dated as of December 1, 2013 (the "Master Indenture"), as supplemented and amended by the Third Supplemental Trust Indenture dated as of December 1, 2015 (the "Third Supplement" and together with the Master Indenture, the "Indenture"), between the District and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Ft. Lauderdale, Florida, as successor trustee (the "Trustee"). For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual promises and other considerations contained herein, the District, the Developer, and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District, the Dissemination Agent and the Developer for the benefit of the Beneficial Owners (as defined herein) of the Bonds and to assist the Participating Underwriter (as defined herein) of the Bonds in complying with the Rule (as defined herein). The District has no reason to believe that this Disclosure Agreement does not satisfy the requirements of the Rule and the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the District or other Obligated Person to provide additional information, the District and each Obligated Person agree to promptly provide such additional information.

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indenture with respect to reports, filings and notifications provided for therein, and do not in any way relieve the District, the Trustee or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the District, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law, rule or regulation.

Section 2. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture. The following capitalized terms as used in this Disclosure Agreement shall have the following meanings:

"Annual Filing Date" means the date set forth in Section 3(a) hereof by which the Annual Report is to be filed with each Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Assessment Area" shall mean that portion of the District lands subject to Series 2015 Special Assessments.

"Audited Financial Statements" means the financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Audited Financial Statements Filing Date" means the date set forth in Section 3(a) hereof by which the Audited Financial Statements are to be filed with each Repository if the same are not included as part of the Annual Report.

"Beneficial Owner" shall mean any person which, (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" means any day other than (a) a Saturday, Sunday or day on which banks located in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business and (b) a day on which the New York Stock Exchange is closed.

"Disclosure Representative" shall mean (i) as to the Issuer, the District Manager or its designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing information to the Dissemination Agent; and (ii) as to each entity comprising an Obligated Person (other than the Issuer), the individuals executing this Disclosure Agreement on behalf of such entity or such person(s) as such entity shall designate in writing to the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent.

"Dissemination Agent" means the Issuer or any entity appointed by the Issuer to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 8 hereof. Lerner Reporting Services, Inc. has been designated as the initial Dissemination Agent hereunder.

"District Manager" shall mean the person or entity serving as District Manager from time to time.

"EMMA" means the Electronic Municipal Market Access System for municipal securities disclosures located at <http://emma.msrb.org/>.

"EMMA Compliant Format" shall mean a format for any document provided to the MSRB (as hereinafter defined) which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

"Limited Offering Memorandum" means that Limited Offering Memorandum dated November 23, 2015 prepared in connection with the issuance of the Bonds.

"Listed Event" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person(s)" shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise, fund, or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the Issuer, and for the purposes of this Disclosure Agreement, the Developer and its affiliates, successors or assigns (excluding homebuyers who are end users), for so long as the Developer or its affiliates, successors or assigns (excluding homebuyers who are end users) are the owner of District lands responsible for payment of at least 20% of the Series 2015 Special Assessments.

"Participating Underwriter" shall mean FMSbonds, Inc.

"Quarterly Filing Date" shall mean for the quarter ending: (i) March 31, each May 1; (ii) June 30, each August 1; (iii) September 30, each November 1; and (iv) December 31, each February 1 of the following year. The first Quarterly Filing Date shall be May 1, 2016.

"Quarterly Report" shall mean any Quarterly Report provided by any Obligated Person (other than the Issuer) pursuant to, and as described in, Section 5 of this Disclosure Agreement.

"Repository" shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal. As used herein, "Repository" shall include the State Repository, if any.

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

"SEC" means the Securities and Exchange Commission.

"Series 2015 Special Assessments" shall mean the non-ad valorem Series 2015 Special Assessments pledged to the payment of the Bonds pursuant to the Indenture which Series 2015 Special Assessments are levied on that portion of the District Lands specifically benefited by the Phase 4 Project or any portion thereof.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule.

Section 3. Provision of Annual Reports.

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than one hundred eighty (180) days after the close of the Issuer's Fiscal Year (the "Annual Filing Date"), commencing with the Annual Report for the Fiscal Year ended September 30, 2016; provided, however the District shall file its Audited Financial Statements for the year ending September 30, 2015 on or before June 30, 2016. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure

Agreement; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report, and may be submitted in accordance with State law, which currently requires such Audited Financial Statements to be provided up to, but no later than, nine (9) months after the close of the Issuer's Fiscal Year (the "Audited Financial Statements Filing Date"). The Issuer shall, or shall cause the Dissemination Agent to, provide to the Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty (30) days after same becomes available, but in no event later than the Annual Filing Date or Audited Financial Statements Filing Date, if applicable. If the Issuer's Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 6.

(b) If on the fifteenth (15th) day prior to each Annual Filing Date or the Audited Financial Statements Filing Date, as applicable, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be via email) to remind the Issuer of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report or the Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the times required under this Disclosure Agreement, state the date by which the Annual Report or the Audited Financial Statements for such year, as applicable, will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 6(a)(xv) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1st) Business Day following the Annual Filing Date for the Annual Report or the Audited Financial Statements by 12:00 noon on the first (1st) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 6(a)(xv) shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Filing Date the name, address and filing requirements of the Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Issuer stating that the Annual Report or Audited Financial Statement has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all Repositories with which it was filed.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

Section 4. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the District, including:

(i) The amount of Series 2015 Special Assessments levied for the most recent prior Fiscal Year.

(ii) The amount of Series 2015 Special Assessments collected during the most recent Fiscal Year.

(iii) If available, the amount of delinquencies greater than one hundred fifty (150) days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Series 2015 Special Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold for lands within the Assessment Area, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for the Bonds.

(vi) The total amount of Outstanding Bonds.

(vii) The amount of principal and interest to be paid on the Bonds in the current Fiscal Year.

(viii) The most recent Audited Financial Statements of the District.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the Audited Financial Statements referred to in subsection (viii) above, they do not have to be separately set forth (unless Audited Financial Statements are being delivered more than 180 days after the close of the Issuer's Fiscal Year pursuant to Section 3(a) hereof). Any or all of the items listed above may be incorporated by reference from other documents, including limited offering memorandums and official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final limited offering memorandum or official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

(b) The Issuer and each Obligated Person agree to supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The Issuer acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the Issuer, Obligated Persons and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the Issuer, an Obligated Person or others as thereafter disseminated by the Dissemination Agent.

(c) Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

Section 5. Quarterly Reports.

(a) Each Obligated person (other than the Issuer) shall provide an electronic copy of the Quarterly Report to the Dissemination Agent no later than fifteen (15) days prior to the Quarterly Filing Date. Promptly upon receipt of an electronic copy of the Quarterly Report, but in any event within ten (10) days after receipt thereof, the Dissemination Agent shall provide a Quarterly Report to the Repository.

(b) Each Quarterly Report shall contain an update of the following information for each Obligated Person to the extent available. All information shall be provided by planned product type; i.e. single family, multi-family and lot size by square foot.

(i) The number and type of lots in the Assessment Area subject to the Series 2015 Special Assessments;

(ii) The number and type of lots planned for the Assessment Area;

(iii) The number and type of lots owned in the Assessment Area by the Obligated Person;

(iv) The number of lots platted that are subject to the Series 2015 Special Assessments;

(v) The number of homes under construction and the number of homes constructed subject to the Series 2015 Special Assessments;

(vi) The number of homes under contract with homebuyers subject to the Series 2015 Special Assessments;

(vii) The number of homes closed with homebuyers subject to the Series 2015 Special Assessments;

(viii) Any change to the number of lots planned to be developed on property which is encumbered by the Series 2015 Special Assessments;

(ix) The number of lots, if any, subject to the Series 2015 Special Assessments, that are under contract with a home builder and closed with a home builder and the name of the home builder;

(x) Materially adverse changes or determinations to permits/approvals for the development of the Assessment Area which necessitate changes to the land use plans of any Obligated Person;

(xi) The occurrence of any new or modified mortgage debt on the land owned by the Obligated Person in the Assessment Area, including the amount, interest rate and terms of repayment.

(c) If an Obligated Person sells, assigns or otherwise transfers ownership of real property in the Assessment Area (a "Transferor Obligated Person") to a third party, which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a "Transfer"), the Transferor Obligated Person hereby agrees to contractually obligate such third party to agree to comply with the disclosure obligations of an Obligated Person hereunder for so long as such third party is an Obligated Person hereunder, to the same extent as if such third party were a party to this Disclosure Agreement. The Transferor Obligated Person shall notify the District and the Dissemination Agent in writing of any Transfer within two (2) Business Days of the occurrence thereof. In the event that the Transferor Obligated Person remains an Obligated Person hereunder following any Transfer, nothing herein shall be construed to relieve the Transferor Obligated Person from its obligations hereunder.

(d) If the Dissemination Agent has not received a Quarterly Report that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first (1st) Business Day following each Quarterly Filing Date, a Listed Event described in Section 6(a)(xv) shall have occurred and the District and each Obligated Person hereby direct the Dissemination Agent to send a notice to the Repository in substantially the form attached as Exhibit A, with a copy to the District. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Filing Date.

Section 6. Reporting of Significant Events.

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following Listed Events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on the Debt Service Reserve Fund reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bond holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or any Obligated Person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District or any Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District or any Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District or any Obligated Person);

(xiii) Consummation of a merger, consolidation, or acquisition involving the District or any Obligated Person or the sale of all or substantially all of the assets of the District or any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material; and

(xv) Failure to provide (A) any Annual Report or Audited Financial Statements as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Sections 4(a) of this Disclosure Agreement, or (B) any Quarterly Report that contains, in all material respects, the information required to be included therein under Section 5(b) of this Disclosure Agreement, which failure shall, in all cases, be deemed material under federal securities laws.

(b) The Issuer shall give, or cause to be given, notice of the occurrence of any of the above subsection (a) Listed Events to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10) Business Days after its occurrence, with the exception of the Listed Event described in Section 6(a)(xv), which notice will be given in a timely manner. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below. Such notice shall identify the Listed Event that has occurred, include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) Business Day after the occurrence of the Listed Event).

(c) Each Obligated Person shall notify the Issuer of the occurrence of a Listed Event described in subsections (a)(x), (xii), (xiii) or (xv) above as to such Obligated Person within five (5) Business Days after the occurrence of the Listed Event so as to enable the Issuer to comply with its obligations under this Section 6.

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with each Repository.

(e) Notwithstanding anything herein to the contrary, the District agrees to file, within ten (10) days of receipt, a copy of the written certificate from the Methodology Consultant as to the satisfaction of the definition of "Substantially Absorbed" (as defined in the Indenture).

(f) The Developer represents and warrants that, except as disclosed in the Preliminary Limited Offering Memorandum, it has not failed to timely comply, in all material respects, with its continuing disclosure obligations as required in a continuing disclosure agreement entered into in connection with a prior offering of securities in order to enable the underwriter of said securities to comply with the provisions of the Rule.

Section 7. Termination of this Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 8. Dissemination Agent. The District has appointed Lerner Reporting Services, Inc. to serve as the initial Dissemination Agent. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of Lerner Reporting Services, Inc. Lerner Reporting Services, Inc. may terminate its role as Dissemination Agent at any time upon delivery of written notice to the District and each Obligated Person. Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the Issuer or the Dissemination Agent, the Issuer agrees to appoint a successor Dissemination Agent or, alternatively, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the holders of the Bonds. If at any time there is not any other designated Dissemination Agent, the District shall be deemed to be the Dissemination Agent. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent hereunder.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the District, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Notwithstanding the above provisions of this Section 9, no amendment to the provisions of Section 5(b) hereof may be made without the consent of each Obligated Person.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District, any Obligated Person, the Disclosure Representative or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Beneficial Owners of at least twenty-five percent (25%) of the aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District, any Obligated Person, the Disclosure Representative or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any Obligated Person shall not be deemed a default by the District hereunder and no default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District, the Disclosure Representative, any Obligated Person, or the Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement between the District, the Developer and such Dissemination Agent. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. The District, each Obligated Person and the Disclosure Representative covenant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District, the Developer and the Disclosure Representative acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, Obligated Person(s), the Disclosure Representative and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District, any Obligated Person or the Disclosure Representative as thereafter disseminated by the Dissemination Agent. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA Compliant Format.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Developer, the Dissemination Agent, the Trustee, the Participating Underwriter and the Owners of the Bonds (the Trustee, the Participating Underwriter and the Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts and by PDF signature, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15. Tax Roll and Budget. Upon the request of the Dissemination Agent, the Trustee or any Bondholder, the District, through its District Manager, if applicable, agrees to provide such party

with a certified copy of its most recent tax roll provided to the Collier County Tax Collector and its most recent adopted budget.

Section 16. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law and venue shall be in Collier County, Florida.

Section 17. Trustee Cooperation. The District represents that the Dissemination Agent is a bona fide agent of the District and the District instructs the Trustee to deliver to the Dissemination Agent at the expense of the District, any information or reports the Dissemination Agent requests in writing.

Section 18. Binding Effect. This Disclosure Agreement shall be binding upon each party to this Disclosure Agreement and upon each successor and assignee of each party to this Disclosure Agreement and shall inure to the benefit of, and be enforceable by, each party to this Disclosure Agreement and each successor and assignee of each party to this Disclosure Agreement. Notwithstanding the foregoing, as to the Developer or any assignee or successor thereto that becomes an Obligated Person pursuant to the terms of this Disclosure Agreement, only successor or assignees to such parties who are, by definition, Obligated Persons, shall be bound or benefited by this Disclosure Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Disclosure Agreement as of the date and year set forth above.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

ATTEST:

Assistant Secretary

By: _____
Chairperson, Board of Supervisors

TAYLOR MORRISON ESPLANADE NAPLES, LLC, a Florida limited liability company, as Developer

By: Taylor Morrison of Florida, Inc., its manager and majority member

By: _____
Name: _____
Title: _____

LERNER REPORTING SERVICES, INC., a Florida corporation, as Dissemination Agent

By: _____
Name: _____
Title: _____

Consent to and agreed to by District Manager:

JPWARD AND ASSOCIATES, LLC, a Florida limited liability company,

By: _____
Name: _____
Title: _____

Acknowledged and agreed to for purposes of Sections 11, 13 and 17 only:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE [ANNUAL REPORT/AUDITED FINANCIAL STATEMENTS/QUARTERLY REPORT]

Name of Issuer: Flow Way Community Development District

Name of Bond Issue: \$3,190,000 original aggregate principal amount of Flow Way Community Development District (Collier County, Florida) Special Assessment Bonds, Series 2015 (Phase 4 Project) (the "Bonds")

Obligated Person(s): Flow Way Community Development District;
[]

Date of Issuance: December 8, 2015

CUSIP Numbers: _____; _____

NOTICE IS HEREBY GIVEN that the [Issuer][Obligated Person] has not provided an [Annual Report] [Audited Financial Statements][Quarterly Report] with respect to the above-named Bonds as required by [Section 3][Section 5] of the Continuing Disclosure Agreement dated December 8, 2015 by and between the Issuer, Taylor Morrison Esplanade Naples, LLC, and the Dissemination Agent named therein. The [Issuer][Obligated Person] has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] [Quarterly Report] will be filed by _____, 20__.

Dated: _____

_____, as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Issuer
Obligated Person
Trustee

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F
DISTRICT'S FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]



**FLOW WAY
COMMUNITY DEVELOPMENT
DISTRICT**

BASIC FINANCIAL REPORT

Year Ended September 30, 2014

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

TABLE OF CONTENTS

Year Ended September 30, 2014

	<u>Page</u>
I. Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	12
Notes to Financial Statements	13
II. Compliance Section:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Management Comments	28
Independent Auditor's Report Compliance with the Requirements of Section 218.415, Florida Statutes	30

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Flow Way Community Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the *Flow Way Community Development District* (the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of September 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 3, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2015 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McDiarmid Davis & Company, LLC

Orlando, Florida
April 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the *Flow Way Community Development District's* (the "District") financial performance provides an overview of the District's financial activities for the fiscal years ended September 30, 2014 and 2013. Please read it in conjunction with the District's financial statements which immediately follow this discussion. This is the first year that the District has been audited. The prior year information presented is unaudited.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2014:

- The District's total liabilities exceeded its assets at September 30, 2014 by \$677,231, a decrease of \$677,231. This decrease is primarily attributable to the use of bond proceeds to fund interest and bond issuance costs.
- At September 30, 2014, the District's governmental funds reported a combined fund balance of \$839,682, an increase of \$839,682 in comparison with the prior year. This increase is primarily due to excess of bond proceeds over expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the three reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 7 and 8 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one fund type: Governmental Funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 13 through 25 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2014 and 2013:

Flow Way Community Development District		
<u>Statement of Net Position</u>		
	September 30,	Unaudited
	2014	September 30,
		2013
Assets, excluding capital assets	\$ 849,644	\$ 17,512
Capital assets not being depreciated	5,720,639	-
Total assets	<u>6,570,283</u>	<u>17,512</u>
Liabilities, excluding long-term liabilities	197,514	17,512
Long-term liabilities	7,050,000	-
Total liabilities	<u>7,247,514</u>	<u>17,512</u>
Net Position		
Net investment in capital assets	(1,277,029)	-
Restricted for debt service	576,572	-
Unrestricted	23,226	-
Total net position	<u>\$ (677,231)</u>	<u>\$ -</u>

Governmental activities for the year ended September 30, 2014 decreased the District's net position by \$677,231, as reflected in the table below:

<u>Changes in Net Position</u>		
<u>Year ended September 30,</u>		
	2014	Unaudited
		2013
Revenues:		
Program revenues	\$ 102,617	\$ 44,713
Expenses:		
General government	418,498	44,713
Interest on long-term debt	361,350	-
Total expenses	<u>779,848</u>	<u>44,713</u>
Change in net position	(677,231)	-
Net position - beginning	-	-
Net position - ending	<u>\$ (677,231)</u>	<u>\$ -</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. The General, Debt Service and Capital Projects Funds comprise the total governmental funds. The fund balance of the General Fund increased by \$23,226 in the current year because special assessments exceeded expenditures. The Debt Service Fund increased by \$764,124 in the current year because bond proceeds exceeded debt service payments. The fund balance of the Capital Projects Fund increased by \$52,332 because bond proceeds exceeded capital outlay expenditures.

Capital Asset and Debt Administration

The District's investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$5,720,639 and consists of construction in progress.

At the end of the year, the District had total bonded debt outstanding of \$7,050,000 which was issued in the current year.

Additional information on the District's long-term debt can be found in Note 5 on pages 23 through 24 of this report.

General Fund Budgetary Highlights

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the general fund budget. The legal level of budgetary control is at the fund level.

Requests for Information

This financial report is designed to provide a general overview of *Flow Way Community Development District's* finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Flow Way Community Development District; JPWard & Associates, LLC, 2041 NE 6th Avenue, Wilton Manors, Florida 33305.

FINANCIAL STATEMENTS

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2014

	Governmental Activities
Assets:	
Cash	\$ 33,188
Restricted assets:	
Temporarily restricted investments	816,456
Capital assets not being depreciated	<u>5,720,639</u>
Total assets	<u>6,570,283</u>
Liabilities:	
Accounts payable and accrued expenses	9,962
Accrued interest payable	187,552
Noncurrent liabilities:	
Due in more than one year	<u>7,050,000</u>
Total liabilities	<u>7,247,514</u>
Net Position:	
Net investment in capital assets	(1,277,029)
Restricted for debt service	576,572
Unrestricted	<u>23,226</u>
Total net position	<u>\$ (677,231)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended September 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
Governmental activities:					
General government	\$ 418,498	\$ 102,552	\$ -	\$ -	\$ (315,946)
Interest on long-term debt	361,350	-	61	4	(361,285)
Total governmental activities	<u>\$ 779,848</u>	<u>\$ 102,552</u>	<u>\$ 61</u>	<u>\$ 4</u>	<u>(677,231)</u>
Change in Net Position					(677,231)
Net Position - beginning					<u>-</u>
Net Position - ending					<u>\$ (677,231)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 33,188	\$ -	\$ -	\$ 33,188
Investments	-	764,124	52,332	816,456
Total assets	<u>\$ 33,188</u>	<u>\$ 764,124</u>	<u>\$ 52,332</u>	<u>\$ 849,644</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 9,962	\$ -	\$ -	\$ 9,962
Fund Balances:				
Restricted for debt service	-	764,124	-	764,124
Restricted for capital projects	-	-	52,332	52,332
Unassigned	23,226	-	-	23,226
Total fund balances	<u>23,226</u>	<u>764,124</u>	<u>52,332</u>	839,682
Total liabilities and fund balances	<u>\$ 33,188</u>	<u>\$ 764,124</u>	<u>\$ 52,332</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 5,720,639

Liabilities not due and payable from current available resources are not reported in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

	Accrued interest payable	(187,552)	
	Bonds payable	<u>(7,050,000)</u>	<u>(7,237,552)</u>
Net Position of Governmental Activities			<u>\$ (677,231)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended September 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues:				
Special assessments	\$ 102,552	\$ -	\$ -	\$ 102,552
Investment income	-	61	4	65
Total revenues	<u>102,552</u>	<u>61</u>	<u>4</u>	<u>102,617</u>
Expenditures:				
Current:				
General government	79,326	-	339,172	418,498
Debt service:				
Interest	-	173,798	-	173,798
Capital outlay	-	-	5,720,639	5,720,639
Total expenditures	<u>79,326</u>	<u>173,798</u>	<u>6,059,811</u>	<u>6,312,935</u>
Excess (Deficit) of Revenues Over Expenditures	23,226	(173,737)	(6,059,807)	(6,210,318)
Other Financing Sources (Uses):				
Bonds issued	-	937,861	6,112,139	7,050,000
Net change in fund balances	23,226	764,124	52,332	839,682
Fund Balances - beginning of year	-	-	-	-
Fund Balances - end of year	<u>\$ 23,226</u>	<u>\$ 764,124</u>	<u>\$ 52,332</u>	<u>\$ 839,682</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended September 30, 2014

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (page 10)	\$ 839,682
Expenditures on capital assets are reported as expenditures in the governmental fund statement, however, capital assets are capitalized in the statement of net position.	5,720,639
Repayments of long-term liabilities are reported as expenditures in governmental funds, while repayments reduce long-term liabilities in the statement of net position.	(7,050,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest	<u>(187,552)</u>
Change in net position of governmental activities (page 8)	<u><u>\$ (677,231)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Special Assessments	\$ 87,265	\$ 87,265	\$ 102,552	\$ 15,287
Expenditures:				
Current:				
General government	87,265	87,265	79,326	7,939
Net change in fund balance	-	-	23,226	23,226
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ -	\$ 23,226	\$ 23,226

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2014

Note 1 - Organization and Operations

The Flow Way Community Development District (the "District") was established on March 4, 2002, pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190 of the Florida Statutes by Collier County Ordinance 02-09. The Act provides, among other things, the power to manage basic services for community development, the power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purpose of planning, financing, constructing, operating and maintaining certain portions of community-wide infrastructure. The District consists of 830 acres of land and is located entirely within Collier County, Florida.

The District is governed by a Board of Supervisors (the "Board"), which is composed of five members. The Supervisors are elected on an at large basis by the owners of property within the District, and ownership of land within the District entitles the owner to one vote per acre. All of the Board members are affiliated with Taylor Morrison (the "Developer") at September 30, 2014. The District is economically dependent on the Developer. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has a final responsibility for:

- Assessing and levying special assessments
- Approving and adopting budgets
- Exercising control over facilities and property
- Controlling the use of funds generated by the District
- Hiring the District Manager, District Engineer and District Attorney
- Financing, operating and maintaining improvements.

Note 2 - Summary of Significant Accounting Policies:

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The District's more significant accounting policies are described below:

The Financial Reporting Entity

The criteria used for including component units consist of identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting district's financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Basis of Presentation

Financial Statements - Government-Wide and Fund Financial Statements

The financial statements include both government-wide and fund financial statements.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the district's activities are classified as governmental activities.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2014, the District did not have any business-type activities and therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use or directly benefit from goods or services) are reported as general revenues. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Basis of Presentation (continued)

Financial Statements - Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of the funds are accounted for with separate self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures.

The District reports the following governmental funds:

General Fund - This fund is used to account for all operating activities of the District. At this time, revenues are derived principally from non-ad valorem assessments and interest income.

Debt Service Fund - This fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest and other financing costs.

Capital Projects Fund - This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

For the year ended September 30, 2014, the District does not report any proprietary funds.

Measurement Focus, Basis of Accounting and Presentation

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current year.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Budget

A budget is adopted for the General Fund and Debt Service Fund on an annual basis. Appropriations lapse at fiscal year-end. Changes or amendments to the total budgeted expenditures of the District must be approved by the District Board of Supervisors.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b. A public hearing is conducted to obtain property owner's comments.
- c. Prior to October 1, the budget is legally adopted by the District Board.
- d. The budgets are adopted on a basis consistent with generally accepted accounting principles.

Cash, cash equivalents and investments

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments, if applicable, are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain money market investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Capital assets

Capital assets, which include land and improvements, infrastructure and machinery and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any item that qualifies for reporting in this category for the year ended September 30, 2014.

Special assessments

The District's Assessments are included on the property tax bill that all landowner's receive. The Florida Statutes provide that special assessments may be collected by using the Uniform Method. Under the Uniform Method, the District's Assessments will be collected together with County and other taxes. These Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provided that County taxes become due and payable on November 1 of the year when assessed or as soon thereafter as certified tax roll is received by the Tax Collector and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the District's Assessments. Upon any receipt of moneys by the Tax Collector from the Assessments, such moneys will be delivered to the District.

All city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal and interest on bonds, including the District Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment pursuant to certain conditions in Florida Statutes and other applicable law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Special assessments (continued)

Under the Uniform Method, if the Assessments are paid during November when due or at any time within thirty (30) days after mailing of the original tax notice or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the District's Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of the notices to taxpayers may result in a delay throughout this process.

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead exemption under Section 196.075, Florida Statutes that are 65 year old or older may defer taxes and assessments in their entirety.

Collection of Delinquent Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Assessment due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Equity Classifications

Government-wide statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation, if applicable, and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction or improvement of those assets
- b. Restricted net position - consist of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements:

The District presents fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements presents fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has no Nonspendable fund balances as of September 30, 2014.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 2 - Summary of Significant Accounting Policies (Continued):

Fund Statements (continued):

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance as of September 30, 2014.

Assigned - This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District did not have any assigned fund balances as of September 30, 2014.

Unassigned - This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 - Deposits and Investments:

Deposits

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 3 - Deposits and Investments (Continued):

Deposits (continued)

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by Governmental Accounting Standards Board, Statement Number 40, *Deposits and Investment Disclosures (an Amendment of Governmental Accounting Standards Board, Statement Number 3)*.

Investments

Investments of the General Fund are governed by Section 218.415, Florida Statutes. The authorized investments include, among others, negotiable direct or indirect obligations which are secured by the United States Government, the Local Government Surplus Funds Trust as created by Section 218.415, Florida Statutes; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Investments of Debt Service and Capital Projects Fund are governed by the provisions of the Trust Indenture.

Investments of the Debt Service and Capital Projects Fund as of September 30, 2014 were \$816,456 and were in money market mutual funds.

Credit Risk

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated AAAm by Standard and Poor's and AAA-mf by Moody's Investors Service.

Custodial Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The money market mutual funds are not evidenced by securities that exist in physical or book entry form.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 3 - Deposits and Investments (Continued):

Interest Rate Risk

Florida Statutes provide that the investment portfolio be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. The money market mutual funds have a weighted average maturity of 47 days.

Concentration Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2014, the District's investments were not subject to custodial credit risk.

Note 4 - Capital Assets:

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance October 1, 2013	Additions	Disposals	Balance at September 30, 2014
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in progress	\$ -	\$ 5,720,639	\$ -	\$ 5,720,639
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 5,720,639</u>	<u>\$ -</u>	<u>\$ 5,720,639</u>

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 5 - Long-Term Debt:

Summary of Long-Term Debt of Governmental Activities

Long-term debt of the governmental activities at September 30, 2014 is comprised of the following:

\$7,050,000 Special Assessment Revenue Bonds, Series 2013; due in annual installments commencing 2015 through 2044; interest payable semi-annually at 6% and 6.5%. \$ 7,050,000

The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Special Assessment Revenue Bonds, Series 2013	\$ -	\$ 7,050,000	\$ -	\$ 7,050,000	\$ -

Summary of Significant Debt Terms of Governmental Activities

\$7,050,000 Special Assessment Revenue Bonds, Series 2013 - The District issued \$7,050,000 Series 2013 Bonds for the purpose of funding certain capital projects within the boundaries of the District. The bonds bear interest at 6% and 6.5% and mature in November 2044. Interest is payable semi-annually on the first day of each May and November. The bonds are secured by a pledge of revenues derived from the collection of non-ad valorem special assessments.

The District is required by the Bond Indenture to levy and collect special assessments pursuant to Florida Statutes, Section 190.022. The collection of these assessments is restricted and applied to the debt service requirements of the Bond issue. Further, the District covenants to levy special assessments in annual amounts adequate to provide for the payment of principal and interest on the Bonds as they become due.

The Bonds are subject to mandatory redemption at par on a schedule of annual redemptions starting November 1, 2015 through November 1, 2044, the maturity date. The District is required to redeem the Bonds at par prior to the schedule from the proceeds of any assessments prepaid in full, or moneys received as a result of condemnation or destruction of the project. The Bonds are subject to redemption at the option of the District anytime on or after November 1, 2024 as described in the bond indenture.

The Bond Indenture requires the District to fund a debt service reserve account, as described in the bond indenture. As of September 30, 2014, the reserve fund account balance was sufficient to satisfy this requirement.

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 5 - Long-Term Debt (Continued):

Summary of Significant Debt Terms of Governmental Activities (Continued)

Total principal and interest remaining the Bonds is \$16,320,572. For the current year ended September 30, 2014, total interest paid on the Bonds was \$173,798. There was no principal due and no special assessment revenue pledged.

The annual debt service requirements for the Series 2013 Special Assessment Revenue Bonds consist of:

Year Ending September 30,	Principal	Interest	Total
2015	\$ -	\$ 450,124	\$ 450,124
2016	85,000	447,574	532,574
2017	90,000	442,324	532,324
2018	95,000	436,774	531,774
2019	105,000	430,774	535,774
2020 - 2024	610,000	2,050,520	2,660,520
2025 - 2029	825,000	1,836,908	2,661,908
2030 - 2034	1,110,000	1,531,399	2,641,399
2035 - 2039	1,530,000	1,105,975	2,635,975
2040 - 2044	2,095,000	521,788	2,616,788
2045	505,000	16,412	521,412
	<u>\$ 7,050,000</u>	<u>\$ 9,270,572</u>	<u>\$ 16,320,572</u>

FLOW WAY COMMUNITY DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Year Ended September 30, 2014

Note 6 - Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To mitigate this risk, the District purchases an insurance policy that provides coverage of up to a \$2,000,000 general liability for each occurrence and an annual aggregate coverage of approximately \$4,000,000 for the policy year ending September 30, 2014. Another insurance policy carried by the District during the year includes public official's liability. Deductible amounts ranged from \$0 to \$2,500. There have been no claims against the District during the last three fiscal years.

Note 7 - Concentration:

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Taylor Morrison, the loss of which could have a materially adverse effect on the District's ability to pay the principal and interest on the District Series 2013 Bonds, along with the operations of the District. For the period ending September 30, 2014, the Developer owned 100% of the assessable property. Certain property within the District that is not assessed is owned by others. For the same period, the Developer's share of total assessment revenue was 100%.

All of the members of the Board of Supervisors are affiliated with the Developer.

Note 9 - Subsequent Event:

In April 2015, the District issued \$3,950,000 of Special Assessment Revenue Bonds, Series 2015 to finance the construction of certain District Improvements.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Supervisors
Flow Way Community Development District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the *Flow Way Community Development District* (the "District") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McDiarmid Davis & Company, LLC

Orlando, Florida
April 27, 2015

MANAGEMENT COMMENTS

Board of Supervisors
Flow Way Community Development District

Report on the Financial Statements

We have audited the financial statements of the *Flow Way Community Development District*, (the "District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 27, 2015.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 27, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i).1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There was no audit in the previous year.

Official Title and Legal Authority

Section 10.554(1)(i).4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

MCDIRMIT DAVIS & COMPANY, LLC

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the *Flow Way Community Development District* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *Flow Way Community Development District* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the *Flow Way Community Development District* financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the *Flow Way Community Development District* for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

McDermitt Davis & Company, LLC

Orlando, Florida
April 27, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors
Flow Way Community Development District

We have examined Flow Way Community Development District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, Flow Way Community Development District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

MCDIRMIT DAVIS & COMPANY, LLC

Orlando, Florida
April 27, 2015

[THIS PAGE INTENTIONALLY LEFT BLANK]

Flow Way Community Development District

Financial Statements

September 30, 2015



Prepared by:

JPWARD AND ASSOCIATES LLC

2041 NORTHEAST 6TH TERRACE

WILTON MANORS, FLORIDA 33305

Flow Way Community Development District

Table of Contents

	<i>Page</i>
<i>Balance Sheet—All Funds</i>	<i>1-2</i>
<i>Statement of Revenue, Expenditures and Changes in Fund Balance</i>	
<i>General Fund</i>	<i>3-4</i>
<i>Debt Service Fund</i>	
<i>Series 2013 Bonds</i>	<i>5</i>
<i>Series 2015 Bonds</i>	<i>6</i>
<i>Capital Project Fund</i>	
<i>Series 2013 Bonds</i>	<i>7</i>
<i>Series 2015 Bonds</i>	<i>8</i>

**Flowway Community Development District
Balance Sheet
for the Period Ending September 30, 2015**

	Governmental Funds						Account Groups General Long Term Debt	Totals (Memorandum Only)
	Debt Service Funds		Capital Project Fund					
	General Fund	Series 2013	Series 2015	Series 2013	Series 2015			
Assets								
Cash and Investments								
General Fund - Invested Cash	\$ 22,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,708
Debt Service Fund								
Interest Account	-	-	111,777	-	-	-	-	111,777
Sinking Account	-	-	-	-	-	-	-	-
Reserve Account	-	539,000	264,494	-	-	-	-	803,494
Revenue	-	8,874	9	-	-	-	-	8,883
Prepayment Account	-	-	-	-	-	-	-	-
Costruction	-	-	-	-	331,568	-	-	331,568
Cost of Issuance	-	-	-	-	-	-	-	-
Due from Other Funds								
General Fund	-	-	-	-	-	-	-	-
Debt Service Fund(s)	-	-	-	-	-	-	-	-
Market Valuation Adjustments								
Accrued Interest Receivable	-	-	-	-	-	-	-	-
Assessments Receivable	-	-	-	-	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	-	-	547,874	-	547,874
Amount to be Provided by Debt Service Funds	-	-	-	-	-	10,452,126	-	10,452,126
Investment in General Fixed Assets (net of depreciation)	-	-	-	-	-	-	-	-
Total Assets	\$ 22,708	\$ 547,874	\$ 376,279	\$ -	\$ 331,568	\$ 11,000,000	\$ -	\$ 12,278,429

**Flowway Community Development District
Balance Sheet
for the Period Ending September 30, 2015**

	Governmental Funds						Account Groups General Long Term Debt	Totals (Memorandum Only)
	General Fund	Debt Service Funds		Capital Project Fund				
		Series 2013	Series 2015	Series 2013	Series 2015			
Liabilities								
Accounts Payable & Payroll Liabilities	\$ 477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477
Due to Other Funds	-	-	-	-	-	-	-	-
General Fund	-	-	-	-	-	-	-	-
Debt Service Fund(s)	-	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-	-
Current Portion	-	-	-	-	-	-	-	-
Long Term	-	-	-	-	-	-	11,000,000	11,000,000
Total Liabilities	\$ 477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,000,000	\$ 11,000,477
Fund Equity and Other Credits								
Investment in General Fixed Assets	-	-	-	-	-	-	-	-
Fund Balance								
Restricted								
Beginning: October 1, 2014 (Audited)	-	764,124	-	-	-	-	-	764,124
Results from Current Operations	-	-	-	-	-	-	-	-
Unassigned								
Beginning: October 1, 2014 (Audited)	23,226	-	-	52,332	-	-	-	75,558
Results from Current Operations	(995)	(216,250)	376,279	(52,332)	331,568	-	-	438,270
Total Fund Equity and Other Credits	\$ 22,231	\$ 547,874	\$ 376,279	\$ -	\$ 331,568	\$ -	\$ -	\$ 1,277,952
Total Liabilities, Fund Equity and Other Credits	\$ 22,708	\$ 547,874	\$ 376,279	\$ -	\$ 331,568	\$ 11,000,000	\$ -	\$ 12,278,429

**Flowway Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through September 30, 2015**

Description	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources															
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	N/A
Interest															
Interest - General Checking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Special Assessment Revenue															
Special Assessments - On-Roll	-	-	2,812	6,530	79,667	3,644	-	6	-	-	-	-	92,659	93,065	100%
Special Assessments - Off-Roll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Intragovernmental Transfer In															
Total Revenue and Other Sources:	\$ -	\$ -	\$ 2,812	\$ 6,530	\$ 79,667	\$ 3,644	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ -	92,659	\$ 93,065	100%
Expenditures and Other Uses															
Executive															
Professional Management	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000	40,000	100%
Financial and Administrative															
Audit Services	-	-	-	-	-	-	-	-	-	-	-	4,000	4,000	6,500	62%
Accounting Services	667	667	667	667	667	667	667	667	667	667	667	667	8,000	8,000	100%
Assessment Roll Services	-	-	4,876	-	-	-	-	-	-	-	-	-	4,876	-	N/A
Arbitrage Rebate Services	-	-	500	-	-	-	-	-	-	-	-	-	500	1,000	50%
Other Contractual Services															
Recording and Transcription	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Legal Advertising	-	576	526	-	-	4,354	-	-	-	-	-	2,614	8,070	1,000	807%
Trustee Services	-	-	-	-	2,625	-	-	-	4,025	-	-	-	6,650	5,500	121%
Dissemination Agent Services	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	0%
Property Appraiser Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Bank Services	15	16	51	32	34	-	2	9	13	14	14	64	263	240	110%

Flowway Community Development District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Through September 30, 2015

Description	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Total Annual Budget	% of Budget
Travel and Per Diem	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Communications & Freight Services															
Postage, Freight & Messenger	-	-	91	-	79	84	-	-	48	-	-	-	302	500	60%
Computer Services - Website Development	-	-	-	-	-	-	-	-	-	-	-	-	-	2,400	0%
Insurance	5,923	-	-	-	-	-	-	-	-	-	-	-	5,923	6,000	99%
Printing & Binding	-	-	-	-	261	337	-	-	309	-	-	-	907	500	181%
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	250	0%
Subscription & Memberships	-	175	-	-	-	-	-	-	-	-	-	-	175	175	100%
Legal Services															
Legal - General Counsel	-	-	945	-	-	-	1,765	-	-	325	-	1,113	4,148	10,000	41%
Debt Service - Miromar Lakes LLC Note	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Other General Government Services															
Engineering Services - General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	0%
Contingencies	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000	0%
Other Current Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Intragovernmental Transfer Out	-	-	-	-	-	-	-	9,839	-	-	-	-	9,839	-	N/A
Sub-Total:	9,938	4,767	10,990	4,032	7,000	8,775	5,767	13,847	8,394	4,339	4,014	11,790	93,654	93,065	101%
Total Expenditures and Other Uses:	\$ 9,938	\$ 4,767	\$ 10,990	\$ 4,032	\$ 7,000	\$ 8,775	\$ 5,767	\$ 13,847	\$ 8,394	\$ 4,339	\$ 4,014	\$ 11,790	\$ 93,654	\$ 93,065	101%
Net Increase/ (Decrease) in Fund Balance	(9,938)	(4,767)	(8,178)	2,498	72,667	(5,131)	(5,767)	(13,842)	(8,394)	(4,339)	(4,014)	(11,790)	(995)	-	
Fund Balance - Beginning	23,226	13,288	8,521	343	2,842	75,509	70,378	64,611	50,769	42,375	38,036	34,022	23,226	-	
Fund Balance - Ending	\$ 13,288	\$ 8,521	\$ 343	\$ 2,842	\$ 75,509	\$ 70,378	\$ 64,611	\$ 50,769	\$ 42,375	\$ 38,036	\$ 34,022	\$ 22,231	\$ 22,231	\$ -	

Flowway Community Development District
Debt Service Fund - Series 2013
Statement of Revenues, Expenditures and Changes in Fund Balance
Through September 30, 2015

Description	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Total Annual Budget	% of Budget
Revenue and Other Sources															
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 225,071	N/A
Interest Income															
Interest Account		2	2	0	-	-	-	-	-	-	-	-	4	-	N/A
Reserve Account	4	5	4	5	5	4	5	7	9	9	9	9	75	25	301%
Prepayment Account	-	-	-	-	-	-	-	-	-	-	-	-	-	10	0%
Revenue Account	-	-	-	-	-	0	1	4	1	-	-	-	7	-	N/A
Special Assessment Revenue															
Special Assessments - On-Roll	-	-	6,799	15,787	192,606	8,811	-	13	-	-	-	-	224,016	225,019	100%
Special Assessments - Off-Roll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Intragovernmental Transfer In															
	-	-	-	-	-	-	-	9,839	-	1	-	-	9,839	-	N/A
Total Revenue and Other Sources:	\$ 6	\$ 6	\$ 6,804	\$ 15,792	\$ 192,610	\$ 8,815	\$ 6	\$ 9,864	\$ 10	\$ 9	\$ 9	\$ 9	233,940	\$ 450,125	N/A
Expenditures and Other Uses															
Debt Service															
Principal Debt Service - Mandatory															
Series 2013 Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	N/A
Principal Debt Service - Early Redemptions															
Series 2013 Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Interest Expense															
Series 2013 Bonds	-	225,063	-	-	-	-	-	225,063	-	-	-	-	450,125	450,125	100%
Operating Transfers Out (To Other Funds)															
	-	-	-	52	-	-	13	-	-	-	-	-	66	-	N/A
Total Expenditures and Other Uses:	\$ -	\$ 225,063	\$ -	\$ 52	\$ -	\$ -	\$ 13	\$ 225,063	\$ -	\$ -	\$ -	\$ -	450,191	\$ 450,125	N/A
Net Increase/ (Decrease) in Fund Balance	6	(225,056)	6,804	15,739	192,610	8,815	(7)	(215,199)	10	9	9	9	(216,250)	(225,071)	
Fund Balance - Beginning	764,124	764,131	539,075	545,878	561,617	754,228	763,042	763,035	547,836	547,846	547,856	547,865	764,124	764,124	
Fund Balance - Ending	\$ 764,131	\$ 539,075	\$ 545,878	\$ 561,617	\$ 754,228	\$ 763,042	\$ 763,035	\$ 547,836	\$ 547,846	\$ 547,856	\$ 547,865	\$ 547,874	547,874	\$ 539,053	

Flowway Community Development District
Debt Service Fund - Series 2015
Statement of Revenues, Expenditures and Changes in Fund Balance
Through September 30, 2015

Description	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Total Annual Budget
Revenue and Other Sources														
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Interest Income														
Interest Account	-	-	-	-	-	-	-	1	2	2	2	2	9	-
Reserve Account	-	-	-	-	-	-	-	3	4	4	4	4	21	-
Prepayment Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Assessment Revenue														
Special Assessments - On-Roll	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Assessments - Off-Roll	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Proceeds														
	-	-	-	-	-	-	376,271	-	-	-	-	-	376,271	-
Total Revenue and Other Sources:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,271	\$ 5	\$ 6	\$ 6	\$ 6	\$ 6	\$ 376,301	\$ -
Expenditures and Other Uses														
Debt Service														
Principal Debt Service - Mandatory														
Series 2013 Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Principal Debt Service - Early Redemptions														
Series 2013 Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense														
Series 2013 Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out (To Other Funds)														
	-	-	-	-	-	-	-	-	-	-	17	4	21	-
Total Expenditures and Other Uses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 4	\$ 21	\$ -
Net Increase/ (Decrease) in Fund Balance	-	-	-	-	-	-	376,271	5	6	6	(10)	2	376,279	-
Fund Balance - Beginning	-	-	-	-	-	-	-	376,271	376,275	376,282	376,288	376,278	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,271	\$ 376,275	\$ 376,282	\$ 376,288	\$ 376,278	\$ 376,279	\$ 376,279	\$ -

Flowway Community Development District
Capital Project Fund - Series 2013
Statement of Revenues, Expenditures and Changes in Fund Balance
Through September 30, 2015

Description	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Total Annual Budget
Revenue and Other Sources														
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Interest Income														
Construction Account	0	0	0	0	0	0	0	1	-	-	-	-	3	-
Cost of Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Proceeds														
Series 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers In (From Other Funds)	-	-	-	52	-	-	13	-	-	-	-	-	66	-
Total Revenue and Other Sources:	\$ 0	\$ 0	\$ 0	\$ 53	\$ 0	\$ 0	\$ 14	\$ 1	\$ -	\$ -	\$ -	\$ -	69	\$ -
Expenditures and Other Uses														
Capital Outlay														
Construction in Progress	5,250	-	-	-	-	-	44,326	-	-	-	-	-	49,576	-
Cost of Issuance														
Series 2013 Bonds	-	-	-	-	2,824	-	-	-	-	-	-	-	2,824	\$ -
Operating Transfers Out (To Other Funds)	-	-	-	-	-	-	-	-	-	1	-	-	1	-
Total Expenditures and Other Uses:	\$ -	\$ -	\$ -	\$ -	\$ 2,824	\$ -	\$ 44,326	\$ -	\$ -	\$ 1	\$ -	\$ -	52,401	\$ -
Net Increase/ (Decrease) in Fund Balance	0	0	0	53	(2,824)	0	(44,312)	1	-	(1)	-	-	(52,332)	-
Fund Balance - Beginning	52,332	52,332	52,333	52,333	52,386	49,562	49,562	5,250	5,251	5,251	5,250	5,250	52,332	-
Fund Balance - Ending	\$ 52,332	\$ 52,333	\$ 52,333	\$ 52,386	\$ 49,562	\$ 49,562	\$ 5,250	\$ 5,251	\$ 5,251	\$ 5,250	\$ 5,250	\$ 5,250	-	\$ -

Flowway Community Development District
 Capital Project Fund - Series 2015
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Through September 30, 2015

Description	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Total Annual Budget
Revenue and Other Sources														
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
Interest Income														
Construction Account	-	-	-	-	-	-	-	35	6	5	6	6	57	-
Cost of Issuance	-	-	-	-	-	-	-	0	0	0	0	0	0	-
Debt Proceeds	-	-	-	-	-	-	3,573,729	-	-	-	-	-	3,573,729	-
Operating Transfers In (From Other Funds)	-	-	-	-	-	-	-	-	-	-	17	4	21	-
Total Revenue and Other Sources:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,573,729	\$ 35	\$ 6	\$ 5	\$ 22	\$ 10	3,573,808	\$ -
Expenditures and Other Uses														
Capital Outlay														
Construction in Progress	-	-	-	-	-	-	2,952,747	-	-	-	-	-	2,952,747	-
Cost of Issuance														
Series 2013 Bonds	-	-	-	-	-	-	288,243	-	-	-	-	1,250	289,493	\$ -
Operating Transfers Out (To Other Funds)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Other Uses:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,240,990	\$ -	\$ -	\$ -	\$ -	\$ 1,250	3,242,240	\$ -
Net Increase/ (Decrease) in Fund Balance	-	-	-	-	-	-	332,739	35	6	5	22	(1,240)	331,568	-
Fund Balance - Beginning	-	-	-	-	-	-	-	332,739	332,774	332,780	332,785	332,807	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,739	\$ 332,774	\$ 332,780	\$ 332,785	#####	\$ 331,568	331,568	\$ -

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

