

*In the opinion of Bond Counsel (as hereinafter defined), under existing statutes, regulations, published rulings and court decisions, and assuming compliance by the District with the tax covenants described herein and the accuracy of certain representations, interest on the 2015 Bonds (as hereinafter defined) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of certain corporations' alternative minimum taxable income. See "TAX MATTERS" herein. Bond Counsel is further of the opinion that the 2015 Bonds and interest thereon are not subject to taxation under the laws of the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in Chapter 220.*

**\$13,530,000**

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
(OSCEOLA COUNTY, FLORIDA)  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2015**

**Dated: April 28, 2015**

**Due: May 1, as shown below**

The Harmony Community Development District Capital Improvement Revenue Refunding Bonds, Series 2015 (the "2015 Bonds"), are being issued by the Harmony Community Development District (the "District" or "Issuer") only in fully registered form, without coupons, in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof. The 2015 Bonds will bear interest at the fixed rates set forth below, 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 November 1, 2015. The 2015 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC") of New York, New York. Purchases of beneficial interests in the 2015 Bonds will be made only in book-entry form. Accordingly, principal of and interest on the 2015 Bonds will be paid from the 2015 Trust Estate (as hereinafter defined) by U.S. Bank National Association, Orlando, Florida, as trustee (the "Trustee") directly to DTC as the registered owner thereof. Disbursements of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants (as hereinafter defined), as more fully described herein. Any purchaser of a beneficial interest in a 2015 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2015 Bond. See "DESCRIPTION OF THE 2015 BONDS - Book-Entry System" herein.

The 2015 Bonds are being issued for the purposes of together with other legally available monies of the District: (i) defeasing all of the District's outstanding Capital Improvement Revenue Bonds, Series 2004 (the "2004 Bonds" or the "Refunded Bonds"), (ii) paying certain costs of acquiring and constructing the 2015 Project (as defined herein), (iii) paying certain costs associated with the issuance of the 2015 Bonds, and (iv) making a deposit into the 2015 Reserve Account for the benefit of all of the 2015 Bonds. See "PLAN OF REFUNDING AND 2015 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The District is a local unit of special purpose government of the State of Florida (the "State"), created and chartered by the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and was established pursuant to the Act by Ordinance No. 00-05 of the Board of County Commissioners of Osceola County, Florida effective March 6, 2000 (the "Ordinance"). The 2015 Bonds are being issued pursuant to the Act, the Ordinance, Resolutions No. 2015-04 and 2015-05 adopted by the Board of Supervisors (the "Board") of the District on March 26, 2015 and April 8, 2015, respectively (collectively, the "Bond Resolution") and a Master Trust Indenture, dated as of December 1, 2000, as supplemented by a Sixth Supplemental Trust Indenture dated as of April 1, 2015 (collectively the "Indenture"), by and between the District and the Trustee. The 2015 Bonds are equally and ratably secured under the Indenture by a pledge of the revenues derived by the District from the non-ad valorem special assessments (the "2004 Assessments") imposed, levied and collected by the District with respect to property specifically benefitted by the public infrastructure and other improvements financed with proceeds of the 2004 Bonds (the "2015 Pledged Revenues") and the Funds and Accounts created under the Indenture (except for the 2015 Rebate Account and the 2015 Costs of Issuance Account)(the "2015 Pledged Funds", and collectively with the 2015 Pledged Revenues, the "2015 Trust Estate"). 2015 Pledged Revenues do not include "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the District under Section 190.021(3) of the Act. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015 BONDS" herein.

The 2015 Bonds are subject to optional redemption, mandatory sinking fund and extraordinary mandatory redemption prior to maturity. See "DESCRIPTION OF THE 2015 BONDS - Redemption Provisions" herein.

NEITHER THE 2015 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE 2015 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO HOLDER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2015 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2015 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2015 TRUST ESTATE, ALL AS PROVIDED IN THE INDENTURE.

**The 2015 Bonds involve a degree of risk (See "BONDOWNERS' RISKS" herein) and are not suitable for all investors (See "SUITABILITY FOR INVESTMENT" herein). The 2015 Bonds are not credit enhanced or rated and no application has been made for credit enhancement or a rating with respect to the 2015 Bonds. The 2015 Bonds are being offered initially only to "Accredited Investors" within the meaning of Chapter 517, Florida Statutes, as amended, and the rules of the Florida Department of Financial Services promulgated thereunder. Such limitation does not denote restrictions on transfer in any secondary market for the 2015 Bonds.**

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

**MATURITY SCHEDULE**

**\$1,225,000 - 3.750% Series 2015 Term Bond due May 1, 2018, Price 100.000 CUSIP # 413213 AH2\*\***  
**\$3,590,000 - 4.750% Series 2015 Term Bond due May 1, 2025, Price 103.012 CUSIP # 413213 AJ8\*\***  
**\$8,715,000 - 5.125% Series 2015 Term Bond due May 1, 2036, Price 102.959\* CUSIP # 413213 AK5\*\***

The 2015 Bonds are offered for delivery when, as and if issued by the District and subject to the receipt of the approving legal opinion of Akerman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Young, van Assenderp & Qualls, P.A., Tallahassee, Florida; for the Developer (as hereinafter defined) by its counsel, GrayRobinson, P.A., Orlando, Florida; for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida; and for the Trustee by its counsel, Holland & Knight LLP, Miami, Florida. It is expected that the 2015 Bonds will be delivered in book-entry form through the facilities of DTC on or about April 28, 2015.

**FMSBonds**

Dated: April 16, 2015

\* Priced to the call date of May 1, 2025.

\*\* 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.

**HARMONY COMMUNITY DEVELOPMENT DISTRICT**

**BOARD OF SUPERVISORS**

Steve Berube, Chairperson  
Ray Walls, Vice-Chairperson  
David Farnsworth, Assistant Secretary  
Mark LeMenager, Assistant Secretary  
Kerul Kassel, Assistant Secretary

**DISTRICT MANAGER**

Severn Trent Services, Inc.  
Celebration, Florida

**DISTRICT COUNSEL**

Young, van Assenderp & Qualls, P.A.  
Tallahassee, Florida

**BOND COUNSEL**

Akerman LLP  
Orlando, 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 2015 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF ANY 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) AND PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES, WHICH SOURCES ARE BELIEVED TO BE RELIABLE BUT WHICH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE UNDERWRITER NAMED ON THE COVER PAGE OF THIS LIMITED OFFERING MEMORANDUM. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN CONTAINED ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT, THE DEVELOPER OR THE DEVELOPMENT (AS HEREINAFTER DEFINED) SINCE THE DATE HEREOF.

THE 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 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 (AS HEREINAFTER DEFINED), THE STATE, NOR ANY OTHER POLITICAL SUBDIVISIONS THEREOF HAVE GUARANTEED OR PASSED UPON THE MERITS OF THE 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/OR 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 DOES 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.

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## LIMITED OFFERING MEMORANDUM

**\$13,530,000**

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
(OSCEOLA COUNTY, FLORIDA)  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2015**

### 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 Harmony Community Development District (the “District”) of its \$13,530,000 Capital Improvement Revenue Refunding Bonds, Series 2015 (the “2015 Bonds”).

PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF AND/OR INTEREST ON THE 2015 BONDS. THE 2015 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. THE 2015 BONDS ARE BEING OFFERED INITIALLY ONLY TO “ACCREDITED INVESTORS” WITHIN THE MEANING OF CHAPTER 517, FLORIDA STATUTES, AND THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES PROMULGATED THEREUNDER. SUCH LIMITATION DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE 2015 BONDS. SEE “SUITABILITY FOR INVESTMENT” AND “BONDOWNERS’ RISKS” HEREIN.

The District was created and chartered by the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the “Act”) and was established pursuant to the Act by Ordinance No. 00-05 of the Board of County Commissioners of Osceola County, Florida effective March 6, 2000 (the “Ordinance”). The District was established for the purpose, among other things, of managing the acquisition, construction, maintenance, operation and financing of certain public infrastructure improvements and other public improvements within and provided in the Act without its boundaries. For more complete information about the District, its Board of Supervisors and the District Manager, see “THE DISTRICT” herein.

The 2015 Bonds are being issued pursuant to the Act, the Ordinance, the Florida Constitution, other applicable provisions of Florida law, Resolutions No. 2015-04 and 2015-05 adopted by the Board of Supervisors (the “Board”) of the District on March 26, 2015 and April 8, 2015, respectively (collectively, the “Bond Resolution”) and a Master Trust Indenture, dated as of December 1, 2000 (the “Master Indenture”), as supplemented by a Sixth Supplemental Trust Indenture dated as of April 1, 2015 (the “Sixth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), by and between the District and the Trustee. All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the Indenture. See “APPENDIX A – COPY OF MASTER TRUST INDENTURE AND PROPOSED FORM OF SIXTH SUPPLEMENTAL TRUST INDENTURE” hereto.

The 2015 Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived by the District from the non-ad valorem special assessments (the “2004 Assessments”) imposed, levied and collected by the District with respect to property specifically benefitted by the public infrastructure and other improvements financed with proceeds of the 2004 Bonds (the “2015 Pledged Revenues”) and the Funds and Accounts created under the Indenture (except for the

2015 Rebate Account and the 2015 Costs of Issuance Account)(the “2015 Pledged Funds”, and collectively with the 2015 Pledged Revenues, the “2015 Trust Estate”). 2015 Pledged Revenues do not include “special assessments” levied and collected by the District under Section 190.022 of the Act for maintenance purposes or “maintenance special assessments” levied and collected by the District under Section 190.021(3) of the Act. The Refunded Bonds (as defined herein) were validated by a Final Judgment of the Circuit Court of the Ninth Judicial Circuit in and for Osceola County (the “County”), rendered on August 4, 2000 and the period during which an appeal could be taken from that judgment expired with no appeal having been filed.

The District contains a total of approximately 1,020 acres of land (the “District Lands”) and is located entirely in an unincorporated area of the County. Only a portion of the District lands containing approximately 196 gross acres of lands will ultimately be subject to the 2004 Assessments securing the 2015 Bonds. See “THE DEVELOPMENT –2004 Assessment Area” herein for more information. The District is located in the center of the Harmony DRI, an approximately 11,030 acre mixed-use planned Development of Regional Impact project located next to U.S. 192. For more information regarding the District and the Development, see “THE DISTRICT” and “THE DEVELOPMENT” herein. All of the District Lands in the 2004 Assessment Area (as hereinafter defined) are owned by Birchwood Acres Limited Partnership, LLLP, a Florida limited liability partnership (the “Developer”). See “THE DEVELOPER” herein.

The 2015 Bonds are being issued for the purposes of together with other legally available monies of the District: (i) defeasing all of the District’s outstanding Capital Improvement Revenue Bonds, Series 2004 (the “2004 Bonds” or the “Refunded Bonds”), (ii) paying certain costs of acquiring and constructing the 2015 Project (as defined herein), (iii) paying certain costs associated with the issuance of the 2015 Bonds, and (iv) making a deposit into the 2015 Reserve Account for the benefit of all of the 2015 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

There follows in this Limited Offering Memorandum a brief description of the District, the Development, the Developer, and summaries of the terms of the 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 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 Indenture and the proposed form of the Sixth Supplemental Indenture appear as APPENDIX A hereto.

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

## **PLAN OF REFUNDING AND 2015 PROJECT**

### **Plan of Refunding**

The District intends to use a portion of the proceeds of the 2015 Bonds, together with other legally available monies of the District, to defease the District’s outstanding Refunded Bonds, which will be outstanding as of the date of closing in the principal amount of \$13,825,000.

To defease the Refunded Bonds, the District will enter into an Escrow Deposit Agreement (the “Escrow Agreement”) with U.S. Bank National Association, as escrow agent (the “Escrow Agent”). Pursuant to the terms of the Escrow Agreement, the District will deposit with the Escrow Agent and the Escrow Agent will irrevocably deposit to a special escrow fund created under the Escrow Agreement (the “Escrow Fund”) a portion of the proceeds of the 2015 Bonds and other legally available moneys of the



District, which will be held uninvested in cash. The amounts on deposit in the Escrow Fund are expected to be sufficient to pay all amounts due on the Refunded Bonds on the redemption dates of May 1, 2015 and May 28, 2015. Upon execution and delivery of the Escrow Agreement, the direction to give certain notices as required under the Indenture with respect to the Refunded Bonds and the deposit of such proceeds into the Escrow Fund, all as provided in the Escrow Agreement, in reliance on the verification report of Causey, Demgen & Moore, independent certified public accountants, described under “VERIFICATION OF MATHEMATICAL COMPUTATIONS” in this Limited Offering Memorandum, the Refunded Bonds will no longer be Outstanding under the documents governing the issuance of the Refunded Bonds and the Owners of the Refunded Bonds shall be restricted exclusively to the funds so deposited in the Escrow Fund for any claims of whatsoever nature with respect to the Refunded Bonds. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

AMOUNTS HELD UNDER THE ESCROW AGREEMENT WILL NOT BE AVAILABLE TO PAY PRINCIPAL AND INTEREST ON THE 2015 BONDS.

### **2015 Project**

A portion of the proceeds in the estimated amount of approximately \$200,000 will be used to pay certain costs of acquiring and constructing the 2015 Project. The 2015 Project is expected to consist of certain street lighting and other District improvements.

## **DESCRIPTION OF THE 2015 BONDS**

### **General Description**

The 2015 Bonds are issuable only as fully registered bonds without coupons in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof.

The 2015 Bonds will be dated the date of their initial issuance and delivery, and will bear interest at the fixed rates per annum set forth on the cover page hereof from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to May 1, 2015, in which case from the date of initial delivery. Interest on the 2015 Bonds will be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

The 2015 Bonds will mature, subject to the redemption provisions set forth below, on the dates and in the amounts set forth on the inside cover page hereof.

The 2015 Bonds will be initially issued in the form of a separate single fully registered certificate for each maturity of the 2015 Bonds. Upon initial issuance, the ownership of the 2015 Bonds will be registered in the registration books of the District kept by the Bond Registrar in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) of New York, New York, the initial bond depository. See “DESCRIPTION OF THE 2015 BONDS - Book-Entry System” herein.

During the period for which Cede & Co. is registered owner of the 2015 Bonds, any notices to be provided to any registered owner will be provided to Cede & Co. DTC shall be responsible for providing notices to DTC Participants (as hereinafter defined) and DTC Participants shall be responsible for providing notices to Indirect Participants (as hereinafter defined), and DTC Participants and Indirect Participants shall be responsible for providing notices to Beneficial Owners (as hereinafter defined).

The Indenture provides that the District, the Trustee, the Bond Registrar and the Paying Agent shall deem and treat the person in whose name any 2015 Bond is registered as the absolute Owner thereof for the purpose of receiving payment of or on account of the principal or redemption price of and interest on such 2015 Bond, and for all other purposes, and the District, the Trustee, any Paying Agent and the Registrar shall not be affected by any notice to the contrary. All such payments so made to any such Owner, or upon the order of such Owner, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable with respect to any such 2015 Bond.

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

## Redemption Provisions

### Optional Redemption

The 2015 Bonds are subject to redemption in whole or in part at the option of the District prior to maturity on May 1, 2025 and any date thereafter at the Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

### Mandatory Redemption

The 2015 Bonds maturing on May 1, 2018 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2015 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable amortization installments at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, on May 1 of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>
2016	\$390,000
2017	410,000
2018*	425,000

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\*Maturity

The 2015 Bonds maturing on May 1, 2025 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2015 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable amortization installments at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, on May 1 of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>
2019	\$445,000
2020	465,000
2021	490,000
2022	510,000
2023	535,000
2024	560,000
2025*	585,000

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\*Maturity

The 2015 Bonds maturing on May 1, 2036 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2015 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable amortization installments at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, on May 1 of the years and in the principal amounts set forth below.

<u>Year</u>	<u>Principal Amount</u>
2026	\$610,000
2027	640,000
2028	675,000
2029	715,000
2030	745,000
2031	780,000
2032	820,000
2033	865,000
2034	905,000
2035	955,000
2036*	1,005,000

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\*Maturity

Upon redemption or purchase of a 2015 Bond (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee a revised schedule of Amortization Installments recalculated so that Debt Service on the 2015 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to authorized denominations of principal) over the remaining term of the 2015 Bonds. The annual principal amounts so determined are hereinafter referred to as the "Aggregate Amortization Installments." The Amortization Installments as so recalculated shall not result in an increase in the principal or Aggregate Amortization Installments in any one year.

#### **Extraordinary Mandatory Redemption**

The 2015 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Interest Payment Date, and if in part by lot in the manner determined by the Bond Registrar and as otherwise provided in the Indenture, at the redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, (i) if and to the extent that moneys are transferred to the Prepayment Account following the prepayment of 2004 Assessments and, (ii) when the amount on deposit in the 2015 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all 2015 Bonds then Outstanding as provided in the Supplemental Indenture and (iii) on or after the Completion Date of the 2015 Project by application of moneys transferred from the 2015 Acquisition and Construction Account to the 2015 Prepayment Account in accordance with the terms of the Supplemental Indenture.

#### **Notice of Redemption**

Notice of each redemption of 2015 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each Registered Holder of 2015 Bonds to be redeemed at the address of such Registered Holder recorded on the bond register maintained by the Bond Registrar. Except as otherwise provided in the Indenture, if less than all of the 2015 Bonds subject to redemption shall be called for redemption, the particular such

2015 Bonds or portions of such 2015 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

### **Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2015 Bonds. The 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 2015 Bond certificate will be issued for each 2015 Bond, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 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 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 2015 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Bond documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 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 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 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 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 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 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, 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, 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.

## SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015 BONDS

### General

NEITHER THE 2015 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE 2015 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO HOLDER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2015 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2015 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2015 TRUST ESTATE, ALL AS PROVIDED IN THE INDENTURE.

The 2015 Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived by the District from the non-ad valorem special assessments (the “2004 Assessments”) imposed, levied and collected by the District with respect to property specifically benefitted by the public infrastructure and other public improvements financed with proceeds of the 2004 Bonds (the “2015 Pledged Revenues”) and the Funds and Accounts created under the Indenture (except for the 2015 Rebate Account and the 2015 Costs of Issuance Account)(the “2015 Pledged Funds”, and collectively with the 2015 Pledged Revenues, the “2015 Trust Estate”). 2015 Pledged Revenues do not include “special assessments” levied and collected by the District under Section 190.022 of the Act for maintenance purposes or “maintenance special assessments” levied and collected by the District under Section 190.021(3) of the Act.

The 2004 Assessments consist of the non-ad valorem special assessments imposed and levied by the District against certain lands within the District specially benefitted by the 2004 Project or any portion thereof, pursuant to Section 190.022 of the Act, resolutions of the District adopted prior to delivery of the 2015 Bonds, as amended and supplemented from time to time (collectively, the “Assessment Resolutions”) and assessment proceedings conducted by the District (together with the Assessment Resolutions, the “Assessment Proceedings”). Non-ad valorem assessments are not based on millage and are not taxes, but can become a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. The 2004 Assessments will constitute a lien against the land as to which the 2004 Assessments are imposed. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein.

The 2004 Assessments were initially levied, in an amount corresponding to the debt service on the Refunded Bonds at the time of issuance thereof, on the basis of benefit received within the District as a result of the 2004 Project and designated as such in the methodology report relating thereto. In connection with the issuance of the 2015 Bonds, the 2004 Assessments will be reduced to reflect the corresponding debt service reduction on the 2015 Bonds. See “THE DEVELOPMENT – 2004 Assessment Area” herein for the amount of 2004 Assessments by unit type. See also “ASSESSMENT METHODOLOGY” herein and APPENDIX C hereto for more information regarding the assessment methodology.

The District and other public entities may impose taxes or other special assessments on the same properties encumbered by the 2004 Assessments without the consent of the Owners of the 2015 Bonds.

Additionally, the District currently imposes and expects to continue to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the 2004 Assessments, on the same lands upon which the 2004 Assessments are imposed, to fund the maintenance and operation of the District. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015 BONDS - Additional Bonds” and “BONDOWNERS’ RISKS” herein.

### **Additional Bonds**

In the Indenture, the District will covenant that it shall not issue any obligations other than the 2015 Bonds payable from the 2015 Trust Estate other than refunding bonds, the issuance of which produces net present value debt service saving as determined by the District, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from the 2015 Trust Estate. Such covenant shall not prohibit the District from issuing Bonds for capital projects located in or outside the District provided such Bonds are not secured by any of the 2015 Trust Estate. In addition, the District covenants not to issue Bonds other than the 2015 Bonds secured by Assessments on assessable lands within the District for capital projects unless at least ninety percent (90%) of the total residential units planned for land encumbered by the 2004 Assessments have been built, sold and closed to end-users. The Trustee may rely on a certificate from the District regarding such status of the residential units.

The District and other public entities may impose taxes or other special assessments on the same properties encumbered by the 2004 Assessments without the consent of the Owners of the 2015 Bonds, and the District expects to continue to impose certain non-ad valorem special assessments called “maintenance assessments,” which are of equal dignity with the 2004 Assessments on the same lands upon which the 2004 Assessments to fund a portion of the maintenance and operation costs of the District. See “BONDOWNERS’ RISKS.”

### **2015 Reserve Account**

The Indenture establishes a 2015 Reserve Account within the Reserve Fund. The 2015 Reserve Account will, at the time of delivery of the 2015 Bonds, be funded in an amount equal to the 2015 Reserve Account Requirement. The 2015 Reserve Account Requirement means \$340,000.

Amounts on deposit in the 2015 Reserve Account, except as provided elsewhere in the Indenture shall be used only for the purpose of making payments into the 2015 Interest Account and the 2015 Sinking Fund Account to pay the 2015 Bonds, without distinction as to 2015 Bonds and without privilege or priority of one 2015 Bond over another, when due when the moneys on deposit in such Accounts and available therefor are insufficient.

The Trustee, on or before the fortieth (40<sup>th</sup>) day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each Interest Payment Date, after taking into account all payments and transfers made as of such date, shall compute the value of the 2015 Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit into such account, from available 2015 Pledged Revenues. The Trustee as soon as practical after such computation shall, transfer any surplus, other than that resulting from investment earnings which shall be subject the Indenture provisions with respect thereto, into the Prepayment Account to be used for extraordinary mandatory redemption of 2015 Bonds as provided in the Indenture and the 2015 Bonds.

On the earliest date on which there is on deposit in the 2015 Reserve Account sufficient monies taking into account other monies available therefor, to pay and redeem all of the Outstanding 2015 Bonds,

together with interest on such 2015 Bonds to the earliest date of redemption permitted in the 2015 Bonds and the Indenture, then the Trustee shall transfer the amount on deposit in the 2015 Reserve Account into the Prepayment Account to pay and redeem all of the Outstanding 2015 Bonds on the earliest date permitted for redemption in the 2015 Bonds and the Indenture.

### **Flow of Funds**

Pursuant to the Indenture, the District shall deposit 2004 Assessment Revenues with the Trustee promptly upon receipt thereof, with a written accounting setting forth the amounts of such 2004 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established under the Indenture as follows: (i) 2004 Assessment Interest which shall be deposited into the 2015 Interest Account; (ii) 2004 Assessment Principal, which shall be deposited into the 2015 Sinking Fund Account; (iii) 2004 Prepayment Principal, which shall be deposited into the Prepayment Account; (iv) Delinquent 2004 Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2015 Reserve Account to pay the principal on the 2015 Bonds, and, the balance, if any, shall be deposited into the 2015 Sinking Fund Account; (v) Delinquent 2004 Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2015 Reserve Account to pay the interest on 2015 Bonds, and, the balance, if any, deposited into the 2015 Interest Account; and (vi) all other 2004 Assessment Revenues, which shall be deposited into the 2015 Revenue Account.

On each March 15 and September 15 (or if such March 15 or September 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Prepayment Account and if the balance therein is greater than zero, shall transfer, but only after determining that following such transfer sufficient moneys will remain in the 2015 Revenue Account to meet the obligations in the following paragraph on the immediately following May 1 or November 1, as applicable, from the 2015 Revenue Account, for deposit into the Prepayment Account, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of 2015 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Subaccount in accordance with the provisions for extraordinary redemption of 2015 Bonds as set forth therein.

On each May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such date), the Trustee shall transfer from amounts on deposit in the 2015 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority and apply such amounts as provided below:

FIRST, to the 2015 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2015 Bonds then Outstanding on such May 1 or November 1, less any amount already on deposit in the 2015 Interest Account not previously credited;

SECOND, on each May 1 to the 2015 Sinking Fund Account an amount equal to the principal amount of 2015 Bonds maturing on such May 1 or an amount equal to the Amortization Installments of 2015 Bonds due on such May 1, less any amount already on deposit in such Sinking Fund Account not previously credited;

THIRD, to the 2015 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2015 Reserve Account Requirement; and

FOURTH, the balance shall be retained in the 2015 Revenue Account.



On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2015 Revenue Account in accordance with the Tax Regulatory Covenants, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants. To the extent insufficient moneys are on deposit in the 2015 Revenue Account to make the transfer provided for in the immediately preceding sentence the District shall deposit with the Trustee from available moneys of the District the amount of any such insufficiency.

### **Investments**

Amounts in all of the Funds and Accounts held as security for the 2015 Bonds shall be invested only in 2015 Investment Obligations, and earnings on investments in the 2015 Interest Account, the 2015 Sinking Fund Account, the 2015 Revenue Account and the Prepayment Account shall be deposited, as realized, to the credit of the 2015 Revenue Account and used for the purpose of such Account. Earnings on investments in the 2015 Reserve Account (to the extent there is a surplus in the 2015 Reserve Account) and 2015 Costs of Issuance Account shall be deposited in the 2015 Revenue Account unless otherwise directed by the District.

### **Covenant to Levy the 2004 Assessments**

The District has covenanted to comply with the terms of the Assessment Proceeding, and to assess, impose and levy the 2004 Assessments in compliance with assessment law in such manner as legally will generate funds to pay the principal of and interest on the 2015 Bonds, when due.

If any 2004 Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such 2004 Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such 2004 Assessment when it might have done so, the District has additionally covenanted to either (i) take all necessary steps to cause a new 2004 Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in the District's sole discretion, make up the amount of such 2004 Assessment from legally available moneys, which moneys shall be deposited into the 2015 Revenue Account. In case such subsequent assessment shall also be annulled, the District shall obtain and make other 2004 Assessments until a valid 2004 Assessment shall be made.

### **Prepayment of 2004 Assessments**

The owner of property subject to the 2004 Assessments may have the right to prepay the 2004 Assessments if there is also paid, in addition to the prepaid principal balance of the 2004 Assessment, an amount equal to the interest that would otherwise be due on such prepaid amount.

Also, pursuant to the terms of the Act, the owner of property subject to Series 2004 Assessments may pay the entire balance of the Series 2004 Assessments remaining due, without interest, within thirty (30) days after the Series 2004 Project has been completed and the Board has adopted a resolution accepting the Series 2004 Project as provided by Section 170.09, Florida Statutes. It is anticipated that the Series 2004 Project will be accepted as complete by the District prior to closing on the 2015 Bonds. The previous developer waived this right for itself and its successors and assigns in connection with the issuance of the Refunded Bonds.

2004 Prepayment Principal is to be deposited to the Prepayment Account to be applied to the extraordinary mandatory redemption of a portion of the 2015 Bonds as indicated under "DESCRIPTION

OF THE 2015 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption.” The prepayment of 2004 Assessments does not entitle the owner of the property to a discount for early payment.

### **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 at least three percent (3%) of the then outstanding 2004 Assessments (herein, 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”). For as long as any 2015 Bonds remain Outstanding, in any Proceeding involving the District, any Insolvent Taxpayer, the Trustee, the 2015 Bonds or the 2004 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 2015 Bonds or for as long as any 2015 Bonds remain Outstanding, in any proceeding involving the District, any Insolvent Taxpayer, the 2015 Bonds or the 2004 Assessments or the Trustee. The Trustee shall not direct the District to increase the 2004 Assessments for attorney’s fees and other costs and expenses in the event the Trustee is unsuccessful in any such Proceeding.

In the Indenture, the District will acknowledge and agree that, although the 2015 Bonds will be issued by the District, the Owners of such 2015 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving any Insolvent Taxpayer: (a) the District will agree that it shall follow the direction of the Trustee in making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the 2004 Assessments, the 2015 Bonds or any rights of the Trustee under the Indenture; (b) the District will agree 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 2004 Assessments, the 2015 Bonds or any rights of the Trustee under the Indenture that are inconsistent with any direction from the Trustee; (c) the Trustee shall have the right, but is not obligated to, (i) file and vote in any such Proceeding any and all claims of the District, and seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the 2004 Assessments, would have the right to pursue, 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 and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the 2004 Assessments, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer’s exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code and (d) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee’s enforcement of the District’s claim and rights with respect to the 2004 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 in the Indenture that the Trustee shall have the right (i) to file a proof of claim with respect to the 2004 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 the immediately preceding paragraphs, nothing in the above provisions shall require the District to act otherwise in accordance with applicable Florida law in imposing, assessing, levying and collecting the 2004 Assessments or 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 2004 Assessments whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (c) of the paragraph above. If the bankruptcy court rejects any actions taken by the District at the direction of the Trustee, the Trustee shall not seek to recover expenses or costs from the District and shall not have any recourse against the District. The Trustee shall not direct the District and shall not petition the bankruptcy court to direct the District to truncate statutory time frames for tax certificate or tax deed sales or to cease use of the uniform methodology in favor of state circuit court foreclosure for any applicable year. See "BONDOWNERS' RISKS – No. 10" herein.

#### **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 2015 Bonds:

- (a) any payment of Debt Service on the 2015 Bonds is not made when due;
- (b) the District shall for any reason be rendered incapable of fulfilling its obligations under the Indenture;
- (c) the District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of the 2004 Project;
- (d) the District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 90 days from the date of entry thereof;
- (e) the District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;
- (f) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within 90 days from the date of assumption of such custody or control;

(g) the District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the 2015 Bonds or in the Indenture on the part of the District to be performed (other than a default in the payment of Debt Service on the 2015 Bonds when due, which is an Event of Default under subsection (a) above) and such default shall continue for 30 days after written notice specifying such default and requiring same to be remedied shall have been given to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than 10% in aggregate principal amount of the 2015 Bonds then Outstanding; or

(h) in the event that any portion of the 2004 Assessments shall have become delinquent and as a result of such delinquency the Indenture provides for the Trustee to withdraw funds from the 2015 Reserve Account to pay debt service on the 2015 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the 2015 Reserve Account to pay debt service on the 2015 Bonds).

Upon the happening and continuance of any Event of Default specified above with respect to the 2015 Bonds, the Trustee or, if the Trustee is unwilling or unable to act, the Owners of not less than 51% in aggregate principal amount of the 2015 Bonds then Outstanding may protect and enforce the rights of the Owners of the 2015 Bonds under Florida law and under the Indenture, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained in the Master Indenture or in aid or execution of any power in the Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee or the Owners of such 2015 Bonds, as the case may be, shall deem most effectual to protect and enforce such rights. Nothing contained in the Indenture shall confer any right upon any Person other than the parties thereto and the Holders of the 2015 Bonds.

The District will covenant and agree in the Sixth Supplemental Indenture 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 2004 Assessments, the provisions for the foreclosure of liens thereof and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of, and on behalf of, the Majority Owners. However, the District shall not be required to levy 2004 Assessments in an amount greater than the original principal amount of the 2015 Bonds. The Trustee is entitled, but not obligated, to take such action without the direction of the Majority Owners unless directed otherwise by the Majority Owners. As used herein, "Majority Owners" shall mean the beneficial owners of more than 50% in principal amount of the Outstanding 2015 Bonds.

The Sixth Supplemental Indenture further provides that notwithstanding anything to the contrary in the Indenture and, unless otherwise directed by the Majority Owners, to the extent allowed pursuant to Federal or State law, the District acknowledges and agrees that (i) upon failure of any property owner to pay 2004 Assessments collected directly by the District when due, that the entire balance of such 2004 Assessments on the delinquent property, with interest and penalties thereon, shall be accelerated and shall immediately become due and payable and the District shall promptly, but in any event within one hundred and eighty (180) days, cause to be commenced the necessary legal proceedings for the foreclosure of liens of such delinquent 2004 Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as may then be provided by law in suits to foreclose mortgages.

## **ENFORCEMENT OF ASSESSMENT COLLECTIONS**

### **General**

The primary source of payment for the 2015 Bonds is the 2004 Assessments imposed on certain lands in the District specially benefited by the 2004 Project pursuant to the Assessment Proceedings. See “ASSESSMENT METHODOLOGY” herein.

The determination, order, levy, and collection of 2004 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Osceola County Tax Collector (the “Tax Collector”) or the Osceola 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, 2004 Assessments during any year. Such delays in the collection of 2004 Assessments, or complete inability to collect 2004 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 2015 Bonds. See “BONDOWNERS’ RISKS.” To the extent that landowners fail to pay the 2004 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 2015 Bonds. The Act provides for various methods of collection of delinquent 2004 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 2004 Assessments**

The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments (such as the 2004 Assessments) may be collected by using the uniform method of collection, as set forth in Section 197.3632, Florida Statutes (the “Uniform Method”). The Uniform Method of collection is available only in the event the District complies with statutory and regulatory requirements providing for the 2004 Assessments to be levied and then collected in this manner. Subject to compliance with certain deadlines imposed under applicable Florida law, the District presently anticipates continuing to use the Uniform Method of collection with respect to the 2004 Assessments. The District’s election to use a certain collection method with respect to the 2004 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 2004 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 Property Appraiser’s tax roll is received by the Tax Collector, and constitute a first lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes and assessments (including the 2004 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 2004 Assessments. Upon any receipt of moneys by the Tax Collector from the 2004 Assessments, such moneys will be delivered to the District, which will remit such 2004 Assessments to the Trustee for deposit to the 2015 Revenue Account within the Revenue Fund, except that any Prepayments of 2004 Assessments shall be deposited to the Prepayment Subaccount within the 2015 Redemption Account of the Bond Redemption Fund created under the Indenture and applied in accordance therewith.

All County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including the 2004 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 or installment 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 2004 Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, would cause the 2004 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 2015 Bonds. When taxes and non ad valorem assessments are not timely paid by the date of delinquency, the Tax Collector sells tax certificates pursuant to 197.432, Florida Statutes.

Under the Uniform Method, if the 2004 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 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 2004 Assessments, (2) that future landowners and taxpayers in the 2004 Assessment Area will pay such 2004 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 2004 Assessment Area, and (4) that the eventual sale of tax certificates for real property within the 2004 Assessment Area, if any, will be for an amount sufficient to pay amounts due under the Resolution to discharge the lien of 2004 Assessments and all other liens that are coequal therewith.

Collection of delinquent 2004 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 2004 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 struck (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 2004 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 2004 Assessments, which are the primary source of payment of the 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. Pursuant to Chapter 95.051(1)(h), Florida statutes, the period of an intervening bankruptcy tolls the expiration period of a tax certificate under s. 197.482 and any proceeding or process under chapter 197.

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 a minimum of two and maximum of 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 and all tax certificates and liens against the property are canceled and a deed is executed vesting title in the governing board of such County.

### **Foreclosure**

The following discussion regarding foreclosure is not applicable if the 2004 Assessments are being collected pursuant to the Uniform Method. In the event that the District, itself, bills, notices and collects non ad valorem assessments, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the 2004 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 2004 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 under Chapter 702, Florida Statutes, or, in the alternative, 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 a proceeding under Chapter 173, Florida Statutes.

Enforcement of the obligation to pay 2004 Assessments and the ability to foreclose the lien of such 2004 Assessments upon the failure to pay such 2004 Assessments may not be readily available or may be limited as such enforcement is dependent upon judicial action which is often subject to discretion and delay.

### **BONDOWNERS' RISKS**

There are certain risks inherent in an investment in debt secured by special assessments issued by a public authority or governmental body in the State of Florida. Certain of these risks are described in other sections of this Limited Offering Memorandum, including, without limitation, "ENFORCEMENT OF ASSESSMENT COLLECTIONS." Certain additional risks are associated with the 2015 Bonds offered hereby. Investment in the 2015 Bonds poses certain economic risks. Prospective investors in the 2015 Bonds should have knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the 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 2015 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum, including all appendices hereto, in its entirety for a more complete description of investment considerations relating to the 2015 Bonds.



1. As of the date of delivery of the 2015 Bonds, the Developer owns all of the assessable lands within the 2004 Assessment Area, which are the lands that will be subject to the 2004 Assessments securing the 2015 Bonds. Payment of the 2004 Assessments is primarily dependent upon their timely payment by the Developer and other future landowners in the District. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any subsequent owner of benefited property, delays could occur in the payment of debt service on the 2015 Bonds as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner being able to pay the 2004 Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the 2004 Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the 2004 Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the 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 2015 Bonds, including, without limitation, enforcement of the obligation to pay 2004 Assessments and the ability of the District to foreclose the lien of the 2004 Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2015 Bonds (including Bond Counsel's opinions) 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 2015 Bonds could have a material adverse impact on the interest of the Owners thereof.

2. The principal security for the payment of the principal and interest on the 2015 Bonds is the timely collection of the 2004 Assessments. The 2004 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the owners will be able to pay the 2004 Assessments or that they will pay such 2004 Assessments even though financially able to do so. Beyond legal delays that could result from bankruptcy or other legal proceedings contesting an ad valorem tax or non-ad valorem assessment, the ability of the Tax Collector to sell tax certificates in regard to delinquent 2004 Assessments collected pursuant to the Uniform Method will be dependent upon various factors, including the interest rate which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates and which may be subject to sale at the demand of the certificate holder after two years. The assessment of the benefits received by the benefitted land within the District as a result of the improvements funded with the Refunded Bonds is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. To the extent that the realizable or market value of the lands benefitted by the improvements funded with the Refunded Bonds is lower than the assessment of benefits, the ability of the Tax Collector to sell tax certificates relating to such land or the ability of the District to realize sufficient value from a foreclosure action to pay debt service on the 2015 Bonds may be adversely affected. Such adverse effect could render the District unable to collect delinquent 2004 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 2015 Bonds.

3. The 2015 Bonds are payable solely from, and secured solely by, the 2015 Trust Estate (which consists primarily of the 2004 Assessments). None of the landowners have any personal obligation to pay the 2004 Assessments. As described herein, the 2004 Assessments are an imposition against the land only. The recourse for the failure of any landowner to pay the 2004 Assessments is limited to the collection proceedings against the land as described herein. In the event the District were to attempt to foreclose on the lien of 2004 Assessments for any unpaid 2004 Assessments, the District would be required to pay off any outstanding tax certificates (which the District may not have funds for) or the owner of such tax certificates could foreclose on the same land the District foreclosed on which could

negatively impact the ability of the District to make the full or punctual payment of debt service on the 2015 Bonds. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein for more information regarding tax certificates. The 2015 Bonds will not be secured by either the letter of credit nor the reserve fund deficiency agreement that originally secured the Refunded Bonds.

4. The development within the District 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 improvements 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. 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.

5. 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 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 and the likelihood of the timely payment of the 2015 Bonds. At the time of the delivery of the 2015 Bonds, the District is not aware of any condition which currently requires, or is reasonably expected to require in the foreseeable future, investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment. Nevertheless, it is possible that hazardous environmental conditions could exist within the District and that such conditions could have a material and adverse impact upon the value of the benefited lands within the District and no assurance can be given that unknown hazardous materials, protected animals, etc., do not currently exist or may not develop in the future whether originating within the District or from surrounding property. The District has not performed, nor has the District requested that there be performed on its behalf, any independent assessment of the environmental conditions within the District with the exception of the original environmental reports performed by the Developer at the time it acquired the District Lands. See “THE DEVELOPMENT – Environmental” herein for more information.

6. The Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer and its respective successors.

7. The willingness and/or ability of an owner of benefited land to pay the 2004 Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the County or any other local special purpose or general purpose governmental entities. County, school and special district taxes and special assessments, including the 2004 Assessments along with existing operating and maintenance assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, collected pursuant to the Uniform Method, are payable at one time and have equal lien status. Public entities such as the County, whose boundaries overlap those of the District, could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District. The District may impose other special assessments on the same District Lands encumbered by the 2004 Assessments without the consent of the Owners of the 2015 Bonds. The District anticipates continuing to impose operating and maintenance assessments encumbering the same property encumbered by the 2004 Assessments.

8. In addition to legal delays that could result from bankruptcy or legal proceedings contesting an ad valorem tax or non-ad valorem assessment, the ability of the District to enforce collection of delinquent 2004 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the 2004 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. See SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015 BONDS” herein. If the District should commence a foreclosure action against a landowner for non-payment of the 2004 Assessments, such landowners may raise affirmative defenses to such foreclosure action, which although such affirmative defenses would likely be proven to be without merit, could result in delays in completing the foreclosure action. In addition, the District is required under the Indenture to fund the costs of such foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the Bondholders to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of 2015 Bond proceeds that can be used for such purpose. Further, for any given year the uniform method may not be truncated or abandoned to institute a foreclosure action.

9. If the District has difficulty in collecting the 2004 Assessments, the 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 2015 Reserve Account and other Funds and Accounts created under the Indenture to pay its fees and expenses incurred in connection with such Event of Default. If in fact the 2015 Reserve Account is accessed for any purpose, the District does not have a designated revenue source for replenishing such account. Moreover, the District will not be permitted to re-assess real property then burdened by the 2004 Assessments in order to provide for the replenishment of the 2015 Reserve Account.

10. A recent bankruptcy court decision in Florida held that only the governing body of a community development district could vote to approve a reorganization plan submitted by the developer/debtor in the case and thus, the bondholders of such district were not able to vote for or against the plan. The governing body of that district was affiliated with the debtor. As a result of the reorganization plan that was approved, the bondholders were denied payment of their bonds for more than two (2) years. In the Indenture, the District will acknowledge and agree that, although the 2015 Bonds will be issued by the District, the Owners of such 2015 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving any Insolvent Taxpayer: (a) the District will agree that it shall follow the direction of the Trustee in making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the 2004 Assessments, the 2015 Bonds or any rights of the Trustee under the Indenture; (b) the District will agree 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 2004 Assessments, the 2015 Bonds or any rights of the Trustee under the Indenture that are inconsistent with any direction from the Trustee; (c) the Trustee shall have the right, but is not obligated to, (i) file and vote in any such Proceeding any and all claims of the District, and seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the 2004 Assessments, would have the right to pursue, 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 and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or

pursue any other available remedies as to the 2004 Assessments, to seek substantive consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code and (d) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the 2004 Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). The District cannot express any view whether such delegation would be enforceable. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2015 BONDS – Indenture Provisions Relating to Bankruptcy or Insolvency of Landowner" for more information including, without limitation, certain limitations on such delegation.

11. 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. Certain of these proposals, if implemented, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the 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 law, and if so, what effect such proposals could have upon the value of bonds such as the 2015 Bonds, cannot be predicted. However, it is possible that any such law could have a material and adverse effect upon the value of the 2015 Bonds.

12. The Internal Revenue Service (the "IRS" or "Service") 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 (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District ("Village Center"). Village Center received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum ("TAM") concluding that Village Center is not a political subdivision for purposes of Section 103(a) of the Code because Village Center was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion would lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes, retroactive to the date of issuance of the Audited Bonds. Village Center may settle the examination of the Audited Bonds or, if the IRS determines that the interest on the Audited Bonds is not excludable from gross income, Village Center could file an administrative appeal within the IRS. It is not possible to predict when the IRS's examination of the Audited Bonds will be concluded or what effect the outcome may have on the Audited Bonds.

Although the TAM is addressed to, and binding only on, the IRS and Village Center in connection with the Audited Bonds, the IRS may commence additional audits of bonds issued by other community development districts on the same basis and may take the position that similar community development districts are not political subdivisions for purposes of Section 103(a) of the Code on this basis. It has been reported that the IRS has recently closed audits of other community development districts in Florida with no change to such districts' bonds tax-exempt status, but has advised such districts that they need to have public electors within five years of the issuance of tax-exempt bonds or their bonds may be taxable retroactive to the date of issuance. All Supervisors on the Board of the District are currently elected by qualified electors; however, at the time the District's Refunded Bonds were issued, such Supervisors were elected on a one acre one vote landowner franchise basis. Further unlike the conclusion in the TAM regarding Village Center, the District was formed with the intent that it will contain a sufficient number of residents to allow for a transition to control by a general electorate and

that intent has been realized. However, there can be no assurance that an audit by the IRS of the 2015 Bonds will not be commenced. The District has no indication that any such audit will be commenced, or any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law. Bonds issued pursuant to the Indenture were validated and confirmed by a final judgment of the Circuit Court in and for the County in which it was determined, among other things, that the District has the authority under Florida law to issue bonds secured by revenues from special assessments levied and collected on lands within the District benefitting from projects and subject to assessment, that the purpose for which such bonds were issued is legal under Florida law and that the proceedings for the issuance of such bonds are fully authorized by and in compliance with Florida law. The period for appeal of the judgment of validation of such capital improvement revenue bonds, which includes the 2015 Bonds, has expired with no appeal having been filed.

Owners of the 2015 Bonds are advised that, if the IRS does audit the 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 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 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 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 Service. Further, an adverse determination by the Service with respect to the tax-exempt status of interest on the 2015 Bonds would adversely affect the availability of any secondary market for the 2015 Bonds. Should interest on the 2015 Bonds become includable in gross income for federal income tax purposes, not only will Owners of 2015 Bonds be required to pay income taxes on the interest received on such 2015 Bonds and related penalties, but because the interest rate on such 2015 Bonds will not be adequate to compensate Owners of the 2015 Bonds for the income taxes due on such interest, the value of the 2015 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE 2015 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE SERVICE WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE 2015 BONDS. PROSPECTIVE PURCHASERS OF THE 2015 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE 2015 BONDS IN THE EVENT THAT THE INTEREST ON THE 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).

13. Since the 2015 Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any state securities laws, if the District is ever determined, by the IRS, judicially or otherwise, not to be a political subdivision for purposes of the Code, it is possible that the District will be deemed to not be a political subdivision for purposes of the Securities Act. Accordingly, the District may not be able to rely on the exemption from registration under the Securities Act relating to securities issued by political subdivisions. In the event that the 2015 Bonds are not exempt from registration under the Securities Act by virtue of the securities exemption applicable to securities issued by political subdivisions, then the Owners of the 2015 Bonds would need to ensure that subsequent transfers of the 2015 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act so that the 2015 Bonds do not become subject to the registration requirements of the Securities Act.

14. Owners of the 2015 Bonds should note that several mortgage lenders have, in the past, raised legal challenges to the primacy of the liens similar to those of the 2004 Assessments in relation to the liens of mortgages burdening the same real property. The various parcel of land owned by the

resident landowners and the builders may be, and the land currently owned by the Developer is, currently mortgaged. In addition, certain mortgage lenders have, in recent foreclosure proceedings initiated pursuant to Section 170.10, Florida Statutes, alleged in defense that a community development district foreclosing on land subject to an assessment lien must wait a minimum of one year from the date that any assessment or installment thereof, becomes delinquent. Multiple Circuit Courts are known to have concluded that a community development district is authorized to foreclose pursuant to Chapter 170, Florida Statutes, and, therefore, is not required to wait a minimum of one year; however, the District cannot guarantee the outcome of any legal proceeding in which a similar defense is pled.

15. 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 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.”

16. 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 2004 Assessments. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

This section does not purport to summarize all risks that may be associated with purchasing or owning the 2015 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety (inclusive of Appendices) for a more complete description of investment considerations relating to the 2015 Bonds.

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## ESTIMATED SOURCES AND USES OF FUNDS

### Source of Funds

Par Amount of 2015 Bonds	\$13,530,000.00
Plus: Original Issue Premium	366,007.65
Other Sources <sup>(1)</sup>	<u>1,622,761.66</u>
Total Sources	\$15,518,769.31

### Use of Funds

Deposit to Escrow Fund	\$14,495,389.38
Deposit to 2015 Reserve Account	340,000.00
Deposit to 2015 Acquisition and Construction Account for 2015 Project	200,000.00
Costs of Issuance, including Underwriter's Discount <sup>(2)</sup>	<u>483,379.93</u>
Total Uses	\$15,518,769.31

- 
- (1) Includes proceeds from the Refunded Bonds' debt service reserve and revenue account.
- (2) Costs of issuance includes, without limitation, legal fees and other costs associated with the issuance of the 2015 Bonds.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the District's 2015 Bonds:

<b>Period (May 1)</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service</u></b>
2016	\$390,000.00	\$668,632.14	\$1,058,632.14
2017	410,000.00	648,481.26	1,058,481.26
2018	425,000.00	633,106.26	1,058,106.26
2019	445,000.00	617,168.76	1,062,168.76
2020	465,000.00	596,031.26	1,061,031.26
2021	490,000.00	573,943.76	1,063,943.76
2022	510,000.00	550,668.76	1,060,668.76
2023	535,000.00	526,443.76	1,061,443.76
2024	560,000.00	501,031.26	1,061,031.26
2025	585,000.00	474,431.26	1,059,431.26
2026	610,000.00	446,643.76	1,056,643.76
2027	640,000.00	415,381.26	1,055,381.26
2028	675,000.00	382,581.26	1,057,581.26
2029	715,000.00	347,987.50	1,062,987.50
2030	745,000.00	311,343.76	1,056,343.76
2031	780,000.00	273,162.50	1,053,162.50
2032	820,000.00	233,187.50	1,053,187.50
2033	865,000.00	191,162.50	1,056,162.50
2034	905,000.00	146,831.26	1,051,831.26
2035	955,000.00	100,450.00	1,055,450.00
2036*	1,005,000.00	51,506.26	1,056,506.26
<b>TOTALS</b>	<b>\$13,530,000.00</b>	<b>\$8,690,176.04</b>	<b>\$22,220,176.04</b>

\* Final maturity of the 2015 Bonds.

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## **THE DISTRICT**

### **General Information**

The District is located entirely within unincorporated Osceola County (the “County”) and encompasses approximately 1,020 gross acres of land in the center of the approximately 11,030 acre Harmony DRI, a mixed use-master planned Development of Regional Impact. See “THE DEVELOPMENT” for more information regarding the development within and nearby the District. Only a portion of the District lands will ultimately be subject to the 2004 Assessments securing the 2015 Bonds. See “THE DEVELOPMENT – 2004 Assessment Area” herein for more information.

The District was created and chartered by the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the “Act”) and was established by Ordinance No. 00-05 of the Board of County Commissioners of the County effective March 6, 2000 (the “Ordinance”).

### **Legal Powers and Authority**

The District is an independent unit of local government created and chartered by, and established pursuant to, the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage the acquisition, construction, maintenance, operation and financing of basic community development services, including capital infrastructure required for community developments throughout the State of Florida. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operation and maintenance of the major infrastructure for community development pursuant to its general law charter (Sections 190.006 through 190.041, Florida Statutes).

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

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of lands of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the 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, one to a four-year term and one to a two-year term. The other Supervisor will be elected by landowners for a four-year term. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve staggered terms. If there is a vacancy on the Board, whether as a result of the resignation or removal of a Supervisor or because no elector qualifies for a seat to be filled in an election, the remaining Board members are to fill such vacancy for the unexpired term.

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

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

The current members of the Board, all of whom have been elected by qualified electors residing within the District, and the expiration of the term of each member are set forth below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steve Berube	Chairperson	November, 2018
Ray Walls	Vice-Chairperson	November, 2018
David Farnsworth	Assistant Secretary	November, 2016
Mark LeMenager	Assistant Secretary	November, 2016
Kerul Kassel	Assistant Secretary	November, 2016

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 Severn Trent Services, Inc., to serve as the District Manager. The District Manager's office is located at 610 Sycamore Street, Suite 1409, Celebration, Florida 34747. Telephone number 407-466-8117.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. The District has contracted with the following independent contractors for professional services: Akerman LLP, Orlando, Florida, as Bond Counsel; Boyd Civil Engineering, Inc., Orlando, Florida, as Consulting Engineer; Digital Assurance Certification L.L.C., as Dissemination Agent; and Young, van Assenderp & Qualls, P.A., Tallahassee, Florida, as District Counsel.

## **Outstanding Bond Debt**

The District has the following bonds outstanding: (i) its Refunded Bonds in the original principal amount of \$15,590,000 of which \$13,825,000 in principal amount is currently outstanding, and which Refunded Bonds are being refunded with a portion of the proceeds of the 2015 Bonds; and (ii) its Capital Improvement Revenue Bonds, Series 2014 (the "2014 Bonds") in the original principal amount of \$13,945,000, all of which is currently outstanding. The Refunded Bonds were issued to finance the 2004 Project and the 2014 Bonds were issued to refinance certain other infrastructure improvements in the District. The Refunded Bonds are secured by the 2004 Assessments levied on that portion of the District Lands benefitted by the 2004 Project. See "THE DEVELOPMENT – Debt Service Collection History" for information regarding the history of the District's 2004 Assessments' collections. See "PLAN OF REFUNDING" herein for more information regarding the refunding of the Refunded Bonds and Appendix E for more information regarding the District's finances.

The District's 2014 Bonds are secured by special assessments on lands separate and distinct from the District Lands subject to the levy of the 2004 Assessments. The District and other public entities may impose taxes or other special assessments on the same properties encumbered by the 2004 Assessments without the consent of the Owners of the 2015 Bonds and the District currently imposes and expects to continue to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the 2004 Assessments, on the same lands upon which the 2004 Assessments are imposed, to fund the maintenance and operation of the District. See "BONDOWNERS' RISKS" herein.

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*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 2004 Assessments are no greater than the obligation of any other landowner within the District subject to the 2004 Assessments. The Developer is not a guarantor of payment as to any land within the District and the recourse for the Developer's failure to pay is limited to its ownership interests in the land subject to such unpaid 2004 Assessments.*

## **THE DEVELOPMENT**

### **General Overview**

Harmony DRI (the "Development") is an approximately 11,030 acre District of Regional Impact project designed as a mixed-use community and located along U.S. 192 in eastern Osceola County (the "County"). The District contains a total of approximately 1,020 acres of land and is located entirely within the Development. The Development is located in an unincorporated portion of the County. It is approximately 20 miles southeast of Orlando International Airport and 5 miles east of the City of St. Cloud. It is 12.5 miles from a Florida Turnpike interchange and 22 miles from an Interstate highway 95 interchange. With respect to drive times, it is about 45 minutes from the Orlando area attractions (Disney World, EPCOT, Universal Studios), and about 45 minutes from the Atlantic Ocean beaches (City of Melbourne). U.S. Highway 192-441, which runs through and along the southern boundary of the Development, is currently a two-lane highway in the vicinity of the Development.

The 2015 Bonds will be secured by the 2004 Assessments which are allocated to only a portion of the land within the District and the Development (hereinafter, the "2004 Assessment Area"). The lands within the 2004 Assessment Area are owned solely by the Developer and are currently unplatted and in various stages of development. See "DEVELOPER" and "2004 Assessment Area" below for more information. The Developer has entered into the Builder Contract (as defined herein) with Ryland (as defined herein) to sell 397 finished lots. See "Builder Contract and the Builder" herein.

The District issued its Series 2014 Bonds in June 2014, refinancing its then outstanding Series 2001 Bonds. The Series 2014 Bonds are secured by the revenues from the 2001 Assessments levied on lands in the 2001 Assessment Area. An update on the status of the 2001 Assessment Area is set forth immediately below. The 2001 Assessments that secure the Series 2014 Bonds are levied on lands separate and distinct from the lands subject to the 2004 Assessments securing the Series 2015 Bonds.

### **Update on 2001 Assessment Area**

A summary of the status of the 2001 Assessment Area as of March 31, 2015, is set forth below. The lands in the 2001 Assessment Area are not subject to the 2004 Assessments and are not security for the Series 2015 Bonds.

Product Type	Product Type	# of Planned Units	Platted & Developed	<u>Owner of Lot/Homes</u>		
				Homeowners	Builders	Developer
A-1	MF	184	184	165	19	
B	SF	93	93	93		
C-1	SF	105	105	105		
C-2	SF	85	85	84	1	
D-1	SF	34	34	32		2
D-2	SF	11	11	9	1	1
E	SF	51	51	7	10	34
G	SF	183	183	175	8	
H-1	TH	46	46			46
H-1	SF	66	66		38	28
A-2	SF	43				43
H-2	SF	40				40
F	SF	66				66
M	MF	106				106
<b>Total</b>		<b>1,113</b>	<b>858</b>	<b>670</b>	<b>77</b>	<b>366</b>

The 2001 Project is complete and has been accepted by Resolution 2014-05 of the District dated June 26, 2014. The Developer currently owns 366 of the 1,113 planned units in the 2001 Assessment Area. The Developer anticipates completing construction of all infrastructure in Assessment Area One by June 2015.

As of March 31, 2015, 670 residential end users have closed on homes in the 2001 Assessment Area including 50 homes in 2013, and including 86 homes in 2014. There can be no assurance that future sales will occur at the same rates as recent sales. See “BONDOWNERS’ RISKS” herein.

#### **2004 Assessment Area**

The Series 2015 Bonds are payable from and secured solely by the 2015 Trust Estate which consist primarily of the 2004 Assessments. The 2004 Assessments securing the 2015 Bonds are levied on the same lands that secured the Refunded Bonds and are referred to herein as the 2004 Assessment Area. The Assessment Area contains approximately 196 gross acres of land, on which a 5,951 square foot office building and a 15,030 retail center have been constructed and remaining lands in the Assessment Area are undeveloped and planned for 539 residential units. The map on the following page sets forth a depiction of the 2004 Assessment Area within the District. All of the 2004 Assessments are currently being collected off the tax roll.

#### **Map of 2004 Assessment Area**

The map set forth below outlines the 2004 Assessment Area in green.



### **Land Acquisition by Developer and Development Finance Plan**

The Developer acquired its land in the Development in 1998. Starwood acquired its interest in the Developer and Harmony Development Corporation, a corporation wholly-owned by the Developer, in April 2005 for \$79,400,000. The Developer and Harmony Development Corporation own approximately 11,000 acres of land in the Development, including all of the lands in the 2004 Assessment Area.

All of the Developer's land in the District, which includes its interest in all of the land subject to the 2004 Assessments as well as land outside of the 2004 Assessment area, are subject to a mortgage in favor of Everbank, a federal savings bank. The mortgage secures a note in the original principal amount of \$16,230,345.69, which matures on December 20, 2015, and bears interest at a rate of 6.75%. As of March 31, 2015 the mortgage is outstanding in the aggregate principal amount of \$11,994,625.69 plus accrued interest. See "BONDOWNERS' RISKS – NO. 14" herein.

Master development work servicing the Assessment Area has been completed. The Developer anticipates that the total cost to finish in-tract site improvements for parcels in the Assessment Area to be approximately \$14,300,000 to be funded by the Developer. The Developer has entered into Builder Contract (as hereinafter defined) with the Builder (as hereinafter defined) with respect to certain lands within the 2004 Assessment Area. See "- Builder Contract" below.

The table set forth below outlines with respect to the parcels in the 2004 Assessment Area, current development status, development plan, acreage, land/lot development costs and current Developer expectations with respect to schedule and timing.

<u>Parcel</u>	<u>Onsite Infrastructure Status</u>	<u>Development Plan</u>	<u>Acres</u>	<u>Land/Lot Development Costs</u>	<u>Schedule / Timing</u>
I	Undeveloped	173 Lots: 87 – 40’ 64 – 50’ 22 – 60’	80.72 for I & J	\$25,000 per lot or \$4,575,000	Start development June 2015 Complete Dec 2015
J	Undeveloped	89 Lots: 52 – 40’ 25 – 50’ 12 – 60’	See above	\$25,000 per lot or \$2,225,000	4Q 2017 complete development
K	Undeveloped	54 Lots: 10 – 40’ 31 – 50’ 13 – 60’	27.25	\$25,000 per lot or \$1,350,000	4Q 2018 complete development
L	Undeveloped	81 Lots: 38 – 40’ 28 – 50’ 15 – 60’	23.89	\$25,000 per lot or \$2,025,000	4Q 2019 complete development
Office Parcel ‘O’	Undeveloped	67- 50’ – change use to for sale residential	26.34	\$25,000 per lot or \$1,675,000	Start development June 2015 Complete Dec 2015
TC	Undeveloped	- 15,000 SF built shopping center on 1.9 acres - Option to convert to for sale residential or apartments	29.97	\$1,500,000	Phase One 2017 – 10 acres Phase Two 2019 – 10 acres Phase Three 2020 – 9.97 acres
Comm	Undeveloped	75 Multifamily Units	7.58	\$950,000	4Q 2018 complete development
Office	Developed	Built office building	0.28	N/A	
Golf Course	Developed	Clubhouse (16,500 SF)		N/A	

### **Builder Contract**

The Developer has entered into a Builder Contract for Sale and Purchase, dated November 14, 2014 (the “Builder Contract”) with The Ryland Group, Inc., a Maryland corporation (the "Builder" or "Ryland Group"), for the sale of 397 finished lots. The Builder is expected to close on the initial takedown of 43 of the 397 lots by December, 2015, and thereafter, multiple takedowns of 20 lots per quarter, in equal proportions of 40', 50' and 60' lots at price of \$40,000 per 40' lot, \$50,000 per 50' lot and \$60,000 per 60' lot subject to adjustment and increase as set forth in the Builder Contract. The Builder has made a nonrefundable deposit of \$2,000,000 under the Builder Contract.

Ryland Group's common shares trade on the New York Stock Exchange under the symbol RYL. Ryland Group is subject to the reporting requirements of the Exchange Act, and in accordance therewith, files annual, quarterly and current reports, proxy statements, and other information with the SEC. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Room of the SEC at 100 F Street, Washington, DC 20549. Copies of such materials can be obtained by mail from the Public Reference Room of the SEC at prescribed rates. Such reports, proxy statements and other information are also available on the SEC's web site at [www.sec.gov](http://www.sec.gov). All documents subsequently filed by Ryland Group pursuant to the requirements of the SEC after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

*Ryland Group has no liability with respect to, nor is it guaranteeing any of, the Developer's obligations incurred in connection with the issuance of the Series 2015 Bonds.*

### **Residential Product Offerings**

The following table reflects current expectations for the neighborhoods to be constructed in the 2004 Assessment Area along with the type and number of planned units, estimated number of bedrooms and bathrooms, estimated square footage, estimated starting lot prices and estimated starting home prices, all of which are subject to change.

<b><u>Product Type</u></b>	<b><u>No. of Units</u></b>	<b><u>Estimated Bed/Bath</u></b>	<b><u>Estimated Square Footage</u></b>	<b><u>Estimated Lot Prices</u></b>	<b><u>Estimated Home Prices</u></b>
SF – 40'	187	3/2	1,300 – 2,300	\$40,000	\$180,000 – \$250,000
SF – 50'	215	4/2.5	1,600 – 2,500	\$50,000	\$225,000 – \$340,000
SF – 60'	62	4/3	1,800 – 3,000	\$60,000	\$250,000 – \$450,000
MF – Townhomes	75	2/2	1,500 – 2,200	\$30,000	\$160,000 – \$220,000

The Developer anticipates 3 furnished model homes will be constructed by Builder in the 2004 Assessment Area being completed by March 2016. The Developer anticipates that home sales will commence in October 2015, and anticipates that 100 homes will be sold in the 2004 Assessment Area to residential end users by the end of 2016, followed by 100 homes in 2017, 100 homes in 2018, and 100 homes in 2019. 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.

### **Development Approvals**

The Development is a master planned community designed as a mixed-use community and is designed as a Traditional Neighborhood Development. The development program for the Development is controlled by the Sixth Amended and Restated Development Order dated December 18, 2006 (the "Development Order"). The development permitted by the Development Order is consistent with the achievement of the objectives of the State Comprehensive Plan and the State Land Development Plan, consistent with the Osceola County Comprehensive Plan, which was amended on August 16, 2010, and, in part, provided for the Harmony Rural Community Overlay as part of the Future Land Use Map and Policies to guide development, and the adopted Osceola County land development regulations. A complete copy of the Development Order may be obtained as described under "SUITABILITY FOR INVESTMENT" herein.



The 2004 Project is complete and the District anticipates accepting the 2004 Project as complete by resolution of the District prior to the closing of the 2015 Bonds. The lands in the 2004 Assessment Area have received active permits for pending construction: County PD zoning permit, a master St. John's River Water Management District ("SJRWMD") permit, SJRWMD environmental resource permits for Parcels I and O, preliminary subdivision approval and final construction plan approval from the County for Parcel O. The preliminary subdivision approval for Parcel I is under review by the County. The Developer anticipates receiving such approval in the ordinary course. All permits and approvals have been received by jurisdictional agencies to allow for the development of the Assessment Area as contemplated herein or are expected to be received in the ordinary course.

**Taxes, Assessments and Fees**

Each homeowner in the Assessment Area pays annual taxes, assessments and fees on an ongoing basis as a result of its ownership of property within the District, including local ad valorem property taxes, the 2004 Assessments to be levied by the District in connection with the 2004 Project, the maintenance and operating assessments levied by the District, and homeowners' associations' assessments. For the current fiscal year, homeowners' association assessments average approximately \$120 per unit. 100% of the 2004 Assessments are levied off the tax roll as of the 2014-2015 assessment roll. The District has never missed a debt service payment on the Refunded Bonds nor has there ever been a draw on the debt service reserve fund on the Refunded Bonds. The current 2004 Bond par amounts per acre is \$63,573.56 and the estimated 2004 Bond debt per expected product type are set forth below along with the estimated 2015 Bond par amounts.

Block	acres	Series 2004 Bonds		Estimated Series 2015 Bonds*
		Par 11/01/2014	Par 5/01/2015	
Town Center Building**	0.28	\$ 18,828.86	\$ 18,433.90	\$ 18,427.09
Tracts I ,J, K & L***	131.86	8,867,050.45	8,681,050.84	8,677,843.96
Office	26.34	1,771,258.22	1,734,103.44	1,733,462.84
Commercial	7.58	509,724.27	499,032.04	498,847.69
Town Center	29.97	2,015,361.00	1,973,085.80	1,972,356.92
Golf Course/Clubhouse		642,777.19	629,293.98	629,061.51
		<u>\$13,825,000.00</u>	<u>\$13,535,000.00</u>	<u>\$13,530,000.00</u>

\* The refunding represents an aggregate savings of approximately 10%; provided savings varies by block

\*\* Town Center Building built

\*\*\* Tracts I, J, K & L neighborhood in planning stages with preliminary plans for 397 single family lots

[Remainder of page intentionally left blank.]

Pursuant to current development plans, upon platting of all lands in the 2004 Assessment Area, the estimated 2004 Assessments and operation and maintenance assessments and 2015 Bonds par per unit are as set forth below.

<u>Product Type</u>	<u>No. of Units</u>	<u>Estimated Annual 2004 Assessments*</u>	<u>O&amp;M Assessments</u>	<u>Estimated total Assessments*</u>	<u>2015 Bonds Estimated Par Per Unit*</u>
SF 40' Series Lots	187	\$1,592.66	\$1,146.73	\$2,739.39	\$18,662.03
SF 50' Series Lots	148	\$1,990.82	\$1,433.41	\$3,424.23	\$23,327.54
SF 60' Series Lots	<u>62</u>	\$2,388.98	\$1,720.09	\$4,109.08	\$27,993.05
Total	397				

\* 2015 Assessments are grossed up for collection costs and early discount payment. The estimated 2015 Assessments and Estimated 2015 Bonds Par Per Unit do not include any allocation for Parcel O in the event of a change in use from office to residential.

### **Development Amenities**

The Development includes numerous amenities including, without limitation, the Harmony Town Square Marketplace (containing 15,030 square feet of fully occupied space), the Harmony Golf Preserve (a highly rated 18-hole golf course), 13 miles of pedestrian trails, a lakeshore park, two 500-acre lakes, two community swimming centers, boating, a multi-purpose sports field, an equestrian training facility and a fire station.

### **Utilities**

Tohopekaliga Water Authority currently provides water and sewer services to the developed area of the Development and the Orlando Utilities commission currently provides electrical services to the developed areas of the Development. It is anticipated that Toho and OUC will provide the same services to the undeveloped land in the 2015 Bond Assessment Area in the future.

### **Environmental**

The Developer obtained a Phase I Environmental Site Assessment dated December 29, 1997 and a Phase II Environmental Site Assessment dated January 29, 1998, both from Nodarse & Associates, Inc. (collectively, the “ESA”). The ESA covered all of the lands within the District. As a result of the ESA, Nodarse & Associates, Inc. performed a cleanup of approximately 20 tons of contaminated soils in the District. Nodarse & Associates, Inc. provided the Developer with a letter dated January 12, 1999, that removal of such contaminated soil satisfied the recommendations of the Phase II ESA and that no additional environmental cleanup activities were recommended. See “BONDOWNERS’ RISK – No. 9” herein for more information regarding potential environmental risks.

### **Education**

School age residents of the Development will attend Harmony Community School (elementary and middle school) and Harmony High School, both of which are located in the Development. Although the foregoing information is correct as of the date hereof, the Osceola 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.

## **Competition**

The projects listed below will be in direct competition with the Development are all located within ten (10) miles of the Development. 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.

### *Turtle Creek*

Development in Turtle Creek commenced in 2006 and is expected to contain approximately 313 single family homes and 120 townhomes at build out. As of the end of the fourth quarter 2014, there were approximately 200 single family units and 75 townhomes remaining to be sold and the estimated prices for single family units range from approximately \$230,000 to \$345,000 and for townhomes from approximately \$199,000 to \$219,000. D.R. Horton is the builder in Turtle Creek.

### *Avellino*

Development in Avellino commenced in the first quarter in 2014 and is expected to contain approximately 523 single family homes at build out. As of the end of the fourth quarter in 2014, there were approximately 400 single family units remaining to be sold and the estimated prices for single family units range from approximately \$225,000 to \$313,000. KB Homes is the builder in Avellino.

### *Nova Grove*

Development in Nova Grove commenced in the first quarter in 2014 and is expected to contain approximately 129 single family homes at build out. As of the end of the fourth quarter 2014, there were approximately 70 single family units remaining to be sold and the estimated prices for single family units range from approximately \$225,000 to \$278,000. Meritage is the builder in Nova Grove.

### *Nova Park*

Development in Nova Park commenced in the first quarter in 2013 and is expected to contain approximately 94 single family homes at build out. As of the end of the fourth quarter 2014, there were approximately 20 single family units remaining to be sold and the estimated prices for single family units range from approximately \$220,000 to \$293,000. Beazer is the builder in Nova Park.

### *Esprit*

Development in Esprit commenced in 2005 and is expected to contain approximately 705 single family homes at build out. As of the end of the fourth quarter 2014, there were approximately 75 single family units remaining to be sold and the estimated prices for single family units range from approximately \$184,000 to \$229,000. Ryland Homes is the builder in Esprit.

### *Gramercy Farms*

Development in Gramercy Farms commenced in the first quarter in 2013 and is expected to contain approximately 66 single family homes at build out. As of the end of the fourth quarter 2014, there were approximately 25 single family units remaining to be sold and the estimated prices for single family units range from approximately \$178,000 to \$254,000. KB Homes is the builder in Gramercy Farms.

### Narcoosee Village

Development in Narcoosee Village commenced in the fourth quarter in 2013 and is expected to contain approximately 201 single family homes at build out. As of the end of the fourth quarter 2014, there were approximately 70 single family units remaining to be sold and the estimated prices for single family units range from approximately \$231,000 to \$343,000. M/I Homes is the builder in Narcoosee Village.

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 feels pose primary competition to the Development.

### **THE DEVELOPER**

Birchwood Acres Limited Partnership, LLLP, a Florida limited liability partnership (the “Developer”) is the owner of all land in the Assessment Area as well as the remaining undeveloped, unplatted land within the District. The Developer is a special purpose entity whose primary asset is its interest in the District lands. See “THE DEVELOPMENT – Assessment Area” above for more information on the land owned by the Developer. The sole general partner of the Developer is VII GP Harmony L.L.C., a Delaware limited liability company. VII GP Harmony L.L.C. is wholly owned and funded by SOF VII US/D2 Holdings II, which is a real estate opportunity fund sponsored by the Starwood Capital Group. The Starwood Capital Group is a privately held global investment firm located in Greenwich, Connecticut.

*Neither VII GP Harmony L.L.C., SOF VII US/D2 Holdings II nor the Starwood Capital Group have any liability, nor are any guaranteeing any of the Developer’s obligations incurred in connection with the issuance of the Series 2015 Bonds.*

### **ASSESSMENT METHODOLOGY**

As required by applicable law, prior to the issuance of the Refunded Bonds, when the Board of Supervisors of the District (the governing body of the District) determined to defray the cost of the 2004 Project through the 2004 Assessments, it adopted a resolution generally describing the 2004 Project and the land to be subject to the 2004 Assessments to pay the cost thereof. The District caused an assessment roll to be prepared, which showed the land to be assessed, the amount of the special benefit apportioned peculiar to and the assessment against each lot or parcel of land and the number of annual installments in which the assessment was to be divided. Statutory notice was given to the owners of the property to be assessed and the Board of Supervisors conducted a public hearing to hear testimony from affected property owners as to the propriety and advisability of undertaking the 2004 Project and funding the same with the 2004 Assessments.

The allocation of assessments based upon apportionment of special benefits peculiar to the benefited land within the District is presented in the Final Special Assessment Methodology dated April 27, 2000, as supplemented and as particularly supplemented by the Amended and Restated Third Supplemental Special Assessment Methodology Report dated December 13, 2004, as supplemented, and as particularly supplemented by the Preliminary Assessment Allocation Report for the Capital Improvement Revenue Refunding Bonds, Series 2015 dated March 25, 2015 (collectively, the “Assessment Methodology Report”). A copy of the Assessment Methodology Report is attached hereto as Appendix C. The Assessment Methodology Report has been attached hereto with the consent of the Methodology Consultant. The Assessment Methodology Report sets forth an overall method for

allocating the 2004 Assessments to be levied against the lands within the District benefited by the 2004 Project, and collected by the District as a result thereof. APPENDIX C should be read in its entirety for complete information with respect to the subjects discussed therein.

The 2004 Assessments are a first lien on the land against which assessed until paid or barred by operation of law, co-equal with other taxes and assessments levied by the District and other units of government. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, the proposed form of which is included as Appendix B hereto, the interest on the 2015 Bonds is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, published rulings and court decisions. However, interest on the 2015 Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Failure by the District to comply subsequent to the issuance of the 2015 Bonds with certain requirements of the Code, regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the 2015 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The District has covenanted in the Indenture to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the 2015 Bonds for purposes of federal income taxation. In rendering this opinion, Bond Counsel has assumed continuing compliance with such covenant.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the 2015 Bonds, including, among other things, restrictions relating to the use of investment of the proceeds of the 2015 Bonds and the payment of certain arbitrage earnings in excess of the “yield” on the 2015 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the 2015 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

### **Collateral Tax Consequences**

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the 2015 Bonds. Prospective purchasers of the 2015 Bonds should be aware that the ownership of the 2015 Bonds may result in other collateral federal tax consequences. For example, ownership of the 2015 Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such 2015 Bond, (2) the branch profits tax, and (3) the inclusion of interest on the 2015 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the 2015 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

**PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2015 BONDS, AS THE CASE MAY BE, AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL OR CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED**

ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

### **Other Tax Matters**

Bond Counsel is further of the opinion that the 2015 Bonds and interest thereon are not subject to taxation under the laws of the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in Chapter 220, Florida Statutes. Interest on the 2015 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the 2015 Bonds should consult their tax advisors as to the income tax status of interest on the 2015 Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the 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 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 2015 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the 2015 Bonds.

### **Original Issue Premium**

The 2015 Bonds maturing May 1, 2025 and May 1, 2036 (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

### **AGREEMENT BY THE STATE**

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the 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 bonds issued by community development districts are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State of Florida, and constitute securities which may be deposited by banks or trust companies as security for deposits of state, county, municipal or other public funds, or by insurance companies as required or voluntary statutory deposits.

## **SUITABILITY FOR INVESTMENT**

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 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 2015 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 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 2015 Bonds, or in any way contesting or affecting (i) the validity of the 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 2015 Bonds, or (iii) the existence or powers of the District.

### **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 of the land subject to the 2004 Assessments as described herein, materially and adversely affect the ability of the Developer to pay the 2004 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 Methodology Consultant, the Dissemination Agent, the Underwriter (who have retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the 2015 Bonds. Except for the payment of fees to District Counsel and the Methodology Consultant, the payment of fees of the other professionals is each contingent upon the issuance of the 2015 Bonds.

## **NO RATING**

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

## **EXPERTS**

Severn Trent Services, Inc., Celebration, Florida, as Methodology Consultant, has prepared the Assessment Methodology Report set forth as APPENDIX C hereto. APPENDIX C should be read in its entirety for complete information with respect to the subjects discussed therein. As a condition to closing on the 2015 Bonds, the Methodology Consultant will consent to the inclusion of their reports in this Limited Offering Memorandum.

## **FINANCIAL INFORMATION**

This District will covenant in the proposed form of Continuing Disclosure Agreement set forth in Appendix D hereto to provide its annual audited financial statements to certain information repositories as described in Appendix D commencing with the audit for the District fiscal year ended September 30, 2014, which the District expects to be on or before April 30, 2015. The District will post the audited financials on the Municipal Securities Rulemaking Board ("MSRB") Electronic Municipal Market Access system ("EMMA") website. Attached hereto as Appendix E is a copy of the District's most recent audited financial statements for the District's fiscal year ended September 30, 2013 and a copy of the District's most recent unaudited financial statements for the period ending February 28, 2015. Such financial statements, including the auditors' reports for the audited financial statements, have been included, and are being incorporated, as applicable, in this Limited Offering Memorandum as public documents and consent from the auditors was not requested. The 2015 Bonds are not general obligation bonds of the District or any other entity and are payable solely from the 2015 Trust Estate.

Beginning October 1, 2015, community development district 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 website meets the requirements of Florida law and is available at <http://www.harmonycdd.org>.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

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



## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Section 517.051, Florida Statutes, and the regulations promulgated thereunder (collectively, the "Florida Disclosure Act") require that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private business). The District is not and has never been in default as to principal and interest on its bonds or other debt obligations.

### **CONTINUING DISCLOSURE**

The District and the Developer will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement") the proposed form of which is attached hereto as Appendix D, for the benefit of the 2015 Bondholders (including owners of beneficial interests in the 2015 Bonds), to provide certain financial information and operating data relating to the District by certain dates prescribed in the Disclosure Agreement (the "Reports") with the MSRB's EMMA website. The specific nature of the information to be contained in the Reports is set forth in "Appendix D – Proposed Form of Continuing Disclosure Agreement." Under certain circumstances, the failure of the District or the Developer to comply with their 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 Bondholders (including owners of beneficial interests in the 2015 Bonds) of at least 25% of the outstanding 2015 Bonds to bring an action for specific performance.

The District and the Developer have previously entered into continuing disclosure undertakings with respect to the Refunded Bonds, the 2001 Bonds and the 2014 Bonds which refunded the 2001 Bonds. The District and the Developer have provided continuing disclosure information pursuant to the Rule during the last five years; provided, however, a review of filings made pursuant to prior agreements indicates that certain filings were not timely filed or that information required for such filings was not always available or filed, including certain filings by the District and the Developer following the issuance of the 2014 Bonds which inadvertently made reference to the refunded 2001 Bonds or were filed under the incorrect Series of District Bonds. On April 9, 2015, the District and the Developer made corrective filings with EMMA to address these issues. In addition, during the last five years prior to the refunding of the 2001 Bonds, the District previously failed to file its continuing disclosure reports for the 2001 Bonds, but included the required continuing disclosure information for the 2001 Bonds on the District's EMMA filings for its Refunded Bonds. However, such filings failed to include information on the status of the 2001 Project. As of the date hereof, the 2001 Project has been completed. The District will appoint Digital Assurance Certification L.L.C., as the dissemination agent in connection with its 2015 Bonds and fully anticipates satisfying all future disclosure obligations required pursuant to its Continuing Disclosure Agreement and the Rule.

### **UNDERWRITING**

fmsbonds, Inc. (the "Underwriter") has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the 2015 Bonds from the District at a purchase price of \$13,557,757.65 (representing the \$13,530,000.00 aggregate principal amount of the 2015 Bonds, plus original issue premium of \$366,007.65 and less an underwriter's discount of \$338,250.00). The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the 2015 Bonds if any are purchased. The 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 Refunded Bonds being refunded by the 2015 Bonds were one of a series of bonds validated by a Final Judgment of the Circuit Court of the Ninth Judicial Circuit in and for the County, rendered on August 4, 2000, and the period during which an appeal could be taken from that judgment expired with no appeal having been filed.

## **LEGAL MATTERS**

Certain legal matters related to the authorization, sale and delivery of the 2015 Bonds are subject to the approval of Akerman LLP, Orlando, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Young, van Assenderp & Qualls, P.A., Tallahassee, Florida, for the Developer by its counsel, GrayRobinson, P.A, Orlando, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. Holland & Knight LLP, Miami, Florida is serving as counsel to the Trustee.

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 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 limited offering of the 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 2015 Bonds.

**AUTHORIZATION AND APPROVAL**

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

**HARMONY COMMUNITY  
DEVELOPMENT DISTRICT**

By:     /s/ Steve Berube      
Chairperson, Board of Supervisors

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**APPENDIX A**

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

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MASTER TRUST INDENTURE

HARMONY
COMMUNITY DEVELOPMENT DISTRICT

TO

FIRST UNION NATIONAL BANK, AS TRUSTEE

Dated as of December 1, 2000

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

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

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

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

**ARTICLE I  
DEFINITIONS**

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

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**MASTER TRUST INDENTURE**

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

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

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

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

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

**NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:**

**GRANTING CLAUSES**

That the District in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds (hereafter defined) by the Owners (hereafter defined), and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of

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

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

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

**"Accreted Value"** shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital Appreciation Bonds (or in accordance with a table of compound accreted values set forth in such Capital Appreciation Bonds), compounded semi-annually on each Interest Payment Date; provided, however, that if the date with respect to which any such computation is made is not an Interest Payment Date, the Accreted Value of any Bond as of such date shall be the amount determined by compounding the Accreted Value of such Bond as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) at the rate of interest per annum of the Capital Appreciation Bonds for the partial semi-annual compounding period determined by dividing (x) the number of days elapsed (determined on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months) from the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance), by (y) one hundred eighty (180). A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

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

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

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

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

**"Amortization Installments"** shall mean the moneys required to be deposited in the Series Redemption Account within the Debt Service Fund for the purpose of redeeming and

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paying when due any Term Bonds, the specific amounts and dates of such deposits to be set forth in a Supplemental Indenture.

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

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

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

"**Benefit Special Assessments**" shall mean assessments levied and collected in accordance with Section 190.021(2), Florida Statutes (1999), as amended from time to time, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Benefit Special Assessments which are not paid in full when due and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

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

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

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the District; or (ii) the date on which the District determines, upon the recommendation of or consultation with the Consulting Engineer, that it cannot complete the Series Project in a sound and economical manner within a reasonable period of time as evidenced by a certificate of the Consulting Engineer of the District filed with the Trustee and the District; provided that in each case such certificate of the Consulting Engineer shall set forth the amount of all Costs of such Series Project or Additional Series Project which has heretofore been incurred, but which on the Date of Completion is or will be unpaid or unreimbursed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Consulting Engineers**" shall mean [Consulting Engineer], [Consulting Engineer Location], or any other engineering firm or corporation having a favorable repute for skill and experience employed by the District.

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

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

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

"**Date of Completion**" with respect to a Series Project or Additional Series Project shall mean: (i) the date upon which the Series Project and all components thereof have been acquired or constructed and are capable of performing the functions for which they were intended, as evidenced by a certificate of the Consulting Engineer filed with the Trustee and

"**Indenture**" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures, and, shall mean when used with respect to a Series of Bonds issued hereunder, this Master Indenture, as amended and supplemented by the Supplemental Indenture relating to such Series of Bonds.

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

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

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

(i) Federal Securities;

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

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

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

(v) Repurchase agreements with any bank, trust company or national banking association, including the Trustee or an affiliate thereof, or government bond dealer reporting to the Federal Reserve Bank of New York continuously secured or collateralized by obligations described in subparagraph (i) of this definition, which securities will at all times (a) have a market value (inclusive of accrued interest) not less than that of the repurchase agreement, (b) be held free and clear of claims by third parties, (c) be subject to a perfected first security interest in the collateral in favor of the Trustee and (d) be delivered to the Trustee or its agent, as custodian;

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

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

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

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

(x) other investments permitted by Florida law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Supplemental Indenture" shall mean an indenture supplemental hereto authorizing the issuance of a Series of Bonds hereunder and establishing the terms thereof and the security therefor and shall also mean any indenture supplemental hereto entered into for the

purpose of amending the terms and provisions hereof with respect to all Bonds in accordance with Article XI hereof.

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

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

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

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

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

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

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

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

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

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

**Section 102 Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Owner," "person," "Paying Agent," and "Bond Registrar" shall include the plural as well as the singular number and the word "person" shall mean any

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individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

## ARTICLE II FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS

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

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

Debt Service shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid to the registered Owner of Bonds at the close of business on the Record Date for such interest; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 hereof, the payment of interest and principal or Redemption Price or Amortization Installments pursuant hereto shall be made by the Paying Agent to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent. Payment of interest shall be made by check or draft (or by wire transfer to, and at the expense of, the registered Owner if such Owner requests such method of payment in writing prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

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exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Pledged Revenues and the Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

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

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

- (a) an executed and attested original or certified copy of this Master Indenture;
- (b) an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on, and the amounts in, which such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, establishing the provisions for Additional Bonds, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefor set forth in such Supplemental Indenture;
- (c) an opinion of counsel for the District stating that the signer is of the opinion that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized, approved, and adopted, that the issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute binding obligations of the District, enforceable against the District in accordance with their terms except as enforcement thereof may be affected by bankruptcy and other similar laws relating to creditor's rights generally or general principles of equity;
- (d) An opinion of Bond Counsel for the District stating that the signer is of the opinion that the Bonds of such Series are valid, binding and enforceable obligations of the District and, if such Series of Bonds are not Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States in effect on the date such Series of Bonds are delivered to their initial purchasers.

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

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

### ARTICLE III REDEMPTION OF BONDS

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

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

If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Bond, upon surrender of

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

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

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

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

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

**Section 211 Bond Anticipation Notes.** Whenever the District shall authorize the issuance of a Series of Bonds, the District may by resolution or supplemental indenture authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bond of such Series and all other Bonds previously authenticated and delivered to pay the Cost of

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

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

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

Any required notice of redemption also shall be sent by registered mail, overnight delivery service, telecopy or other secure means, postage prepaid, to any Owner of \$1,000,000 or more in

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aggregate principal amount of Bonds to be redeemed, to certain municipal registered Securities Depositories (described below) which are known to the Bond Registrar to be holding Bonds thirty-two (32) days prior to the redemption date and to at least two of the national Information Services (described below) that disseminate securities redemption notices, when possible, at least thirty (30) days, prior to the redemption date; provided that neither failure to send or receive any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

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

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

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

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

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

#### ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

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

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

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

#### ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

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

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

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

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

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

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

(i) a Series Interest Account,

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

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

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

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

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

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

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

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(ii) a Series Principal Account, and

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

for each such Series of Bonds issued hereunder;

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

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

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

**Section 503 Acquisition and Construction Fund.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) in each Bond Year in which Capital Appreciation Bonds of such Series mature to the related Series Principal Account, an amount which, together with

other amounts, if any, then on deposit therein, will equal the Maturity Amount payable with respect to the Capital Appreciation Bonds of such Series maturing on such Interest Payment Date;

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

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

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

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

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

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

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

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

**Section 506 Optional Redemption.**

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

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(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery (thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such respective amounts. In the event that there are insufficient moneys on deposit in the related Series Principal Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the District, transfer moneys to such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer to the Trustee by the District accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and maturities set forth in clause (i) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any



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

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

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

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

#### Section 507 *Rebate Fund and Series Rebate Accounts.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ARTICLE VI CONCERNING THE TRUSTEE

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

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

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

**Section 604 Compensation and Indemnity.** The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel when such fees and expenses become due, and shall indemnify the Trustee (and its respective successors, agents and servants) and hold the Trustee (and its respective successors, agents and servants) harmless against any liabilities,

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obligations, losses damages, penalties, claims; actions, suits and costs which it may incur in the exercise and performance of its powers and duties hereunder except with respect to its own gross negligence or willful misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received by the Trustee under this Master Indenture or any Supplemental Indenture and Payable to the District other than Maintenance Special Assessments and moneys from a Credit Facility or a Liquidity Facility. This provision shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its resignation or removal hereof. As security for foregoing, the District hereby grants to the Trustee a security interest in and to the amounts on deposit in all Series Funds and Accounts, subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905 upon the occurrence of an Event of Default.

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

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

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

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

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

**Section 615 Instruments of Succession.** Any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder; and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. The Trustee ceasing to act hereunder shall pay over to the successor Trustee all moneys held by it hereunder after payment of all fee, and expenses owing to the Trustee; and, the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act, except for the rights of the Trustee under Section 604 hereof.

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

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

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

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

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

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

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

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

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

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**Section 619 Appointment of Successor Paying Agent or Bond Registrar.** In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a successor shall be appointed by the District, and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the District. Upon any such appointment, the District shall give written notice of such appointment to the predecessor Paying Agent or Bond Registrar, the successor Paying Agent or Bond Registrar, the Trustee and all Owners. Any new Paying Agent or Bond Registrar so appointed and accepting such duties as provided in Section 621 hereof shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

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

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

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

## ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

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

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

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

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

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

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

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

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

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

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

**Section 804 Power to Issue Bonds and Create a Lien.** The District hereby represents to the Trustee and to the Owners that it is and will be duly authorized under all applicable laws to issue the Bonds of each Series, to execute this Master Indenture, to adopt Supplemental Indentures, and to pledge its moneys, securities and funds in the manner and to the extent provided herein. Except as provided herein, the District hereby represents that such moneys, securities and funds of the District are and will be free and clear of any pledge, lien, charge or encumbrance thereon and all action on

the part of the District to that end has been and will be duly and validly taken. The Bonds of each Series, this Master Indenture and any Supplemental Indenture are and will be the valid and legally enforceable obligations of the District, enforceable in accordance with their terms except to the extent that enforcement thereof may be subject to bankruptcy and other similar laws affecting creditors' rights generally. The District shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and lien created by this Master Indenture and all the rights of the Trustee and the Owners hereunder against all claims and demands of all other persons whomsoever.

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

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

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

**Section 807 Completion and Maintenance of Series Projects.** The District shall complete the acquisition and construction of a Series Project with all practical dispatch and in a sound and economical manner. So long as any Series Project is owned by the District, the District shall

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maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted.

#### **Section 808 Accounts and Reports.**

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

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, within ninety (90) days after the close of each Fiscal Year, a certificate of an Authorized Officer stating whether or not, to the knowledge of the signer, the District is in default with respect to any of the covenants, agreements or conditions on its part contained in this Master Indenture and in any Supplemental Indenture and, if so, the nature of such default and actions taken or to be taken to remedy such default.

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

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

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

place required by this Master Indenture and any Supplemental Indenture, including any Tax Regulatory Covenants contained therein.

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

**Section 811 Method of Collection of Assessments, Benefit Special Assessments and Maintenance Special Assessments.** Except as hereinafter provided, the District shall use its best efforts to collect and enforce Assessments and Benefit Special Assessments which are pledged to the payment of any Series of Bonds utilizing the Uniform Method set forth in Section 197.3632, Florida Statutes (1999) and shall furnish the information at the times, and in the manner, required by Section 197.3632, Florida Statutes (1999), in order that such Assessments and Benefit Special Assessments maybe included in the combined notice for ad valorem taxes and non ad valorem assessment provided for in Section 197.3635, Florida Statutes (1999). The District may collect any Maintenance Special Assessments directly or using the Uniform Method.

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

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

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together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments and all delinquent Benefit, Special Assessments and Maintenance Special Assessments.

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

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

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

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property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof,

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

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

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

**Section 903 Acceleration of Maturities of Bonds of a Series.** Upon the happening and continuance of any Event of Default specified in clauses (a) through (j) of Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds of such Series then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Bonds of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series to the contrary notwithstanding; provided, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section, and except for the interest accrued on the Bonds of such series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Owners of not less than 51% of the aggregate principal amount of the Bonds of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

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

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

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

## ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

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

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

- Any payment of Debt Service on such Series of Bonds is not made when due;
- The District shall for any reason be rendered incapable of fulfilling its obligations hereunder or under the Supplemental Indenture relating to such Series of Bonds;
- The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of a related Series Project;
- The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its

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

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

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

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

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

Third: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds of such Series which shall have become due (other than Bonds of such Series called for redemption for the payment of which sufficient moneys are held pursuant to this Master Indenture), in the order of their due dates, with interest upon the Bonds of such Series at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Bonds of such Series due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Bonds of such Series entitled thereto without any discrimination or preference except as to any difference in the foregoing rates of interest.

- If the aggregate principal amount of all the Bonds of a Series shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be

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applied first to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then to the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other installment of interest, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

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

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

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

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

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

**Section 908 No Remedy Exclusive.** No remedy conferred upon the Trustee or the Owners is intended to be exclusive of any other remedy herein or in any Supplemental Indenture provided,

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

#### ARTICLE XI SUPPLEMENTAL INDENTURES

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

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

(b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance thereof (or upon the original issuance of refunding bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or

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

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

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

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

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

**Section 1102 Supplemental Indentures With Owner Consent.** Subject to the provisions filed in this Section and not otherwise, the Owners of not less than fifty-one percent (51 %) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and

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and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder.

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

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

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

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

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

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

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

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approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all owners of Bonds then Outstanding,

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

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

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

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

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

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

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

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

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

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

Whenever, at any time within one (1) year after the date of the first mailing of such notice, there shall be delivered to the District an instrument or instruments in writing purporting to be executed by the Owners of the requisite principal amount of the Bonds of such Series Outstanding,

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which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body and the Trustee may approve such Supplemental Indenture and cause it to be executed, in substantially such form, without liability or responsibility to any Owner.

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

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

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

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

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

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All Outstanding Bonds of any particular maturity or Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 201 if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal

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

amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture or under any Letter of Credit Agreement or any Liquidity Agreement.

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

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

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

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

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

**ARTICLE XIII  
MISCELLANEOUS PROVISIONS**

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

Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

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

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

To the District, addressed to:

District Manager  
Harmony Community Development District  
210 North University Drive, Suite 800  
Coral Springs, Florida 33071

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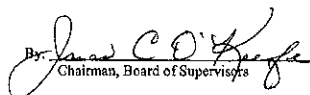
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**Section 1309 Attorney's Fees.** Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall include but not be limited to fees of legal assistants and paralegals and fees incurred in any and all legal proceedings,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

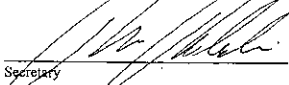
**Section 1310 Effective Date.** This Master Indenture shall be effective as of the date first above-written.

SEAL

**HARMONY COMMUNITY  
DEVELOPMENT DISTRICT**

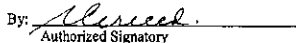
By:   
Chairman, Board of Supervisors

ATTEST:

  
Secretary

SEAL

**FIRST UNION NATIONAL BANK, as  
Trustee**

By:   
Authorized Signatory

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To the Trustee, addressed to:

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

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

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

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

**Section 1304 Successorship of District Officers.** If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

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

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

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

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

(OR82866;1)

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**EXHIBIT A**

**FORM OF REQUISITION**

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

- (A) Requisition Number:
- (B) Name of Payee:
- (C) Amount Payable:
- (D) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments, or, state Costs of Issuance, if applicable):
- (E) Fund or Account and subaccount, if any, from which disbursement to be made:

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

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

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

(OR82866;1)

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

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


**HARMONY COMMUNITY  
DEVELOPMENT DISTRICT**

By:

\_\_\_\_\_  
Authorized Officer

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

If this requisition is for a disbursement from other than Capitalized Interest or Costs of Issuance, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the 2004 Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the 2004 Project with respect to which such disbursement is being made; and, (ii) the report of the Consulting Engineer for the 2004 Project, as such report shall have been amended or modified on the date hereof.

  
\_\_\_\_\_  
Consulting Engineer

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

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

\_\_\_\_\_  
Consulting Engineer

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**SIXTH SUPPLEMENTAL TRUST INDENTURE**  
**BETWEEN**  
**HARMONY COMMUNITY DEVELOPMENT DISTRICT**  
**AND**  
**U.S. BANK NATIONAL ASSOCIATION,**  
**AS TRUSTEE**

**Dated as of April 1, 2015**

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**SIXTH SUPPLEMENTAL TRUST INDENTURE**

**THIS SIXTH SUPPLEMENTAL TRUST INDENTURE** (the "Sixth Supplemental Indenture") dated as of April 1, 2015, from **HARMONY COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the "Trustee"), a national banking association under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out within the State of Florida.

**WHEREAS**, the District has entered into a Master Trust Indenture dated as of December 1, 2000 (the "Master Indenture") with the Trustee, as ultimate successor to First Union National Bank, to secure the issuance of its Bonds as defined in the Master Indenture (the "Bonds"), issuable in one or more Series from time to time; and

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

**WHEREAS**, the District for the purpose that includes constructing public infrastructure and other public improvements in accordance with the provisions of the Act issued its Capital Improvement Revenue Bonds, Series 2004 (the "2004 Bonds") pursuant to the Master Indenture and a Fourth Supplemental Trust Indenture dated as of December 1, 2004 by and between the District and the Trustee (the "Fourth Supplemental Indenture"); and

**WHEREAS**, the District is authorized by the Act, particularly Section 190.016(7) thereof to issue bonds of the District to provide for the refunding of obligations of the District like the 2004 Bonds; and

**WHEREAS**, the District has determined it to be advantageous to the District to issue its Capital Improvement Revenue Refunding Bonds, Series 2015 (the "2015 Bonds" or the "Bonds") for the primary purpose of, together with other legally available money of the District, defeasing all of the Outstanding 2004 Bonds (the "Refunded Bonds"), which refunding will result in debt service savings to the District for the benefit of the District and its residents; and

**WHEREAS**, pursuant to Resolution No. 2015-04 adopted by the Governing Body of the District on March 26, 2015, the District has authorized the issuance, sale and delivery of \$13,530,000 principal amount of the 2015 Bonds and authorized the execution and delivery of this Sixth Supplemental Indenture to secure the issuance of the 2015 Bonds and to set forth the terms of the 2015 Bonds; and

**WHEREAS**, the Governing Body of the District has duly adopted resolutions assessing, declaring, imposing and levying 2004 Assessments (as defined herein), indicating the location, nature and estimated cost of those improvements whose total cost is to be defrayed by such 2004 Assessments; providing the portion of the estimated cost of the improvements to be partially defrayed by the 2004 Assessments; providing the manner in which such 2004 Assessments shall be assessed; providing when such 2004 Assessments shall be imposed and levied, providing for an assessment plat and preliminary assessment roll; and designating lands upon which the 2004

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Assessments shall be levied; setting a public hearing for the purpose of hearing public comments on the 2004 Assessments and fixing, establishing and levying the 2004 Assessments on and peculiar to the specially benefited property against which such are imposed, which resolution as supplemented from time to time (collectively referred to as, the "Assessment Proceedings"); and

**WHEREAS**, the execution and delivery of the 2015 Bonds and of this Sixth Supplemental Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the 2015 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Sixth Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the 2015 Trust Estate (as hereinafter defined) have been done;

**NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS SIXTH SUPPLEMENTAL TRUST INDENTURE WITNESSETH:**

That the District, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the 2015 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt which is hereby acknowledged, and in order to further secure the payment of the principal and redemption price (as hereinafter defined) of, and interest on, all 2015 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder, and to further secure the observance and performance by the District of all the covenants, expressed or implied in the Master Indenture, in this Sixth Supplemental Indenture and in the 2015 Bonds: (a) has executed and delivered this Sixth Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in interest the trusts under the Master Indenture and hereunder, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture and this Sixth Supplemental Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture and this Sixth Supplemental Indenture to the 2015 Bonds, all revenues derived by the District from the 2004 Assessments (the "2015 Assessment Revenues" or the "2015 Pledged Revenues") and the Funds and Accounts (except for the 2015 Rebate Account and the 2015 Cost of Issuance Account) (collectively, the "2015 Pledged Funds" and with the 2015 Pledged Revenues, the "2015 Trust Estate") established hereby and in the manner set forth below as provided herein;

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

**IN TRUST NEVERTHELESS**, except as in each such case may otherwise be provided in the Master Indenture or this Sixth Supplemental Indenture, upon the terms and trusts in the Master Indenture and this Sixth Supplemental Indenture;

**PROVIDED HOWEVER**, that if the District, its successors or assigns, shall well and duly pay, or cause to be paid, or make due provision for the payment of the principal and/or

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originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Delinquent 2004 Assessment Interest" shall mean 2004 Assessment Interest deposited with the Trustee after the date on which such 2004 Assessment Interest has become due and payable.

"Delinquent 2004 Assessment Principal" shall mean 2004 Assessment Principal deposited with the Trustee after the date on which such 2004 Assessment Principal has become due and payable.

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

"Escrow Deposit Agreement" shall mean that certain agreement between the District and U.S. Bank National Association as escrow agent pursuant to which amounts shall be deposited in escrow to provide for the payment of the Refunded Bonds as provided therein.

"Interest Payment Date" shall mean each May 1 and November 1, commencing November 1, 2015.

"2015 Investment Obligations" shall mean and include any of the following securities, if and to the extent the same are at the time legal investments for funds of the District:

- (A) Government Obligations;
- (B) obligations of any Federal agency whose debt rating is in the top rating category by both Moody's and S&P.
- (C) 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;
- (D) commercial paper rated in the top two rating categories at the time of issuance by both Moody's and S&P;
- (E) 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;
- (F) either (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category for money market funds by Moody's or S&P, or (B) shares of money market mutual funds that invest only in Government Obligations and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by Moody's or S&P;

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redemption price of the 2015 Bonds or any 2015 Bond secured and Outstanding under this Sixth Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the 2015 Bonds and this Sixth Supplemental Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this Sixth Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provision of the Master Indenture and this Sixth Supplemental Indenture, then upon such final payments, this Sixth Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all 2015 Bonds or any 2015 Bond of a particular maturity, otherwise this Sixth Supplemental Indenture shall remain in full force and effect;

**THIS SIXTH SUPPLEMENTAL INDENTURE FURTHER WITNESSETH**, and it is expressly declared, that all 2015 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property pledged to the payment thereof are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as in the Master Indenture (except as amended directly or by implication by this Sixth Supplemental Indenture), including this Sixth Supplemental Indenture, expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Holder and Beneficial Holders, from time to time, of the 2015 Bonds, as follows:

**ARTICLE I**

**DEFINITIONS**

Section 101. Definitions. All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (i) expressly given a different meaning herein or (ii) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

"Beneficial Holder" shall mean the Holders from time to time of the 2015 Bonds for federal income tax purposes.

"Bond Depository" shall mean the securities depository existing from time to time under Section 201 hereof.

"Bond Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds 2015 Bonds as securities depository.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement of the District dated the date of issuance and delivery of the 2015 Bonds, as

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(G) any other investment approved in writing by the Holder of a majority in aggregate principal amount of the 2015 Bonds;

(H) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are 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;

(I) 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); and

(J) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly by the Holders of the Collateral (as defined herein) 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 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 shall immediately notify the Trustee and the District and the provider must at the direction of the District (with a copy 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 the Indenture shall contain the following additional provisions:

Failure to maintain the requisite collateral percentage will require the District or the Trustee, upon its or their knowledge of such failure, to liquidate the collateral as provided above;

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);

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

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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);

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;

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;

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

The District and the Trustee shall receive the opinion of counsel (which opinion shall be addressed to the District 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;

The term of the repurchase agreement shall be no longer than one year;

The interest with respect to the repurchase transaction shall be payable no less frequently than monthly;

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;

Any repurchase agreement shall provide that a perfected security interest in such investments is created for the benefit of the Beneficial Holders 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 Holders; and

The collateral delivered or transferred to the District, 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. 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 Holders 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.

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Outstanding 2015 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to 2015 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any Beneficial Holder. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the 2015 Bonds, (ii) the delivery to any Bond Participant or any other person other than a Holder, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the 2015 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than a Holder, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the 2015 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2015 Bond is registered in the registration books kept by the Bond Registrar as the absolute Holder of such 2015 Bond for the purpose of payment of principal, premium and interest with respect to such 2015 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2015 Bond, for the purpose of registering transfers with respect to such 2015 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the 2015 Bonds only to or upon the order of the respective Holder, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payment shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the 2015 Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Bond Registrar, shall receive a certificated 2015 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions therein with respect to Record Dates, the words "Cede & Co." in this Sixth Supplemental Indenture shall refer to such new Nominee of DTC; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee, Bond Registrar and the Paying Agent.

Upon receipt by the Trustee or the District of written notice from DTC: (i) confirming that DTC has received written notice from the District to the effect that a continuation of the requirement that all of the Outstanding 2015 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the Beneficial Holder of the 2015 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute Bond Depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the 2015 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holder transferring or exchanging the 2015 Bonds shall designate, in accordance with the provisions hereof.

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Under all circumstances, the Trustee shall be entitled to rely upon a certificate of an Authorized Officer of the District setting forth that an investment is an investment permitted under the Indenture.

"2004 Assessments" shall mean the Assessments imposed, levied and collected by the District with respect to properties specially benefited by the public infrastructure and other improvements financed with proceeds of the 2004 Bonds.

"2004 Assessment Interest" shall mean the interest on the 2004 Assessments.

"2004 Assessment Principal" shall mean the principal amount of 2004 Assessments.

"2004 Assessment Revenues" shall mean all revenues derived by the District from the 2004 Assessments.

"2004 Prepayment Principal" shall mean the excess amount of 2004 Assessment Principal received by the District over the 2004 Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term 2004 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

"2015 Project" shall mean the "assessable improvements" generally described on **Exhibit B** hereto.

"2015 Reserve Account Requirement" shall mean, \$340,000.

"Majority Owners" shall mean the beneficial owners of more than fifty percent (50%) in principal amount of the Outstanding 2015 Bonds.

"Nominee" shall mean the nominee of the Bond Depository, which may be the Bond Depository, as determined from time to time pursuant to this Supplemental Indenture.

## ARTICLE II

### AUTHORIZATION, ISSUANCE AND PROVISIONS OF 2015 BONDS

Section 201. Authorization of 2015 Bonds; Book-Entry Only Form. The 2015 Bonds are hereby authorized to be issued in the aggregate principal amount of \$13,530,000 all for the purposes enumerated in the recitals hereto and as further described herein. The 2015 Bonds shall be substantially in the form set forth as **Exhibit A** to this Sixth Supplemental Indenture. Each 2015 Bond shall bear the designation "2015R" and numbered consecutively from 1 upwards.

The 2015 Bonds shall be initially issued in the form of a separate single certificated fully registered 2015 Bond for each maturity of 2015 Bonds. Upon initial issuance, the ownership of such 2015 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Bond Depository. Except as provided in this Section 201, all of the

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If certificates for the 2015 Bonds are printed, no charge shall be made to any Holder for registration and transfer of 2015 Bonds, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

NEITHER THE DISTRICT NOR THE TRUSTEE SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DEPOSITORY PARTICIPANT OR BENEFICIAL HOLDER OF THE 2015 BONDS DURING SUCH TIME AS THE 2015 BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY ONLY SYSTEM OF REGISTRATION.

Section 202. Terms of 2015 Bonds. The 2015 Bonds shall be issued as three (3) Term Bonds and shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

Maturity (May 1)	Principal Amount	Interest Rate
2018	\$1,225,000	3.75%
2025	3,590,000	4.75%
2036	8,715,000	5.125%

Section 203. Dating; Interest Accrual. Each 2015 Bond shall be dated April 28, 2015. Each 2015 Bond shall also bear its date of authentication. Each 2015 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such 2015 Bond has been paid, in which event such 2015 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2015 Bonds, in which event such 2015 Bond shall bear interest from its date. Interest on the 2015 Bonds shall be due and payable on each May 1 and November 1, commencing November 1, 2015, and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 204. Denomination. The 2015 Bonds shall be issued in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof.

Section 205. Paying Agent. The District appoints the Trustee as Paying Agent for the 2015 Bonds.

Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the 2015 Bonds.

Section 207. Conditions Precedent to Issuance of 2015 Bonds. In addition to complying with any requirements set forth in Section 207 of the Master Indenture and any other applicable provisions thereof in connection with the issuance of the 2015 Bonds, all of the 2015 Bonds shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of:

- (a) An executed original of this Sixth Supplemental Indenture;

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(b) A Bond Counsel opinion substantially to the effect that: (i) this Sixth Supplemental Indenture has been duly authorized and executed by the District and constitutes a valid and binding obligation of the District; (ii) the 2015 Bonds have been duly authorized, executed and delivered by the District and are valid and binding special obligations of the District, payable solely from the sources provided therefor in the Indenture; (iii) the interest on the 2015 Bonds is excludable from gross income for federal income tax purposes; (iv) the 2015 Bonds and the interest paid thereon are exempt from all taxes imposed by the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes on corporations and other entities, as defined therein; and (v) the opinion required of Bond Counsel by Section 1201(b) of the Master Indenture.

(c) An opinion of Counsel to the District substantially to the effect that (i) the District has been duly established and validly exists as a community development district under the Act, (ii) the District has good right and lawful authority under the Act to undertake the refunding of the Refunded Bonds, and the acquisition and construction of the 2015 Project, (iii) all proceedings undertaken by the District with respect to the 2004 Assessments have been in accordance with Florida law, (iv) the District has taken all action necessary to assess, impose and to levy the 2004 Assessments, (v) the 2004 Assessments by law are legal, valid and binding liens upon the property against which such 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 and (vi) to the best of their knowledge, with investigation, there is no action, suit or proceeding at law or in equity by or before any court or public board or body pending or threatened against the District (or any basis therefore) (a) seeking to restrain or enjoin the issuance or delivery of the 2015 Bonds or the application of the proceeds thereof; (b) contesting or affecting the authority for the 2004 Assessments or the issuance of the 2015 Bonds or the validity or enforceability of the 2015 Bonds, the Indenture, the Continuing Disclosure Agreement, or the transactions contemplated thereunder, or (c) contesting or affecting the establishment or existence, of the District or any of its Supervisors, officers or employees, property or conditions, financial or otherwise, or contesting or affecting any of the powers of the District, including its power to enter into the agreements described above, or its power to determine, assess, levy and collect 2004 Assessments and its power to refund and defease the Refunded Bonds.

(d) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the 2015 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this Sixth Supplemental Indenture;

(e) A fully executed copy of the Continuing Disclosure Agreement;

(f) An Engineers' Certificate or Engineers' Certificates certifying as to the accuracy of the information in the offering document for the 2015 Bonds regarding the 2015 Project; and

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

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(e) There is hereby established to be held by the Trustee within the Rebate Fund a 2015 Rebate Account.

Section 402. Use of 2015 Bond Proceeds. Following the Trustee's receipt of the items set forth in Section 207 hereof the net proceeds of sale of the 2015 Bonds, \$13,557,757.65 (face amount of 2015 Bonds less underwriter's discount of \$338,250.00 and plus original issue premium of \$366,007.65, together with \$1,622,761.66 transferred from the funds, accounts and subaccounts for the Refunded Bonds, shall be delivered to the Trustee by the District and be applied as follows:

(1) \$340,000.00 of 2015 Bond proceeds, representing the 2015 Reserve Account Requirement shall be deposited to the 2015 Reserve Account;

(2) \$145,129.93 of 2015 Bond proceeds, representing costs of issuance relating to the 2015 Bonds shall be deposited to the credit of the 2015 Costs of Issuance Account;

(3) \$12,872,627.72 of the proceeds of the 2015 Bonds, together with \$1,622,761.66 from the funds, accounts and subaccounts for the Refunded Bonds, including the reserve account for the Refunded Bonds shall be deposited on the date of delivery of the 2015 Bonds to the escrow fund created pursuant to the Escrow Deposit Agreement;

(4) \$200,000.00 of 2015 Bond proceeds shall be deposited to the credit of the 2015 Acquisition and Construction Account; and

(5) Any moneys in the funds, accounts and subaccounts for the Refunded Bonds not applied as provided above shall be deposited to the 2015 Revenue Account.

Section 403. 2015 Acquisition and Construction Account.

(a) Amounts on deposit in the 2015 Acquisition and Construction Account shall be applied to pay the Costs of the 2015 Project upon compliance with the requirements of the requisition provisions set forth in Section 503(b) of the Master Indenture.

(b) Any balance remaining in the 2015 Acquisition and Construction Account after the Completion Date and after retaining the amount, if any, of all remaining unpaid Costs of the 2015 Project set forth in the Engineers' Certificate establishing such Date of Completion, shall be transferred to and deposited in the 2015 Prepayment Account and applied to the extraordinary mandatory redemption of the Series 2015 Bonds in the manner prescribed in the form of Series 2015 Bond set forth as Exhibit A hereto.

Section 404. 2015 Costs of Issuance Account. Amounts in the 2015 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the 2015 Bonds. One hundred and twenty (120) days from the date of initial delivery of the 2015 Bonds, any amounts on deposit in the 2015 Costs of Issuance

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Delivery to the Trustee of the net proceeds from the issuance of the 2015 Bonds shall constitute conclusive evidence of the satisfaction of the conditions precedent to the authentication of the 2015 Bonds.

Section 208. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provisions of the Indenture, failure of the District 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 (as defined in Rule 15c2-12 of the Securities and Exchange Commission) or the Holders of at least 25% aggregate principal amount of Outstanding 2015 Bonds, and receipt of indemnity satisfactory to the Trustee) or any such Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section.

### ARTICLE III

#### REDEMPTION OF 2015 BONDS

Section 301. 2015 Bonds Subject to Redemption and Purchase. The 2015 Bonds are subject to redemption prior to maturity as provided in the 2015 Bonds.

Notwithstanding any other provision hereof or the Master Indenture, notice of optional redemption of 2015 Bonds may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

### ARTICLE IV

#### DEPOSIT OF 2015 BOND PROCEEDS AND APPLICATION THEREOF; ESTABLISHMENT OF FUNDS, ACCOUNTS, AND SUBACCOUNTS AND OPERATION THEREOF

Section 401. Establishment of Funds, Accounts, and Subaccounts.

(a) There is hereby established within the Acquisition and Construction Fund to be held by the Trustee, a 2015 Acquisition and Construction Account and a 2015 Cost of Issuance Account;

(b) There is hereby established to be held by the Trustee a 2015 Revenue Account within the Revenue Fund;

(c) There are hereby established within the Debt Service Fund to be held by the Trustee: (i) a 2015 Sinking Fund Account; (ii) a 2015 Interest Account; and (iii) a Prepayment Account;

(d) There is hereby established to be held by the Trustee within the Reserve Fund, a 2015 Reserve Account; and

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Account for which the Trustee does not have a pending requisition shall be deposited to the 2015 Revenue Account.

Section 405. 2015 Reserve Account. Amounts on deposit in the 2015 Reserve Account, except as provided elsewhere in this Supplemental Indenture or the Master Trust Indenture shall be used only for the purpose of making payments into the 2015 Interest Account and the 2015 Sinking Fund Account to pay the 2015 Bonds, without distinction as to 2015 Bonds and without privilege or priority of one 2015 Bond over another, when due when the moneys on deposit in such Accounts and available therefor are insufficient.

The Trustee, on or before the fortieth day (or if such day is not a Business Day, on the Business Day next preceding such day) next preceding each Interest Payment Date, after taking into account all payments and transfers made as of such date, shall compute the value of the 2015 Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit into such account, from available 2015 Pledged Revenues. The Trustee as soon as practical after such computation shall, transfer any surplus, other than that resulting from investment earnings which shall be subject to Section 407(e) hereof into the Prepayment Account to be used for extraordinary mandatory redemption of 2015 Bonds as provided herein and therein.

On the earliest date on which there is on deposit in the 2015 Reserve Account sufficient monies taking into account other monies available therefor, to pay and redeem all of the Outstanding 2015 Bonds, together with interest on such 2015 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the 2015 Reserve Account into the Prepayment Account to pay and redeem all of the Outstanding 2015 Bonds on the earliest date permitted for redemption therein and herein.

Section 406. Application of Prepayments. All 2004 Prepayment Principal shall upon receipt by the Trustee be deposited to the Prepayment Account. At the time the District deposits 2004 Prepayment Principal with the Trustee, it shall notify the Trustee in writing as to the amount of such 2004 Prepayment Principal. Amounts on deposit in the Prepayment Account shall be applied to the extraordinary mandatory redemption of the 2015 Bonds as provided for herein and therein. Interest due in regards to such extraordinary mandatory redemption shall be paid from the 2015 Interest Account.

Section 407. Tax Covenants. The District shall comply with the provisions set forth in the District's tax certificate included as part of the closing transcript for the 2015 Bonds, as amended and supplemented from time to time (the "Tax Regulatory Covenants") in accordance with their terms.

Section 408. Application of Certain Amounts and Investment Earnings.

(a) The District shall deposit 2004 Assessment Revenues with the Trustee promptly upon receipt thereof, with a written accounting setting forth the amounts of such 2004 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

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(i) 2004 Assessment Interest which shall be deposited into the 2015 Interest Account;

(ii) 2004 Assessment Principal, which shall be deposited into the 2015 Sinking Fund Account;

(iii) 2004 Prepayment Principal, which shall be deposited into the Prepayment Account;

(iv) Delinquent 2004 Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2015 Reserve Account to pay the principal on the 2015 Bonds, and, the balance, if any, shall be deposited into the 2015 Sinking Fund Account;

(v) Delinquent 2004 Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2015 Reserve Account to pay the interest on 2015 Bonds, and, the balance, if any, deposited into the 2015 Interest Account; and

(vi) all other 2004 Assessment Revenues, which shall be deposited into the 2015 Revenue Account.

(b) On each March 15 and September 15 (or if such March 15 or September 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Prepayment Account and if the balance therein is greater than zero, shall transfer, but only after determining that following such transfer sufficient moneys will remain in the 2015 Revenue Account to meet the obligations in (c) below on the immediately following May 1 or November 1, as applicable, from the 2015 Revenue Account, for deposit into the Prepayment Account, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of 2015 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Subaccount in accordance with the provisions for extraordinary redemption of 2015 Bonds as set forth therein.

(c) On each May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such date), the Trustee shall transfer from amounts on deposit in the 2015 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority and apply such amounts as provided below:

FIRST, to the 2015 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2015 Bonds then Outstanding on such May 1 or November 1, less any amount already on deposit in the 2015 Interest Account not previously credited;

SECOND, on each May 1 to the 2015 Sinking Fund Account an amount equal to the principal amount of 2015 Bonds maturing on such May 1 or an amount equal to the

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## ARTICLE VI

### MISCELLANEOUS

Section 601. Confirmation of Master Indenture. As supplemented by this Sixth Supplemental Indenture, the Master Indenture is in all respect ratified and confirmed, and this Sixth Supplemental Indenture shall be read, taken and construed as a part of the Master Indenture so that all of the rights, remedies, terms, conditions, covenants and agreements of the Master Indenture, except insofar as modified herein, shall apply and remain in full force and effect with respect to this Sixth Supplemental Indenture and to the 2015 Bonds issued hereunder. To the extent of any conflicts between the terms and provisions of the Master Indenture and this Sixth Supplemental Indenture the terms and provisions hereof shall control.

Section 602. Collection of 2004 Assessments. The 2004 Assessments shall be collected by the District on platted lots through the uniform method for the levy, collection and enforcement afforded by Sections 197.3632 and 197.3635, Florida Statutes, (the "Uniform Method"). Such agreement does not preclude the District from using any other available method.

Section 603. Brokerage Confirmations. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive individual confirmations of security transactions at no additional cost, as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

Section 604. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the 2015 Bonds or the date fixed for the redemption of any 2015 Bonds shall be other than a Business Day, then payment of interest, principal or redemption premium 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 605. 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 2015 Bonds.

Section 606. Additional Covenant Regarding 2004 Assessments. In addition, and not in limitation of, the covenants contained elsewhere in this Sixth Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the Assessment Proceeding, and to assess, impose and levy the 2004 Assessments in compliance with applicable law in such manner as legally will generate funds sufficient to pay the principal of and interest on the 2015 Bonds, when due.

The District further covenants and agrees that it will not reduce the 2004 Assessment on any tax parcel from that set forth in the Assessment Proceeding on account of any reduction in debt service on the 2015 Bonds resulting from a redemption of 2015 Bonds from amounts deposited into the Prepayment Account except to the extent such 2004 Assessment was prepaid.

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Amortization Installments of 2015 Bonds due on such May 1, less any amount already on deposit in such Sinking Fund Account not previously credited;

THIRD, to the 2015 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2015 Reserve Account Requirement; and

FOURTH, the balance shall be retained in the 2015 Revenue Account.

(d) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2015 Revenue Account in accordance with the Tax Regulatory Covenants, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants. To the extent insufficient moneys are on deposit in the 2015 Revenue Account to make the transfer provided for in the immediately preceding sentence the District shall deposit with the Trustee from available moneys of the District the amount of any such insufficiency.

(e) Anything herein or in the Master Indenture to the contrary notwithstanding, amounts in all of the Funds and Accounts held as security for the 2015 Bonds shall be invested only in 2015 Investment Obligations, and earnings on investments in the 2015 Interest Account, the 2015 Sinking Fund Account, the 2015 Revenue Account and the Prepayment Account shall be deposited, as realized, to the credit of the 2015 Revenue Account and used for the purpose of such Account. Earnings on investments in the 2015 Reserve Account (to the extent there is a surplus in the 2015 Reserve Account) and 2015 Costs of Issuance Account shall be deposited in the 2015 Revenue Account unless otherwise directed by the District.

## ARTICLE V

### CONCERNING THE TRUSTEE

Section 501. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this Sixth Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture as modified by this Sixth Supplemental Indenture and subject to the rights and remedies set forth in Articles VI of the Master Indenture.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this Sixth Supplemental Indenture by the District or for the recitals contained herein, all of which are made solely by the District.

Section 503. Trustee's Duties. Except as otherwise expressly stated in this Sixth Supplemental Indenture, nothing contained herein shall limit the rights, benefits, privileges, protection and entitlements inuring to the Trustee under the Master Indenture, including, particularly, Article VI thereof, all of which shall apply to the actions of the Trustee under this Sixth Supplemental Indenture.

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Section 607. Covenant with Regard to Enforcement and Collection of Delinquent 2004 Assessments. Anything herein or in the Master Indenture to the contrary notwithstanding, the District covenants and agrees that upon the occurrence and continuance of an Event of Default, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of delinquent 2004 Assessments, the provisions for the foreclosure of liens thereof and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of, and on behalf of, the Majority Owners. However, the District shall not be required to levy 2004 Assessments in an amount greater than the original principal amount of the 2015 Bonds. The Trustee shall be entitled, but not obligated, to take such action without the direction of the Majority Owner unless directed otherwise by the Majority Owners.

Section 608. Requisite Owners for Direction or Consent. Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires fifty-one percent of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Owners.

Section 609. Amendments to Master Indenture; Additional Events of Default and Remedies. Section 902 of the Master Indenture is hereby supplemented with respect to the 2015 Bonds by inserting at the conclusion thereof the following paragraph:

(h) Any portion of the 2004 Assessments shall have become delinquent and as a result of such delinquency the Indenture provides for the Trustee to withdraw funds from the 2015 Reserve Account to pay debt service on the 2015 Bonds (regardless of whether the Trustee does or does not, per the direction of the Majority Owners, actually withdraw such funds from the 2015 Reserve Account to pay debt service on the 2015 Bonds).

Section 904 of the Master Indenture is hereby amended with respect to the 2015 Bonds by inserting at the conclusion thereof the following paragraph:

"Notwithstanding anything to the contrary herein and, unless otherwise directed by the Majority Owners, to the extent allowed pursuant to Federal or State law, the District acknowledges and agrees that (i) upon failure of any property owner to pay 2004 Assessments collected directly by the District when due, that the entire balance of such 2004 Assessments on the delinquent property, with interest and penalties thereon, shall be accelerated and shall immediately become due and payable and the District shall promptly, but in any event within one hundred and eighty (180) days, cause to be commenced the necessary legal proceedings for the foreclosure of liens of such delinquent 2004 Assessments, including interest and penalties and (ii) the foreclosure proceedings shall be prosecuted to a sale and conveyance of the property involved in said proceedings as may then be provided by law in suits to foreclose mortgages."

Section 610. Additional Bonds. The District shall not issue any obligations other than the 2015 Bonds payable from the 2015 Trust Estate other than refunding bonds, the issuance of which produces net present value debt service savings as determined by the District, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other

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charge, payable from the 2015 Trust Estate. Such covenant shall not prohibit the District from issuing Bonds for capital projects located in or outside the District provided such Bonds are not secured by any of the 2015 Trust Estate. In addition, the District covenants not to issue Bonds other than the 2015 Bonds secured by Assessments on assessable lands within the District for capital projects unless at least ninety percent (90%) of the total residential units planned for land encumbered by the 2004 Assessments have been built, sold and closed to end-users. The Trustee may rely on a certificate from the District regarding such status of the residential units.

Section 611. Provision Relating to Bankruptcy or Insolvency of Landowner. The provisions of this Section 611 shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against any owner of any tax parcel subject to at least three percent (3%) of the then outstanding 2004 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"). For as long as any 2015 Bonds remain Outstanding, in any Proceeding involving the District, any Insolvent Taxpayer, the Trustee, the 2015 Bonds or the 2004 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 2015 Bonds or for as long as any 2015 Bonds remain Outstanding, in any proceeding involving the District, any Insolvent Taxpayer, the 2015 Bonds or the 2004 Assessments or the Trustee. The Trustee shall not direct the District to increase the 2004 Assessments for attorney's fees and other costs and expenses in the event the Trustee is unsuccessful in any such Proceeding.

The District acknowledges and agrees that, although the 2015 Bonds were issued by the District, the Beneficial Holders of the 2015 Bonds are categorically the party with the ultimate financial stake in the transaction and, consequently, the party with a vested and pecuniary interest in a Proceeding. In the event of any Proceeding involving an Insolvent Taxpayer: (a) the District hereby agrees that it shall follow the direction of the Trustee in making any election, giving any consent, commencing any action or filing any motion, claim, obligation, notice or application or in taking any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the 2004 Assessments, the 2015 Bonds or any rights of the Trustee under the Indenture; (b) the District hereby agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the 2004 Assessments, the 2015 Bonds or any rights of the Trustee under the Indenture that are inconsistent with any direction from the Trustee; (c) the Trustee shall have the right, but is not obligated to, (i) file and vote in any such Proceeding and all claims of the District, and seek or oppose any relief in any such Proceeding that the District, as claimant with respect to the 2004 Assessments, would have the right to pursue, 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 and/or defend any claims and proofs of claims, to vote to accept or reject a plan, to seek dismissal of the Proceeding, to seek stay relief to commence or continue foreclosure or pursue any other available remedies as to the 2004 Assessments, to seek substantive

consolidation, to seek to shorten the Insolvent Taxpayer's exclusivity periods or to oppose any motion to extend such exclusivity periods, to oppose any motion for use of cash collateral or for authority to obtain financing, to oppose any sale procedures motion or any sale motion, to propose a competing plan of reorganization or liquidation, or to make any election under Section 1111(b) of the Bankruptcy Code and (d) the District shall not challenge the validity or amount of any claim submitted in good faith in such Proceeding by the Trustee or any valuations of the lands owned by any Insolvent Taxpayer submitted in good faith by the Trustee in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim and rights with respect to the 2004 Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the 2004 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 the immediately preceding paragraphs, nothing in this Section 611 shall require the District to act otherwise in accordance with applicable Florida law in imposing, assessing, levying and collecting the 2004 Assessments or 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 2004 Assessments whether such claim is pursued by the District or the Trustee; provided, however, that the District shall not oppose any relief sought by the Trustee under the authority granted to the Trustee in clause (c) of the paragraph above. If the bankruptcy court rejects any actions taken by the District at the direction of the Trustee, the Trustee, shall not seek to recover expenses or costs from the District and shall not have any recourse against the District. The Trustee shall not direct the District and shall not petition the bankruptcy court to direct the District to truncate statutory time frames for tax certificate or tax deed sales or to cease use of the uniform methodology in favor of state circuit court foreclosure for any applicable year.

Section 612. Annual Report. In accordance with the authorization granted in Section 1101(b) of the Master Indenture the first sentence Section 808(a) of the Master Indenture is hereby amended in regard to the 2015 Bonds to read as following:

The District shall, within two hundred seventy (270) days after the close of each Fiscal Year (or such lesser period as may be required by Florida law) so long as any 2015 Bonds are Outstanding, file with the Trustee, solely as a repository of such information and otherwise as provided by law, a copy of any annual report for such year, accompanied by an Accountant's Certificate, including: (i) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (ii) statements of all receipts and disbursements of the Pledged Revenues for the 2015 (unless the Pledged Revenues are remitted directly to the Trustee) close of each Fiscal Year so long as any 2015 Bonds are Outstanding.

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

**HARMONY COMMUNITY DEVELOPMENT DISTRICT**

[SEAL]

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

ATTEST:

By: \_\_\_\_\_  
Secretary

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

By: \_\_\_\_\_  
Vice President

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United States of America  
 State of Florida  
**HARMONY COMMUNITY DEVELOPMENT DISTRICT**  
**CAPITAL IMPROVEMENT REVENUE REFUNDING BOND, SERIES 2015**

Interest <u>Rate</u>	Maturity <u>Date</u>	Dated <u>Date</u>	<u>CUSIP</u>
_____ %	May 1, _____	April 28, 2015	

Registered Holder: CEDE & CO.  
 Principal Amount: \_\_\_\_\_ MILLION \_\_\_\_\_ HUNDRED \_\_\_\_\_ THOUSAND AND NO/100 DOLLARS

THE HARMONY COMMUNITY DEVELOPMENT DISTRICT HAS ESTABLISHED A BOOK ENTRY SYSTEM OF REGISTRATION FOR THIS 2015 BOND. EXCEPT AS SPECIFICALLY PROVIDED OTHERWISE IN THE INDENTURE, CEDE & CO., AS NOMINEE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (DTC), WILL BE THE REGISTERED HOLDER AND WILL HOLD THIS BOND ON BEHALF OF EACH BENEFICIAL HOLDER HEREOF. BY ACCEPTANCE OF A CONFIRMATION OF PURCHASE, DELIVERY OR TRANSFER, EACH BENEFICIAL OWNER OF THIS 2015 BOND SHALL BE DEEMED TO HAVE AGREED TO SUCH ARRANGEMENT. CEDE & CO., AS REGISTERED HOLDER OF THIS BOND, MAY BE TREATED AS THE HOLDER OF IT FOR ALL PURPOSES.

UNLESS THIS 2015 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, WITH RESPECT TO ANY 2015 BOND REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED HOLDER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

HARMONY COMMUNITY DEVELOPMENT DISTRICT, a community development district duly created and chartered by, and duly established by Osceola County ordinance pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the Registered Holder set forth above, or registered assigns, on the maturity date shown hereon, unless this 2015 Bond shall have been called for redemption in whole or in part and payment of the redemption price shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or if no interest has been paid, from the Dated Date shown above, on May 1 and November 1 of each year (each, an Interest Payment Date), commencing on November 1, 2015, until payment of said principal sum

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has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the Registered Holder hereof at the close of business on the regular record date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or redemption price shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the Registered Holder of this 2015 Bond. Any payment of principal, or redemption price shall be made by wire transfer or other agreed to means but the final payment of principal shall be made only upon presentation hereof at the designated office of U.S. Bank National Association, located in Orlando, Florida, or any alternate or successor paying agent (collectively, "the Paying Agent"), except that no presentation shall be required while the Bonds are held in book-entry only. Payment of interest shall be made by check or draft or by wire transfer to the Registered Holder set forth above if such Holder requests payment by wire transfer in writing on or prior to the regular record date for the respective interest payment to such account as shall be specified in such request, but only if the Registered Holder set forth above owns not less than \$1,000,000 in aggregate principal amount of the 2015 Bonds or all of the then Outstanding 2015 Bonds, as defined below. Interest on this 2015 Bond will be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the District designated Capital Improvement Revenue Refunding Bonds, Series 2015 (the "2015 Bonds") issuable under and governed by the terms of a Master Trust Indenture, dated as of December 1, 2000 (the "Master Indenture"), between the District and U.S. Bank National Association as ultimate successor to First Union National Bank, as trustee (the "Trustee"), as supplemented by a Sixth Supplemental Trust Indenture, dated as of April 1, 2015 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as supplemented by the Supplemental Indenture is hereafter referred to as the "Indenture"). The 2015 Bonds are issued in an aggregate principal amount of \$13,530,000, for the purposes of together with other legally available monies of the District (i) defeasing of the District's Outstanding Capital Improvement Revenue Bonds, Series 2004; (ii) paying certain costs associated with the issuance of the 2015 Bonds; (iii) making a deposit into the 2015 Reserve Account for the benefit of all of the 2015 Bonds and (iv) paying certain costs of acquiring and constructing the 2015 Project (as defined in the Supplemental Indenture).

NEITHER THIS 2015 BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS 2015 BOND AND THE INTEREST AND PREMIUM, IF

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ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO HOLDER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2015 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE 2015 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2015 TRUST ESTATE, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the resolutions of the District to happen, exist and be performed precedent to and in the issuance of this 2015 Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This 2015 Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

IN WITNESS WHEREOF, Harmony Community Development District has caused this 2015 Bond to bear the signature of the Chairperson of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

**HARMONY COMMUNITY DEVELOPMENT DISTRICT**

(SEAL)

By: \_\_\_\_\_  
 Chairperson, Board of Supervisors

ATTEST:

By: \_\_\_\_\_  
 Secretary

CERTIFICATE OF AUTHENTICATION

This 2015 Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

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

By: \_\_\_\_\_  
Vice President

Date of Authentication: \_\_\_\_\_

This 2015 Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, as amended, and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the designated office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of 2015 Bonds, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, and redemption price of, and the interest on, the 2015 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of 2004 Assessments (as defined in the Indenture), the terms and conditions under which the 2015 Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Registered Holders of the 2015 Bonds, and, by the acceptance of this 2015 Bond, the Registered and Beneficial Owners consent to all of the provisions of the Indenture. Terms not otherwise defined herein shall have the meaning ascribed to them in the Indenture. The 2015 Bonds are equally and ratably secured by the 2015 Trust Estate, without preference or priority of one 2015 Bond over another.

This 2015 Bond is transferable by the Registered Holder hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Orlando, Florida as Bond Registrar (the "Bond Registrar"), upon surrender of this 2015 Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new 2015 Bond or 2015 Bonds, in the same aggregate principal amount as the 2015 Bond or 2015 Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Orlando, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, 2015 Bonds may be exchanged for an equal aggregate principal amount of 2015 Bonds of the same maturity, in authorized denominations and bearing interest at the same rate or rates.

The District has established a book-entry system of registration for the 2015 Bonds. Except as specifically provided otherwise in the Indenture, an agent will hold this 2015 Bond on behalf of the Beneficial Holder hereof. By acceptance of a confirmation of purchase, delivery or transfer, the Beneficial Holder of this 2015 Bond shall be deemed to have agreed to such arrangement.

Optional Redemption

The 2015 Bonds are subject to redemption in whole or in part at the option of the District prior to maturity on May 1, 2025 and any date thereafter at the Redemption Price of 100% of the principal amount to be redeemed plus accrued interest to the redemption date.

Mandatory Redemption

The 2015 Bonds maturing on May 1, 2018 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2015 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization

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Installments at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, on May 1 of the years and in the principal amounts set forth below.

Year	Principal Amount
2016	\$390,000
2017	410,000
2018*	425,000

\*Maturity

The 2015 Bonds maturing on May 1, 2025 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2015 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, on May 1 of the years and in the principal amounts set forth below.

Year	Principal Amount
2019	\$445,000
2020	465,000
2021	490,000
2022	510,000
2023	535,000
2024	560,000
2025*	585,000

\*Maturity

The 2015 Bonds maturing on May 1, 2036 are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the 2015 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date, on May 1 of the years and in the principal amounts set forth below.

Year	Principal Amount
2026	\$ 610,000
2027	640,000
2028	675,000
2029	715,000
2030	745,000
2031	780,000
2032	820,000
2033	865,000
2034	905,000
2035	955,000
2036*	1,005,000

\*Maturity

Upon redemption or purchase of a 2015 Bond (other than redemption in accordance with scheduled Amortization Installments), the District shall cause to be recalculated and delivered to the Trustee a revised schedule of Amortization Installments recalculated so that Debt Service on the 2015 Bonds is amortized in substantially equal annual installments of principal and interest (subject to rounding to authorized denominations of principal) over the remaining term of the 2015 Bonds. The annual principal amounts so determined are hereinafter referred to as the "Aggregate Amortization Installments." The Amortization Installments as so recalculated shall not result in an increase in the principal or Aggregate Amortization Installments in any one year.

Extraordinary Mandatory Redemption

The 2015 Bonds are subject to extraordinary mandatory redemption prior to scheduled maturity, in whole on any date or in part on any Interest Payment Date, and if in part by lot in the manner determined by the Bond Registrar and as otherwise provided in the Indenture, at the redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date, (i) if and to the extent that moneys are transferred to the Prepayment Account following the prepayment of 2004 Assessments, (ii) when the amount on deposit in the 2015 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all 2015 Bonds then Outstanding as provided in the Supplemental Indenture and (iii) on or after the Completion Date of the 2015 Project by application of moneys transferred from the 2015 Acquisition and Construction Account to the 2015 Prepayment Account in accordance with the terms of the Supplemental Indenture.

Except as otherwise provided in the Indenture, if less than all of the 2015 Bonds subject to redemption shall be called for redemption, the particular such 2015 Bonds or portions of such 2015 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of 2015 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each Registered Holder of 2015 Bonds to be redeemed at the address of such Registered Holder recorded on the bond register maintained by the Bond Registrar. On the date

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designated for redemption, notice having been given and money for the payment of the redemption price being held by the Paying Agent, all as provided in the Indenture, the 2015 Bonds or such portions thereof so called for redemption shall become and be due and payable at the redemption price provided for the redemption of such 2015 Bonds or such portions thereof on such date, interest on such 2015 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2015 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Holders thereof shall have no rights in respect of such 2015 Bonds or such portions thereof so called for redemption except to receive payments of the redemption price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Holder of this 2015 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.

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

Any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any 2015 Bond which remain unclaimed for two (2) years after the date when such 2015 Bond has become due and payable, either at its stated maturity date or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such 2015 Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Trustee or Paying Agent to or in respect of such moneys.

This 2015 Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida, however, the 2015 Bonds may only be transferred as provided in the Indenture.

This 2015 Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

[FORM OF ABBREVIATIONS FOR 2015 BONDS]

The following abbreviations, when used in the inscription on the face of the within 2015 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 tenant by the entireties

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

UNIFORM TRANS MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_ under Uniform Transfers to Minors Act \_\_\_\_\_ (State)

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

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within 2015 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to transfer the said 2015 Bond on the books of the District, with full power of substitution in the premises.

Date: \_\_\_\_\_  
Social Security Number of Employer \_\_\_\_\_  
Identification Number of Transferee: \_\_\_\_\_  
Signature guaranteed: \_\_\_\_\_

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within 2015 Bond in every particular without alteration or any change whatever.

By: \_\_\_\_\_  
Authorized Signatory

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**EXHIBIT "B"**

Description of the 2015 Project

**PUBLIC IMPROVEMENTS CONSTITUTING ASSESSABLE IMPROVEMENTS WITHIN THE MEANING OF CHAPTER 190, FLORIDA STATUTES, INCLUDING BUT NOT LIMITED TO:**

**STREET LIGHTS**

**LANDSCAPING IN DISTRICT OWNED COMMON AREAS**

**PUBLIC PARKS**

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**APPENDIX B**

**PROPOSED FORM OF APPROVING OPINION  
OF BOND COUNSEL**

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Akerman LLP  
420 South Orange Avenue  
Suite 1200  
Orlando, Florida 32801  
Tel: 407.423.4000  
Fax: 407.843.6610

[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2015

Board of Supervisors  
Harmony Community Development District

\$13,530,000

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2015**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Harmony Community Development District (the "Issuer") of its Capital Improvement Revenue Refunding Bonds, Series 2015 (the "2015 Bonds"), pursuant to the Constitution and laws of the State of Florida, including particularly the Uniform Community Development District Act of 1980, Chapter 190, *Florida Statutes*, as amended (the "Act") and Ordinance No. 00-05 of Osceola County, Florida, as amended (the "Ordinance"). The 2015 Bonds are being issued pursuant to the Act, the Ordinance, Resolution No. 2015-04 adopted by the Board of Supervisors of the District (the "Board") on March 26, 2015 as amended (the "Resolution"), and a Master Trust Indenture dated as of December 1, 2000 (the "Master Indenture"), as supplemented by a Sixth Supplemental Trust Indenture dated as of April 1, 2015 (the "Supplemental Indenture," and together with the Master Indenture, the "Indenture"), between the District and U.S. Bank National Association, as trustee (the "Trustee") (collectively, the "Indenture"). Any capitalized undefined term used herein shall have the same meaning as such term has under the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and other certifications of officials furnished to us, without undertaking to verify the same by independent investigation.

Reference is made to the opinion of even date herewith of Young van Assenderp, & Qualls, P.A., Counsel to the Issuer, on which we have solely relied, as to the due creation and valid existence of the Issuer, the due authorization, execution and delivery of the Indenture by the Issuer and the due adoption of the Resolution and other resolutions of the Issuer.

We have also relied upon all findings in the final judgment rendered by the Circuit Court in and for Osceola County, Florida on August 4, 2000. Reference is also made to the opinion of even date herewith of counsel to the Trustee, on which we have relied, as to the due authorization and execution of the Indenture by the Trustee and of the enforceability of the Indenture against the Trustee.

In addition to the foregoing, we have examined and relied upon such other agreements, certificates, documents and opinions submitted to us, including certifications and representations of public officials and other officers and representatives of the various parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such agreements, certificates, documents, representations and opinions submitted to us and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of the signatures on all documents and instruments, the authenticity of documents submitted as originals, the conformity to originals of documents submitted as copies and the legal capacity of all natural persons.

The scope of our engagement in relation to the issuance of the 2015 Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein.

This opinion should not be construed as offering material or 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 2015 Bonds. In addition, we have not been engaged to and, therefore, do not express any opinion as to compliance by the Issuer with any federal or state statute, regulation or ruling with respect to the sale and distribution of the 2015 Bonds.

Neither the 2015 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the Issuer within the meaning of the Constitution and laws of Florida. The 2015 Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the Issuer or a lien upon any property of the Issuer other than as provided in the Indenture. No owner of the 2015 Bonds

or any other person shall ever have the right, directly or indirectly, to require or compel the exercise of any ad valorem taxing power of the Issuer or any other public authority or governmental body to pay the principal of or interest and premium, if any, on the 2015 Bonds or to pay any other amounts required to be paid pursuant to the Indenture or the 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 upon the foregoing, we are of the opinion that:

1. The Issuer has been duly created and validly exists as a community development district under the Act.

2. The Indenture has been duly authorized and executed by the Issuer and constitutes a valid and binding obligation of the Issuer. The Indenture creates the valid pledge which it purports to create of the 2015 Trust Estate in the manner and to the extent provided therein.

3. The 2015 Bonds have been duly authorized, executed and delivered by the Issuer and are valid, binding, and enforceable special obligations of the Issuer, payable solely from the sources provided therefore in the Indenture.

4. The interest on the 2015 Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations but is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinions set forth in the immediately preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"), that must be met or satisfied in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure of the Issuer to comply with such requirements may cause the inclusion of interest on the 2015 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2015 Bonds. Other provisions of the Code may give rise to adverse federal income tax consequences to particular holders of the 2015 Bonds. The scope of this opinion is limited to the matters addressed above and we express no opinion regarding other federal tax consequences arising with respect to the 2015 Bonds.

In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the 2015 Bonds in order that interest on the 2015 Bonds not be included in gross income for federal income tax purposes.

5. Pursuant to the Act, the 2015 Bonds and the interest paid thereon are exempt from all taxes imposed by the State of Florida except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes.

6. The defeasance of the Refunded Bonds is permitted under the provisions of the Master Indenture and the Fourth Supplemental Trust Indenture dated as of December 1, 2004 between the Issuer and the Trustee and such defeasance will not adversely affect the tax-exempt status of the interest on the Refunded Bonds.

We express no opinions in connection with the issuance of the 2015 Bonds other than as expressed herein.

It is to be understood that the rights of the owners of the 2015 Bonds and the enforceability of the 2015 Bonds and the Indenture may be subject to (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other similar statutes, rules, regulations, or other laws affecting the enforcement of creditor's rights and remedies generally and (b) the unavailability of, or limitation on the availability of, a particular right or remedy (whether in a proceeding in equity or at law).

Our opinions expressed herein are predicated upon present law, (and interpretations thereof) facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws (and interpretations thereof), facts or circumstances change after the date hereof.

Very truly yours,

**AKERMAN LLP**

**APPENDIX C**

**ASSESSMENT METHODOLOGY REPORT**

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**HARMONY  
COMMUNITY DEVELOPMENT DISTRICT**

**FINAL  
Special Assessment Methodology**

**Severn Trent Environmental Services, Inc.  
10300 NW 11<sup>th</sup> Manor  
Coral Springs, Florida 33071**

**April 27, 2000**

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**ASSESSMENT METHODOLOGY  
HARMONY COMMUNITY DEVELOPMENT DISTRICT**

**April 27, 2000**

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**1.0 Introduction**

**1.1 Purpose**

This report provides a methodology for allocating the debt incurred by the Harmony Community Development District (“Harmony” or “District”) to properties in the District. The District’s debt will fund infrastructure improvements that will allow the development of the property in the District. The methodology allocates this debt to properties based upon the special benefits each receives from the infrastructure program. In this case the properties receiving benefit include 992.6 acres, a portion of the Birchwood DRI (Development of Regional Impact) Community, within the District. The report is designed to conform to the requirements of Chapters 190 and 170, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject.

**1.2 Background**

The Harmony Community Development District consists of approximately 992.6 acres in Osceola County, Florida. Birchwood will be a mixed use master-planned community. The development plan for the land within the District includes the construction of approximately 2,060 residential units, 399,000 square feet of commercial, 385,000 square feet of office, 13.5 acres of Institutional use, an 18-hole golf course and clubhouse, parks, and open space.

**Table 1  
Land Use Summary**

<u>Land Use</u>	<u>Acres</u>	<u>Assessable Acres</u>
Residential	308.40	308.40
Village Commercial	6.00	6.00
Commercial	21.20	21.20
Office	26.60	26.60
Institutional	13.50	
Open Spaces/Parks	60.50	
Golf Course/Clubhouse	288.70	288.70
Town Center	29.20	29.20
Retention/Detention Ponds	60.30	
Road ROW	47.90	
Conservation/Preservation Areas	<u>130.30</u>	
Total	992.60	<u>680.10</u>

The assessment methodology is a five-step process. Since present plans call for construction of infrastructure in two phases, the District Engineer must first determine the costs for all District improvements needed for the build-out of the community. Second, the District Engineer determines what Phase 1 costs are allocable to Phase 1 acreage, and what costs are allocable to Phase 2 acreage. Third, the District Engineer determines the assessable acres that benefit from the District's infrastructure improvements in each phase of construction. Fourth, a calculation is made to determine the funding amounts necessary to acquire and/or construct the District infrastructure improvements in each phase. Fifth, this amount is initially divided equally among the benefited properties in each phase on a net acreage basis. Ultimately, as land is platted, this amount will be allocated to each of the benefited properties based on certain characteristics accruing to each parcel.

### **1.3 Special Benefits and General Benefits**

Improvements undertaken by the District create special benefits, different in nature and degree, for properties within its borders, as well as general benefits to the public at large. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District. The infrastructure program of the District enables properties within its boundaries to be developed. Without the District's program there would be no infrastructure to support development of land in the District.

Furthermore, the development order for Birchwood requires offsite improvements for Water and Wastewater Facilities/Interconnection Infrastructure. Without these improvements, development of property in the District would be prohibited by law.

There is no doubt that the general public and property owners outside the District will benefit from the provision of the District's infrastructure. However, these are incidental to the District's infrastructure program, which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's improvement program to obtain, or to maintain, their development entitlements. This fact alone clearly distinguishes the special benefits which District properties receive compared to those lying outside of the District's boundaries.

### **1.4 Special Benefits Exceed the Costs Allocated to Pay for Them**

In the case of Harmony the value of the special benefits provided by the District's improvement program is far greater than the costs associated with providing these same benefits. The amount of bonds to be authorized by the District to fund its improvement program is anticipated to total **\$50,000,000**. It is the District's

improvement program that makes it possible to develop and sell the land within its boundaries.

## 2.0 Assessment Methodology

### 2.1 Overview

The current projected financial plan for the District calls for a total of approximately \$50,000,000 in tax exempt bonds to be issued in two series. The proceeds from these bond issues will fund the District's infrastructure program and provide for capitalized interest, a debt service reserve account, and issuance costs. It is this \$50,000,000 in debt that is allocable to all properties within the District benefiting from the improvements funded by the District's bonds.

The landowner has developed a master plan for the property identifying particular land uses throughout the District. Table 2 below depicts acreages accruing to the different land uses and also the current plan for product distribution within each phase of development.

**Table 2  
Proposed Acreage and Product Distribution by Phase**

Land Use	Phase 1 Acres	Phase 2 Acres	Total Acres	Phase 1 Units	Phase 2 Units	Total Units
Residential	94.5	219.9	314.4	1,069	991	2,060
Commercial		21.9	21.2		190k sf	399k sf
Office		26.6	26.6		320k sf	385k sf
Golf Course	288.7		288.7			
Town Center	29.2		29.2	274k sf		
Totals	412.4	267.7	680.1			

The District has relied upon the landowner's land use plan to develop the District's capital improvement program. As mentioned previously, at the present time, the District plans to construct its infrastructure in two phases, with Phase 1 occurring in the period 2000 through 2001, and Phase 2 being planned for the years 2003 through 2004. Table 3 below delineates the proposed construction costs for the District's infrastructure.

**Table 3  
Proposed Construction Costs (1)**

<b>Item</b>	<b>Phase I Total</b>	<b>Phase II Total</b>	<b>Total Project</b>	<b>Type</b>
Underground Electric/Street Lighting Roadways/Entrance Ponds/Secondary Drainage	\$1,000,000 \$ 2,000,000	\$1,400,000 \$ 2,600,000	\$ 2,400,000 \$ 4,600,000	O R
Water, Sewer & Reuse Lines/Lift Stations	\$ 1,650,000	\$ 2,250,000	\$ 3,900,000	O
Stormwater Facilities in Golf Course	\$ 1,800,000	-0-	\$ 1,800,000	O
Landscaping/Hardscape	\$ 1,800,000	\$ 2,100,000	\$ 3,900,000	R
Recreation/Parks	\$ 1,750,000	\$ 2,200,000	\$ 3,950,000	O
Land Acquisition (2)	\$ 4,500,000	-0-	\$ 4,500,000	R
Off-Site Water Facilities	\$ 3,500,000	\$ 1,000,000	\$ 4,500,000	O
Off-Site Wastewater Facilities	\$ 2,500,000	\$ 2,000,000	\$ 4,500,000	O
Off-Site Water/Wastewater/Effluent Reuse Infrastructure Connections	\$ 800,000	-0-	\$ 800,000	O
Off-Site Effluent Reuse Facilities	\$ 800,000	-0-	\$ 800,000	O
Public Art (2%)	\$ 436,000	\$ 270,000	\$ 706,000	O
<b>Total Construction Costs</b>	<b>\$22,536,000</b>	<b>\$13,820,000</b>	<b>\$36,356,000</b>	

R=Roadway Related; O=All Other Costs.

- (1) Includes contingency, technical services costs and an inflation factor. Does not include legal, administrative, financing, operation or maintenance services costs.  
(2) Parks, ROW, Preservation Areas.

At the outset, the District's debt will be allocated by phase to all assessable property in the Harmony CDD on an equal acreage basis. Based on the developer's current land plan, there are approximately 680.10 assessable acres within the Harmony CDD portion of the development. This acreage is primarily residential property to be devoted to single family and multi-family units. Phase 1 consists of approximately 412.4 assessable acres, and Phase 2 includes approximately 267.7 assessable acres. Based on the proposed construction costs (Table 3 above), a projected financing structure is depicted in Table 4 below.

**Table 4  
Proposed Financing Structure**

<b>Bond Issue:</b>	<b>Series <u>2002(1)</u></b>	<b>Series <u>2003(2)</u></b>
Construction Funds	\$22,536,000	\$13,820,000
Total Bond Amounts	\$30,994,000	\$19,006,000
Estimated Interest Rates	7.5%	7.75%
Term (years)	30 years	30 years
Final Maturity	5/1/2030	5/1/2034
Cap. Interest Period thru	none	11/1/2005
Debt Service Reserves	\$3,099,400	\$1,900,600

(1) The Series 2002 Bonds will have two components, an A portion and a B portion. The 2002 Series A Bonds will total have an estimated coupon interest rate of 7.5%, and a life of 30 years. The Series 2002B Bonds will have an estimated coupon interest rate of 7.5%, and a life of 5 years.

(2) Similarly, the Series 2003 Bonds will have two components. The 2003 Series A Bonds are projected to have an estimated coupon interest rate of 7.75% and a life of 30 years. The Series 2003B Bonds are projected to have an estimated coupon interest rate of 7.25%, and a life of 5 years.

Notwithstanding (1) and (2) above, nothing shall preclude the District from issuing interim financing such as, but not limited to, bond anticipation notes to facilitate the District's acquisition or construction of the Improvements. In fact, the District does currently anticipate the issuance of Bond Anticipation Notes in the year 2000 to provide interim financing prior to the issuance of the Series 2002 Bonds.

## **2.2 Master Improvement Program as a Total System**

The District is undertaking the responsibility of providing a portion of the infrastructure, which will serve the Harmony CDD portion of the community. The Project is an integrated system of facilities. For example, a total system consists of not only the first mile of roadway or utility piping, but also the last few feet. All landowners benefit from the first mile of roadway pavement. Additionally, all landowners benefit from the last few feet of roadway pavement. Therefore, the infrastructure program works as a total system, and each portion of the system provides special benefits for each land use, according to the development program.

The improvement program anticipated by the District is considered a multi-year construction program. As a practicality, most multi-year improvement programs are constructed in phases. These phases are usually devised so that the management and financing of the construction are performed in coordination with the sell-off of a building program similar to the development program outlined for this community. Under such a phasing plan, each part of the total system is designed to be functional and confer special benefits to the landowners without the subsequent phases having to be in place. Therefore, the first phase of a multi-phase capital improvement program can be financed independently of subsequent phases, and each subsequent phase can be financed independently of the previous phases. Similarly, due to the “total systems approach”, it is appropriate to assess Phase 1 debt to Phase 1 units, as they are developed, and Phase 2 debt to Phase 2 units.

The District is anticipating two phases at this time. This document outlines the methodology for determining the assessments for all benefiting lands within the District. A Supplemental Report will be generated prior to the issuance of the bonds for the infrastructure program, in accordance with the methodology outlined herein.

### **2.3 Allocation of Debt**

The Infrastructure Program benefits all developable acres within the District. The assessment methodology detailed herein provides for a fair and reasonable allocation of debt based on this premise.

Prior to platting, assessments will be levied on all land on an equal acreage basis, because at that juncture every acre benefits equally from the Program.

The debt incurred by the District to fund the Program is allocated to the properties receiving special benefits on the basis of development intensity and density. The responsibility for the repayment of the District’s debt through assessments will ultimately be distributed in proportion to the special benefit peculiar to the land within the District, as it may be classified within each of the land use categories. In this case debt will be allocated based on Equivalent Residential Units. The base unit is the 4.5 DU (Density Units) per acre product. It has been assigned an Equivalent Residential Unit (ERU) value of 1. A fair and reasonable assignment of benefit will be derived for all other residential and non-residential land use categories based on their relative density as compared to the 4.5 DU/Acre product. These ERU values are delineated in Table 5.

**Table 5**  
**LAND USE BY FINAL PRODUCT TYPE**

<u>Product Type</u>	<u>Units</u>	<u>ERUs/Unit</u>	<u>Total ERUs</u>
Single Family:			
4.5 DU/Acre	1,374	1.00	1,374
9 DU/Acre	118	0.70	83
Multi Family	568	0.50	284
Golf Course/Clubhouse	1	5	5
Office	385k sf	3/10,000 sf	116
Commercial	399k sf	3/10,000 sf	120

In accordance with the benefit allocation suggested by the ERU’s assigned to each product type, a Total Debt per Unit and an Average Annual Assessment per Unit have been calculated for each product type. (Tables 7 and 9) These amounts are based on the projected debt requirements suggested in Table 4, and represent the anticipated per unit debt allocations assuming all anticipated units are built and sold in the proportions planned, and the entire proposed infrastructure program is developed or acquired and financed by the District.

During the interim state, until all of the District’s land has been developed (including the platting of individual lots and transferring of title to the ultimate homeowner), the assessments on the land that has not been sold are not fixed and determinable. As the District’s infrastructure is built, and land begins to be platted, the District will determine **on an annual basis** the relative value of both the platted lots for sale (“Unsold Platted Lots”) and the unsold and unplatted land (“Unsold Unplatted Acres”). This procedure is performed to fairly distribute the responsibility to repay debt incurred by the District to build its infrastructure.

By virtue of platting land, certain development rights are committed to, and peculiar to, each plat, thereby changing the character and value of the land by enhancing the capacity of the Unsold Platted Lots to receive the special and peculiar benefits of the District’s improvements. This takes place while also incurring a corresponding increase in the responsibility for payment of its portion of the debt associated with the improvements. Therefore, the relative value of both the Unsold Platted Lots and the Unsold Unplatted Acres can be utilized to re-allocate the assessments on a per lot basis for the Unsold Platted Lots, and on a per acre basis for the Unsold Unplatted Acres.

The following paragraphs detail the required calculations:



1. First, the District will calculate the “Unallocated Balance”. This balance is calculated by subtracting the principal amount of debt service which has been allocated to the platted lots that have been sold and ownership transferred to the ultimate landowner (“Sold Lots”), and subtracting the principal amount of debt service which has been allocated to the development parcels that have been sold (“Sold Units”) from the principal amount of the Bonds outstanding.
2. The District will subtract the Sold Lots Acres and the Unsold Platted Lots Acres from the Total Assessable Acres to yield the number of Unsold Unplatted Acres.
3. The District will determine the aggregate value of all Unsold Unplatted Acres by securing the most recent assessed value of such land as determined by the Osceola County Property Appraiser’s Office (the “Unsold Unplatted Acres Value”).
4. Next, the District must determine the relative aggregate value of all Unsold Platted Lots and Unsold Unplatted Acres. The District will determine the value of all Unsold Platted Lots by obtaining the most current sales prices of comparable lots in the development from the developer, multiplying such values by 90% (to approximate “appraised values”) and multiplying the resulting values times the number of each such Unsold Platted Lot. These values are then summed (the “Unsold Platted Lots Value”).
5. The District will sum the Unsold Platted Lots Value and the Unsold Unplatted Acres Value (the “Aggregate Unsold Value”).
6. The District shall then divide the Unsold Unplatted Acres Value by the Aggregate Unsold Value to obtain the “Unsold Unplatted Acres Ratio” and shall divide the Unsold Platted Lots Value by the Aggregate Unsold Value to obtain the “Unsold Platted Lots Ratio”.
7. Next, the District shall apply the Unsold Unplatted Acres Ratio to the Unallocated Balance and divide the result thereof by the number of Unsold Unplatted Acres in order to obtain the assessment per acre for Unsold Unplatted Acres.
8. Then, the District shall apply the Unsold Platted Lots Ratio to the Unallocated Balance and divide the result thereof by the number of acres allocable to Unsold Platted Lot to obtain the assessment per acre for Unsold Platted Lots.
9. The assessment per acre for the Unsold Platted Lots will be applied to each Unsold Platted Lot by multiplying the Unsold Platted Assessment per Acre by the lot size of each Unsold Platted Lot.

A **hypothetical** illustration of how the assessment methodology works in the interim state follows:

### **Illustration**

The District shall, on an annual basis, ascertain the following:

1. Sales Price per Unsold Platted Lot
2. Total Number of Unsold Platted Lots
3. Acreage of each Unsold Platted Lot
4. Unsold Platted Lots Value (Aggregate)
5. Total Number of Sold Lots
6. Total Sold Lots Acreage
7. Number of Unsold Unplatted Acres
8. Total Value of Unsold Unplatted Acres
9. Relative Value Percentages of Unsold Platted Lots and Unsold Platted Acres
10. Sold Lots Assessments
11. Calculation of the Unallocated Balance
12. Ratio Calculation of Unsold Platted Lots and Unsold Platted Acres
13. Calculation of Unsold Unplatted Acres Assessments (per acre)
14. Calculation of Unsold Platted Lots Assessments (per acre)
15. Calculation of individual Unsold Platted Lots Assessment (per lot)

A detailed example of this illustration may be found in Table 10.

#### **2.4 Lienability Test: Special and Peculiar Benefit to the Property**

Construction and/or acquisition by the District of its proposed infrastructure program will provide several types of systems, facilities and services for its residents. These include surface water management, parks and recreation, and the provision of water and sewer facilities. These improvements accrue in differing amounts and are somewhat dependent on the type of land use receiving the special benefits peculiar to those properties which flow from the logical relationship of the improvements to the properties.

An example of this differentiation, is that the average daily road trip rate (as cited in the 6<sup>th</sup> Edition of the Institute of Transportation Engineers, 1997 (“ITE”) is 5.86 average daily trips for a residential condominium/townhouse unit (page 361), and 9.57 average daily trips for the single family residential category (page 263). In addition, the ITE (page 262) also suggests that “dwelling units that were larger in size and more expensive, had a higher rate of trip generation per unit than those smaller in size, and less expensive”. In this example the larger dwelling unit

would create more trips (more use) than the smaller unit. Therefore, it can be logically determined that larger dwelling units receive more benefit from a quantity of roadway than the benefit received by a smaller unit. It can also be recognized that each condominium and villa unit receives less surface water management, per unit, than single family residences situated on the larger lots. Similarly, water and sewer benefits received by condominiums and villas are also less than those received by the larger single family residences.

Once these determinations are made, they are reviewed in the light of the special benefits peculiar to the property which flow to the properties as a result of their logical connection from the improvements in fact actually provided. The special and peculiar benefits, identified for each improvement, are:

- a. For the provision of underground electric/street lighting, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- b. For the provision of Roadways/Entrance Ponds/Secondary Drainage, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- c. For the provision of Water, Sewer & Reuse Lines/Lift Stations, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- d. For the provision of Stormwater Facilities in the Golf Course, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- e. For the provision of Landscaping/Hardscape, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- f. For the provision of recreation/parks, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- g. For the provision of Off-site Water/Wastewater/Effluent Reuse Facilities and Infrastructure Connections, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- h. For the provision of public art, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.

These special and peculiar benefits are real and ascertainable, but are not yet capable of being calculated as to value with mathematical certainty. However, each is by orders of magnitude more valuable than either the cost of, or the actual non-ad valorem special assessment levied for, the improvement or the debt as allocated.

**2.5 Lienability Test: Reasonable and Fair Apportionment of the Duty to Pay**

A reasonable estimate of the proportion of special and peculiar benefits received from the Improvements is as follows (expressed in Equivalent Residential Units):

<u>Product Type</u>	<u>Equivalent Residential Units</u>
4.5 DU/Acre Units	1.00
9 DU/Acre Units	0.70
Multi-family Units	0.50
Golf Course/Clubhouse (1)	5
Office/Commercial	3 ERU/10,000 s.f.

(1) Assumes a 10,000 s.f. Clubhouse at commercial rate of 2 ERUs/1000 s.f.

The determination has been made that the duty to pay the non-ad valorem special assessments is fairly and reasonably apportioned because the special and peculiar benefits to the property deriving from the acquisition and/or construction of the District’s Improvements (and the concomitant responsibility for the payment of the resultant and allocated debt) have been apportioned to the property according to reasonable estimates of the special and peculiar benefits provided consistent with each land use category.

Accordingly, no acre or parcel of property within the boundary of the District will be liened for the payment of any non-ad valorem special assessment more than the determined special benefit peculiar to that property, further, the debt allocation will not be affected.

In accordance with the benefit allocation suggested by the ERU’s assigned to each product type, a Total Debt per Unit has been calculated for each product type. (Table 9A) These amounts represent the anticipated per unit debt allocations assuming all anticipated units are built and sold in the proportions planned, and the entire proposed infrastructure program is developed or acquired and financed by the District.

## **2.6 True-Up Mechanism**

In order to assure that the District's debt will not build up on the Unplatted Acres, and to assure that the requirements that the non-ad valorem special assessments will be constitutionally lienable on the property will continue to be met, the District shall determine the following:

To assure that there will always be sufficient development potential remaining in the undivided property to assure payment of debt service after a plat, the following test will be applied. The test is that the debt per acre remaining on the unplatted land is never allowed to increase above its maximum debt per acre level. Initially, the maximum level of debt per acre is calculated as the total amount of debt for the District's improvement program divided by the number of developable acres in the District. In this case it is \$50,000,000 divided by 680.10 acres, equaling \$73,519 per acre. Thus, if the initial debt level is \$73,519 per acre, every time a plat is presented, the debt on the land remaining after the plat must remain at or below \$73,519 per acre. If not, then to approve the plat the District will require a density reduction payment so that the \$73,519 per acre debt level is not exceeded.

Thus, the debt allocation methodology provided above is really a process by which the District can allocate debt to particular parcels of land at the time of platting. The procedures also assure that the debt will not build up on the unplatted properties creating potential assessment problems.

## **2.7 Bond Sizing**

As mentioned previously in Section 2.1, it is expected that the District's bonds will total approximately \$50,000,000 and will be issued in two series. The proceeds from these bonds will:

- (a) fund the District's proposed infrastructure,
- (b) provide for capitalized interest,
- (c) fund the debt service reserve fund,
- (d) and cover the costs of issuance of the bonds.

The bond structure for the first bond issue in connection with the funding of the District's infrastructure for Phase 1 (the Series 2002 Bonds) is a 30 year A Series Bond with annual amortization of principal and interest and a 5 year bond with one principal payment to be paid in the final year, for the B Series Bonds. It is also anticipated that the Series B debt will be paid down as sales of lots occur. It is assumed that an additional bond series of a similar structure will be issued in the year 2003, the Series 2003 Bonds to pay for Phase 2 infrastructure.

Prior to the issuance of each Series of Bonds, a supplemental assessment report based on the proposed development plan, based on density and intensity, and likewise the allocation of the total debt and the maximum annual assessments per unit.

The maximum annual assessments to be allocated to the Series A Bonds, the permanent bonds, will not exceed the following rates:

Single Family	4.5 DU/Acre	\$2,000 per unit per year
Multi-Family	9.0 DU/Acre	\$1,100 per unit per year
Multi-Family		\$ 625 per unit per year
Golf Course		\$ 140 per acre per year
Office		\$ 0.44 per sf per year
Commercial		\$ 0.44 per sf per year

## **2.8 Equivalent Residential Units**

The assessment methodology directly allocates debt to specific property categories (or land use types) based upon an estimated benefit that each category receives from the development of the District's infrastructure.

It is reasonable to measure benefit bestowed upon platted land by District improvements by taking into consideration certain characteristics accruing to each category of land use, such as average lot size, average cost of the vertical construction to be located on the parcel, and the average amount of District roadway usage emanating from the improved parcel of land. Each of these characteristics impacts on the amount of benefit received from the construction of the District infrastructure.

For example, a larger sized lot would obviously derive more benefit from improvement surface water drainage than would a smaller sized property.

In a similar manner, one must also consider the type of residential unit to be constructed on each parcel. The current District plan envisions two main types of residential constructions: single family and multi-family. In addition to lot size and cost, one must also consider the benefit received by each type of land usage with regard to the use of the District's road system. Generally speaking, single family residences generate more road trips on an average daily basis than do multi-family units.

In summary, it is fair to assume that the 4.5 DU/Acre lot receives the highest proportion of benefit, followed by the 9 DU/Acre lots.

It would be impractical to estimate benefit received based on each individual land parcel because lot sizes, costs of the product and the amount of daily road trips

will vary within each land use type. However, we can structure a relationship between land use types that will reflect the differences in benefit received. This can be accomplished by assigning a common unit of benefit measurement known as Equivalent Residential Units to each land use type in the proportion to the estimated benefit received. These relationships (expressed as TRIPS and Equivalent Residential Units, ERUs) are as follows:

**Table 6**  
**Equivalent Residential Units and Trips**

<u>Land Use Type</u>	<u>TRIPS</u>	<u>ERUS</u>
Single Family	13,122	1,374
9 DU/Acre	778	83
Multi-Family	3,328	284
Golf Course/Clubhouse	2,405	5
Office	6,383	116
Commercial	16,766	120
Total TRIPS/ERUS	42,782	1,981

Tables 9A provides an illustration of how the allocation methodology is designed to work. This illustration is based upon the latest land use plan described above and calculates both the total debt allocation per land use type as well as the assessment amounts necessary to pay off the debt allocated to each type of residential unit. Table 7 provides a summary of adopted maximum annual assessments for the Series A Bonds.

**Table 7**  
**Maximum Annual Assessments Per Land Use Type**

Land Use Type	Number of Type	Maximum Annual Assessment Per Unit	Net Annual Assessment Per Unit (1)
Single Family:			
4.5 DU/Acre	1,374	\$2,000	\$1,880
9 DU/Acre	118	\$1,100	\$1,034
Multi-Family	568	\$ 625	\$ 588
Golf Course	288.7 acres	\$ 140 per acre	\$ 132 per acre
Office	385,000 sf	\$ 0.44 per sf	\$ 0.41 per sf
Commercial	399,000 sf	\$ 0.44 per sf	\$ 0.41 per sf

Totals

(1) Net is less 6% for Discounts and Collections related to collecting the assessments on the County Tax Notice.

## 2.9 Processing Plat at the District Level

Although the District does not process plats for the developer or the County, it does have an important role to play during the course of platting. Whenever a plat is processed, the District must allocate a portion of its debt to the newly platted property according to the methodology outlined above. In addition, the District must also prevent any buildup of debt on unplatted land. Otherwise, the land could be fully platted without all of the debt being allocated. To preclude this, at each plat the District will determine the amount of debt per acre that remains on the unplatted land, taking into account the proposed plat. If the debt per acre on the unplatted property does not increase above its initial level (\$73,519. per acre), then the plat may be approved.

Table 8 on the following page is the Special Assessment Roll for the District's total bonds to be authorized (\$50,000,000) and indicates the assessments derived from the bonds authorized for issuance accruing to each land parcel presently on the County's tax roll along with the projected initial maximum annual assessment per parcel.



TABLE 9A

Harmony Community Development District  
Allocation of Benefit  
Phases 1 and 2

Allocation of Construction Costs based on Benefit

<u>Tract</u>	<u>Product</u>	<u>Total # of Units</u>		<u>Trip Rates (1)</u>	<u>Assmt. Units</u>	<u>Road Related Costs</u>	<u>Const. Costs Per Unit</u>
	4.5 DU/Acre	1374	units	9.55	13121.7	\$ 3,987,244.53	\$ 2,901.92
	9 DU/Acre	118	units	6.59	778	\$ 236,292.64	\$ 2,002.48
	Multi-family	568	units	5.86	3328	\$ 1,011,413.43	\$ 1,780.66
	Golf Course	288.7	acres	8.33	2405	\$ 730,759.64	\$ 2,531.21
	Office	385,000	/1k sf	16.58	6383	\$ 1,939,670.77	\$ 5.04
	Commercial	399,000	/1k sf	42.02	16766	\$ 5,094,618.99	\$ 12.77
Totals					42782	\$ 13,000,000.00	

<u>Tract</u>	<u>Product</u>	<u># of Units</u>		<u>ERU Rates (1)</u>	<u>Assmt. Units</u>	<u>All Other Costs</u>	<u>Const. Costs Per Unit</u>
	4.5 DU/Acre	1374	units	1.00	1374	\$ 16,201,102.58	\$ 11,791.20
	9 DU/Acre	118	units	0.70	83	\$ 973,952.75	\$ 8,253.84
	Multi-family	568	units	0.50	284	\$ 3,348,699.52	\$ 5,895.60
	Golf Course	288.7	acres	5.00	5	\$ 58,955.98	\$ 204.21
	Office	385,000	/10k sf	3.00	116	\$ 1,361,883.08	\$ 3.54
	Commercial	399,000	/10k sf	3.00	120	\$ 1,411,406.10	\$ 3.54
Totals					1981	\$ 23,356,000.00	

Total Project Costs \$ 36,356,000.00

(1) Actual Trip Rates and ERU Rates to be used will be based on final development program, based on density and intensity.

Table 9B  
Allocation of Proposed Debt, Based on Density and Intensity of Development

<u>Tract</u>	<u>Product</u>	<u>Total # of Units</u>		<u>Allocation of Construction Costs</u>	<u>Allocation of Proposed Debt</u>	<u>Total Debt Per Unit/Ac/SF</u>
	4.5 DU/Acre	1374	units	\$ 20,188,347	\$ 27,764,808	\$ 20,207.28
	9 DU/Acre	118	units	\$ 1,210,245	\$ 1,664,437	\$ 14,105.40
	Multi-family	568	units	\$ 4,360,113	\$ 5,996,415	\$ 10,557.07
	Golf Course	288.7	acres	\$ 789,716	\$ 1,086,087	\$ 3,761.99
	Office	385,000	/1k sf	\$ 3,301,554	\$ 4,540,590	\$ 11.79
	Commercial	399,000	/1k sf	\$ 6,506,025	\$ 8,947,664	\$ 22.43
Totals				\$ 36,356,000	\$ 50,000,000	

**HARMONY COMMUNITY  
DEVELOPMENT DISTRICT**

**Amended and Restated  
Third Supplemental  
Special Assessment Methodology Report**



**Prepared by:**

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**December 13, 2004**

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**AMENDED AND RESTATED  
THIRD SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT  
HARMONY COMMUNITY DEVELOPMENT DISTRICT**

**December 13, 2004**

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## **1.0 Introduction**

### **1.1 Purpose**

This Amended and Restated Third Supplemental Assessment Methodology Report amends and restates the Preliminary Third Supplemental Methodology Report adopted by the Board of Supervisors on October 15, 2004, to reflect the final bond sizing and terms of the Series 2004 Bonds, which report was prepared to supplement the Special Assessment Methodology Report dated April 27, 2000 and adopted by the Board of Supervisors, as Supplemented on October 24, 2000, and again on October 9, 2001, wherein the Board identified an infrastructure improvement program to be financed through the issuance of tax-exempt bonds not to exceed \$50,000,000. The details of the infrastructure improvements to be constructed with the special assessment bonds and the current financing plan is the purpose of this report.

This report provides a methodology for allocating the debt incurred by the Harmony Community Development District (“Harmony” or “District”) to properties in the District. The District’s debt has and will fund infrastructure improvements that will allow the continued development of the property in the District. The methodology allocates this debt to properties based upon the special benefits each receives from the infrastructure program.

The original boundaries of the District consists of 992.6 acres. During 2005 the District anticipates annexing an additional 27.6 acres into the boundaries of the District consisting of a parcel referred to as Cat Lake. In this case the properties receiving benefit will include the total 1020.2 acres projected after the 2005 annexation. The District encompasses only a portion of the Birchwood DRI (Development of Regional Impact) Community. This report is designed to conform to the requirements of Chapters 190 and 170, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject.

## 1.2 Background

The Harmony Community Development District will consist of approximately 1,020.2 acres in Osceola County, Florida after the 2005 annexation of the Cat Lake Parcel. Harmony will be a mixed-use master-planned community. The development plan for the land within the District includes the construction of approximately 2,146 residential units, 399,000 square feet of commercial, 40,000 square feet of Town Center commercial, and 385,000 square feet of office, 13.5 acres of Institutional use, an 18-hole golf course and clubhouse, parks, and open space. (See Table 1 in the Appendix)

The assessment methodology is a six-step process, as follows:

1. Since current plans call for construction of infrastructure in three phases, the District Engineer must first determine the costs for all District improvements needed for the build-out of the community by phase.
2. The District Engineer determines what Phase 1 costs are allocable to Phase 1 acreage, and what costs are allocable to Phase 2 acreage and so on.
3. The District's Board of Supervisors determines the assessable acres that benefit from the District's infrastructure improvements in each phase of construction.
4. A calculation is made to determine the funding amounts necessary to acquire and/or construct the District infrastructure improvements in each phase.
5. This amount is initially divided equally among the benefited properties in each phase on a net acreage basis. Ultimately, as land is platted, this amount will be allocated to each of the benefited properties based on certain characteristics accruing to each parcel.
6. The Board of Supervisors determines the special and peculiar benefit to be apportioned to the assessable property through the preparation of an assessment methodology and the related duty to pay the assessments conferred on the benefited property.

### **1.3 Special Benefits and General Benefits**

Improvements undertaken by the District create special benefits, different in nature and degree, for properties within its borders, as well as general benefits to the public at large. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District. The infrastructure program of the District enables properties within its boundaries to be developed. Without the District's program there would be no infrastructure to support development of land in the District.

There is no doubt that the general public and property owners outside the District will benefit from the provision of the District's infrastructure program. However, these are incidental to the District's infrastructure program, which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's improvement program to obtain, or to maintain, their development entitlements. This fact alone clearly distinguishes the special benefits which District properties receive compared to those lying outside of the District's boundaries.

### **1.4 Special Benefits Exceed the Costs Allocated to Pay for Them**

In the case of Harmony the value of the special benefits provided by the District's improvement program is far greater than the costs associated with providing these same benefits. The amount of bonds authorized by the District to fund its entire improvement program is anticipated to total \$50,000,000. The District anticipates the issuance of a total of \$33,290,000 of special assessment bonds to fund the improvement program outlined in this report. It is the District's improvement program that makes it possible to develop and sell the land within its boundaries.

## **2.0 Assessment Methodology**

### **2.1 Overview**

The current projected financial plan for the District calls for a total of approximately \$33,290,000 in tax-exempt special assessment bonds to be issued in three series. The proceeds from these bond issues will fund the District's infrastructure program and provide for capitalized interest, a debt service reserve account, and issuance costs. It is this \$33,290,000 in debt that is allocable to all properties within the District benefiting from the improvements funded by the District's bonds.

The landowner has developed a master plan update for the property, including the proposed 2005 annexation area, identifying particular land uses throughout the District. Table 1 in the Appendix depicts acreages accruing to the different land uses and Table 2 provides the current plan for product distribution depicting existing units, current planned units and estimated future units for development.

The District has relied upon the landowner's land use plan to develop the District's infrastructure improvement program. As mentioned previously, at the present time, the District plans to construct the infrastructure improvement program in three phases, with Phase 1 having been completed and occurring in the period 2000 through 2002, Phase 2 being planned for the years 2004 through 2005, and Phase 3 planned for 2006. Table 3 in the Appendix delineates the estimated construction costs for the District's infrastructure program.

At the outset, the District's debt will be allocated to all assessable property in the Harmony CDD on an equal acreage basis. Based on the developer's current updated land use plan, there are approximately 707.6 assessable acres within the Harmony CDD portion of the development. This acreage is primarily residential property to be devoted to single family and multi-family units. Based on the estimated construction costs (Table 3), a projected financing structure is depicted in Table 4, including the previously issued Series 2001 Bonds and the projected future bonds planned for the years 2004 through 2006 (the "Series 2004" Bonds).

The proposed 2005 annexation area consisting of approximately 27.6 acres and planned for 86 residential units will not be assessed for the District's existing or proposed debt until such time as the annexation of the lands has been concluded. It is estimated that the total par amount of debt related to the annexation acreage is \$1,816,451.82, based on the current development plans for this area. The appendix of this report contains a table allocating future projected debt to the proposed annexation acreage.

## **2.2 Master Improvement Program as a Total System**

The District has undertaken the responsibility of providing a portion of the infrastructure, which will serve the Harmony CDD portion of the community. The Project is an integrated system of facilities. For example, a total system consists of not only the first mile of roadway or utility piping, but also the last few feet. All landowners benefit from the first mile of roadway pavement. Additionally, all landowners benefit from the last few feet of roadway pavement. Therefore, the infrastructure program works as a total system, and each portion of the system provides special benefits for each land use, according to the development program.

The improvement program anticipated by the District is considered a multi-year construction program. As a practicality, most multi-year improvement programs are constructed in phases. These phases are usually devised so that the management and financing of the construction are performed in coordination with the sell-off of a building program similar to the development program outlined for this community. Under such a phasing plan, each part of the total system is designed to be functional and confer special benefits to the landowners without the subsequent phases having to be in place. Therefore, the first phase of a multi-phase capital improvement program can be financed independently of subsequent phases, and each subsequent phase can be financed independently of the previous phases. Similarly, due to the "total systems approach", it is appropriate to assess Phase 1 debt to Phase 1 units, as they are developed, and Phase 2 debt to Phase 2 units and so on.

The District is anticipating three construction phases at this time. This document outlines the methodology for determining the assessments for all benefiting lands within the District. A Supplemental Report will be generated prior to the issuance of future bonds for the infrastructure program, in accordance with the methodology outlined herein.

### **2.3 Allocation of Debt**

The Infrastructure Program benefits all developable acres within the District. The assessment methodology detailed herein provides for a fair and reasonable allocation of debt based on this premise.

Prior to platting, assessments will be levied on all assessable land on an equal acreage basis, because at that juncture every acre benefits equally from the Program.

The debt incurred by the District to fund the Program is allocated to the properties receiving special benefits on the basis of development intensity and density. The responsibility for the repayment of the District's debt through assessments will ultimately be distributed in proportion to the special benefit peculiar to the land within the District, as it may be classified within each of the land use categories.

With regard to the Roadway improvements, the debt has been allocated first, based on TRIPS and second, based on a usage factor adjusting for actual location of property within the project and projected traffic usage for that location.

With regard to Park Related improvements, the debt has been allocated first to all the residential property benefiting from the park facilities, and then on an ERU basis, assuming a lower density unit will have a higher utilization of the park system than will the higher density unit. The base unit is the 4.5 DU (Density Units) per acre product. It has been assigned an Equivalent Residential Unit (ERU) value of 1. A fair and reasonable assignment of benefit will be derived for all other residential and non-residential land use categories based on their relative density as compared to the 4.5 DU/Acre product.

With regard to all other improvements to be constructed, such as street lighting, underground power, and stormwater facilities, the debt will be allocated again based on Equivalent Residential Units to both the residential and non-residential uses. These ERU values are delineated in Table 5.

In accordance with the benefit allocation suggested by the ERU's assigned to each product type, a Total Debt per Unit and an Average Annual Assessment per Unit have been calculated for each product type. (Table 9) These amounts are based on the projected debt requirements suggested in Table 4, and represent the anticipated per unit debt allocations assuming all anticipated units are built and sold in the proportions planned, and the entire proposed infrastructure program is developed or acquired and financed by the District.

During the interim state, until all of the District's land has been developed (including the platting of individual lots and transferring of title to the ultimate homeowner), the assessments on the land that has not been sold are not fixed and determinable. As the District's infrastructure is built and land begins to be platted, the District will determine on an annual basis the relative value of both the platted lots for sale ("Unsold Platted Lots") and the unsold and unplatted land ("Unsold Unplatted Acres"). This procedure is performed to fairly distribute the responsibility to repay debt incurred by the District to build its infrastructure.

By virtue of platting land, certain development rights are committed to, and peculiar to, each plat, thereby changing the character and value of the land by enhancing the capacity of the Unsold Platted Lots to receive the special and peculiar benefits of the District's improvements. This takes place while also incurring a corresponding increase in the responsibility for payment of its portion of the debt associated with the improvements. Therefore, the relative value of both the Unsold Platted Lots and the Unsold Unplatted Acres can be utilized to re-allocate the assessments on a per lot basis for the Unsold Platted Lots, and on a per acre basis for the Unsold Unplatted Acres.

The following paragraphs detail the required calculations:



1. First, the District will calculate the “Unallocated Balance”. This balance is calculated by subtracting the principal amount of debt service which has been allocated to the platted lots that have been sold and ownership transferred to the ultimate landowner (“Sold Lots”), and subtracting the principal amount of debt service which has been allocated to the development parcels that have been sold (“Sold Units”) from the principal amount of the Bonds outstanding.
2. The District will subtract the Sold Lots Acres and the Unsold Platted Lots Acres from the Total Assessable Acres to yield the number of Unsold Unplatted Acres.
3. The District will determine the aggregate value of all Unsold Unplatted Acres by securing the most recent assessed value of such land as determined by the Osceola County Property Appraiser’s Office (the “Unsold Unplatted Acres Value”).
4. Next, the District must determine the relative aggregate value of all Unsold Platted Lots and Unsold Unplatted Acres. The District will determine the value of all Unsold Platted Lots by obtaining the most current sales prices of comparable lots in the development from the developer, multiplying such values by 90% (to approximate “appraised values”) and multiplying the resulting values times the number of each such Unsold Platted Lot. These values are then summed (the “Unsold Platted Lots Value”).
5. The District will sum the Unsold Platted Lots Value and the Unsold Unplatted Acres Value (the “Aggregate Unsold Value”).
6. The District shall then divide the Unsold Unplatted Acres Value by the Aggregate Unsold Value to obtain the “Unsold Unplatted Acres Ratio” and shall divide the Unsold Platted Lots Value by the Aggregate Unsold Value to obtain the “Unsold Platted Lots Ratio”.
7. Next, the District shall apply the Unsold Unplatted Acres Ratio to the Unallocated Balance and divide the result thereof by the number of Unsold Unplatted Acres in order to obtain the assessment per acre for Unsold Unplatted Acres.
8. Then, the District shall apply the Unsold Platted Lots Ratio to the Unallocated Balance and divide the result thereof by the number of acres allocable to Unsold Platted Lot to obtain the assessment per acre for Unsold Platted Lots.

9. The assessment per acre for the Unsold Platted Lots will be applied to each Unsold Platted Lot by multiplying the Unsold Platted Assessment per Acre by the lot size of each Unsold Platted Lot.

A hypothetical illustration of how the assessment methodology works in the interim state follows:

### **Illustration**

The District shall, on an annual basis, ascertain the following:

1. Sales Price per Unsold Platted Lot
2. Total Number of Unsold Platted Lots
3. Acreage of each Unsold Platted Lot
4. Unsold Platted Lots Value (Aggregate)
5. Total Number of Sold Lots
6. Total Sold Lots Acreage
7. Number of Unsold Unplatted Acres
8. Total Value of Unsold Unplatted Acres
9. Relative Value Percentages of Unsold Platted Lots and Unsold Platted Acres
10. Sold Lots Assessments
11. Calculation of the Unallocated Balance
12. Ratio Calculation of Unsold Platted Lots and Unsold Platted Acres
13. Calculation of Unsold Unplatted Acres Assessments (per acre)
14. Calculation of Unsold Platted Lots Assessments (per acre)
15. Calculation of individual Unsold Platted Lots Assessment (per lot)

#### **2.4 Lienability Test: Special and Peculiar Benefit to the Property**

Construction and/or acquisition by the District of its proposed infrastructure program will provide several types of systems, facilities and services for its residents. These include surface water management, parks and recreation, and the provision of water and sewer distribution and collection facilities. These improvements accrue in differing amounts and are somewhat dependent on the type of land use receiving the special benefits peculiar to those properties which flow from the logical relationship of the improvements to the properties.

An example of this differentiation, is that the average daily road trip rate (as cited in the 6<sup>th</sup> Edition of the Institute of Transportation Engineers, 1997 ("ITE") is 5.86 average daily trips for a residential condominium/townhouse unit (page 361), and 9.57 average daily trips for

the single family residential category (page 263). In addition, the ITE (page 262) also suggests that “dwelling units that were larger in size and more expensive, had a higher rate of trip generation per unit than those smaller in size, and less expensive”. In this example the larger dwelling unit would create more trips (more use) than the smaller unit. Therefore, it can be logically determined that larger dwelling units receive more benefit from a quantity of roadway than the benefit received by a smaller unit. It can also be recognized that each condominium and villa unit receives less surface water management, per unit, than single-family residences situated on the larger lots. Similarly, water and sewer benefits received by condominiums and villas are also less than those received by the larger single-family residences.

Once these determinations are made, they are reviewed in the light of the special benefits peculiar to the property which flow to the properties as a result of their logical connection from the improvements in fact actually provided. The special and peculiar benefits, identified for each improvement, are:

- a. For the provision of underground electric/street lighting, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- b. For the provision of Roadways/Entrance Ponds/Secondary Drainage, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- c. For the provision of Water, Sewer & Irrigation Lines, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- d. For the provision of Stormwater Facilities in the Golf Course, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- e. For the provision of Landscaping/Hardscape, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.
- f. For the provision of Recreation/Parks, the special and peculiar benefits are the added use of the property, added enjoyment of the property, and the probability of increased marketability and value of the property.

These special and peculiar benefits are real and ascertainable, but are not yet capable of being calculated as to value with mathematical certainty.

However, each is by orders of magnitude more valuable than either the cost of, or the actual non-ad valorem special assessment levied for, the improvement or the debt as allocated.

**2.5 Lienability Test: Reasonable and Fair Apportionment of the Duty to Pay**

A reasonable estimate of the proportion of special and peculiar benefits received from the Improvements is as follows (expressed in Equivalent Residential Units):

<u>Product Type</u>	<u>Equivalent Residential Units</u>
4.5 DU/Acre Units	1.00
9 DU/Acre Units	0.70
Multi-family Units	0.50
Golf Course/Clubhouse (1)	5
Office/Commercial	3 ERU/10,000 s.f.

(1) Assumes a 10,000 s.f. Clubhouse at commercial rate of 2 ERUs/1000 s.f.

The determination has been made that the duty to pay the non-ad valorem special assessments is fairly and reasonably apportioned because the special and peculiar benefits to the property deriving from the acquisition and/or construction of the District's Improvements (and the concomitant responsibility for the payment of the resultant and allocated debt) have been apportioned to the property according to reasonable estimates of the special and peculiar benefits provided consistent with each land use category.

Accordingly, no acre or parcel of property within the boundary of the District will be liened for the payment of any non-ad valorem special assessment more than the determined special benefit peculiar to that property, further, the debt allocation will not be affected.

In accordance with the benefit allocation suggested by the ERU's assigned to each product type, a Total Debt per Unit has been calculated for each product type. (Tables 9 and 10) These amounts represent the anticipated per unit debt allocations assuming all anticipated units are built and sold in the proportions planned, and the entire proposed infrastructure program is developed or acquired and financed by the District.

## **2.6 True-Up Mechanism**

In order to assure that the District's debt will not build up on the Unplatted Acres, and to assure that the requirements that the non-ad valorem special assessments will be constitutionally lienable on the property will continue to be met, the District shall determine the following:

To assure that there will always be sufficient development potential remaining in the undivided property to assure payment of debt service after a plat, the following test will be applied. The test is that the debt per acre remaining on the unplatted land is never allowed to increase above its maximum debt per acre level. Initially, the maximum level of debt per acre is calculated as the total amount of debt for the District's improvement program divided by the number of developable acres in the District. In this case it is \$33,290,000 divided by 707.6 acres, equaling \$47,046 per acre. Thus, if the initial debt level is \$47,046 per acre, every time a plat is presented, the debt on the land remaining after the plat must remain at or below \$47,046 per acre. If not, then to approve the plat the District will require a density reduction payment so that the \$47,046 per acre debt level is not exceeded.

Thus, the debt allocation methodology provided above is really a process by which the District can allocate debt to particular parcels of land at the time of platting. The procedures also assure that the debt will not build up on the unplatted properties creating potential assessment problems.

## **2.7 Bond Sizing**

As mentioned previously in Section 2.1, it is expected that the District's special assessment bonds will total approximately \$33,290,000 and will be issued in two series. The proceeds from these bonds will:

- (a) fund the District's proposed infrastructure,
- (b) provide for capitalized interest,
- (c) fund the debt service reserve fund,
- (d) and cover the costs of issuance of the bonds, including the Draw Down Administration Fee.

The bond structure for the first bond issue in connection with the funding of the District's infrastructure for Phase 1 (the Series 2001 Bonds) is a 30 year A Series Bond with annual amortization of principal and interest. The Series 2004 Bonds are being issued in the year 2004 to fund the construction planned for the years 2004 through 2006, to pay for Phase 2 infrastructure. The Series 2004 Bonds have been structured as "draw down bonds" pursuant to a forward funding agreement. The District will

make periodic draws on the total available bond proceeds, as needed, in \$3 million minimum increments. The District will pay interest only on the par amount of bonds that have been drawn down. In no event will the District draw down more than the total approved par amount of \$15,590,000. In addition, the par amount of bonds related to the proposed 2005 annexation acreage totaling \$1,816,451.82 will not be drawn down until such time as the annexation acreage has been successfully added to the District's legal boundaries.

The maximum annual assessments to be allocated will not exceed the following rates:

**Adopted Maximum Annual Assessments<sup>1</sup>**

Single Family	4.5 DU/Acre	\$2,300 per unit per year
Multi-Family	9.0 DU/Acre	\$1,100 per unit per year
Multi-Family		\$ 625 per unit per year
Golf Course		\$64,808 per year
Office		\$ 0.97 per sf per year
Commercial		\$ 0.64 per sf per year

**Adopted Maximum Annual Assessment.**

The Adopted Maximum Annual Assessment is \$2,300 per unit per year based on the 4.5 Density Unit (DU) per Acre product. Initially, this is assessed on a per acre basis until the property is platted and the density and intensity of developer can be determined. Should the property be developed at a lesser density and intensity than 4.5 DU's per Acre, then the assessments would be adjusted accordingly, based on the adopted model. For example, the \$2,300 per unit per year is based on the 4.5 units per acre development. Should an area be developed at 2 units per acre, the annual assessment would be calculated by dividing the standard of 4.5 by 2.0 and multiplying by \$2,300 ( $4.5/2 \times \$2,300$ ), which would equate to an annual assessment of \$5,175 per unit. Similarly, should the property ultimately be developed at 6 DU's per acre, simply divide the 4.5 by 6 and multiply by \$2,300 ( $4.5/6 \times \$2,300$ ) for an annual debt assessment of \$1,725 per unit.

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<sup>1</sup> The Adopted Maximum Annual Assessments include a gross-up of 6% per year for discounts and collections. The actual amount to be assessed attributable to amortization of the debt is 94% of the number shown.

## **2.8 Equivalent Residential Units**

The assessment methodology directly allocates debt to specific property categories (or land use types) based upon an estimated benefit that each category receives from the development of the District's infrastructure.

It is reasonable to measure benefit bestowed upon platted land by District improvements by taking into consideration certain characteristics accruing to each category of land use, such as average lot size, average cost of the vertical construction to be located on the parcel, and the average amount of District roadway usage emanating from the improved parcel of land. Each of these characteristics impacts on the amount of benefit received from the construction of the District infrastructure.

For example, a larger sized lot would obviously derive more benefit from improvement surface water drainage than would a smaller sized property.

In a similar manner, one must also consider the type of residential unit to be constructed on each parcel. The current District plan envisions two main types of residential constructions: single family and multi-family. In addition to lot size and cost, one must also consider the benefit received by each type of land usage with regard to the use of the District's road system. Generally speaking, single-family residences generate more road trips on an average daily basis than do multi-family units.

In summary, it is fair to assume that the 4.5 DU/Acre lot receives the highest proportion of benefit, followed by the 9 DU/Acre lots.

It would be impractical to estimate benefit received based on each individual land parcel because lot sizes, costs of the product and the amount of daily road trips will vary within each land use type. However, we can structure a relationship between land use types that will reflect the differences in benefit received. This can be accomplished by assigning a common unit of benefit measurement known as Equivalent Residential Units to each land use type in the proportion to the estimated benefit received. These relationships (expressed as TRIPS and Equivalent Residential Units, ERUs) are outlined in Table 6 in the Appendix.

Tables 9 and 10 provide an illustration of how the allocation methodology is designed to work. This illustration is based upon the latest land use plan described above and calculates both the total costs of the improvements per land use type as well as the cost per unit of the costs allocated to each type of unit. Tables 9 and 10 provide an illustration of the allocation of the debt, based on the allocations in Table 7 of the costs, and the total amount of debt allocated per unit.

## **2.9 Processing Plat at the District Level**

Although the District does not process plats for the developer or the County, it does have an important role to play during the course of platting. Whenever a plat is processed, the District must allocate a portion of its debt to the newly platted property according to the methodology outlined above. In addition, the District must also prevent any buildup of debt on unplatted land. Otherwise, the land could be fully platted without all of the debt being allocated. To preclude this, at each plat the District will determine the amount of debt per acre that remains on the unplatted land, taking into account the proposed plat. If the debt per acre on the unplatted property does not increase above its initial level (\$47,046 per acre), then the plat may be approved.

Table 12 in the Appendix is the Special Assessment Roll for the District's Series 2001 Bonds (\$17,700,000) and the Series 2004 Bonds (\$15,590,000) and indicates the assessments derived from the bonds authorized for issuance accruing to each land parcel presently on the County's tax roll along with the projected initial maximum annual assessment per parcel.



**Harmony Community Development District  
Supplemental Assessment Report  
Table 1  
Land Use Summary**

<b>Land Use</b>	<b>Acres (3)</b>	<b>Density</b>	<b>% of Total</b>	<b>Assessable Acres</b>
Residential	336.0	2146 DU	33%	336.0
Village Commercial	6.0	40,000 GSF	1%	6.0
Commercial	21.2	399,000 GSF	2%	21.2
Office	26.6	385,000 GSF	3%	26.6
Institutional	13.5	13.5 AC	1%	
Open Spaces/Parks	60.5		6%	
Golf Course/Clubhouse	288.7	18 Holes	28%	288.7
Town Center	29.2	See Note 2	3%	29.2
Retention/Detention Ponds (1)	60.3		6%	
Road ROW	47.9		5%	
Conservation/Preservation Areas	130.3		13%	
<b>Total</b>	<b>1020.2</b>		<b>100%</b>	<b>707.7</b>

Notes:

(1) Only ponds located outside golf course. Ponds within golf course included in golf course acreage.

(2) Town Center consists of residential, commercial, office, institutional, open space, and parks. Density for the development uses are included in the density D.U./GSF figures designated in this table. For example, the residential D.U.'s to be located within the Town Center will be part of the 2060 D.U.'s allocated to the Harmony CDD.

(3) Acres shown are following proposed 2004 annexation of parcel at Cat Lake.

Original CDD Acres	992.6
2004 Annexation-Cat Lake	<u>27.6</u>
Revised CDD Acres	1020.2

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**Harmony Community Development District  
 Supplemental Assessment Report  
 Table 2  
 Phased Development Plan**

<b>Land Use</b>	<b>Existing Units</b>	<b>Current Planned</b>	<b>Estimated Future</b>	<b>Total Projected Units</b>
<b>Residential</b>				
Single Family	310	180	626.0	1116
Townhomes	186		298.0	484
Apartments			396.0	396
Condos			150.0	150
<b>Commercial</b>			250000	250000
Office			400000	400000
Golf Course			244 acres	244 acres
<b>Total Residential</b>	<b>496</b>	<b>180</b>	<b>1470.0</b>	<b>2146.0</b>
<b>Total Commercial/Office</b>			<b>650000</b>	<b>650000</b>

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**Harmony Community Development District  
 Supplemental Assessment Report  
 Table 3  
 Estimated Construction Costs (1)**

<b>Infrastructure</b>	<b>Phase 1 (2001) Completed</b>	<b>Phase 2 (2004)</b>	<b>Phase 3 (2006)</b>	<b>Total</b>
<b>Master Infrastructure (2)</b>	\$ 3,000,000	\$ 3,342,100	\$ 3,650,900	\$ 9,993,000
<b>Mass Grading/Stormwater Facilities</b>	\$ 1,800,000	\$ 150,000	\$ 150,000	\$ 2,100,000
<b>Landscaping/Hardscape</b>	\$ 2,450,000	\$ 1,200,000	\$ 1,000,000	\$ 4,650,000
<b>Recreation/Parks</b>	\$ 1,750,000	\$ 2,000,000	\$ 1,000,000	\$ 4,750,000
<b>Land Acquisition (3)</b>	\$ 4,700,000		\$ -	\$ 4,700,000
<b>Total</b>	<b>\$ 13,700,000</b>	<b>\$ 6,692,100</b>	<b>\$ 5,800,900</b>	<b>\$ 26,193,000</b>

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(1) Based on Engineer's Report dated June 8, 2001, updated July, 2004.

(2) Includes roadways and drainage, water, sewer, reuse and underground electrical conduit.

(3) Community Lake along Buck Lake.

**Harmony Community Development District  
Supplemental Assessment Report  
Table 4  
Proposed Financing Structure**

<b>General Information</b>	<b>Series 2001</b>	<b>Series 2004</b>	<b>Total Bonds</b>
Construction Funds (1)	\$9,000,000	\$12,492,000	\$21,492,000
Total Par Amount	\$17,700,000	\$ 15,590,000	\$33,290,000
Estimated Interest Rates	7.25%	6.75%	
Term (years)	30	30	
Final Maturity	5/1/2032	5/1/2036	
Capitalized Interest thru	11/1/2002	11/1/2006	
Debt Service Reserves	\$1,465,200	\$ 864,220	\$2,329,420

(1) Doesn't include \$4.7 million acquisition of park land paid by issuance of bond anticipation notes.

**Actual (2001) and Projected Future Bond Sizings:**

<b>General Information</b>	<b>Series 2001</b>	<b>Series 2004</b>	<b>Total</b>
Notes Takeout	\$ 5,221,018		\$ 5,221,018
Const. and Acquisition Funds (2)	\$ 8,932,993	\$ 12,492,000	\$ 21,424,993
Reserve Fund	\$ 1,465,200	\$ 864,220	\$ 2,329,420
Capitalized Interest Account (3)	\$ 1,330,220	\$ 1,565,061	\$ 2,895,281
Issuance Costs	\$ 356,056	\$ 174,500	\$ 530,556
Placement Agent Fee	\$ 354,000	\$ 233,850	\$ 587,850
Original Issue Discount	\$ 354,000		\$ 354,000
Draw Down Admin. Fee		\$ 250,000	\$ 250,000
Accrued Interest	\$ (28,517)		\$ (28,517)
Other Funds (4)	\$ (284,970)	\$ 10,369	\$ (274,601)
<b>Total Par Amount of Bonds</b>	<b>\$ 17,700,000</b>	<b>\$ 15,590,000</b>	<b>\$ 33,290,000</b>
(2) Net funds const/acq of	\$ 9,000,000	\$ 12,492,000	
(3) Net funded to	11/1/02	11/1/2006	

(4) Amount held in funds and accounts for the Notes.

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**Harmony Community Development District  
 Supplemental Assessment Report  
 Table 5  
 Land Use by Type**

<b>Land Use Type</b>	<b>Units/Sq.Ft.</b>	<b>ERUs/Unit</b>	<b>Total ERUs</b>
<b>Single Family:</b>			
4.5 DU/Acre	1116	1	1116
9 DU/Acre	484	0.7	338.8
Multi-family	546	0.5	273
Golf Course/Clubhouse	1	5	5
Office (x1000)	400	3	1200
Commercial (x1000)	250	3	75
<b>Totals</b>			<b>3007.8</b>

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**Harmony Community Development District  
 Supplemental Assessment Report  
 Table 6  
 Equivalent Residential Units and Trips**

<b>Land Use Type</b>	<b>Units/Sq.Ft.</b>	<b>ERUS</b>	<b>TRIP RATES</b>	<b>Usage Factor</b>	<b>TRIPS</b>
<b>Single Family:</b>					
4.5 DU/Acre	1116	1116	9.55	1	10658
9 DU/Acre	484	338.8	6.59	1	3190
Multi-family	546	273	5.86	0.5	1600
Golf Course/Clubhouse	286	5	8.33	0.5	1191
Office	400	1200	16.58	0.25	1658
Commercial (x1000)	250	75	42.02	0.25	2626
<b>Totals</b>		<b>3007.8</b>			<b>20923</b>

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**Harmony Community Development District  
 Supplemental Assessment Report  
 Table 7  
 Allocation of Costs by Land Use**

Land Use Type	Units/Sq.Ft.	ERUS	All Other Costs	Park Related Costs	TRIPS	Road Related Costs	Total Costs
<b>Single Family:</b>							
4.5 DU/Acre	1116	1116	\$ 2,504,488	6,103,831	10658	5,090,357	\$ 13,698,676
9 DU/Acre	484	338.8	\$ 760,323	1,853,027	3190	1,523,391	\$ 4,136,741
Multi-family	546	273	\$ 612,657	1,493,142	1600	764,084	\$ 2,869,882
Golf Course/Clubhouse	286	5	\$ 11,221		1191	568,934	\$ 580,155
Office (x1000)	400	1200	\$ 2,692,998		1658	791,891	\$ 3,484,889
Commercial (x1000)	250	75	\$ 168,312		2626	1,254,344	\$ 1,422,657
<b>Totals</b>		<b>3007.8</b>	<b>\$ 6,750,000</b>	<b>\$ 9,450,000</b>	<b>20923</b>	<b>\$ 9,993,000</b>	<b>\$ 26,193,000</b>
<b>Total Residential</b>	<b>2146</b>	<b>1727.8</b>					

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**Harmony Community Development District  
 Supplemental Assessment Report  
 Table 8  
 Allocation of Total Costs and Total Projected Debt**

<b>Land Use Type</b>	<b>Units/Sq.Ft.</b>	<b>Total Costs Allocation</b>	<b>Total Projected Debt Allocation</b>
<b>Single Family:</b>			
4.5 DU/Acre	1116	\$ 13,698,676	\$17,410,336
9 DU/Acre	484	\$ 4,136,741	\$5,257,592
<b>Multi-family</b>	<b>546</b>	<b>\$ 2,869,882</b>	<b>\$3,647,478</b>
<b>Golf Course/Clubhouse</b>	<b>286</b>	<b>\$ 580,155</b>	<b>\$737,348</b>
<b>Office (x1000)</b>	<b>400</b>	<b>\$ 3,484,889</b>	<b>\$4,429,120</b>
<b>Commercial (x1000)</b>	<b>250</b>	<b>\$ 1,422,657</b>	<b>\$1,808,126</b>
<b>Totals</b>		<b>\$ 26,193,000</b>	<b>\$33,290,000</b>
<b>Total Residential</b>	<b>2146</b>		

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**Harmony Community Development District  
Supplemental Assessment Report  
Table 9  
Allocation of Phase 1 Debt**

Land Use Type	Phase 1 - Units or Square Feet	Par Amount Per Unit	Total Par Amount Allocated to Phase 1	Adopted Maximum Annual Assessment Per Unit (1)	Net Annual Assessment Per Unit (2)	Total Annual Debt Assmt Revenues - Phase 1
<b>Single Family:</b>						
<b><u>4.5 DU/Acre</u></b>						
35' Lots	52	\$ 10,173.93	\$ 529,044	\$ 894.22	\$ 840.57	\$ 43,709
42' Lots	83	\$ 12,209.43	\$ 1,013,383	\$ 1,073.13	\$ 1,008.74	\$ 83,726
52' Lots	83	\$ 15,116.82	\$ 1,254,696	\$ 1,328.67	\$ 1,248.95	\$ 103,663
65' Lots	69	\$ 18,896.02	\$ 1,303,825	\$ 1,660.83	\$ 1,561.18	\$ 107,721
80' Lots	23	\$ 23,252.75	\$ 534,813	\$ 2,043.76	\$ 1,921.13	\$ 44,186
<b><u>9 DU/Acre</u></b>						
Townhomes	186	\$ 10,147.63	\$ 1,887,459	\$ 838.39	\$ 788.09	\$ 146,584
Golf Course/Clubhouse	1	\$ 737,348	\$ 737,348	\$64,808	\$60,919	\$ 60,919
<b>Total Single Family</b>	<b>310</b>		<b>\$ 4,635,762</b>			<b>\$ 383,005</b>
<b>Total Townhomes</b>	<b>186</b>		<b>\$ 1,887,459</b>			<b>\$ 146,584</b>
<b>Total Other</b>	<b>1</b>		<b>\$ 737,348</b>	<b>\$ 64,808</b>	<b>\$ 60,919</b>	<b>\$ 60,919</b>
<b>Total Phase 1</b>	<b>496</b>		<b>\$ 7,260,569</b>			<b>\$ 590,509</b>

(1) Includes 6% Gross-up for Discounts and Collections.

(2) Net is less 6% for Discounts and Collections related to collecting the assessments on the County Tax Notice.

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**Harmony Community Development District  
Supplemental Assessment Report  
Table 10  
Allocation of Future Projected Debt**

<b>Land Use Type</b>	<b>Total Projected Debt</b>	<b>Debt Allocated to Phase 1 Units</b>	<b>Unallocated Debt Remaining</b>	<b>Remaining Units/Sq. Ft.</b>	<b>Average Par Debt Per Remaining Unit/1000 sq. ft.</b>	<b>Average Annual Assmt. Phases 2 and 3</b>
<b>Single Family:</b>						
4.5 DU/Acre	\$ 17,410,336	\$ 4,635,762	\$ 12,774,575	806	\$ 15,849	\$ 1,309
9 DU/Acre	\$ 5,257,592	\$ 1,887,459	\$ 3,370,133	298	\$ 11,309	\$ 934
<b>Multi-family</b>	\$ 3,647,478		\$ 3,647,478	546	\$ 6,680	\$ 552
<b>Golf Course/Clubhouse</b>	\$ 737,348	\$ 737,348	\$ -	0		
<b>Office (x1000)</b>	\$ 4,429,120		\$ 4,429,120	400	\$ 11,073	\$ 915
<b>Commercial (x1000)</b>	\$ 1,808,126		\$ 1,808,126	250	\$ 7,233	\$ 598
<b>Totals</b>	<b>\$ 33,290,000</b>	<b>\$ 7,260,569</b>	<b>\$ 26,029,431</b>			

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**Harmony Community Development District  
Supplemental Assessment Report  
Table 11  
Allocation of Future Projected Debt**

<b>Land Use Type</b>	<b>Projected Remaining Units</b>	<b>Projected Future Debt</b>	<b>Total Projected Debt Per Unit</b>	<b>Annual Assessment Per Unit for Debt</b>	<b>Total Annual Assmt Per Unit</b>	<b>Compare to Phase 1</b>
<b>Single Family:</b>						
35' Lots	230	\$ 2,572,063	\$ 11,182.88	\$923.93	\$982.90	\$ 894.22
42' Lots	130	\$ 1,744,632	\$ 13,420.25	\$1,108.78	\$1,179.55	\$ 1,073.13
52' Lots	270	\$ 4,486,309	\$ 16,615.96	\$1,372.80	\$1,460.43	\$ 1,328.67
65' Lots	110	\$ 2,284,694	\$ 20,769.95	\$1,716.01	\$1,825.54	\$ 1,660.83
80' Lots	66	\$ 1,686,876	\$ 25,558.73	\$2,111.65	\$2,246.44	\$ 2,043.76
<b>Total Single Family</b>	<b>806</b>	<b>\$ 12,774,575</b>				
<b>Townhomes</b>	<b>298</b>	<b>\$ 3,370,133</b>	<b>\$ 11,309.17</b>	<b>\$934.36</b>	<b>\$994.00</b>	<b>\$ 891.91</b>
<b>Multi-family</b>						
Apartments	396	\$ 2,645,423	\$ 6,680.36	\$551.93	\$587.16	\$ 578.06
Condos	150	\$ 1,002,054	\$ 6,680.36	\$551.93	\$587.16	\$ 578.06
<b>Total Multi-family</b>	<b>546</b>	<b>\$ 3,647,478</b>				
<b>Golf Course/Clubhouse (1)</b>						<b>\$64,808</b>
Office (x1000)	400	\$ 4,429,120	\$ 11.07	\$0.91	\$0.97	\$ 0.25
Commercial (x1000)	250	\$ 1,808,126	\$ 7.23	\$0.60	\$0.64	\$ 0.46
<b>Totals</b>		<b>\$ 26,029,431</b>				

(1) Golf Course/Clubhouse costs allocated 100% to Phase 1 Bonds.

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**Harmony Community Development District  
Table 12  
Preliminary Assessment Roll  
Third Supplemental Special Assessment  
Methodology Report**

Parcel Number	Owner1	Units	ASMT Code	Total Par Amount Per Unit	Maximum Annual Assmt Amount (1)	Net Annual Available for Debt	Total Annual Avail for Debt Service
<b>PHASE 1:</b>							
<b>Neighborhood "B"</b>							
30-26-32-2612-0001-B001	HARMONY FOUNDATION INC	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B002	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B003	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B004	WETHERINGTON BUILDERS INC	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B005	WETHERINGTON BUILDERS INC	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B006	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B007	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B008	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B009	HUFFMAN TRUST	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B010	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B011	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B012	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B013	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B014	CHAPPEL CHRISTOPHER	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B015	STEARNS JAMES C	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B016	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B017	HERNANDEZ RUBEN	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B018	CHITWOOD ANTHONY G	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B019	DAWES TERRY L	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B020	DRAGONE GARY S	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B021	GRUZYNSKI GILBERT R	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B022	POZZI JOHN JR	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B023	HARRINGTON JAMES F	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B024	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95

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30-26-32-2612-0001-B025	COCKLIN CYNTHIA C	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B026	AMER RANNIEA A	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B027	HILL MICHAEL F	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B028	EQUITY TRUST COMPANY	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B029	ROYAL DEVELOPMENT LLC	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B030	ROYAL DEVELOPMENT LLC	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B031	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B032	HUFFMAN TRUST THE	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B033	ROYAL DEVELOPMENT LLC	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-B034	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B035	EQUITY TRUST COMPANY	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B036	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B037	WETHERINGTON BUILDERS INC	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B038	MWA BUILDERS LLC	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B039	ROBERTSON HOMES INC	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B040	DISTINCTIVE HOMES	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B041	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B042	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B043	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B044	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B045	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B046	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B047	ZARETSKY STEVEN P	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B048	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B049	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B050	GARWOOD DONALD	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B051	CUPAIUOLO EDWARD	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B052	WILLIAMS PETER T	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B053	FLOWERS TIMOTHY A	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B054	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B055	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B056	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B057	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B058	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B059	RAY DAVID S	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B060	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B061	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57

30-26-32-2612-0001-B062	GUZMAN CARMEN E	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B063	COLOMBO AMBER M	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B064	CARRASQUILLO JOSE O	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B065	POIRIER CARLA T	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B066	TAVARES STEVEN J	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B067	CLESTER DAVID E	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B068	HAMILTON BA	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B069	FALANGA MICHAEL	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B070	RUSSELL RICHARD A	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B071	AGEE MICHAEL B	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B072	LENTZ JAMES L	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B073	SALATA FRANK J	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B074	ROSATO FRANK J	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B075	HICKEY NANCY J	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B076	STRELAUSKI JOE C	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B077	CAOUS ODALYS C	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B078	BISHOP ROBERT E	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B079	BALL KATHRYN A	1	HCD6	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B080	BYARS ROBERT C	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B081	MARTINDALE KEVIN	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B082	WOOLDRIDGE FREDERICK JAY	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-B083	NELSON FREDRIC L	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B084	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-B085	ROUNDS THOMAS F	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B086	WETHERINGTON BUILDERS INC	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B087	ROBERTSON HOMES INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B088	WACHTER RICHARD M	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B089	JAWORSKI ANDRE	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B090	BOHMAN DANIEL ARNOLD	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B091	DEISHER VICTOR W	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B092	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B093	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-B094	LOTS O HARMONY LLC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B095	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B096	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B097	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B098	MARK P STRAUCH TRUST	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95

30-26-32-2612-0001-B099	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B100	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B101	MARDIOSIAN HUDDIE	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B102	WETHERINGTON BUILDERS INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B103	MCNEELY LESTER J	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B104	WETHERINGTON BUILDERS INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B105	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-B106	LOTS O HARMONY LLC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
<b>Neighborhood "C-1"</b>		<b>106</b>					
30-26-32-2612-0001-C001	HACKER CHARLES L	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C002	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C003	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C004	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C005	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C006	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C007	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C008	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C009	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C010	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C011	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C012	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C013	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C014	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C015	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C016	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C017	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C018	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C019	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C020	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C021	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C022	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C023	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C024	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C025	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C026	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C027	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C028	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95

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30-26-32-2612-0001-C029	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C030	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C031	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C032	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C033	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C034	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C035	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C036	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C037	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C038	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C039	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C040	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C041	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C042	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C043	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C044	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C045	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C046	BARDELL DOREEN E	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C047	RENER MAXIMILIAN	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C048	JARQUIN EDMUNDO	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C049	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C050	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C051	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C052	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C053	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C054	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C055	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C056	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C057	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C058	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C059	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C060	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C061	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C062	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C063	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C064	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C065	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57



30-26-32-2612-0001-C066	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C067	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C068	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C069	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C070	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C071	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C072	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C073	BAILEY STEPHEN M	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C074	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C075	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C076	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C077	D R HORTON INC	1	HCD4	\$ 10,173.93	\$ 894.22	\$ 840.57	\$ 840.57
30-26-32-2612-0001-C078	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C079	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C080	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C081	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C082	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C083	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C084	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C085	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C086	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C087	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C088	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C089	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C090	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C091	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C092	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C093	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C094	SWAIN THOMAS WILLIAM	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C095	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C096	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C097	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C098	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74
30-26-32-2612-0001-C099	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C100	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C101	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C102	D R HORTON INC	1	HCD3	\$ 12,209.43	\$ 1,073.13	\$ 1,008.74	\$ 1,008.74

30-26-32-2612-0001-C103	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C104	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C105	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C106	GARDINER VIVECA	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C107	KASSEL KERUL	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C108	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C109	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C110	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C111	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C112	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C113	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD2	\$ 18,896.02	\$ 1,660.83	\$ 1,561.18	\$ 1,561.18
30-26-32-2612-0001-C114	NEVEU JOHN P	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C115	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD1	\$ 23,252.75	\$ 2,043.76	\$ 1,921.13	\$ 1,921.13
30-26-32-2612-0001-C116	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
30-26-32-2612-0001-C117	D R HORTON INC	1	HCD5	\$ 15,116.82	\$ 1,328.67	\$ 1,248.95	\$ 1,248.95
		117					
<b>Neighborhood C-2</b>							
H 35'	BIRCHWOOD ACRES LTD PRTNRSH	25	HCD4	\$ 254,348	\$ 894.22	\$ 840.57	\$ 21,014.17
G 42'	BIRCHWOOD ACRES LTD PRTNRSH	31	HCD3	\$ 378,492	\$ 1,073.13	\$ 1,008.74	\$ 31,271.01
E 52'	BIRCHWOOD ACRES LTD PRTNRSH	13	HCD5	\$ 196,519	\$ 1,328.67	\$ 1,248.95	\$ 16,236.35
C 65'	BIRCHWOOD ACRES LTD PRTNRSH	14	HCD2	\$ 264,544	\$ 1,660.83	\$ 1,561.18	\$ 21,856.52
B 80'	BIRCHWOOD ACRES LTD PRTNRSH	4	HCD1	\$ 93,011	\$ 2,043.76	\$ 1,921.13	\$ 7,684.54
<b>Neighborhood A-1 THs</b>	BIRCHWOOD ACRES LTD PRTNRSH	186	HCD6	\$ 1,887,459	\$ 838.39	\$ 788.09	\$ 146,584.11
<b>Golf Course/Clubhouse</b>	BIRCHWOOD ACRES LTD PRTNRSH	1	HCD7	\$ 737,348	\$ 64,808.00	\$ 60,919.52	\$ 60,919.52
<b>TOTALS PHASE 1:</b>		<b>497</b>		<b>\$ 7,260,569</b>			<b>\$ 590,509.06</b>
<b>PHASES 2 AND 3:</b>							
<b>Neighborhood D-1</b>							
E 52'	BIRCHWOOD ACRES LTD PRTNRSH	6	HCD25	\$ 99,696	\$ 1,460.43	\$ 1,372.80	\$ 8,236.83
C 65'	BIRCHWOOD ACRES LTD PRTNRSH	20	HCD22	\$ 415,399	\$1,825.54	\$ 1,716.01	\$ 34,320.11
B 80'	BIRCHWOOD ACRES LTD PRTNRSH	9	HCD21	\$ 230,029	\$2,246.44	\$ 2,111.65	\$ 19,004.87
<b>Neighborhood G</b>							
H 35'	BIRCHWOOD ACRES LTD PRTNRSH	27	HCD24	\$ 301,938	\$982.90	\$ 923.93	\$ 24,945.99
G 42'	BIRCHWOOD ACRES LTD PRTNRSH	76	HCD23	\$ 1,019,939	\$1,179.55	\$ 1,108.78	\$ 84,266.94
E 52'	BIRCHWOOD ACRES LTD PRTNRSH	32	HCD25	\$ 531,711	\$ 1,460.43	\$ 1,372.80	\$ 43,929.74
C 65'	BIRCHWOOD ACRES LTD PRTNRSH	6	HCD22	\$ 124,620	\$1,825.54	\$ 1,716.01	\$ 10,296.03
B 80'	BIRCHWOOD ACRES LTD PRTNRSH	4	HCD21	\$ 102,235	\$2,246.44	\$ 2,111.65	\$ 8,446.61
		180		\$ 2,825,565			\$ 233,447

**Future Development Areas:**

H 35'	BIRCHWOOD ACRES LTD PRTNRSH	203	HCD24	\$ 2,270,125	\$982.90	\$ 923.93	\$ 187,556.87
G 42'	BIRCHWOOD ACRES LTD PRTNRSH	54	HCD23	\$ 724,693	\$1,179.55	\$ 1,108.78	\$ 59,873.88
E 52'	BIRCHWOOD ACRES LTD PRTNRSH	232	HCD25	\$ 3,854,903	\$ 1,460.43	\$ 1,372.80	\$ 318,490.59
C 65'	BIRCHWOOD ACRES LTD PRTNRSH	84	HCD22	\$ 1,744,676	\$1,825.54	\$ 1,716.01	\$ 144,144.45
B 80'	BIRCHWOOD ACRES LTD PRTNRSH	53	HCD21	\$ 1,354,613	\$2,246.44	\$ 2,111.65	\$ 111,917.59
Townhomes	BIRCHWOOD ACRES LTD PRTNRSH	298	HCD26	\$ 3,370,133	\$ 994.00	\$ 934.36	\$ 278,439.12
Apartments	BIRCHWOOD ACRES LTD PRTNRSH	396	HCD28	\$ 2,645,423	\$ 587.16	\$ 551.93	\$ 218,563.87
Condos	BIRCHWOOD ACRES LTD PRTNRSH	150	HCD29	\$ 1,002,054	\$ 587.16	\$ 551.93	\$ 82,789.34
Office	BIRCHWOOD ACRES LTD PRTNRSH	400	HCD30	\$ 4,429,120	\$ 0.97	\$ 0.91	\$ 364,720.00
Commercial	BIRCHWOOD ACRES LTD PRTNRSH	<u>250</u>	HCD31	\$ 1,808,126	\$ 0.64	\$ 0.60	\$ 150,400.00
<b>TOTAL PHASES 2 AND 3:</b>		<b>2300</b>		<b>\$ 26,029,431</b>			<b>\$ 2,150,343</b>

<b>Total Phases 1, 2 and 3:</b>		<b>2797</b>		<b>\$ 33,290,000</b>			<b>\$ 2,740,851.89</b>
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**Summary:**

<b>Total Residential</b>		<b>2146</b>		<b>\$ 26,315,406</b>			<b>\$ 2,164,812.37</b>
<b>Total Golf Course</b>		<b>1</b>		<b>\$ 737,348</b>			<b>\$ 60,919.52</b>
<b>Total Office</b>		<b>400</b>		<b>\$ 4,429,120</b>			<b>\$ 364,720.00</b>
<b>Total Commercial</b>		<b>250</b>		<b>\$ 1,808,126</b>			<b>\$ 150,400.00</b>
<b>Total All Uses</b>		<b>2797</b>		<b>\$ 33,290,000</b>			<b>\$ 2,740,851.89</b>

**Note: The CDD is in the process of annexing approximately 27.6 adjacent acres into the existing CDD Boundaries. Only property within the CDD will be assessed for the CDD debt. Therefore, until the 27.6 acres are within the legal boundaries of the CDD, no debt will be issued against these acres. It is estimated the total par debt associated with the 27.6 acre annexation, based on the development plan for the annexation acres, is \$1,816,451.82.**

<b>Summary Platted and Unplatted Property:</b>	<b>Tax Folio ID Number (to be provided)</b>	<b>Developable Acres</b>	<b>Platted Units</b>	<b>Total Par Amount Appropriated</b>	<b>Maximum Annual Assmt Amount (1)</b>	<b>Total Annual Avail for Debt Service</b>
<b>Platted Property:</b>						
Neighborhood "A-1"	Platted	20	186	\$ 1,887,459	\$ 155,940.54	\$ 146,584
Neighborhood "B"	Platted	24.64	106	\$ 1,631,980	\$ 143,440.20	\$ 134,834
Neighborhood "C-1"	Platted	30.3	117	\$ 1,816,867	\$ 159,690.49	\$ 150,109
Neighborhood "C-2"	Platted	14	87	\$ 1,186,915	\$ 104,321.90	\$ 98,063
Neighborhood "D-1"	Platted	12	35	\$ 745,123	\$ 65,491.28	\$ 61,562
Neighborhood "G"	Platted	40	145	\$ 2,080,442	\$ 182,856.71	\$ 171,885
Golf Course		288.7	1	\$ 737,348	\$ 64,808.00	\$ 60,920
<b>Totals Phase 1</b>		<b>429.64</b>	<b>677</b>	<b>\$ 10,086,134</b>	<b>\$ 876,549</b>	<b>\$ 823,956</b>
<b>Unplatted Property:</b>						
Neighborhood "A-2" THs		6		\$ 511,737	\$ 44,973.55	\$ 42,275
Neighborhood "D-2"		6		\$ 511,737	\$ 44,973.55	\$ 42,275
Neighborhood "E"		30.5		\$ 2,601,330	\$ 228,615.56	\$ 214,899
Neighborhood "F"		14		\$ 1,194,053	\$ 104,938.29	\$ 98,642
Neighborhood "H-1 and H-2"		18		\$ 1,535,211	\$ 134,920.66	\$ 126,825
Neighborhood "I"		47.6		\$ 4,059,781	\$ 356,790.18	\$ 335,383
Neighborhood "J"		25.87		\$ 2,206,440	\$ 193,910.96	\$ 182,276
Neighborhood "K"		26		\$ 2,217,527	\$ 194,885.39	\$ 183,192
Cat Lake		27		\$ 2,302,817	\$ 202,380.98	\$ 190,238
Office		23.56		\$ 2,009,421	\$ 176,596.15	\$ 166,000
Resid. Near Town Center		10.3		\$ 878,482	\$ 77,204.60	\$ 72,572
Town Center		37.23		\$ 3,175,329	\$ 279,060.89	\$ 262,317
<b>Totals Phases 2 and 3</b>		<b>272.06</b>		<b>\$ 23,203,866</b>	<b>\$ 2,039,250.75</b>	<b>\$ 1,916,896</b>
<b>Totals Phases 1, 2 and 3</b>		<b>701.7</b>		<b>\$ 33,290,000</b>	<b>\$ 2,915,799.88</b>	<b>\$ 2,740,852</b>

(1) Maximum Annual Assessment Amount includes a gross-up of 6% for discounts allowed for early payment (4%) and collections costs (2%).

**Phase 1**

Rate Code	Type	Assmt/Un	Ann/Un	Units	Annual Revenue	Net Revenues
HCD1	B 80'	23252.75	2043.76	23	\$ 47,006.48	
HCD2	C 65'	18896.02	1660.83	69	\$ 114,597.27	
HCD5	E 52'	15116.82	1328.67	83	\$ 110,279.61	
HCD3	G 42'	12209.43	1073.13	83	\$ 89,069.79	
HCD4	H 35'	10173.93	894.22	52	\$ 46,499.44	
HCD6	THs	10147.63	838.39	186	\$ 155,940.54	
HCD7	GC/Club	737348	64808	1	<u>\$ 64,808.00</u>	
					\$ 628,201.13	\$ 590,509.06

**Phases 2 and 3**

Rate Code	Type	Assmt/Un	Ann/Un	Units	Annual Revenue	Net Revenues	
HCD21	B 80'	\$25,558.73	\$2,246.44	66	\$148,264.97	\$139,369.08	
HCD22	C 65'	\$20,769.95	\$1,825.54	110	\$200,809.13	\$188,760.59	
HCD25	E 52'	\$16,615.96	\$1,460.43	270	\$394,316.12	\$370,657.15	
HCD23	G 42'	\$13,420.25	\$1,179.55	130	\$153,341.30	\$144,140.82	
HCD24	H 35'	\$11,182.88	\$982.90	230	\$226,066.86	\$212,502.85	
HCD26	THs	\$11,309.17	\$994.00	298	\$296,211.83	\$278,439.12	
HCD28	APTs	\$ 6,680.36	\$587.16	396	\$232,514.76	\$218,563.87	
HCD29	Condos	\$ 6,680.36	\$587.16	150	<u>\$88,073.77</u>	\$82,789.34	
					1650	\$1,739,598.75	\$1,635,222.82
HCD30	Office		0.97	400000	\$ 388,000.00	\$364,720.00	
HCD31	Commercial		0.64	250000	<u>\$ 160,000.00</u>	\$150,400.00	
					\$ 2,915,799.88		
					<u>less 6%</u>		
Net Available for Debt Service					\$2,740,851.89	\$ 2,740,851.89	
Max Annual Debt Service Requirement				2004 Bonds	\$ 1,203,035.88		
				1999 Bonds	<u>\$ 1,465,200.00</u>		
				Total	\$ 2,668,235.88		

**Supplemental Assessment Report  
Allocation of Future Projected Debt  
Proposed Annexation Acres**

<b>Land Use Type</b>	<b>Projected Lots in Annexation Acreage (1)</b>	<b>Total Projected Debt Per Unit</b>	<b>Total Proposed Debt Related to Annexation Acres</b>
<b>Single Family:</b>			
35' Lots	0	\$ 11,182.88	\$0.00
42' Lots	0	\$ 13,420.25	\$0.00
52' Lots	25	\$ 16,615.96	\$415,398.99
65' Lots	33	\$ 20,769.95	\$685,408.34
80' Lots	28	\$ 25,558.73	\$715,644.48
<b>Total Single Family</b>	<b>86</b>		<b>\$1,816,451.82</b>

(1) The CDD is in the process of annexing approximately 27.6 adjacent acres into the boundaries of the CDD. This acreage represents a total of 86 planned units as shown above.

# **Harmony**

## **Community Development District**

**Capital Improvement Revenue Refunding Bonds, Series 2015  
(Refunding of Capital Improvement Revenue Bonds, Series 2004)**

**Assessment Allocation Report for  
Capital Improvement Revenue Refunding Bonds, Series 2015**



**210 N University Drive, Suite 702  
Coral Springs, FL 33701  
(954) 753-5841  
[www.severntrentservices.com](http://www.severntrentservices.com)**

**April 15, 2015**

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
Capital Improvement Revenue Refunding Bonds, Series 2015  
(Refunding of Capital Improvement Revenue Bonds, Series 2004)  
Assessment Allocation Report**

April 15, 2015

**OVERVIEW**

In 2004, the Harmony Community Development District (the “District”) issued the Series 2004 Capital Improvement Revenue Bonds (the “Series 2004 Bonds”) for the purpose of financing and managing the acquisition and construction of a portion of the public infrastructure necessary for the community development within the District. The Series 2004 Bonds are secured by and are being repaid from special assessments levied on the benefited parcels of property within the District “Series 2004 Special Assessments”).

The District proposes to refund the outstanding Series 2004 Bonds through the issuance of approximately \$13,530,000 of Harmony Community Development District Capital Improvement Revenue Refunding Bonds, Series 2015 (“Series 2015 Refunding Bonds”). The special assessments securing the Series 2015 Refunding Bonds will be imposed and levied on the same respective parcels of property encumbered by the Series 2004 Special Assessments.

**PURPOSE**

This Report summarizes the allocation set forth in the Amended and Restated Third Supplemental Special Assessment Methodology Report for the Series 2004 Bonds Harmony Community Development District dated December 13, 2004 and prepared by Severn Trent Management Services, Inc. (“Series 2004 Supplemental Assessment Report”). The Report is designed to conform to the requirements of Chapters 190 and 170, Florida Statutes.

**REASONABLE AND FAIR APPORTIONMENT OF THE DUTY TO PAY**

A reasonable estimate of the proportion of special and peculiar benefits received from the Series 2004 Bonds was described and calculated in the Series 2004 Supplemental Assessment Report. This Report does not change the apportionment; only the amount of the debt based on the sizing of the Series 2015 Refunding Bonds.



## ALLOCATION

This report was prepared to summarize the allocation of assessments levied on properties within the District. The 2015 Refunding Bonds are being issued to refund all of the District's outstanding Series 2004 Bonds.

A total of \$13,825,000 of Series 2004 Bonds will be refunded with the 2015 Refunding Bonds. Taking into account the liquidation of the existing Debt Service Reserve Fund for the Series 2004 Bonds as well as amounts on deposit in the 2004 Debt Service Revenue Fund the par amount of the Series 2015 Refunding Bonds are \$13,530,000.

Using the Series 2004 Supplemental Assessment Report adopted by the Board of Supervisors of the Harmony Community Development District, the special assessments used to amortize the Series 2015 Refunding Bonds have been allocated to the benefited property based upon the apportionment by the Board of the special benefits peculiar to the parcels of property.

The purpose of the refinancing is to take advantage of lower interest rates, resulting in annual debt service reduction which will lower annual debt assessments charged to the property owners within the assessment area.

The allocation of the debt of the Series 2015 Refunding Bonds and the assessment roll are shown in Exhibit A.

**EXHIBIT A**

Exhibit "A"

Harmony Community Development District

	Product Type	acres	SERIES 2004			SERIES 2015	MADS **
			PAR 11/01/2014	PAR 5/01/2015			
	30-26-32-2613-TRAC-OWC0	Town Center Building	\$ 18,828.86	\$ 18,433.90	\$ 18,427.09	\$ 1,449.03	
	30-26-32-3117-0001-0IJ0	Tract I/J	\$ 5,428,092.77	\$ 5,314,230.43	\$ 5,312,267.28	\$ 417,734.93	
	30-26-32-3117-0001-00K0	Tract K	\$ 1,832,452.03	\$ 1,794,013.62	\$ 1,793,350.89	\$ 141,021.77	
	30-26-32-3117-0001-00L0	Tract L	\$ 1,606,505.65	\$ 1,572,806.80	\$ 1,572,225.79	\$ 123,633.39	
	30-26-32-3117-0001-00M0	Office	\$ 1,771,258.22	\$ 1,734,103.44	\$ 1,733,462.84	\$ 136,312.41	
	30-26-32-2614-TRAC-VC10	Commercial	\$ 345,644.16	\$ 338,393.76	\$ 338,268.75	\$ 26,600.07	
	30-26-32-3117-0001-0C20	Commercial	\$ 164,080.11	\$ 160,638.28	\$ 160,578.94	\$ 12,627.27	
	30-26-32-0000-0010-0000	Town Center	\$ 1,003,981.97	\$ 982,921.95	\$ 982,558.85	\$ 77,264.40	
C-59	30-26-32-2612-TRAC-00X0	Town Center	\$ 876,887.14	\$ 858,493.12	\$ 858,175.99	\$ 67,483.44	
	30-26-32-2612-TRAC-00X0	Town Center	\$ 134,491.89	\$ 131,670.72	\$ 131,622.08	\$ 10,350.22	
	30-26-32-2642-00GC-0010	Golf Course/Clubhouse	\$ 259,292.72	\$ 253,853.67	\$ 253,759.89	\$ 19,954.64	
	30-26-32-2642-00GC-0020	Golf Course/Clubhouse	\$ 250,429.60	\$ 245,176.47	\$ 245,085.89	\$ 19,272.55	
	30-26-32-2642-00GC-0030	Golf Course/Clubhouse	\$ 98,381.62	\$ 96,317.92	\$ 96,282.34	\$ 7,571.25	
	30-26-32-2613-TRAC-0CH0	Golf Course/Clubhouse	\$ 10,549.78	\$ 10,328.48	\$ 10,324.67	\$ 811.89	
	30-26-32-3117-0001-0GM0	Golf Course/Clubhouse	\$ 24,123.47	\$ 23,617.44	\$ 23,608.72	\$ 1,856.49	
			<b>\$ 13,825,000.00</b>	<b>\$ 13,535,000.00</b>	<b>\$ 13,530,000.00</b>	<b>\$ 1,063,943.76</b>	

- Town Center Building built
- 55+ neighborhood in planning stages (Tracts I,J,K,L)  
preliminary plans for 397 lots ranging (40', 50' & 60')

**\*\* Maximun Annual Debt Service (MADS)**

Town Center Building and Golf Course/Clubhouse are collected on the tax bill and grossed up for 4% discount and 2% county fees  
 All unplatted property is direct billed by the District Manager  
 Once property is platted it is collected on the tax bill and grossed up for 4% discount and 2% county fees

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**APPENDIX D**

**PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") dated April 28, 2015 is executed and delivered by the Harmony Community Development District (the "Issuer" or the "District"), Birchwood Acres Limited Partnership, LLLP, a Florida limited liability limited partnership (the "Primary Landowner"), and Digital Assurance Certification L.L.C., as dissemination agent ("DAC", and together with its successors and assigns, the "Dissemination Agent") in connection with Issuer's Capital Improvement Revenue Refunding Bonds, Series 2015 (the "Bonds"). The Bonds are secured pursuant to a Master Trust Indenture dated as of December 1, 2000 and a Sixth Supplemental Trust Indenture dated as of April 1, 2015 (collectively, the "Indenture"), each entered into by and between the Issuer and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Orlando, Florida, as trustee (the "Trustee").

The services provided under this Disclosure Agreement by DAC solely relate to the execution of instructions received from the Obligated Persons (as defined herein) through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer, the Obligated Persons, or anyone on behalf of the Issuer or Obligated Persons, regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

The Issuer, the Primary Landowner and the Dissemination Agent covenant and agree as follows:

1. **Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer, the Primary Landowner and the Dissemination Agent 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 Issuer understands that 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 Issuer to provide additional information, the Issuer agrees 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 Issuer, the Trustee or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the Issuer, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. **Definitions.** 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 the MSRB (as hereinafter defined).

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Assessment Area" shall mean that portion of the District subject to the Assessments.

"Assessments" shall mean the 2004 Assessments (as defined in the Indenture) pledged to the payment of the Bonds pursuant to the Indenture.

"Audited Financial Statements" means the financial statements (if any) 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 a 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 the Primary Landowner, the individual executing this Disclosure Agreement on behalf of the Primary Landowner or such person(s) as the Primary Landowner 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" shall mean the Issuer or an 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. Digital Assurance Certification L.L.C., has been designated as the initial Dissemination Agent hereunder.



"District Manager" shall mean Severn Trent Services, Inc., and its successors and assigns.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures located at <http://emma.msrb.org/>.

"EMMA Compliant Format" shall mean that any document provided to the MSRB which is in an electronic format and is accompanied by identifying information as prescribed by the MSRB.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

"Limited Offering Memorandum" shall mean that Limited Offering Memorandum dated April 16, 2015 prepared in connection with the issuance of the Bonds.

"Listed Events" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person(s)" shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds, which person(s) shall include the Issuer, and for the purposes of this Disclosure Agreement, the Primary Landowner, and its affiliates, successors or assigns (excluding homebuyers who are end users), for so long as the Primary Landowner or its affiliates, successors or assigns (excluding homebuyers who are end users) are the owner of Assessment Area lands responsible for payment of at least 20% of the 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 August 1, 2015.

"Quarterly Report" shall mean any Quarterly Report provided by the Primary Landowner or any other 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. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal. The Repository shall also include any State Repository.

"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 been and may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"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.

3. **Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent for filing with the Repository by no later than one hundred eighty (180) days after the close of the Issuer's Fiscal Year (the "Annual Filing Date"), commencing with the Fiscal Year ended September 30, 2015. 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 District shall provide its Audited Financial Statements for the Fiscal Year ended September 30, 2014, no later than June 30, 2015. 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 (15<sup>th</sup>) 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 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 within the times required under this Disclosure Agreement, state the date by which the Annual Report or 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 or Annual Financial Statements by 6:00 p.m. Eastern time on the Annual Filing Date or Annual Financial Statements Filing Date, as applicable (or, if such Annual Filing Date or Annual Financial Statements Filing Date falls on a Saturday, Sunday or holiday, then the first Business Day thereafter), then a Listed Event as described in Section 6(a)(xv) shall have occurred and the Dissemination Agent shall 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 Statements has been provided pursuant to this Disclosure Agreement and stating the date(s) it was provided.

(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.

4. **Content of Annual Reports.**

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following:

(i) The amount of Assessments levied for the most recent prior Fiscal Year.

(ii) The amount of Assessments collected from the property owners during the most recent prior Fiscal Year.

(iii) If available, the amount of delinquencies greater than one hundred fifty (150) days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of the Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold 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 Bonds Outstanding.

(vii) The amount of principal and interest to be paid on the Bonds in the current Fiscal Year.

(viii) The most recent audited financial statements of the Issuer.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the audited financial statements referred to in subsection (viii) above, they do not have to be separately set forth (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 Issuer, 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 Issuer shall clearly identify each such other document so incorporated by reference.

(b) 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.

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:

(i) The number and type of lots in the Assessment Area subject to the 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 and type of lots platted in the Assessment Area

(v) The number and type of lots within the Assessment Area owned by the Obligated Person under contract with a home builder and closed with a home builder and the name of such builder.

(vi) The number and type of lots under construction and the number and type of homes constructed within the Assessment Area by the Obligated Person.

(vii) The number and type of homes under contract with homebuyers in the Assessment Area by the Obligated Person.

(viii) The number and type of homes closed with homebuyers (delivered to end users) within the Assessment Area by the Obligated Person.

(ix) Any change to the number of lots planned to be developed within the Assessment Area.

(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 five (5) 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. Furthermore, the Obligated Person shall notify the District within five (5) Business Days after the occurrence of a consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(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 6:00 p.m. Eastern Time on the first (1<sup>st</sup>) Business Day following each Quarterly Filing Date, a Listed Event described in Section 6(a)(xv) shall have occurred and the District and the Primary Landowner 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.

(e) When an Obligated Person which previously has filed Quarterly Reports is either no longer required to do so, or if it becomes a Transferor Obligated Person, it will prepare a voluntary event notice which it will provide to the Dissemination Agent for filing with the Repository within ten (10) Business Days of such change of status.

## 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 2015 Reserve Account 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 Issuer 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 Issuer 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 Issuer 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 Issuer or any Obligated Person);

(xiii) Consummation of a merger, consolidation, or acquisition involving the Issuer or any Obligated Person or the sale of all or substantially all of the assets of the Issuer 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,

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\* Not initially applicable to the Bonds.

\*\* The Bonds are not rated.

the information required to be included therein under Section 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 Disclosure 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)(xii) or (xiii) 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, and in any event within ten (10) Business Days of the occurrence of the Listed Event, file a notice of such occurrence with the Repository.

(e) Primary Landowner hereby represents and warrants that it has not knowingly failed to timely comply with its continuing disclosure obligations as required in a continuing disclosure agreement in any material respects that resulted in the filing of a material event notice for any continuing disclosure agreements 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.

(f) The Dissemination Agent is under no obligation to notify the Issuer or Obligated Person(s) of an event that may constitute a Listed Event. In the event the Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) Business Days of receipt of such notice (but in any event not later than the tenth (10<sup>th</sup>) Business Day after the occurrence of the Listed Event, if the Issuer or Obligated Person determines that a Listed Event has occurred), instruct the Dissemination Agent that (i) a Listed Event has not occurred and no filing is to be made or (ii) a Listed Event has occurred and the Dissemination Agent is to report the occurrence pursuant to subsection (d) of this Section 6.

7. **Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate with respect to the Bonds upon the defeasance, prior redemption or payment in full of all of the Bonds.

8. **Dissemination Agent.** 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. The initial Dissemination Agent shall be Digital Assurance Certification L.L.C. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of Digital Assurance Certification L.L.C. Digital Assurance Certification L.L.C. may terminate its role as Dissemination Agent at any time upon delivery of thirty (30) days prior written notice to the District and each Obligated Person.

9. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule. 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 the Primary Landowner if the Primary Landowner continues to be an Obligated Person at the time of the amendment.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment and/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 Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 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.

10. **Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

11. **Default.** In the event of a failure of the Issuer, the Disclosure Representative, the Primary Landowner or any other Obligated Person, or the Dissemination Agent to comply with



any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Beneficial Owners of at least 25% aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any beneficial owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Disclosure Representative, the Primary Landowner, the Obligated Person, the Dissemination Agent or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by the Primary Landowner or any other Obligated Person shall not be deemed a default by the Issuer 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 Issuer, the Disclosure Representative, the Primary Landowner, the Obligated Person, the Dissemination Agent or the Trustee, to comply with this Disclosure Agreement shall be an action to compel performance.

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 Primary Landowner (and any subsequent Obligated Person(s)) 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, the Primary Landowner, the Disclosure Representative and each person upon becoming an Obligated Person 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 Primary Landowner 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, the Primary Landowner, 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, the Primary Landowner, 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.

The Issuer and Obligated Person(s) acknowledge and understand that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and Obligated Person(s), and that the duties and responsibilities of the Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer and Obligated Person acknowledge and understand that the duties of the Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing, provided the same shall be knowledgeable about the matters of agreements similar to this Disclosure Agreement, in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting

in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

13. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Trustee, the Participating Underwriter and beneficial owners of the Bonds, and shall create no rights in any other person or entity.

14. **Roll and Budget.** Upon the request of the Dissemination Agent, the Trustee or any Bondholder, the Issuer, through its District Manager, if applicable, agrees to provide the Dissemination Agent with a certified copy of the roll certified to the Osceola County Tax Collector, and in years that the uniform method is not used a list of landowners and the certified assessment roll, and the Issuer's most recent adopted budget.

15. **Governing Law.** The laws of the State of Florida and Federal law shall govern this Disclosure Agreement and venue shall be in Osceola County, Florida.

16. **Counterparts.** This Disclosure Agreement may be executed in several counterparts and by PDF signature and all of which shall constitute but one and the same instrument.

17. **Trustee Cooperation.** The Issuer represents that the Dissemination Agent is a bona fide agent of the Issuer and the Issuer instructs the Trustee to deliver to the Dissemination Agent at the expense of the Issuer, any information or reports the Dissemination Agent requests in writing.

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 Primary Landowner 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.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

**HARMONY COMMUNITY DEVELOPMENT DISTRICT, AS ISSUER**

[SEAL]

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

ATTEST:

By: \_\_\_\_\_  
Assistant Secretary

**CONSENTED TO AND AGREED TO BY:**

**DISTRICT MANAGER**

**SEVERN TRENT SERVICES, INC., and its successors and assigns, AS DISTRICT MANAGER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**BIRCHWOOD ACRES LIMITED PARTNERSHIP, LLLP, a Florida limited liability limited partnership AS PRIMARY LANDOWNER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DIGITAL ASSURANCE CERTIFICATION L.L.C., and its successors and assigns, AS DISSEMINATION AGENT**

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: Harmony Community Development District

Name of Bond Issue: \$13,530,000 original aggregate principal amount of Capital Improvement Revenue Refunding Bonds, Series 2015

Obligated Person(s): Harmony Community Development District;  
\_\_\_\_\_

Original Date of Issuance: April 28, 2015

CUSIP Numbers: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an [Annual Report] [Audited Financial Statements] [Quarterly Report] with respect to the above-named Bonds as required by Section [3][5] of the Continuing Disclosure Agreement dated April 28, 2015 by and between the Issuer, the Primary Landowner and the Dissemination Agent named therein. The Issuer 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

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**APPENDIX E**  
**DISTRICT'S FINANCIAL STATEMENTS**

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**HARMONY  
COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Harmony Community Development District  
Osceola County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Harmony Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2013, 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

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 policies 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.

### 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, 2013, and the respective changes in financial position, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As described in Note 2 to the financial statements, in fiscal year 2013, the District adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 our report dated March 27, 2014, on our consideration of the District's internal control over financial reporting and on 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 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.



March 27, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Harmony Community Development District, Osceola County, Florida's ("District") financial performance provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a net position deficit balance of (\$10,566,191).
- The change in the District's total net position in comparison with the prior fiscal year was \$418,749, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2013, the District's governmental funds reported combined ending fund balances of \$4,035,713, an increase of \$127,210 in comparison with the prior year. Of the total fund balance, the majority is restricted for debt service and capital projects, assigned for operating reserves, renewal and replacement and insurance, and the remainder is unassigned fund balance which is available for spending at the District's discretion.
- During fiscal year 2013, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Please see New Accounting Standards Adopted in Note 2 of the financial statements for additional information.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: **1)** government-wide financial statements, **2)** fund financial statements, and **3)** notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### 1) 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 the District's assets and liabilities with the residual amount being 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 include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), physical environment (maintenance) and parks and recreation functions.

## 2) 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: 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 fiscal year. Such information may be useful in evaluating a District'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 governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District currently maintains four individual governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, debt service 2001, debt service 2004, and capital projects 2004 funds. All of the funds are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

## 3) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data included in the government-wide and fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, liabilities exceeded assets at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2013	2012
Current and other assets	\$ 4,368,453	\$ 4,812,084
Capital assets, net of depreciation	14,753,441	15,091,289
Total assets	<u>19,121,894</u>	<u>19,903,373</u>
Current liabilities	1,163,085	1,273,506
Long-term liabilities	28,525,000	29,150,000
Total liabilities	<u>29,688,085</u>	<u>30,423,506</u>
Net position		
Net investment in capital assets	(13,771,559)	(13,531,067)
Restricted	2,405,798	2,283,829
Unrestricted	799,570	727,105
Total net position (deficit)	<u>\$ (10,566,191)</u>	<u>\$ (10,520,133)</u>

The District net position increased during the most recent fiscal year. The majority of the increase is the result of an increase in prepaid revenues and of the conveyance of completed infrastructure from the Developer.

Key elements of the change in net position are reflected in the following table:

	CHANGES IN NET POSITION	
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2013	2012
Revenues:		
Program revenues	\$ 4,299,801	\$ 4,211,491
General revenues	11,884	12,866
Total revenues	<u>4,311,685</u>	<u>4,224,357</u>
Expenses:		
General government	180,292	201,603
Maintenance and operations	1,493,287	1,538,236
Parks and recreation	196,830	158,168
Interest	2,022,527	2,086,300
Total expenses	<u>3,892,936</u>	<u>3,984,307</u>
Change in net position	<u>418,749</u>	<u>240,050</u>
Net position (deficit) - beginning, previously stated	(10,520,133)	(10,760,183)
Effect of adoption of GASB No. 65 (Note 2)	(464,807)	-
Net position (deficit) - beginning, as restated	<u>(10,984,940)</u>	<u>(10,760,183)</u>
Net position (deficit) - ending	<u>\$ (10,566,191)</u>	<u>\$ (10,520,133)</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2013 was \$3,892,936. The costs of the District's activities were primarily funded by program revenues. Program revenues, comprised primarily of non-ad valorem special assessments, increased during the fiscal year as a result of an increase in prepayment revenue and developer contribution. The majority of the change in expenses results from the decrease in interest. Based on the amortization schedule of the Bonds, as the balance outstanding of the Bonds decreases over time, the portion of each debt service payment allocated to principal increases accordingly thereby decreasing the amount allocated to interest.

## GENERAL BUDGETING 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. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2013.

The variance between budgeted and actual general fund revenues for the 2013 fiscal year is as a result of property owners not taking advantage of the discounts, resulting in higher than anticipated revenues. Also, miscellaneous revenues were higher than anticipated. The actual general fund expenditures for the current year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2013, the District had \$17,530,666 invested in land, land improvements, infrastructure, recreation areas and facilities, and equipment for its governmental activities. In the government-wide financial statements depreciation of \$2,777,225 has been taken, which resulted in a net book value of \$14,753,441. More detailed information about the District's capital assets is presented in the notes of the financial statements.

### Capital Debt

At September 30, 2013, the District had \$28,525,000 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Harmony Community Development District's Finance Department at 210 N. University Drive, Suite 702, Coral Springs, Florida, 33071.



**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 765,266
Investments	127,778
Accounts receivable	1,973
Assessments receivable	579,345
Interest receivable	3,493
Due from other governments	10,216
Restricted assets:	
Investments	2,880,382
Capital assets:	
Nondepreciable	8,543,600
Depreciable, net	6,209,841
Total assets	19,121,894
 <b>LIABILITIES</b>	
Accounts payable	159,994
Accrued interest payable	832,318
Unearned revenues	170,773
Non-current liabilities:	
Due within one year	650,000
Due in more than one year	27,875,000
Total liabilities	29,688,085
 <b>NET POSITION</b>	
Net investment in capital assets	(13,771,559)
Restricted for debt service	2,402,403
Restricted for capital projects	3,395
Unrestricted	799,570
Total net position (deficit)	\$ (10,566,191)

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 180,292	\$ 180,292	\$ -	\$ -	\$ -
Maintenance and operations	1,493,287	1,279,864	-	23	(213,400)
Parks and recreation	196,830	-	-	59,465	(137,365)
Interest on long-term debt	2,022,527	2,778,885	1,272	-	757,630
Total governmental activities	3,892,936	4,239,041	1,272	59,488	406,865
General revenues:					
Unrestricted investment earnings					3,050
Loss on disposal of capital assets					(7,635)
Miscellaneous					16,469
Total general revenues					11,884
Change in net position					418,749
Net position (deficit) - beginning, previously stated					(10,520,133)
Effect of adoption of GASB No. 65 (Note 2)					(464,807)
Net position (deficit) - beginning, as restated					(10,984,940)
Net position (deficit) - ending					\$ (10,566,191)

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013**

	Major Funds				Total Governmental Funds
	General	Debt Service 2001	Debt Service 2004	Capital Projects 2004	
<b>ASSETS</b>					
Cash and equivalents	\$ 765,266	\$ -	\$ -	\$ -	\$ 765,266
Investments	127,778	2,016,440	860,547	3,395	3,008,160
Assessments receivable	73,703	-	505,642	-	579,345
Accounts receivable	1,973	-	-	-	1,973
Interest receivable	3,493	-	-	-	3,493
Due from other governments	3,725	6,491	-	-	10,216
Due from other funds	-	16,374	-	-	16,374
Total assets	<u>\$ 975,938</u>	<u>\$ 2,039,305</u>	<u>\$ 1,366,189</u>	<u>\$ 3,395</u>	<u>\$ 4,384,827</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 159,994	\$ -	\$ -	\$ -	\$ 159,994
Due to other funds	16,374	-	-	-	16,374
Unearned revenue	-	170,773	-	-	170,773
Total liabilities	<u>176,368</u>	<u>170,773</u>	<u>-</u>	<u>-</u>	<u>347,141</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - other	1,973	-	-	-	1,973
Total deferred inflows of resources	<u>1,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,973</u>
Fund balances:					
Restricted for:					
Debt service	-	1,868,532	1,366,189	-	3,234,721
Capital projects	-	-	-	3,395	3,395
Assigned to:					
Operating reserve	366,305	-	-	-	366,305
Renewal and replacement	185,000	-	-	-	185,000
Insurance	50,000	-	-	-	50,000
Unassigned	196,292	-	-	-	196,292
Total fund balances	<u>797,597</u>	<u>1,868,532</u>	<u>1,366,189</u>	<u>3,395</u>	<u>4,035,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 975,938</u>	<u>\$ 2,039,305</u>	<u>\$ 1,366,189</u>	<u>\$ 3,395</u>	<u>\$ 4,384,827</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

Fund balance - governmental funds		\$ 4,035,713
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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position to the government as a whole.		
Cost of capital assets	17,530,666	
Accumulated depreciation	<u>(2,777,225)</u>	14,753,441
Assets that are not available to pay for current-period expenditures are deferred in the fund statements.		
		1,973
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Accrued interest payable	(832,318)	
Bonds payable	<u>(28,525,000)</u>	<u>(29,357,318)</u>
Net position of governmental activities		<u><u>\$ (10,566,191)</u></u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Major Funds			Capital Projects 2004	Total Governmental Funds
	General	Debt Service 2001	Debt Service 2004		
<b>REVENUES</b>					
Assessments	\$ 1,474,118	\$ 1,558,947	\$ 1,219,938	\$ -	\$ 4,253,003
Interest	3,050	907	365	23	4,345
Other revenues	16,469	-	-	-	16,469
Total revenues	<u>1,493,637</u>	<u>1,559,854</u>	<u>1,220,303</u>	<u>23</u>	<u>4,273,817</u>
<b>EXPENDITURES</b>					
Current:					
General government	166,236	14,056	-	-	180,292
Maintenance and operations	1,147,639	-	-	-	1,147,639
Parks and recreation	71,445	-	-	-	71,445
Debt service:					
Principal	-	370,000	255,000	-	625,000
Interest	-	1,071,913	968,963	-	2,040,876
Capital outlay	21,890	-	-	59,465	81,355
Total expenditures	<u>1,407,210</u>	<u>1,455,969</u>	<u>1,223,963</u>	<u>59,465</u>	<u>4,146,607</u>
Excess (deficiency) of revenues over (under) expenditures	86,427	103,885	(3,660)	(59,442)	127,210
Fund balances - beginning	<u>711,170</u>	<u>1,764,647</u>	<u>1,369,849</u>	<u>62,837</u>	<u>3,908,503</u>
Fund balances - ending	<u>\$ 797,597</u>	<u>\$ 1,868,532</u>	<u>\$ 1,366,189</u>	<u>\$ 3,395</u>	<u>\$ 4,035,713</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

Net change in fund balances - total governmental funds	\$	127,210
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, the costs of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		81,355
Disposal of capital assets, net of accumulated depreciation		(7,635)
Depreciation of capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.		(471,033)
Certain revenues were unavailable for the fund financial statements in the prior year. In the current year, these revenues were recorded in the fund financial statements.		(13,962)
The statement of activities reports noncash contributions as revenues but these revenues are not reported in the fund financial statements.		59,465
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statement but such repayments reduce liabilities in the statement of net assets and are eliminated in the statement of activities.		625,000
The change in accrued interest on long-term liabilities between the current and prior fiscal year is recorded in the statement of activities but not in the fund financial statements.		18,349
Change in net position of governmental activities	\$	<u>418,749</u>

See notes to the financial statements

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

Harmony Community Development District (the "District") was established on February 28, 2000 by the Osceola County, Florida Ordinance No. 00-05 and was created pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purpose of managing the District systems and facilities, including acquisition, construction, maintenance, operation and financing of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board") which is composed of five members. The Supervisors are elected by qualified electors within the District. To carry out the purpose of the District, the Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes. These powers include, but are not limited to:

1. To determine, order, levy, impose, collect, and enforce special assessments.
2. Approve the budget for the ensuing fiscal year submitted to the Board by the District Manager.
3. Exercising control over the management of District systems, facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. To finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain District systems, facilities, and basic infrastructure.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the primary government is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Operating-type special assessments for maintenance and debt service are treated as charges for services. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

### Assessments

Assessments are non-ad valorem special assessments apportioned to the benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. For debt service, certain amounts are collected at lot closings as advance payments and are used to prepay a portion of the Bonds outstanding. Otherwise, assessments are collected annually to provide funds for the debt service on the portion of the Bonds which are not paid with prepaid assessments. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. Pursuant to District policy, the District's annual assessments for operations and debt service are noticed and collected by the County Tax Collector for non-Developer owned platted lots, utilizing the Uniform Method of Collection. The amounts remitted to the District are net of applicable discounts or fees. In addition, amounts remitted by the County Tax Collector include interest on monies held from the day of collection to the day of distribution. The District notices and collects non-ad valorem special assessments for Developer owned non-platted lots.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

### General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

### Debt Service Funds 2001 and 2004

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on the Series 2001 and 2004 Bonds.

### Capital Projects Fund 2004

This fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure within the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.



## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **New Accounting Standards Adopted**

During fiscal year 2013, the District adopted three new accounting standards as follows:

*GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

This Statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or before November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

*GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

*GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The implementation of GASB 65 resulted in the write off of Bond issuance costs and the effect of adoption of GASB 65 is the reduction of beginning net position by \$464,807 of the governmental activities. The effect on fiscal year 2012 had the implementation of GASB 65 occurred earlier would have resulted in a decrease in expenses of the governmental activities by \$21,127.

### **Assets, Liabilities and Net Position or Equity**

#### **Restricted Assets**

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

#### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraphs c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Deposits and Investments (Continued)

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

#### Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	10
Infrastructure	15
Recreational facilities	25 - 30

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

#### Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (motion) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (motion) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Assignments are established by the Board of Supervisors of the District and are generally temporary.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

### **Other Disclosures**

#### 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 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

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) Public hearings are conducted to obtain comments.
- c) Prior to October 1, the budget is adopted legally by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

### NOTE 4 – DEPOSITS AND INVESTMENTS

#### Deposits

The District's cash balances, including the certificates of deposit shown below, were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

#### Investments

The District's investments were held as follows at September 30, 2013:

	Fair Value	Credit Risk	Maturities
US Bank N.A. Open Commercial Paper	\$ 527,059	S&P A-1+	N/A
US Bank N.A. Int Bearing Commercial Paper	2,353,323	S&P A-1+	N/A
Centerstate Bank Certificate of Deposit	127,778	N/A	7/6/2014
	\$ 3,008,160		

*Credit risk* – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

*Concentration risk* – The District places no limit on the amount the District may invest in any one issuer.

*Interest rate risk* – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

### NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2013 were as follows:

Fund	Receivable	Payable
General	\$ -	\$ 16,374
Debt Service fund 2001	16,374	-
Total	\$ 16,374	\$ 16,374

## NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the debt service fund relate to incorrect billing of certain landowners with regard to payoff amounts for the Series 2001 Bonds. The management company fully paid the District by applying a credit to the current fiscal year monthly invoices.

## NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 8,543,600	\$ -	\$ -	\$ 8,543,600
Total capital assets, not being depreciated	8,543,600	-	-	8,543,600
Capital assets, being depreciated				
Infrastructure	5,029,451	118,930	(16,197)	5,132,184
Recreational facilities	3,751,220	-	-	3,751,220
Equipment	81,772	21,890	-	103,662
Total capital assets, being depreciated	8,862,443	140,820	(16,197)	8,987,066
Less accumulated depreciation for:				
Infrastructure	1,654,025	337,668	(8,562)	1,983,131
Recreational facilities	625,538	125,385	-	750,923
Equipment	35,191	7,980	-	43,171
Total accumulated depreciation	2,314,754	471,033	(8,562)	2,777,225
Total capital assets, being depreciated, net	6,547,689	(330,213)	(7,635)	6,209,841
Governmental activities capital assets, net	\$ 15,091,289	\$ (330,213)	\$ (7,635)	\$ 14,753,441

Depreciation expense was charged to function/program as follows:

Maintenance and operations	\$ 345,648
Parks and recreation	125,385
Total depreciation expense	<u>\$ 471,033</u>

In the prior fiscal year, the District entered into an agreement with the Developer whereby the District contributed 50 percent toward a Park Improvements Project completed in the current fiscal year. The District used the funds held on deposit in the Series 2004 Construction Account. Upon the completion of the project, the Developer conveyed to the District all of its rights, title and interest in and to the Improvements. The total cost of the project was \$118,930.

## NOTE 7 – LONG TERM LIABILITIES

### Capital Improvement Revenue Bonds Series 2001

On October 9, 2001 the District issued \$17,700,000 of Capital Improvement Revenue Bonds Series 2001, due on May 1, 2032 with a fixed interest rate of 7.25%. Interest is payable semiannually on each May 1 and November 1. Principal is payable on an annual basis commencing May 1, 2003 through May 1, 2032.

The Series 2001 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture. This occurred during the fiscal year ended September 30, 2013 as the District collected prepaid assessments from lot owners and prepaid \$20,000 of the Bonds. See Note 13 for additional call amounts subsequent to year end.

## NOTE 7 – LONG TERM LIABILITIES (Continued)

### **Capital Improvement Revenue Bonds Series 2001 (Continued)**

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture at September 30, 2013.

The Bond Indenture requires that the District obtain a \$5,000,000 letter of credit which can be utilized by the Trustee in the event that sufficient funds are not available to cover the required debt service payments. The District does not currently have a letter of credit. There is an insurance policy and mortgage security agreement in place through the District's trust account.

### **Capital Improvement Revenue Bonds Series 2004**

On December 10, 2004 the District issued \$15,490,000 of Capital Improvement Revenue Bonds Series 2004, due on May 1, 2036 with a fixed interest rate of 6.75%. Interest is payable semiannually on each May 1 and November 1 commencing May 1, 2006. Principal is payable on an annual basis commencing May 1, 2007.

The Series 2004 Bonds are subject to redemption at the option of the District prior to their maturity. The Bonds are subject to extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as certain other restrictions and requirements relating principally to the use of proceeds and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indenture at September 30, 2013.

### **Long-term debt activity**

Changes in long-term liability activity for the fiscal year ended September 30, 2013 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2001	\$ 14,795,000	\$ -	\$ 370,000	\$ 14,425,000	\$ 375,000
Series 2004	14,355,000	-	255,000	14,100,000	275,000
Total	<u>\$ 29,150,000</u>	<u>\$ -</u>	<u>\$ 625,000</u>	<u>\$ 28,525,000</u>	<u>\$ 650,000</u>

**NOTE 7 – LONG TERM LIABILITIES (Continued)**

At September 30, 2013, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2014	\$ 650,000	\$ 1,997,563	\$ 2,647,563
2015	690,000	1,951,813	2,641,813
2016	740,000	1,903,233	2,643,233
2017	795,000	1,851,133	2,646,133
2018	850,000	1,795,150	2,645,150
2019 - 2023	5,260,000	7,985,238	13,245,238
2024 - 2028	7,390,000	5,853,100	13,243,100
2029 - 2033	8,930,000	2,856,850	11,786,850
2034 - 2036	3,220,000	444,825	3,664,825
Total	<u>\$ 28,525,000</u>	<u>\$ 26,638,905</u>	<u>\$ 55,163,905</u>

**NOTE 8 – DEVELOPER AND RELATED TRANSACTIONS**

The Developer (Harmony Development Co., LLC) and related entities own a portion of raw land within the District; therefore, revenues in the general and debt service funds include non ad-valorem assessments billed by the District on lots owned by the Developer and related entities. Developer and related assessment revenue for the fiscal year ended September 30, 2013 totaled \$1,093,465 for the general fund. For debt service, Developer and related assessment revenue for the fiscal year ended September 30, 2013 was \$2,032,809 for both the Series 2001 and 2004 Bonds.

In addition, during the current fiscal year the Developer contributed \$59,465 toward a Park Improvement Project that was completed in the current fiscal year.

**NOTE 9 – CONCENTRATION**

The District's activity is dependent on the continued involvement of the Developer, the loss of which could have a material adverse effect on the District's operations.

**NOTE 10 – DEFICIT NET POSITION**

The District has a government-wide net position deficit balance of (\$10,566,191) as of September 30, 2013. There is no such deficit reflected in the governmental fund statements. In a prior year, certain assets were financed through the issuance of long-term debt but were conveyed to other entities for ownership and maintenance. Those capitals assets are not included in the assets of the District; however, the long-term debt associated with those assets remains a liability of the District.

**NOTE 11 - MANAGEMENT COMPANY**

Pursuant to Section 190.007 (1), the District has contracted with a management company to manage the works of the District, including to perform services such as financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company to manage the works of the District. The management company provides management services, including, but not limited to: managing the works of the District, accounting, financial reporting, computer and other administrative services.

## **NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

## **NOTE 13 – SUBSEQUENT EVENTS**

### **Bond Payments**

Subsequent to year end, the District prepaid \$75,000 of the Series 2001 Bonds. The prepayment was an extraordinary mandatory redemption as outlined in the Bond Indenture.

### **Interlocal Agreement**

Subsequent to year end, the School Board of Osceola County, Florida (“the School Board”) conveyed certain parcels (“The Property”) to the District pursuant to an interlocal agreement whereby the District shall maintain The Property in a manner equivalent to or superior to that provided under the School Board’s standard. The conveyance is subject to a revisionary interest in favor of the School Board by which the title to the property would revert to the ownership of the School Board upon the dissolution or termination of the District.



**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	<u>Budgeted Amounts</u> <u>Original &amp; Final</u>	<u>Actual</u> <u>Amounts</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Assessments - Tax collector	\$ 578,276	\$ 589,676	\$ 11,400
Assessments - District collected	884,442	884,442	-
Interest and other revenues	2,500	19,519	17,019
Total revenues	<u>1,465,218</u>	<u>1,493,637</u>	<u>28,419</u>
<b>EXPENDITURES</b>			
Current:			
General government	178,696	166,236	12,460
Maintenance and operations	1,209,022	1,147,639	61,383
Parks and recreation	65,500	71,445	(5,945)
Capital outlay	12,000	21,890	(9,890)
Total expenditures	<u>1,465,218</u>	<u>1,407,210</u>	<u>58,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	86,427	<u>\$ 86,427</u>
Fund balance - beginning		<u>711,170</u>	
Fund balance - ending		<u>\$ 797,597</u>	

See notes to required supplementary information

**HARMONY COMMUNITY DEVELOPMENT DISTRICT  
OSCEOLA COUNTY, FLORIDA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed budgeted appropriations for the fiscal year ended September 30, 2013.

The variance between budgeted and actual general fund revenues for the 2013 fiscal year is as a result of lot owners not taking advantage of the discounts, resulting in higher than anticipated revenues. Also, miscellaneous revenues were higher than anticipated. The actual general fund expenditures for the current year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.



**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  
Harmony Community Development District  
Osceola County, Florida

We have audited, in accordance with the 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 Harmony Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated March 27, 2014, which includes an emphasis of matter paragraph.

**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 our 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Shand Associates". The signature is written in a cursive style and is positioned above the date.

March 27, 2014



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors  
Harmony Community Development District  
Osceola County, Florida

We have audited the accompanying basic financial statements of Harmony Community Development District, Osceola County, Florida ("District") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated March 27, 2014, which includes an emphasis of matter paragraph.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* and Chapter 10.550, Rules of the Florida Auditor General dated March 27, 2014. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Harmony Community Development District, Osceola County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Harmony Community Development District, Osceola County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

March 27, 2014

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2012.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The District complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2013.

4. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2013.

5. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

6. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2013 financial audit report.

7. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

8. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted as of September 30, 2013. It is management's responsibility to monitor 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.

**HARMONY**  
**Community Development District**

*Financial Report*  
*February 28, 2015*

**Prepared by**



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**Harmony  
Community Development District**

**Financial Statements**

**(Unaudited)**

**February 28, 2015**

**Balance Sheet**  
February 28, 2015

ACCOUNT DESCRIPTION	GENERAL FUND	2004 DEBT SERVICE FUND	2014 DEBT SERVICE FUND	TOTAL
<b><u>ASSETS</u></b>				
Cash - Checking Account	\$ 210,498	\$ -	\$ -	\$ 210,498
Acct Receivable-Returned Items	20	-	-	20
Assessments Receivable	82,320	-	-	82,320
Investments:				
Certificates of Deposit - 12 Months	100,400	-	-	100,400
Money Market Account	714,898	-	-	714,898
Interest Account	-	22,637	44,776	67,413
Prepayment Account	-	3,229	184,375	187,604
Reserve Fund	-	857,096	607,313	1,464,409
Revenue Fund	-	44,859	846,753	891,612
<b>TOTAL ASSETS</b>	<b>\$ 1,108,136</b>	<b>\$ 927,821</b>	<b>\$ 1,683,217</b>	<b>\$ 3,719,174</b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 65,821	\$ -	\$ -	\$ 65,821
Accrued Expenses	40,250	-	-	40,250
Retainage Payable	9,014	-	-	9,014
Accrued Wages Payable	800	-	-	800
<b>TOTAL LIABILITIES</b>	<b>115,885</b>	<b>-</b>	<b>-</b>	<b>115,885</b>
<b><u>FUND BALANCES</u></b>				
<b>Restricted for:</b>				
Debt Service	-	927,821	1,683,217	2,611,038
<b>Assigned to:</b>				
Operating Reserves	439,270	-	-	439,270
Reserves-Renewal & Replacement	99,188	-	-	99,188
Reserves - Self Insurance	50,000	-	-	50,000
Reserves - Sidewalks	60,000	-	-	60,000
Reserves - Streetlights	105,000	-	-	105,000
<b>Unassigned:</b>	<b>238,793</b>	<b>-</b>	<b>-</b>	<b>238,793</b>
<b>TOTAL FUND BALANCES</b>	<b>\$ 992,251</b>	<b>\$ 927,821</b>	<b>\$ 1,683,217</b>	<b>\$ 3,603,289</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 1,108,136</b>	<b>\$ 927,821</b>	<b>\$ 1,683,217</b>	<b>\$ 3,719,174</b>

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Period Ending February 28, 2015

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ 2,500	\$ 1,040	\$ 844	\$ (196)
Interest - Tax Collector	-	-	50	50
Special Assmnts- Tax Collector	811,192	540,796	577,502	36,706
Special Assmnts- CDD Collected	975,837	406,599	406,599	-
Special Assmnts- Discounts	(32,448)	(21,632)	(22,107)	(475)
Access Cards	-	-	340	340
<b>TOTAL REVENUES</b>	<b>1,757,081</b>	<b>926,803</b>	<b>963,228</b>	<b>36,425</b>
<b>EXPENDITURES</b>				
<b>Administration</b>				
P/R-Board of Supervisors	11,200	4,800	4,600	200
FICA Taxes	857	366	352	14
ProfServ-Arbitrage Rebate	1,200	1,200	1,200	-
ProfServ-Dissemination Agent	500	500	-	500
ProfServ-Engineering	5,000	2,085	3,162	(1,077)
ProfServ-Legal Services	30,000	12,500	8,755	3,745
ProfServ-Mgmt Consulting Serv	55,984	23,325	23,327	(2)
ProfServ-Property Appraiser	779	779	418	361
ProfServ-Special Assessment	11,822	11,822	11,822	-
ProfServ-Trustee Fees	11,462	6,000	5,390	610
Auditing Services	4,700	2,200	-	2,200
Postage and Freight	750	315	224	91
Rental - Meeting Room	-	-	250	(250)
Insurance - General Liability	27,534	27,534	28,048	(514)
Printing and Binding	2,500	1,040	851	189
Legal Advertising	500	213	97	116
Misc-Assessmnt Collection Cost	16,224	10,816	11,108	(292)
Misc-Contingency	500	213	36	177
Office Supplies	500	213	22	191
Annual District Filing Fee	175	175	175	-
<b>Total Administration</b>	<b>182,187</b>	<b>106,096</b>	<b>99,837</b>	<b>6,259</b>
<b>Field</b>				
ProfServ-Field Management	210,000	87,500	65,682	21,818
<b>Total Field</b>	<b>210,000</b>	<b>87,500</b>	<b>65,682</b>	<b>21,818</b>

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Period Ending February 28, 2015

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>Landscape Services</b>				
R&M-Grounds	21,961	9,150	9,151	(1)
R&M-Irrigation	20,000	8,335	4,019	4,316
R&M-Tree Trimming Services	20,000	8,335	-	8,335
R&M-Trees and Trimming	20,286	8,453	8,452	1
R&M-Turf Care	259,866	108,278	108,278	-
R&M-Shrub Care	119,351	49,730	49,729	1
Miscellaneous Services	15,000	6,250	6,252	(2)
<b>Total Landscape Services</b>	<b>476,464</b>	<b>198,531</b>	<b>185,881</b>	<b>12,650</b>
<b>Utilities</b>				
Electricity - General	32,000	13,335	15,792	(2,457)
Electricity - Streetlighting	90,206	37,587	29,942	7,645
Utility - Water & Sewer	105,000	43,750	33,322	10,428
Lease - Street Light	296,909	123,712	123,712	-
Misc-Contingency	31,218	13,007	-	13,007
Cap Outlay - Streetlights	108,697	-	161,852	(161,852)
<b>Total Utilities</b>	<b>664,030</b>	<b>231,391</b>	<b>364,620</b>	<b>(133,229)</b>
<b>Operation &amp; Maintenance</b>				
Contracts-Lake and Wetland	20,000	8,335	6,540	1,795
Communication - Telephone	5,000	2,085	1,301	784
Utility - Refuse Removal	2,700	1,125	1,157	(32)
R&M-Pools	30,000	12,500	11,546	954
R&M-Roads & Alleyways	65,000	65,000	60,090	4,910
R&M-Sidewalks	5,000	2,085	3,129	(1,044)
R&M-Equipment Boats	7,500	3,125	942	2,183
R&M-Equipment Vehicles	7,500	3,125	2,786	339
R&M-Parks & Facilities	37,000	15,415	15,990	(575)
R&M-Hardscape Cleaning	5,000	2,500	-	2,500
Miscellaneous Services	-	-	525	(525)
Misc-Property Taxes	-	-	329	(329)
Misc-Access Cards&Equipment	5,000	2,085	-	2,085
Misc-Contingency	8,000	3,335	1,496	1,839
Misc-Security Enhancements	2,500	1,040	900	140

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Period Ending February 28, 2015

<u>ACCOUNT DESCRIPTION</u>	<u>ANNUAL ADOPTED BUDGET</u>	<u>YEAR TO DATE BUDGET</u>	<u>YEAR TO DATE ACTUAL</u>	<u>VARIANCE (\$) FAV(UNFAV)</u>
Cap Outlay - Other	15,000	-	-	-
Cap Outlay - Vehicles	9,200	9,200	5,147	4,053
<b>Total Operation &amp; Maintenance</b>	<u>224,400</u>	<u>130,955</u>	<u>111,878</u>	<u>19,077</u>
<b>TOTAL EXPENDITURES</b>	<b>1,757,081</b>	<b>754,473</b>	<b>827,898</b>	<b>(73,425)</b>
Excess (deficiency) of revenues Over (under) expenditures	-	172,330	135,330	(37,000)
Net change in fund balance	\$ -	\$ 172,330	\$ 135,330	\$ (37,000)
<b>FUND BALANCE, BEGINNING (OCT 1, 2014)</b>	<b>856,921</b>	<b>856,921</b>	<b>856,921</b>	
<b>FUND BALANCE, ENDING</b>	<b><u>\$ 856,921</u></b>	<b><u>\$ 1,029,251</u></b>	<b><u>\$ 992,251</u></b>	

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Period Ending February 28, 2015

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ 100	\$ 40	\$ 196	\$ 156
Special Assmnts- Tax Collector	66,567	44,380	47,390	3,010
Special Assmnts- CDD Collected	1,099,420	466,368	466,368	-
Special Assmnts- Discounts	(2,663)	(1,776)	(1,814)	(38)
<b>TOTAL REVENUES</b>	<b>1,163,424</b>	<b>509,012</b>	<b>512,140</b>	<b>3,128</b>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Misc-Assessmnt Collection Cost	1,331	888	912	(24)
<b>Total Administration</b>	<b>1,331</b>	<b>888</b>	<b>912</b>	<b>(24)</b>
<b>Debt Service</b>				
Principal Debt Retirement	290,000	-	-	-
Interest Expense	933,188	466,594	466,594	-
<b>Total Debt Service</b>	<b>1,223,188</b>	<b>466,594</b>	<b>466,594</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>1,224,519</b>	<b>467,482</b>	<b>467,506</b>	<b>(24)</b>
Excess (deficiency) of revenues Over (under) expenditures	(61,095)	41,530	44,634	3,104
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfer - In	61,095	61,095	-	(61,095)
<b>TOTAL FINANCING SOURCES (USES)</b>	<b>61,095</b>	<b>61,095</b>	<b>-</b>	<b>(61,095)</b>
Net change in fund balance	\$ -	\$ 102,625	\$ 44,634	\$ (57,991)
<b>FUND BALANCE, BEGINNING (OCT 1, 2014)</b>	<b>883,187</b>	<b>883,187</b>	<b>883,187</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 883,187</b>	<b>\$ 985,812</b>	<b>\$ 927,821</b>	

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Period Ending February 28, 2015

ACCOUNT DESCRIPTION	ANNUAL ADOPTED BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE ACTUAL	VARIANCE (\$) FAV(UNFAV)
<b>REVENUES</b>				
Interest - Investments	\$ 100	\$ 40	\$ 28	\$ (12)
Special Assmnts- Tax Collector	1,080,894	720,596	769,509	48,913
Special Assmnts- Prepayment	-	-	34,006	34,006
Special Assmnts- CDD Collected	255,886	255,886	224,154	(31,732)
Special Assmnts- Discounts	(43,236)	(28,824)	(29,457)	(633)
<b>TOTAL REVENUES</b>	<b>1,293,644</b>	<b>947,698</b>	<b>998,240</b>	<b>50,542</b>
<b>EXPENDITURES</b>				
<b>Administration</b>				
Misc-Assessmnt Collection Cost	21,618	14,412	14,801	(389)
<b>Total Administration</b>	<b>21,618</b>	<b>14,412</b>	<b>14,801</b>	<b>(389)</b>
<b>Debt Service</b>				
Principal Debt Retirement	260,000	-	-	-
Interest Expense	597,819	-	-	-
<b>Total Debt Service</b>	<b>857,819</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>879,437</b>	<b>14,412</b>	<b>14,801</b>	<b>(389)</b>
Excess (deficiency) of revenues Over (under) expenditures	414,207	933,286	983,439	50,153
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers-Out	(61,095)	(61,095)	-	61,095
Contribution to (Use of) Fund Balance	353,112	-	-	-
<b>TOTAL FINANCING SOURCES (USES)</b>	<b>292,017</b>	<b>(61,095)</b>	<b>-</b>	<b>61,095</b>
Net change in fund balance	\$ 353,112	\$ 872,191	\$ 983,439	\$ 111,248
<b>FUND BALANCE, BEGINNING (OCT 1, 2014)</b>	<b>699,778</b>	<b>699,778</b>	<b>699,778</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,052,890</b>	<b>\$ 1,571,969</b>	<b>\$ 1,683,217</b>	

**Harmony  
Community Development District**

Supporting Schedules

February 28, 2015



**Non-Ad Valorem Special Assessments  
Osceola County Tax Collector - Monthly Collection Report  
For the Fiscal Year Ending September 30, 2015**

Date Received	Net Amount Received	Discount/ (Penalties) Amount	Collection Cost	Gross Amount Received	Allocation by Fund		
					General Fund	Series 2004 Debt Service Fund	Series 2014 Debt Service Fund
<b>ASSESSMENTS LEVIED FY 2015 (1)</b>				\$ 1,958,652	\$ 811,191	\$ 66,567	\$ 1,080,894
Allocation %				100%	41.42%	3.40%	55.19%
11/07/14	\$ 2,217	\$ 125	\$ 45	\$ 2,388	\$ 989	\$ 81	\$ 1,318
11/21/14	86,220	3,666	1,760	91,645	37,955	3,115	50,575
12/08/14	867,561	36,886	17,705	922,152	381,916	31,340	508,895
12/23/14	232,805	9,005	4,751	246,562	102,115	8,380	136,067
01/09/15	96,296	3,039	1,965	101,300	41,954	3,443	55,903
02/09/15	29,103	657	594	30,354	12,571	1,032	16,751
<b>TOTAL</b>	<b>\$ 1,314,202</b>	<b>\$ 53,378</b>	<b>\$ 26,820</b>	<b>\$ 1,394,401</b>	<b>\$ 577,502</b>	<b>\$ 47,390</b>	<b>\$ 769,509</b>
<b>% COLLECTED</b>				<b>71%</b>	<b>71%</b>	<b>71%</b>	<b>71%</b>
<b>TOTAL OUTSTANDING</b>				<b>\$ 564,251</b>	<b>\$ 233,689</b>	<b>\$ 19,177</b>	<b>\$ 311,385</b>

Note (1) Difference with budget is due to prepayments of series 2004 debt service.

**Non-Ad Valorem Special Assessments - District Collected**  
**Monthly Collection Report**  
**For the Fiscal Year Ending September 30, 2015**

Date Received	Net Amount Received	Allocation by Fund		
		General Fund	Series 2004 Debt Service Fund	Series 2014 Debt Service Fund
<b>ASSESSMENTS LEVIED FY 2015</b>	\$ 2,331,143	\$ 975,837	\$ 1,099,420	\$ 255,886
Allocation %	100%	42%	47%	11%
10/14/14	\$ 542,122	\$ 81,320	\$ 466,368	\$ 75,754
10/1/14 (1)	148,400	-	-	148,400
11/25/14	81,320	81,320	-	-
12/31/15	81,320	81,320	-	-
01/31/15	81,320	81,320	-	-
02/28/15	81,320	81,320	-	-
<b>TOTAL</b>	\$ 1,015,802	\$ 406,600	\$ 466,368	\$ 224,154
<b>% COLLECTED</b>	44%	42%	42%	88%
<b>TOTAL OUTSTANDING</b>	\$ 1,315,340	\$ 569,237	\$ 633,052	\$ 31,732

Note (1) - A portion of assessments received on 4/25/14 was deferred to FY 2015.

**Cash and Investment Report**  
*February 28, 2015*

**General Fund**

<u>Account Name</u>	<u>Bank Name</u>	<u>Investment Type</u>	<u>Maturity</u>	<u>Yield</u>	<u>Balance</u>
Checking Account- Operating	CenterState Bank	Interest Bearing Account	n/a	0.05%	\$207,560
Checking Account	BankUnited	Business Checking Account	n/a	n/a	\$1,000
Checking Account	CenterState Bank	Business Checking Account	n/a	0.05%	\$1,938
				<b>Subtotal</b>	<b>\$210,498</b>
Certificate of Deposit	BankUnited	12 month CD	2/3/2016	0.40%	\$100,400
Money Market Account	CenterState Bank	Money Market Account	n/a	0.10%	\$8,989
Money Market Account	Stonegate Bank	Money Market Account	n/a	0.40%	\$353,534
Money Market Account	BankUnited	Money Market Account	n/a	0.35%	\$352,375
				<b>Subtotal</b>	<b>\$714,898</b>

**Debt Service and Capital Projects Funds**

<u>Account Name</u>	<u>Bank Name</u>	<u>Investment Type</u>	<u>Maturity</u>	<u>Yield</u>	<u>Balance</u>
Series 2004 Interest Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.05%	\$22,637
Series 2004 Prepayment Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.05%	\$3,229
Series 2004 Reserve Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.05%	\$857,096
Series 2004 Revenue Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.05%	\$44,859
Series 2014 Interest Fund	US Bank	US Bank Open-Ended Commercial Paper	n/a	0.05%	\$44,776
Series 2014 Prepayment Fund	US Bank	Government Obligation Fund	n/a	0.01%	\$184,375
Series 2014 Reserve Fund	US Bank	Government Obligation Fund	n/a	0.01%	\$607,313
Series 2014 Revenue Fund	US Bank	Government Obligation Fund	n/a	0.01%	\$846,753
				<b>Subtotal</b>	<b>\$2,611,037</b>
				<b>Total</b>	<b>\$3,636,833</b>

**HARMONY**  
**Community Development District**

[Check Register](#)

[February 1 - February 28, 2015](#)

**Harmony  
Community Development District**

**Check Register by Fund  
For the Period from 2/1/15 to 2/28/15  
(Sorted by Check No.)**

Fund No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount	
<b>GENERAL FUND - 001</b>								
<b>CHECK # 53712</b>								
001	02/06/15	BRIGHT HOUSE NETWORKS	028483401013115	#0050284834-01 2/6-3/5	Misc-Security Enhancements	549911-53910	\$49.23	
							<b>Check Total</b>	<u>\$49.23</u>
<b>CHECK # 53713</b>								
001	02/06/15	FEDEX	2-919-54368	BILLING PERIOD THRU 1/21	Postage and Freight	541006-51301	\$10.24	
							<b>Check Total</b>	<u>\$10.24</u>
<b>CHECK # 53714</b>								
001	02/11/15	NORTH SOUTH SUPPLY, INC.	2145265	PVC PIPE	R&M-Irrigation	546041-53902	\$32.82	
001	02/11/15	NORTH SOUTH SUPPLY, INC.	2145497	IRRIGATION SUPPLIES-ELBOWS	R&M-Irrigation	546041-53902	\$11.29	
001	02/11/15	NORTH SOUTH SUPPLY, INC.	2145502	IRRIGATION SUPPLIES-ELBOWS	R&M-Irrigation	546041-53902	\$18.93	
001	02/11/15	NORTH SOUTH SUPPLY, INC.	2147703	RAINBIRD NOZZLES	R&M-Irrigation	546041-53902	\$178.25	
							<b>Check Total</b>	<u>\$241.29</u>
<b>CHECK # 53715</b>								
001	02/11/15	PROGRESSIVE WASTE SOLUTIONS OF FL INC	0000933594	#0060-126957 FEB	Utility - Refuse Removal	543020-53910	\$221.86	
							<b>Check Total</b>	<u>\$221.86</u>
<b>CHECK # 53716</b>								
001	02/19/15	HOME DEPOT CREDIT SERVICES	5153071	SUPPLIES SWIM CLUB TILE RENOVATION	R&M-Pools	546074-53910	\$2,500.00	
001	02/19/15	HOME DEPOT CREDIT SERVICES	2055495	SUPPLIES	R&M-Parks & Facilities	546225-53910	\$265.34	
001	02/19/15	HOME DEPOT CREDIT SERVICES	1055662	SUPPLIES-POOLS	R&M-Pools	546074-53910	\$69.49	
001	02/19/15	HOME DEPOT CREDIT SERVICES	CR5091303	CREDIT-SPRAY PAINT	R&M-Parks & Facilities	546225-53910	(\$5.27)	
							<b>Check Total</b>	<u>\$2,829.56</u>
<b>CHECK # 53717</b>								
001	02/19/15	SUN PUBLICATIONS DBA	00147075	LEGAL AD-WORKSHOP 2/25	Legal Advertising	548002-51301	\$39.47	
							<b>Check Total</b>	<u>\$39.47</u>
<b>CHECK # 53724</b>								
001	02/26/15	FEDEX	2-933-81226	BILLINE PERIOD THRU 1/30	Postage and Freight	541006-51301	\$10.24	
							<b>Check Total</b>	<u>\$10.24</u>
<b>CHECK # 53725</b>								
001	02/26/15	PLIC-SBD GRAND ISLAND	021515-10001	#1046947-10001 3/1-3/31	ProfServ-Field Management	531016-53901	\$139.39	
							<b>Check Total</b>	<u>\$139.39</u>
<b>CHECK # 53726</b>								
001	02/26/15	SUN PUBLICATIONS DBA	00147043	LEGAL AD-REMAINING MTG SCHEDULE	Legal Advertising	548002-51301	\$57.70	
							<b>Check Total</b>	<u>\$57.70</u>

**Harmony  
Community Development District**

**Check Register by Fund  
For the Period from 2/1/15 to 2/28/15  
(Sorted by Check No.)**

Fund No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount	
<b>CHECK # 53708</b>								
001	02/03/15	MARK W. LEMENAGER	PAYROLL	February 03, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53709</b>								
001	02/03/15	STEVEN P. BERUBE	PAYROLL	February 03, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53710</b>								
001	02/03/15	RAYMOND D. WALLS, III	PAYROLL	February 03, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53711</b>								
001	02/03/15	DAVID L. FARNSWORTH	PAYROLL	February 03, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53720</b>								
001	02/27/15	MARK W. LEMENAGER	PAYROLL	February 27, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53721</b>								
001	02/27/15	STEVEN P. BERUBE	PAYROLL	February 27, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53722</b>								
001	02/27/15	RAYMOND D. WALLS, III	PAYROLL	February 27, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
<b>CHECK # 53723</b>								
001	02/27/15	DAVID L. FARNSWORTH	PAYROLL	February 27, 2015 Payroll Posting			\$184.70	
							<i>Check Total</i>	<u>\$184.70</u>
							<b>Fund Total</b>	<u><b>\$5,076.58</b></u>
<b><u>2004 DEBT SERVICE FUND - 202</u></b>								
<b>CHECK # 53718</b>								
202	02/19/15	US BANK NATIONAL ASSOC	021215	TRANSFER OF FY2015 ASSMTS	Due From Other Funds	131000	\$989.16	
							<i>Check Total</i>	<u>\$989.16</u>
							<b>Fund Total</b>	<u><b>\$989.16</b></u>

**Harmony  
Community Development District**

Check Register by Fund  
For the Period from 2/1/15 to 2/28/15  
(Sorted by Check No.)

Fund No.	Check Date	Payee	Invoice No.	Invoice Description	G/L Account Name	G/L Account #	Check Amount
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**2014 DEBT SERVICE FUND - 203**

**CHECK # 53719**

203	02/19/15	US BANK NATIONAL ASSOC	021215A	TRANSFER OF FY2015 ASSMTS	Due From Other Funds	131000	\$16,060.74	
							<i>Check Total</i>	<u>\$16,060.74</u>
							<b>Fund Total</b>	<u><b>\$16,060.74</b></u>

<b>Total Checks Paid</b>	<b>\$22,126.48</b>
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