

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED APRIL 23, 2024

**NEW ISSUES - BOOK-ENTRY ONLY
LIMITED OFFERING**

NOT RATED

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and the Series 2024 Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, and (ii) the Series 2024 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the Series 2024 Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

\$8,905,000*

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
(MIAMI-DADE COUNTY, FLORIDA)
SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2024**

Dated: Date of Delivery

Due: May 1, as shown on the inside cover

The Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024 (the "Series 2024 Bonds") are being issued by the Lakes by the Bay South Community Development District (the "District" or "Issuer") only in fully registered form, without coupons, in denominations of \$5,000 and any integral multiple thereof.

The District is a local unit of special purpose government of the State of Florida, created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), Section 1.01(A)(21) of the Miami-Dade Home Rule Charter, and created by Ordinance No. 2004-16 duly enacted by the Board of County Commissioners of Miami-Dade County, Florida (the "County") on January 20, 2004 and became effective on January 30, 2004. The District was created for the purpose of delivering certain community development services and facilities for the benefit of District Lands (as hereinafter defined), and has previously determined to undertake the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District Lands.

The Series 2024 Bonds will bear interest at the fixed rates set forth on the inside cover, 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, 2024. The Series 2024 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Series 2024 Bonds will be made only in book-entry form. Accordingly, principal of and interest on the Series 2024 Bonds will be paid from sources described below by Computershare Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States and having a designated corporate trust office in Minneapolis, Minnesota, as successor trustee (the "Trustee") directly to DTC or its nominee as the registered owner thereof. Disbursements of such payments to the Direct Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of the Direct Participants and the Indirect Participants (as hereinafter defined), as more fully described herein. Any purchaser of a beneficial interest in a Series 2024 Bond must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Series 2024 Bond. See "DESCRIPTION OF THE SERIES 2024 BONDS – Book-Entry Only System" herein.

The Series 2024 Bonds are being issued by the District pursuant to the Act, Resolutions No. 2004-14 and No. 2024-03 adopted by the Board of Supervisors of the District (the "Board") on February 10, 2004 and April 23, 2024, respectively (collectively, the "Bond Resolution"), and that certain Master Trust Indenture dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014 (collectively, the "Master Indenture"), and as supplemented by a Fourth Supplemental Trust Indenture dated as of May 1, 2024 (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and the Trustee. Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Series 2024 Bonds will be used to provide funds, together with other available moneys, to (i) currently refund all of the District's Special Assessment Revenue Refunding Bonds, Series 2014, currently outstanding in the principal amount of \$9,180,000**; (ii) fund the Series 2024 Interest Account to pay a portion of the interest on the Series 2024 Bonds through at least November 1, 2024*, and (iii) pay the costs of issuance of the Series 2024 Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2024 Bonds will be secured by a pledge of the Series 2024 Pledged Revenues. The Indenture defines "Series 2024 Pledged Revenues" as (a) all revenues received by the District from Series 2024 Special Assessments levied and collected on the assessable lands within the District including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2024 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2024 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture created and established with respect to or for the benefit of the Series 2024 Bonds; provided, however, that Series 2024 Pledged Revenues shall not include (A) any moneys transferred to the Series 2024 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2024 Costs of Issuance Fund, and (C) "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance assessments" levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS" herein.

The Series 2024 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein. See "DESCRIPTION OF THE SERIES 2024 BONDS – Redemption Provisions" herein.

THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2024 PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE TOWN OF CUTLER BAY, FLORIDA (THE "TOWN"), THE COUNTY, THE STATE OF FLORIDA (THE "STATE"), OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2024 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2024 SPECIAL ASSESSMENTS TO SECURE AND PAY THE SERIES 2024 BONDS. THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE TOWN, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

THE SERIES 2024 BONDS INVOLVE A DEGREE OF RISK (SEE "BONDOWNERS' RISKS" HEREIN) AND ARE NOT SUITABLE FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT" AND "BONDOWNERS' RISKS" HEREIN). THE UNDERWRITER IS LIMITING THIS OFFERING TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES; THE LIMITATION OF THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS OF TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2024 BONDS. THE SERIES 2024 BONDS ARE NOT CREDIT ENHANCED OR RATED AND NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE SERIES 2024 BONDS.

This cover page contains information for quick reference only. It is not a summary of the Series 2024 Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The initial sale of the Series 2024 Bonds is subject to certain conditions precedent, including, without limitation, receipt of the opinion of Squire Patton Boggs (US) LLP, Miami, Florida, Bond Counsel, as to the validity of the Series 2024 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Billing, Cochran, Lyles, Mauro & Ramsey, P.A., Fort Lauderdale, Florida, and by Squire Patton Boggs (US) LLP, as Disclosure Counsel. Aponte & Associates Law Firm, PLLC, Orlando, Florida is serving as counsel to the Underwriter. It is expected that the Series 2024 Bonds will be delivered in book-entry form through the facilities of DTC on or about May 28, 2024.*



Dated: _____, 2024

* Preliminary, subject to change.

** Calculated after the sinking fund installment scheduled on May 1, 2024.

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may an offer to buy be accepted prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**PRINCIPAL AMOUNTS, INTEREST RATES, MATURITIES,
PRICES AND CUSIP NUMBERS**

\$8,905,000*

**Lakes by the Bay South Community Development District
(Miami-Dade County, Florida)
Special Assessment Refunding Bonds, Series 2024**

\$ _____ – _____ % Series 2024 Term Bond due May 1, 20____ – Price _____ – CUSIP _____ †

* Preliminary, subject to change.

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LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

Michele Harris, Chairperson
Ana Jo, Vice-Chairperson
Timothy Moon, Assistant Secretary
Dorothy Morales, Assistant Secretary
Margaret Coon, Assistant Secretary

DISTRICT MANAGER/METHODOLOGY CONSULTANT

Governmental Management Services - South Florida, LLC
Sunrise, Florida

DISTRICT COUNSEL

Billing, Cochran, Lyles, Mauro & Ramsey, P.A.
Fort Lauderdale, Florida

BOND COUNSEL AND DISCLOSURE COUNSEL

Squire Patton Boggs (US) LLP
Miami, Florida

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NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2024 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE SERIES 2024 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

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

THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2024 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 TOWN, THE COUNTY, THE STATE, NOR ANY OTHER POLITICAL SUBDIVISIONS THEREOF HAVE GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2024 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 CONTROL. BECAUSE THE DISTRICT

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.

THIS PRELIMINARY LIMITED OFFERING MEMORANDUM IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF RULE 15c2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

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- APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE
- APPENDIX B: PROPOSED FORM OF OPINION OF BOND COUNSEL
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\$8,905,000*
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
(MIAMI-DADE COUNTY, FLORIDA)
SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2024

INTRODUCTION

The purpose of this Limited Offering Memorandum is to set forth certain information in connection with the offering for sale by the Lakes by the Bay South Community Development District (the “District” or “Issuer”) of its \$8,905,000* Special Assessment Refunding Bonds, Series 2024 (the “Series 2024 Bonds”).

THE SERIES 2024 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERING OF THE SERIES 2024 BONDS TO ONLY ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. THE LIMITATION OF THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2024 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2024 BONDS. SEE “BONDOWNERS’ RISKS” AND “SUITABILITY FOR INVESTMENT” HEREIN.

The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the “Act”), Section 1.01(A)(21) of the Miami-Dade Home Rule Charter and created by Ordinance No. 2004-16 duly enacted by the Board of County Commissioners of Miami-Dade County, Florida (the “County”) on January 20, 2004 and effective on January 30, 2004 (the “Ordinance”). The Act authorizes the District to issue bonds for the purpose of, among others, financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping water management, water supply, sewer and wastewater management, bridges or culverts, public roads, street lights and other basic infrastructure projects within or without the boundaries of the District as provided in the Act. The District was created for the purpose of financing the acquisition and construction of and managing the maintenance and operation of certain community development services and facilities for the benefit of District Lands, and has previously determined to undertake the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District Lands.

The boundaries of the District include approximately 516.54 +/- gross acres of land (the “District Lands”) located entirely within the Town of Cutler Bay, Florida (the “Town”) within the County. The District has been developed into a 2,295 unit condominium, townhome and single family residential community known as “Isles at Bayshore” (the “Development”). The Development is fully built out, containing 420 condominium units, 1,164 townhomes and 711 single-family residential units owned entirely by homebuyers. Lennar Homes, LLC (“Lennar Homes”) was the developer and homebuilder of residential units within the Development.

The Series 2024 Bonds are payable from and secured solely by the Series 2024 Pledged Revenues which consist primarily of the Series 2024 Special Assessments levied on the 2,295 residential units within the Development, as set forth in the Assessment Methodology (as hereinafter defined). See “APPENDIX

*Preliminary, subject to change.

D: ASSESSMENT METHODOLOGY” herein. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS” herein.

The Series 2024 Bonds are being issued by the District pursuant to the Act, Resolutions No. 2004-14 and No. 2024-03 adopted by the Board of Supervisors of the District (the “Board”) on February 10, 2004 and April 23, 2024, respectively (collectively, the “Bond Resolution”), and that certain Master Trust Indenture dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014 (collectively, the “Master Indenture”), and as supplemented by a Fourth Supplemental Trust Indenture dated as of May 1, 2024 (the “Fourth Supplemental Indenture” and, together with the Master Trust Indenture, the “Indenture”), each entered into by and between the District and Computershare Trust Company, National Association, as successor trustee (the “Trustee”). Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture. See “APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE” herein.

Proceeds of the Series 2024 Bonds will be used to provide funds, together with other available moneys, to (i) currently refund all of the District’s Special Assessment Revenue Refunding Bonds, Series 2014 (the “Series 2014 Bonds”), currently outstanding in the principal amount of \$9,180,000* ; (ii) fund the Series 2024 Interest Account to pay a portion of the interest on the Series 2024 Bonds through at least November 1, 2024** , and (iii) pay the costs of issuance of the Series 2024 Bonds. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2024 Bonds will be secured by a pledge of the Series 2024 Pledged Revenues. Pursuant to the Indenture, “Series 2024 Pledged Revenues” shall mean (a) all revenues received by the District from Series 2024 Special Assessments levied and collected on the assessable lands within the District including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2024 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2024 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture created and established with respect to or for the benefit of the Series 2024 Bonds; provided, however, that Series 2024 Pledged Revenues shall not include (A) any moneys transferred to the Series 2024 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2024 Costs of Issuance Fund, and (C) “special assessments” levied and collected by the District under Section 190.022 of the Act for maintenance purposes or “maintenance assessments” levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso). See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS” herein.

The District previously issued its (i) Series 2014 Bonds to finance certain public improvements associated with the District and (ii) Series 2022 Bonds (as hereinafter defined) to refund the outstanding Series 2012 Bonds (as hereinafter defined), each secured by Special Assessments levied on the assessable lands within the District. The Special Assessments that secure the Series 2014 Bonds and the Series 2022 Bonds are herein referred to as the “Series 2014 Special Assessments” and the “Series 2022 Special Assessments,” respectively.

The Series 2024 Special Assessments are not pledged to the payment of the principal of and interest on the Series 2022 Bonds and the Series 2022 Special Assessments securing the Series 2022 Bonds are not pledged to the payment of the principal of and interest on the Series 2024 Bonds. After the issuance of the Series 2024 Bonds, the Series 2024 Special Assessments and the Series 2022 Special Assessments will be

* Calculated after the sinking fund installment scheduled on May 1, 2024.

** Preliminary, subject to change.

the only debt assessments levied on the lands within the District. The Series 2024 Special Assessments will be on parity with the Series 2022 Special Assessments.

There follows in this Limited Offering Memorandum, among other things, a brief description of the District, the Development, a description of the terms of the Series 2024 Bonds and summaries of certain terms of the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and statute, and all references to the Series 2024 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. The copy of the Master Indenture and the proposed form of the Fourth Supplemental Indenture appear in APPENDIX A hereto.

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

PLAN OF REFUNDING

The Series 2024 Bonds are being issued, together with other legally available moneys, to currently refund all of the outstanding Series 2014 Bonds, herein referred to also as the “Refunded Bonds.” The Series 2014 Bonds were issued, together with other legally available moneys, for the principal purpose of providing funds to refund all of the District’s Series 2004A Bonds, which financed a portion of the Series 2004 Project (as hereinafter defined). The Series 2004 Project is complete.

The District will provide notice of redemption for the Refunded Bonds, conditioned upon the issuance of the Series 2024 Bonds. The Refunded Bonds will be redeemed on May 29, 2024*, at a redemption price of 100% of the principal amount thereof, plus accrued interest.

To effect the defeasance and refunding of the Refunded Bonds, the District will deposit a portion of the net proceeds of the Series 2024 Bonds in the Series 2014 Bond Redemption Account in an amount sufficient, together with other available moneys, to pay all principal of and interest on the Refunded Bonds on May 29, 2024*, the redemption date for the Refunded Bonds. Upon said deposit of a portion of the net proceeds of the Series 2024 Bonds and other available moneys, in reliance on the verification report of Terminus Analytics LLC described under “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein, the Refunded Bonds will no longer be deemed Outstanding under the Master Indenture. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS” herein.

DESCRIPTION OF THE SERIES 2024 BONDS

General Description

The Series 2024 Bonds are issuable only as fully registered bonds, without coupons, in the denominations of \$5,000 and any integral multiple thereof. The Series 2024 Bonds will mature, subject to the redemption provisions set forth herein, on the dates and in the amounts set forth on the inside cover page hereof.

The Series 2024 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2024 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. “Interest Payment Date” means May 1 and November 1 of each year, commencing November 1, 2024. Interest on the Series 2024 Bonds will be computed in all cases on the basis of a 360-day year of twelve 30-day months. “Quarterly Redemption Date” shall mean February 1, May 1, August 1 and November 1 of each year.

*Preliminary, subject to change.

Upon initial issuance, the ownership of the Series 2024 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, and purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry only form. See “DESCRIPTION OF THE SERIES 2024 BONDS – Book-Entry Only System” below.

Computershare Trust Company, National Association is initially serving as the Trustee, Registrar and Paying Agent for the Series 2024 Bonds.

Redemption Provisions

No Optional Redemption. The Series 2024 Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption. The Series 2024 Bonds maturing on May 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2024 Sinking Fund Account on May 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
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*Maturity

Upon any redemption of Series 2024 Bonds other than in accordance with scheduled mandatory sinking fund red*emptions, the District shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of the affected Series 2024 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of such Series 2024 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2024 Bonds in any year. In the event of a redemption or purchase occurring less than forty-five (45) days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

Extraordinary Mandatory Redemption in Whole or in Part. The Series 2024 Bonds are subject to extraordinary mandatory redemption prior to maturity by the District in whole or in part, on any date (other than in the case of clause (i) below, where a partial redemption must occur on a Quarterly Redemption Date), at a Redemption Price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

*Preliminary, subject to change.

(i) from Series 2024 Prepayment Principal deposited first into Series 2024 Prepayment Subaccount of the Series 2024 Bond Redemption Account following the payment in whole or in part of the Series 2024 Special Assessments on any assessable property within the District in accordance with the Indenture.

(ii) from moneys, if any, on deposit in the Series 2024 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2024 Rebate Fund and the Series 2024 Costs of Issuance Fund) sufficient to pay and redeem all Outstanding Series 2024 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Indenture.

Notice of Redemption. When required to redeem the Series 2024 Bonds under any provision of the Indenture or directed to do so by the District, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed by first class mail, postage prepaid at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Series 2024 Bonds to be redeemed (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses, but failure to give any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Series 2024 Bonds for which notice was duly mailed in accordance with the Indenture.

Book-Entry Only System

The information in this caption concerning DTC and DTC's book-entry system has been obtained from DTC and neither the District nor the Underwriter make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond certificate will be issued for each maturity of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Financial Services LLC rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bond documents. For example, Beneficial Owners of Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2024 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds, and principal and interest payments on the Series 2024 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, and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the District and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered to DTC.

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS

General

THE SERIES 2024 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2024 PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE TOWN, THE COUNTY, THE STATE OF FLORIDA (THE “STATE”), OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2024 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2024 SPECIAL ASSESSMENTS TO SECURE AND PAY THE SERIES 2024 BONDS. THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE TOWN, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The boundaries of the District include approximately 516.54 +/- gross acres of land (the “District Lands”) located entirely within the Town of Cutler Bay, Florida (the “Town”) within the County. The District has been developed into a 2,295 unit condominium, townhome and single family residential community known as “Isles at Bayshore” (the “Development”). The Development is fully built out, containing 420 condominium units, 1,164 townhomes and 711 single-family residential units owned entirely by homebuyers. Lennar Homes, LLC (“Lennar Homes”) was the developer and homebuilder of residential units within the Development. See “APPENDIX D: ASSESSMENT METHODOLOGY” and “THE DEVELOPMENT” herein.

The Series 2024 Bonds will be secured by a pledge of the Series 2024 Pledged Revenues. Pursuant to the Indenture, “Series 2024 Pledged Revenues” shall mean, (a) all revenues received by the District from Series 2024 Special Assessments levied and collected on the assessable lands within the District including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2024 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2024 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture created and established with respect to or for the benefit of the Series 2024 Bonds;

provided, however, that Series 2024 Pledged Revenues shall not include (A) any moneys transferred to the Series 2024 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2024 Costs of Issuance Fund, and (C) “special assessments” levied and collected by the District under Section 190.022 of the Act for maintenance purposes or “maintenance assessments” levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso). See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS” herein.

Pursuant to the Indenture, “Series 2024 Special Assessments” shall mean the Special Assessments levied on the assessable lands within the District pursuant to the Assessment Resolutions as a result of the District’s refinancing of the acquisition and/or construction of a portion of the Series 2004 Project, corresponding in amount to the debt service on the Series 2024 Bonds and designated as such in the Assessment Methodology (as defined herein). For clarification, the Special Assessments levied on the assessable lands within the District securing the Series 2014 Bonds have been recast as the Series 2024 Special Assessments. The Assessment Methodology, which describes the methodology for allocating the Series 2024 Special Assessments to the assessable lands within the District is included as APPENDIX D hereto. The Series 2024 Special Assessments were levied pursuant to Section 190.022 of the Act, and the Assessment Resolutions (as defined in the Fourth Supplemental Indenture) 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 are a lien against the lands receiving special benefit, including, but not limited to, homestead property, as permitted in Section 4, Article X of the Florida State Constitution. The Series 2024 Special Assessments will constitute a lien against all of the assessable lands in the District specially benefited by the Series 2004 Project. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein.

Assessment Methodology / Projected Level of District Assessments

The Series 2022 Special Assessments are currently being levied and, as set forth in the Assessment Methodology, the Series 2024 Special Assessments will be levied on the 2,295 residential units within the District on a per unit basis as set forth below. See “APPENDIX D: ASSESSMENT METHODOLOGY” herein.

Product Type	Units	Community	Annual Per Unit	Estimated Annual Per Unit	Total Estimated Annual Per Unit
			Series 2022 Special Assessments ⁽²⁾	Series 2024 Special Assessments ^{(1)/(2)}	Special Assessments ^{(1)/(2)}
Single-Family 66'	97	Breakers	\$686.98	\$518.48	\$1,205.46
Townhome	265	Waterways	686.98	518.48	1,205.46
Single-Family 50'	204	Enclave	686.98	562.56	1,249.54
Townhome	227	Shores	686.98	562.56	1,249.54
Townhome ⁽³⁾	179	Shores	7.81	562.56	570.37
Single-Family 50'	153	Tides	686.98	562.56	1,249.54
Townhome	269	Cove	686.98	591.07	1,278.05
Single-Family 45'	159	Trellis	686.98	381.95	1,068.93
Condo	420	Courts	686.98	404.41	1,091.39
Townhome	224	Palms	686.98	518.48	1,205.46
Single-Family 50'	98	Reserve	686.98	518.48	1,205.46
Total	2,295				

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ This amount is grossed up to include early payment discounts and County collection fees, currently 5%.

⁽³⁾ The 179 townhomes within The Shores community will not have clubhouse access unless they pay the same annual membership fee as the general public. Accordingly, such townhomes are not assessed the same Series 2022 Special Assessments or operation and maintenance costs.

The following table shows the Series 2022 Bonds, the estimated Series 2024 Bonds, and the total par debt per unit allocation:

<u>Product Type</u>	<u>Community</u>	<u>Units</u>	<u>2022 Par Debt (Per Unit)</u>	<u>Estimated 2024 Par Debt (Per Unit)⁽¹⁾</u>	<u>Total Estimated Par Debt (Per Unit)⁽¹⁾</u>
Single-Family 66'	Breakers	97	\$9,090.50	\$3,934.63	\$13,025.13
Townhome	Waterways	265	9,090.50	3,934.63	13,025.13
Single-Family 50'	Enclave	204	9,090.50	4,269.06	13,359.56
Townhome	Shores	227	9,090.50	4,269.06	13,359.56
Townhome ⁽²⁾	Shores	179	103.51	4,269.06	4,372.57
Single-Family 50'	Tides	153	9,090.50	4,269.06	13,359.56
Townhome	Cove	269	9,090.50	4,485.48	13,575.98
Single-Family 45'	Trellis	159	9,090.50	2,898.47	11,988.97
Condo	Courts	420	9,090.50	3,068.97	12,159.47
Townhome	Palms	224	9,090.50	3,934.63	13,025.13
Single-Family 50'	Reserve	98	9,090.50	3,934.63	13,025.13
Total		<u>2,295</u>			

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ See footnote ⁽³⁾ above.

The District is currently levying assessments to cover its operation and maintenance costs in the amount of approximately \$813.50 per residential unit annually; which amount is subject to change. In addition, residents are required to pay a masters homeowner's association fee of \$156 for each residential unit per year, plus a separate homeowner's association fee for each community, which range from approximately \$720 to \$5,604 for each residential unit per year; which amounts are subject to change. The land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. The total millage rate in the District for 2024 is approximately 17.9783 mills. These taxes would be payable in addition to the Series 2024 Special Assessments and any other assessments levied by the District; which amount is subject to change. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the Town, the County and the School District of Miami-Dade County, Florida each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year. See "THE DEVELOPMENT – Taxes, Fees and Assessments" for more information.

Additional Obligations

Pursuant to the Indenture, other than in connection with the issuance of refunding bonds to be secured by the Series 2024 Special Assessments, the District covenants not to issue, any other bonds or other debt obligations secured by the Series 2024 Special Assessments.

The District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2024 Special Assessments without the consent of the Owners of the Series 2024 Bonds. The District expects to continue to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2024 Special Assessments, on the same lands upon which the Series 2024 Special Assessments are imposed, to fund the maintenance and operation of the District. See "THE DEVELOPMENT – Taxes, Fees and Assessments" and "BONDOWNERS' RISKS" herein for more information.

Covenant Against Sale or Encumbrance

In the Indenture, the District covenanted that, (a) except for those improvements comprising the Series 2004 Project that have been conveyed by the District to the County, the State Department of Transportation or another governmental entity and (b) except as permitted in the Indenture, it will not sell, lease or otherwise dispose of or encumber the Series 2004 Project, or any part thereof. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of the Refunded Bonds or from Pledged Revenues if the District Manager shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the Series 2004 Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, at the written direction of the District shall be deposited to the credit of the Series 2024 Revenue Account.

Upon any sale of property relating to the Series 2004 Project, the aggregate of which in any thirty (30) day period exceeds Fifty Thousand Dollars (\$50,000) under the provisions of the Indenture, the District shall provide written notice to the Trustee of the property so sold and the amount and disposition of the proceeds thereof.

Subject to an opinion of Bond Counsel that such action is permitted under the Indenture and will not adversely affect the exclusion of interest on the Series 2024 Bonds for federal income tax purposes, the District may lease or grant easements, franchises or concessions for the use of any part of the Series 2004 Project not incompatible with the maintenance and operation thereof, if the Consulting Engineer shall approve such lease, easement, franchise or concession in writing, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements, franchises or concessions) shall be deposited as received to the credit of the Series 2024 Revenue Account. See "APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE" herein for more information.

No Reserve Account

There is no Reserve Account in connection with the issuance of the Series 2024 Bonds.

Deposit and Application of the Series 2024 Pledged Revenues

Pursuant to the Indenture, the Trustee shall transfer from amounts on deposit in the Series 2024 Revenue Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the Business Day next preceding each November 1 commencing November 1, 2024, to the Series 2024 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2024 Bonds becoming due on the next succeeding November 1, less any amounts on deposit in the Series 2024 Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each May 1 commencing May 1, 2025, to the Series 2024 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2024 Bonds becoming due on the next succeeding May 1, less any amount on deposit in the Series 2024 Interest Account not previously credited;

THIRD, no later than the Business Day next preceding each May 1, commencing May 1, 20__, which is a principal payment date for any Series 2024 Bonds, to the Series 2024 Principal Account of the Debt Service Fund, an amount equal to the principal amount of Series 2024 Bonds Outstanding maturing on such May 1, less any amounts on deposit in the Series 2024 Principal Account not previously credited;

FOURTH, no later than the Business Day next preceding each May 1, commencing May 1, 20__, to the Series 2024 Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Series 2024 Bonds subject to sinking fund redemption on such May 1, less any amount on deposit in the Series 2024 Sinking Fund Account not previously credited;

FIFTH, notwithstanding the foregoing, at any time the Series 2024 Bonds are subject to redemption on a date which is not a May 1 or November 1 Interest Payment Date, the Trustee shall be authorized to transfer from the Series 2024 Revenue Account to the Series 2024 Interest Account, the amount necessary to pay interest on the Series 2024 Bonds subject to redemption on such date; and

SIXTH, subject to the foregoing paragraphs and the last sentence of this paragraph SIXTH, the balance of any moneys remaining in the Series 2024 Revenue Account after making the foregoing deposits shall be first deposited into the Series 2024 Costs of Issuance Fund to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2024 Bonds, then next shall be used pursuant to the Fourth Supplemental Indenture and last, any balance in the Series 2024 Revenue Account shall remain on deposit in such Series 2024 Revenue Account, unless pursuant to the Tax Compliance Certificate, it is necessary to make a deposit into the Series 2024 Rebate Fund, in which case, the District shall direct the Trustee to make such deposit thereto.

Investments

The Trustee shall, as directed by the District in writing, invest moneys held in the Series 2024 Accounts in the Debt Service Fund or the Bond Redemption Fund only in Government Obligations and securities described in subparagraphs (iv), (v), (vi), (vii) or (xi) of the definition of Investment Securities, each as defined in the Master Indenture. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the Holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes of the Indenture. All securities securing investments under this heading shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, any interest and other income so received shall be deposited in the Series 2024 Revenue Account. Upon request of the District, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the Series 2024 Revenue Account in the order and time specified in the Indenture.

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

The Trustee shall value the assets in each of the Funds and Accounts established under the Indenture forty-five (45) days prior to each interest payment date, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) and shall provide the District a report of the status of each Fund and Account as of the valuation date. See “APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE” hereto.

Covenant to Levy the Series 2024 Special Assessments

The District has covenanted to levy the Series 2024 Special Assessments to the extent and in the amount sufficient to pay debt service on the Series 2024 Bonds when due. If any Series 2024 Special 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 Series 2024 Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such Series 2024 Special Assessment when it might have done so, the District has additionally covenanted to either (i) take all necessary steps to cause a new Series 2024 Special Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement, or (ii) in its sole discretion, make up the amount of such Series 2024 Special Assessment from any legally available moneys, which moneys shall be deposited into the Series 2024 Revenue Account. In case such second Series 2024 Special Assessment shall be annulled, the District shall obtain and make other Series 2024 Special Assessments until a valid Series 2024 Special Assessment shall be made.

Prepayment of Series 2024 Special Assessments

Pursuant to the Assessment Proceedings, an owner of property subject to the Series 2024 Special Assessments may, at any time, pay all or a portion of the principal balance of such Series 2024 Special Assessments remaining due if there is also paid an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding Interest Payment Date for the Series 2024 Bonds, or if prepaid during the forty (40) day period preceding such Interest Payment Date, on the second succeeding Interest Payment Date.

Any prepayment of Series 2024 Special Assessments will result in the extraordinary mandatory redemption of a portion of the Series 2024 Bonds as indicated under “DESCRIPTION OF THE SERIES 2024 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption.” The prepayment of Series 2024 Special Assessments does not entitle the owner of the property to a discount for early payment.

Events of Default and Remedies

The Indenture provides that each of the following shall be an “Event of Default” under the Indenture, with respect to the Series 2024 Bonds:

(a) if payment of any installment of interest on any Series 2024 Bond is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of any Series 2024 Bond is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the District, for any reason, is rendered incapable of fulfilling its obligations under the Indenture or under the Act which failure or incapacity may be reasonably determined solely by the Majority Holders; or

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

(e) if the District defaults in the due and punctual performance of any other covenant in the Indenture or in the Series 2024 Bonds and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the District by the Trustee, which shall give such notice at the written request of the Majority Holders of the Outstanding Series 2024 Bonds; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the District shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) more than twenty percent (20%) of the “maintenance special assessments” levied by the District on District lands upon which the Series 2024 Special Assessments are levied to secure the Series 2024 Bonds pursuant to Section 190.021(3), Florida Statutes, as amended, and collected directly by the District have become due and payable and have not been paid, within ninety (90) days after the date when due.

The Trustee shall not be required to rely on any official action, admission or declaration by the District before recognizing that an Event of Default under (c) above has occurred.

No Acceleration. No Series 2024 Bonds shall be subject to acceleration.

Legal Proceedings by Trustee. If any Event of Default with respect to the Series 2024 Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Majority Holders and receipt of indemnity to its satisfaction shall, in its own name:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Series 2024 Bonds, including, without limitation, the right to require the District to carry out any agreements with, or for the benefit of, the Series 2024 Bondholders and to perform its or their duties under the Act;

(b) bring suit upon the Series 2024 Bonds;

(c) by action or suit in equity require the District to account as if it were the trustee of an express trust for the Holders of the Series 2024 Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Series 2024 Bonds; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing the Series 2024 Bonds.

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

Bondholders May Direct Proceedings. The Majority Holders then subject to remedial proceedings under the Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided that such directions shall not be otherwise than in accordance with law or the provisions of the Indenture.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary source of payment for the Series 2024 Bonds is the Series 2024 Special Assessments imposed on the lands within the Development specially benefited by the land subject to the Series 2024 Special Assessments pursuant to the Assessment Proceedings. See “ASSESSMENT METHODOLOGY” herein and “APPENDIX D: ASSESSMENT METHODOLOGY.”

The determination, order, levy, and collection of Series 2024 Special Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Miami-Dade County Tax Collector (the “Tax Collector”) or the Miami-Dade County Property Appraiser (the “Property Appraiser”) to comply with such requirements could result in delay in the collection of, or the complete inability to collect, Series 2024 Special Assessments during any year. Such delays in the collection of Series 2024 Special Assessments, or complete inability to collect any of the Series 2024 Special Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on such Series 2024 Bonds. See “BONDOWNERS’ RISKS.” To the extent that landowners fail to pay the Series 2024 Special Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2024 Bonds. The Act provides for various methods of collection of delinquent Series 2024 Special Assessments by reference to other provisions of the Florida Statutes. See “BONDOWNERS’ RISKS” herein. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes but is qualified in its entirety by reference to such statutes.

Alternative Uniform Tax Collection Procedure for Series 2024 Special Assessments

The District has agreed in the Master Indenture to collect the Series 2024 Special Assessments through the Uniform Method (as herein defined). Notwithstanding the provisions of the Master Indenture, the District shall continue using the Uniform Method to collect the Series 2024 Special Assessments, unless the Trustee, at the direction of the Majority Holders, directs the District, in writing, otherwise or the District is unable to use the Uniform Method. At such time as the Series 2024 Special Assessments are collected pursuant to the Uniform Method, the provisions under this heading shall become applicable.

The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments may be collected by using the uniform method of collection (the “Uniform Method”). The Uniform Method is available only in the event the District complies with statutory and regulatory requirements and enters into agreements with the Tax Collector and Property Appraiser providing for the Series 2024 Special Assessments to be levied and then collected in this manner. The District’s election to use a certain collection method with respect to the Series 2024 Special Assessments does not preclude it from electing to use another collection method in the future. See “Foreclosure” below with respect to collection of delinquent assessments not collected pursuant to the Uniform Method.

If the Uniform Method is utilized, the Series 2024 Special Assessments will be collected together with Town, County, school board, special district, and other ad valorem taxes and non-ad valorem assessments, all of which will appear on the tax bill (also referred to as a “tax notice”) issued to each landowner in the District. The statutes relating to enforcement of ad valorem taxes and non-ad valorem assessments provide that such taxes and assessments become due and payable on November 1 of the year when assessed, or as soon thereafter as the certified tax roll is received by the Tax Collector, and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes and assessments (including the Series 2024 Special Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2024 Special Assessments.

All Town, County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including the Series 2024 Special Assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, are payable at one time, except for partial payment schedules as may be provided by Sections 197.374 and 197.222, Florida Statutes. Partial payments made pursuant to Sections 197.374 and 197.222, Florida Statutes, are distributed in equal proportion to all taxing districts and levying authorities applicable to that account. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. Therefore, in the event the Series 2024 Special Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, would cause the Series 2024 Special Assessments to not be collected to that extent, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the Series 2024 Bonds.

Under the Uniform Method, if the Series 2024 Special Assessments are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment. The Tax Collector is required to collect the ad valorem taxes and non-ad valorem special assessments on the tax bill prior to April 1 and, after that date, to institute statutory procedures upon delinquency to collect such taxes and assessments through the sale of “tax certificates,” as discussed below. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Neither the District nor the Underwriter can give any assurance to the holders of the Series 2024 Bonds (1) that the past experience of the Tax Collector with regard to tax and special assessment delinquencies is applicable in any way to the Series 2024 Special Assessments, (2) that future landowners and taxpayers in the District will pay such Series 2024 Special Assessments, (3) that a market may exist in the future for tax certificates in the event of sale of such certificates for taxable units within the District, and (4) that the eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Assessment Proceedings to discharge the lien of the Series 2024 Special Assessments and all other liens that are coequal therewith.

Collection of delinquent Series 2024 Special Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of “tax certificates” and remittance of the proceeds of such sale to the District for payment of the Series 2024 Special Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowner may, prior to the sale of tax certificates, pay the total amount of delinquent ad valorem taxes and non-ad valorem assessments plus the cost of advertising and the applicable interest charge on the amount of such delinquent taxes and assessments. If the landowner does not act, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and assessments owing, penalties and interest thereon and certain costs, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%). Tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County. During the pendency of any litigation arising from the contest of a landowner’s tax assessment collected through the Uniform Method, which may possibly include non-ad valorem special assessments such as the Series 2024 Special Assessments, it is possible that the tax collector will not sell tax certificates with respect to such property. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The Tax Collector does not collect any money if tax certificates are “struck off” (issued) to the County. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. Proceeds from the sale of tax certificates are required to be used to pay taxes and assessments (including the Series 2024 Special Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property within the District may affect the demand for certificates and the successful collection of the Series 2024 Special Assessments, which are the primary source of payment of the Series 2024 Bonds. Legal proceedings under Federal bankruptcy law brought by or against a landowner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of tax certificates.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled, in whole or in part (under certain circumstances), at any time before a tax deed is issued (unless full payment for a tax deed is made to the clerk of court, including documentary stamps and recording fees), at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, charges and omitted taxes due. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of 5%, unless the rate borne by the certificates is zero percent. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the tax certificate such proceeds less service charges, and the certificate is canceled. Redemption of tax certificates held by the County is effected by purchase of such certificates from the County, as described in the preceding paragraph.

Any holder, other than the County, of a tax certificate that has not been redeemed has seven years from the date of issuance of the tax certificate during which to act against the land that is the subject of the tax certificate. After an initial period ending two years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates, and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due (as well as any costs of resale, if applicable). If the County holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the County must apply for a tax deed two years after April 1 of the year of issuance of the certificate. 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 Series 2024 Special Assessments are being collected pursuant to the Uniform Method.

In the event that the District, itself, directly levies and enforces, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the Series 2024 Special Assessments levied on the land within the Development, Section 170.10, Florida Statutes provides that upon the failure of any property owner to pay all or any part of the principal of a special assessment, including a Series 2024 Special Assessment, or the interest thereon, when due, the governing body of the entity levying the assessment is authorized to commence legal proceedings for the enforcement of the payment thereof, including commencement of an action in chancery, commencement of a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or commencement of an action under Chapter 173, Florida Statutes relating to foreclosure of municipal tax and special assessment liens. Such proceedings would be in rem, meaning that each would be brought against the land not against the owner. In light of the one year tolling period required before the District may commence a foreclosure action under Chapter 173, Florida Statutes, it is likely the District would commence an action to foreclose in the same manner as the foreclosure of a real estate mortgage rather than proceeding under Chapter 173, Florida Statutes.

Pursuant to the Indenture, upon any failure of any property owner to pay an installment of Series 2024 Special Assessments when due (with respect to Series 2024 Special Assessments collected directly by the District), the entire Series 2024 Special Assessment on the parcel or parcels as to which such delinquency pertains, with interest and penalties thereon, shall immediately become due and payable as provided by applicable law and the District either on its own behalf or through the actions of the Trustee may, at the District's own expense, cause such delinquent property to be foreclosed as provided in the Indenture.

Enforcement of the obligation to pay Series 2024 Special Assessments and the ability to foreclose the lien of such Series 2024 Special Assessments upon the failure to pay such Series 2024 Special Assessments may not be readily available or may be limited as such enforcement is dependent upon judicial action which is often subject to discretion and delay.

BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds issued by a public authority or governmental body in the State and secured by special assessments. Certain of these risks are described in other sections of this Limited Offering Memorandum. Certain additional risks are associated with the Series 2024 Bonds are set forth below. Prospective investors in the Series 2024 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Series 2024 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2024 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the Series 2024 Bonds.

1. Payment of the Series 2024 Special Assessments is primarily dependent upon their timely payment by the landowners in the Development. In the event of the institution of bankruptcy or similar proceedings with respect to any owner of benefited property subject to the Series 2024 Special Assessments, delays could occur in the payment of debt service on the Series 2024 Bonds as such bankruptcy could negatively impact the ability of: (i) any landowner being able to pay the Series 2024 Special Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2024 Special Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2024 Special Assessments not being collected pursuant to the Uniform Method. The remedies available to the Owners of the Series 2024 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the Series 2024 Bonds, including, without limitation, enforcement of the obligation to pay Series 2024 Special Assessments and the ability of the District to foreclose the lien of the Series 2024 Special Assessments if not being collected pursuant to the Uniform Method, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the Series 2024 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 Series 2024 Bonds is the timely collection of the Series 2024 Special Assessments. The Series 2024 Special Assessments do not constitute a personal indebtedness of the landowners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the landowners will be able to pay the

Series 2024 Special Assessments or that they will pay such Series 2024 Special 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, including the Series 2024 Special Assessments, the ability of the Tax Collector to sell tax certificates in regard to delinquent Series 2024 Special 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.

3. No landowner in the District has any obligation to pay the Series 2024 Special Assessments. As described herein, the Series 2024 Special Assessments are an imposition against the land only. No landowner is a guarantor of payment of any Series 2024 Special Assessment and the recourse for the failure of any landowner to pay the Series 2024 Special Assessments is limited to the collection proceedings against the land as described herein.

4. The willingness and/or ability of an owner of benefited land to pay the Series 2024 Special Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the Town, the County or any other local special purpose or general purpose governmental entities. Town, County, school, special district taxes and special assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, including the Series 2024 Special Assessments, collected pursuant to the Uniform Method are payable at one time. Public entities whose boundaries overlap those of the District, could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District. The District is currently levying operation and maintenance assessments encumbering the same property encumbered by the Series 2024 Special Assessments and the Series 2022 Special Assessments. In addition, lands within the District may also be subject to assessments by property and home owner associations.

5. The Series 2024 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2024 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2024 Bonds. The Series 2024 Bonds are being sold pursuant to exemptions from registration under applicable securities laws. No secondary market may develop and an owner may not be able to resell the Series 2024 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2024 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2024 Bonds, depending on existing real estate and financial market conditions and other factors.

6. In addition to legal delays that could result from bankruptcy or legal proceedings contesting an ad valorem tax or non-ad valorem assessment, including the Series 2024 Special Assessments, the ability of the District to enforce collection of delinquent Series 2024 Special Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2024 Special 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 SERIES 2024 BONDS” herein.

7. The value of the land within the District 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 security for the Series 2024 Bonds. Although the District does not reasonably believe that any such hazardous environmental conditions currently exist, 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 Development and no assurance can be given that unknown

hazardous materials, protected animals or vegetative species, etc., do not currently exist or may not develop in the future whether originating within the District or from surrounding property, and what effect such may have on the development and value of the District lands.

8. If the District should commence a foreclosure action against a landowner for nonpayment of Series 2024 Special Assessments and if the Series 2024 Special Assessments are not being collected pursuant to the Uniform Method, 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 holders of the Series 2024 Bonds to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of Series 2024 Bond proceeds that can be used for such purpose.

9. Under Florida law, a landowner may contest the assessed valuation determined for its property which forms the basis of ad-valorem taxes such landowner must pay. During this contest period, the sale of a Tax Certificate under the Uniform Method will be suspended. If the Series 2024 Special Assessments are being collected along with ad valorem taxes pursuant to the Uniform Method, tax certificates will not be sold with respect to the Series 2024 Special Assessment even though the landowner is not contesting the amount of such Series 2024 Special Assessment. However, Section 194.014, Florida Statutes, requires taxpayers to pay all non-ad valorem taxes and at least 75% of their ad valorem taxes before they become delinquent. Likewise, taxpayers who challenge the denial of an exemption or classification or a termination that their improvements were substantially complete must pay all non-ad valorem assessments and the amount of ad valorem taxes that they admit in good faith to be owing. In the event a taxpayer fails to pay their property taxes by April 1, the Value Adjustment Board is required to automatically deny their petition.

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

there can be no assurance that the IRS would not commence additional audits of bonds issued by other community development districts raising issues similar to the issues raised in the case of the Audited Bonds based on the analysis set forth in the first TAM or on the related concerns addressed in the July 14, 2016 letter to the Village Center CDD.

On February 23, 2016, the IRS published proposed regulations designed to provide prospective guidance with respect to potential private business control of issuers by providing a new definition of political subdivision for purposes of determining whether an entity is an appropriate issuer of bonds the interest on which is excluded from gross income for federal tax purposes. The proposed regulations require that a political subdivision (i) have the power to exercise at least one sovereign power, (ii) be formed and operated for a governmental purpose, and (iii) have a governing body controlled by or have significant uses of its funds or assets otherwise controlled by a government unit with all three sovereign powers or by an electorate that is not controlled by an unreasonably small number of unrelated electors. On October 4, 2017, the Treasury Department (“Treasury”) announced that it will withdraw the proposed regulations, stating that, “while Treasury and the IRS continue to study the legal issues relating to political subdivisions, Treasury and the IRS currently believe that these proposed regulations should be withdrawn in their entirety.” On October 20, 2017 a notice of withdrawal was published in the Federal Register. Treasury and the IRS may propose more targeted guidance in the future after further study of the relevant legal issues.

It has been reported that the IRS has closed audits of other community development districts in the State with no change to such districts’ bonds’ tax-exempt status, but has advised such districts that such districts must have qualified electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years and there are 250 qualified electors in the district. The District has reached the minimum threshold of 250 qualified electors required under the Act, and all of the current members of the Board of the District were elected by qualified electors. There can be no assurance that an audit by the IRS of the Series 2024 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law.

Owners of the Series 2024 Bonds are advised that, if the IRS does audit the Series 2024 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the Series 2024 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the Series 2024 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2024 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2024 Bonds would adversely affect the availability of any secondary market for the Series 2024 Bonds. Should interest on the Series 2024 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2024 Bonds be required to pay income taxes on the interest received on such Series 2024 Bonds and related penalties, but because the interest rate on such Series 2024 Bonds will not be adequate to compensate Owners of the Series 2024 Bonds for the income taxes due on such interest, the value of the Series 2024 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATE ON THE SERIES 2024 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2024 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2024 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2024 BONDS IN THE EVENT THAT THE INTEREST

ON THE SERIES 2024 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).

11. In addition to a possible determination by the IRS that the District is not a political subdivision for purposes of the Code, and regardless of the IRS determination, it is possible that federal or state regulatory authorities could also determine that the District is not a political subdivision for purposes of the federal and state securities laws. Accordingly, the District and purchasers of Series 2024 Bonds may not be able to rely on the exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), relating to securities issued by political subdivisions. In that event the Owners of the Series 2024 Bonds would need to ensure that subsequent transfers of the Series 2024 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

12. Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the internal revenue (tax) laws of the United States. In addition, the IRS may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. Certain of these proposals and interpretations, if implemented or upheld, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the Series 2024 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become or be upheld as law, and if so, the effect such proposals could have upon the value of bonds such as the Series 2024 Bonds, cannot be predicted. However, it is possible that any such law or interpretation could have a material and adverse effect upon the availability of a liquid secondary market and/or the value of the Series 2024 Bonds. See also “TAX MATTERS.”

13. The District will covenant in the Indenture not to issue, any other bonds or other debt obligations secured by the Series 2024 Special Assessments, other than in connection with the issuance of refunding bonds to be secured by the Series 2024 Special Assessments. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS – Additional Obligations” for more information.

14. 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, 2006 (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 future legislation will or may have on the security for the Series 2024 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.”

15. In the event a bank forecloses on property because of a default on a mortgage on such property in favor of such bank and then the bank itself fails, the Federal Deposit Insurance Corporation (the “FDIC”), as receiver, will then become the fee owner of such property. In such event, the FDIC will not,

pursuant to its own rules and regulations, likely be liable to pay the Series 2024 Special Assessments levied on such property. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

16. The District relies on a technological environment to conduct its operations. The District, its agents and other third parties the District does business with or otherwise relies upon are subject to cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to such parties' digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that any such attack(s) will not materially impact the operations or finances of the District, which could impact the timely payment of debt service on the Series 2024 Bonds.

17. In addition to being subject to optional and mandatory sinking fund redemptions, the Series 2024 Bonds are subject to extraordinary mandatory redemption as a result of prepayments of the Series 2024 Special Assessments by owners of the property within the Development. Any such redemptions of the Series 2024 Bonds would be at the principal amount of such Series 2024 Bonds being redeemed plus accrued interest to the date of redemption. In such event, owners of the Series 2024 Bonds may not realize their anticipated rate of return on the Series 2024 Bonds and owners of any Premium Bonds (as defined herein) may receive less than the price they paid for the Series 2024 Bonds. See "DESCRIPTION OF THE SERIES 2024 BONDS – Redemption Provisions" and "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS – Prepayment of Series 2024 Special Assessments" herein for more information.

18. The First Supplemental Indenture does not provide for a separate Reserve Account in the Debt Service Reserve Fund. Accordingly, if the District is unable to make full or punctual payment of the debt service on the Series 2024 Bonds, there is no Reserve Account in place to fund any shortfalls on such debt service. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS – No Reserve Account."

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ESTIMATED SOURCES AND USES OF FUNDS

The table that follows summarizes the estimated sources and uses of proceeds of the Series 2024 Bonds and other available moneys:

Sources of Funds:

Par Amount of Series 2024 Bonds	\$
[Plus] [Less] [Net] Original Issue [Premium] [Discount]	
Plus Other Available Funds on Hand ⁽¹⁾	_____
Total Sources	\$ <u>_____</u>

Uses:

Deposit to Series 2014 Bond Redemption Account	\$
Deposit to Series 2024 Interest Account ⁽²⁾	
Costs of Issuance, including Underwriter's Discount ⁽³⁾	_____
Total Uses	\$ <u>_____</u>

-
- ⁽¹⁾ Other Available Funds on Hand consist of certain moneys in the funds and accounts held under the Master Indenture, as supplemented with respect to the Series 2014 Bonds.
 - ⁽²⁾ To be used to pay a portion of the interest on the Series 2024 Bonds through at least November 1, 2024.*
 - ⁽³⁾ Costs of issuance includes, without limitation, legal fees and other costs associated with the issuance of the Series 2024 Bonds.

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* Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2022 Bonds and the Series 2024 Bonds:

Period Ending November 1	<u>Series 2022 Bonds</u>		<u>Series 2024 Bonds</u>		<u>Total Aggregate Debt Service</u>
	<u>Principal (Amortization)</u>	<u>Interest</u>	<u>Principal (Amortization)</u>	<u>Interest</u>	
2024	\$	\$	\$	\$	\$
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034*					
TOTALS	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

*The Series 2024 Bonds mature on May 1, 2034.

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THE DISTRICT

General Information

The District was established under the provisions of the Act by Ordinance No. 2004-16 enacted by the Board of County Commissioners (the “Commission”) of Miami-Dade County, Florida (the “County”) on January 20, 2004 and became effective January 20, 2004. The boundaries of the District include approximately 516.54+/- gross acres of land (the “District Lands”) located entirely within the incorporated area of the Town of Cutler Bay, Florida (the “Town”) within the County.

Legal Powers and Authority

The District is an independent unit of local government created pursuant to, and established in accordance with, the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State. 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. The District is classified as an independent district under Chapter 189, Florida Statutes.

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

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of Bonds of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the Series 2024 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). The District has reached the minimum threshold of 250 qualified electors required under the Act, and all of the current members of the Board of the District were elected by qualified electors. 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. 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 and the expiration of the term of each member are set forth below:

Name	Title	Term Expires
Michele Harris	Chairperson	November, 2026
Ana Jo	Vice-Chairperson	November, 2026
Timothy Moon	Assistant Secretary	November, 2024
Dorothy Morales	Assistant Secretary	November, 2026
Margaret Coon	Assistant Secretary	November, 2024

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 Governmental Management Services – South Florida, LLC, Sunrise, Florida, to serve as its district manager (“District Manager”). The District Manager’s office is located at 5385 N. Nob Hill Road, Sunrise, Florida 33351, telephone number (954) 721-8681.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Squire Patton Boggs (US) LLP, Miami, Florida, as Bond Counsel and Disclosure Counsel; and Billing, Cochran, Lyles, Mauro & Ramsey, P.A., Fort Lauderdale, Florida, as District Counsel. The Board has also retained Governmental Management Services - South Florida, LLC, Sunrise, Florida, to serve as Methodology Consultant and to prepare the Assessment Allocation Report.

Prior Indebtedness and Prior Payment Delinquencies

The District previously issued the following bonds:

- its \$19,135,000 Lakes by the Bay South Community Development District Special Assessment Bonds, Series 2004A (the “Series 2004A Bonds”), which were refunded by the Series 2014 Bonds, and its \$11,335,000 Lakes by the Bay South Community Development District Special Assessment Bonds, Series 2004B (the “Series 2004B Bonds” and, together with the Series 2004A Bonds, the “Series 2004 Bonds”), which have been retired, to finance a portion of the public infrastructure improvements necessary to develop the Development (the “Series 2004 Project”).
 - In connection with the Series 2004B Bonds, Landsource Holding Company, LLC (“Landsource”) did not timely pay the Special Assessments securing the Series 2004B Bonds (the “Series 2004B Special Assessments”). As a result of such missed Series 2004B Special Assessments payment by Landsource, the District withdrew moneys from the Debt Service Reserve Fund to make interest payments on the Series 2004B Bonds. Landsource and related entities had previously filed a Chapter 11 petition in June 2008 seeking bankruptcy protection. During bankruptcy, Landsource sold all of its land subject to the Series 2004B Bonds to Lennar Homes (as hereinafter defined). Lennar Homes and Pride Homes of Lakes by the Bay Parcel I LLC (“Pride Homes”) then purchased all of the outstanding Series 2004B Bonds and tendered the Series 2004B Bonds to the District in exchange for a cancellation of the lien with respect to the Series 2004B Bonds. For more information, please see www.emma.msrb.org.
- its \$23,165,000 Lakes by the Bay South Community Development District Special Assessment Bonds, Series 2012 (the “Tax-Exempt Series 2012 Bonds”), which were refunded by the Series 2022 Bonds, and its \$725,000 Lakes by the Bay South Community Development District Taxable Special Assessment Bonds, Series 2012 (the “Taxable Series 2012 Bonds” and, together with the Tax-Exempt Series 2012 Bonds, the “Series 2012 Bonds”), which have been retired, to (i) acquire a leasehold interest in the clubhouse

property within the District and (ii) finance certain other public infrastructure improvements.

- its \$14,390,000 Lakes by the Bay South Community Development District Special Assessment Revenue Refunding Bonds, Series 2014, currently outstanding in the aggregate principal amount of \$9,180,000* (the “Series 2014 Bonds”), to, together with other legally available moneys of the District, refund all of the District’s Series 2004A Bonds and finance certain improvements associated with the clubhouse property within the District;
- its \$19,254,000 Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2022, currently outstanding in the aggregate principal amount of \$17,923,000* (the “Series 2022 Bonds”), to refund all of the District’s outstanding Tax-Exempt Series 2012 Bonds.

The Series 2024 Special Assessments are not pledged to the payment of the principal of and interest on the Series 2022 Bonds and the Series 2022 Special Assessments securing the Series 2022 Bonds are not pledged to the payment of the principal of and interest on the Series 2024 Bonds. After the issuance of the Series 2024 Bonds, the Series 2024 Special Assessments and the Series 2022 Special Assessments will be the only debt assessments levied on the lands within the District. The Series 2024 Special Assessments will be on parity with the Series 2022 Special Assessments.

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* Calculated after the sinking fund installment scheduled on May 1, 2024.

THE DEVELOPMENT

General

The boundaries of the District include approximately 516.54 +/- gross acres of land (the “District Lands”) located entirely within the Town of Cutler Bay, Florida (the “Town”) within Miami-Dade County, Florida (the “County”). The District has been developed into a 2,295 unit condominium, townhome and single family residential community known as “Isles at Bayshore” (the “Development”). The Development is located adjacent to SW 216th Street and Hainlin Mill Drive. The Development consists of 10 separate subcommunities within the Development, each of which is marketed under a separate name. The Development is fully built out, containing 420 condominium units, 1,164 townhomes and 711 single-family residential units owned entirely by homebuyers. Lennar Homes, LLC (“Lennar Homes”) was the developer and homebuilder of residential units within the Development.

In June 2004, the District issued its Series 2004A Bonds and its Series 2004B Bonds to finance the Series 2004 Project. The Series 2004B Bonds are no longer outstanding. The Series 2004A Bonds were refunded with the Series 2014 Bonds, which are currently outstanding in the aggregate principal amount of \$9,180,000*. The Series 2014 Bonds are secured by the Series 2014 Special Assessments, which are levied on all 2,295 residential units within the Development.

In March 2012, the District issued its Series 2012 Bonds to (i) acquire a leasehold interest in the clubhouse property within the District and (ii) finance certain other public infrastructure improvements. The Tax-Exempt Series 2012 Bonds were refunded with the Series 2022 Bonds, which are currently outstanding in the aggregate principal amount of \$17,923,000*. The Series 2022 Bonds are secured by the Series 2022 Special Assessments, which are levied on all 2,295 residential units within the Development.

The Series 2024 Bonds are being issued to refund the Series 2014 Bonds. The Series 2024 Bonds are payable from and secured solely by the Series 2024 Pledged Revenues which consist of the Series 2024 Special Assessments levied on the 2,295 residential units within the Development. The Series 2024 Special Assessments are not pledged to the payment of the principal of and interest on the Series 2022 Bonds and the Series 2022 Special Assessments securing the Series 2022 Bonds are not pledged to the payment of the principal of and interest on the Series 2024 Bonds. After the issuance of the Series 2024 Bonds, the Series 2024 Special Assessments and the Series 2022 Special Assessments will be the only debt assessments levied on the lands within the District. The Series 2024 Special Assessments will be on parity with the Series 2022 Special Assessments. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2024 BONDS,” “THE DISTRICT – Prior Indebtedness and Prior Payment Delinquencies” and “APPENDIX D: ASSESSMENT METHODOLOGY” herein for more information.

Property Value

The total aggregate property value of the residential units in the Development is approximately \$440,571,124 according to the Property Appraiser as provided by the District. After the issuance of the Series 2024 Bonds in the aggregate principal amount of \$8,905,000*, the estimated aggregate property value-to-lien ratio of the residential units in the Development with respect to the Series 2024 Bonds and the Series 2022 Bonds will be approximately 16.42:1* on average (excluding other taxes). See “APPENDIX D: ASSESSMENT METHODOLOGY” herein for more information.

* Calculated after the sinking fund installment scheduled on May 1, 2024.

* Preliminary, subject to change.

Taxes, Fees and Assessments

The Series 2022 Special Assessments are currently being levied and, as set forth in the Assessment Methodology, the Series 2024 Special Assessments will be levied on the 2,295 residential units within the District on a per unit basis as set forth below. See “APPENDIX D: ASSESSMENT METHODOLOGY” herein.

Product Type	Units	Community	Annual Per Unit	Estimated Annual Per Unit	Total Estimated Annual Per Unit
			Series 2022 Special Assessments⁽²⁾	Series 2024 Special Assessments⁽¹⁾⁽²⁾	Special Assessments⁽¹⁾⁽²⁾
Single-Family 66'	97	Breakers	\$686.98	\$518.48	\$1,205.46
Townhome	265	Waterways	686.98	518.48	1,205.46
Single-Family 50'	204	Enclave	686.98	562.56	1,249.54
Townhome	227	Shores	686.98	562.56	1,249.54
Townhome ⁽³⁾	179	Shores	7.81	562.56	570.37
Single-Family 50'	153	Tides	686.98	562.56	1,249.54
Townhome	269	Cove	686.98	591.07	1,278.05
Single-Family 45'	159	Trellis	686.98	381.95	1,068.93
Condo	420	Courts	686.98	404.41	1,091.39
Townhome	224	Palms	686.98	518.48	1,205.46
Single-Family 50'	98	Reserve	686.98	518.48	1,205.46
Total	2,295				

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ This amount is grossed up to include early payment discounts and County collection fees, currently 5%.

⁽³⁾ The 179 townhomes within The Shores community will not have clubhouse access unless they pay the same annual membership fee as the general public. Accordingly, such townhomes are not assessed the same Series 2022 Special Assessments or operation and maintenance costs.

The following table shows the Series 2022 Bonds, the estimated Series 2024 Bonds, and the total par debt per unit allocation:

Product Type	Community	Units	2022 Par Debt	Estimated 2024 Par Debt	Total Estimated Par Debt
			(Per Unit)	(Per Unit)⁽¹⁾	(Per Unit)⁽¹⁾
Single-Family 66'	Breakers	97	\$9,090.50	\$3,934.63	\$13,025.13
Townhome	Waterways	265	9,090.50	3,934.63	13,025.13
Single-Family 50'	Enclave	204	9,090.50	4,269.06	13,359.56
Townhome	Shores	227	9,090.50	4,269.06	13,359.56
Townhome ⁽²⁾	Shores	179	103.51	4,269.06	4,372.57
Single-Family 50'	Tides	153	9,090.50	4,269.06	13,359.56
Townhome	Cove	269	9,090.50	4,485.48	13,575.98
Single-Family 45'	Trellis	159	9,090.50	2,898.47	11,988.97
Condo	Courts	420	9,090.50	3,068.97	12,159.47
Townhome	Palms	224	9,090.50	3,934.63	13,025.13
Single-Family 50'	Reserve	98	9,090.50	3,934.63	13,025.13
Total		2,295			

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ See footnote ⁽³⁾ above.

The District is currently levying assessments to cover its operation and maintenance costs in the amount of approximately \$813.50 per residential unit annually; which amount is subject to change. In addition, residents are required to pay a masters homeowner’s association fee of \$156 for each residential unit per year, plus a separate homeowner’s association fee for each community, which range from approximately \$720 to \$5,604 for each residential unit per year; which amounts are subject to change. The

land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. The total millage rate in the District for 2024 is approximately 17.9783 mills. These taxes would be payable in addition to the Series 2024 Special Assessments and any other assessments levied by the District; which amount is subject to change. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the Town, the County and the School District of Miami-Dade County, Florida each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year.

Top Ten Taxpayers

Set forth below are the top ten taxpayers in the District for the 2022-2023 tax year. The top ten taxpayers consist of approximately 3.26% of the proposed Series 2024 Special Assessments securing the Series 2024 Bonds.

<u>Owner</u>	<u>Series 2024 Special Assessments</u>	<u>% of Series 2024 Special Assessments</u>
IH 3 Property Florida LP	\$11,171.57	0.99%
Cerberus SFR Holdings LP	3,887.86	0.34
Transcendent Property Owner LLC	3,506.51	0.31
Miami Sunset Real Estate Holding	3,269.25	0.29
Riviera 1051 LLC	3,251.81	0.29
El Zorzal LLC	3,057.00	0.27
THR Florida LP	2,803.93	0.25
2018 3 IH Borrower LP	2,582.47	0.23
Modicana Investments Inc.	1,738.28	0.15
JLP Investments I LLC	<u>1,568.47</u>	<u>0.14</u>
Total	<u>\$36,837.16</u>	<u>3.26%</u>

Assessment Collection History

Since the issuance of the Series 2012 Bonds, there have been no delinquencies in the payment of Special Assessments to timely pay debt service or a draw on the Debt Service Reserve Fund. See “THE DISTRICT – Prior Indebtedness and Prior Payment Delinquencies” herein for more information. All of the Special Assessments are collected on the tax roll.

Florida Statute Section 194.014 was enacted on July 1, 2011 which requires taxpayers to pay all non-ad valorem taxes and at least 75% of their ad valorem taxes before they become delinquent. Likewise, taxpayers who challenge the denial of an exemption or classification or a termination that their improvements were substantially complete must pay all non-ad valorem taxes and the amount of ad valorem taxes that they admit in good faith to be owing. In the event a taxpayer fails to pay their property taxes by April 1, the Value Adjustment Board is required to automatically deny their petition.

ASSESSMENT METHODOLOGY

The Final Amended and Restated Assessment Methodology Report for the Series 2004 Bonds dated June 23, 2004, as amended and supplemented from time to time, and the Third Supplemental Assessment Methodology for the Special Assessment Refunding Bonds Series 2024 to be dated the sale date of the Series 2024 Bonds, as may be supplemented and amended from time to time (collectively, the “Assessment Methodology”) describing the methodology for allocation of the Series 2024 Special Assessments to lands within the Development has been prepared by Governmental Management Services – South Florida, LLC, Sunrise, Florida (the “Methodology Consultant”). See “EXPERTS” herein for more information. The

Assessment Methodology is included herein as APPENDIX D. Once the final terms of the Series 2024 Bonds are determined, the First Supplemental Special Assessment Methodology Report will be revised to reflect such final terms.

The Series 2024 Special Assessments are being levied on the 2,295 units within the Development. The Series 2024 Special Assessments are a first lien on the land against which assessed until paid or barred by operation of law, co-equal with other taxes and assessments levied by the District and other non-federal units of government. See “ENFORCEMENT OF ASSESSMENT COLLECTIONS” herein.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and the Series 2024 Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code; and (ii) the Series 2024 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2024 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2024 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the District’s representations and certifications or the continuing compliance with the District’s covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Series 2024 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the “IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the District may cause loss of such status and result in the interest on the Series 2024 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2024 Bonds. The District has covenanted to take the actions required of it for the interest on the Series 2024 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2024 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel’s attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2024 Bonds or the market value of the Series 2024 Bonds.

Interest on the Series 2024 Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on “applicable corporations” (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2024 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2024 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2024 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel’s engagement with respect to the Series 2024 Bonds ends with the issuance of the Series 2024 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Series 2024 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Bonds, under current IRS procedures, the IRS will treat the District as the taxpayer and the beneficial owners of the Series 2024 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2024 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2024 Bonds.

Prospective purchasers of the Series 2024 Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Limited Offering Memorandum, and prospective purchasers of the Series 2024 Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2024 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2024 Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2024 Bonds or the market value or marketability of the Series 2024 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2024 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt

bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2024 Bonds should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2024 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2024 Bonds may be affected and the ability of holders to sell their Series 2024 Bonds in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Premium

Certain of the Series 2024 Bonds (“Discount Bonds”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2024 Bonds, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the issue price (described above) for that Discount Bond who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Series 2024 Bonds (“Premium Bonds”) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

AGREEMENT BY THE STATE

Under the Act, the State pledges to the holders of any bonds issued thereunder, including the Series 2024 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, including the Series 2004 Project, subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the terms of any agreement made with the holders of such bonds and that it will not in any way impair the rights or remedies of such holders.

LEGALITY FOR INVESTMENT

The Act provides that the Series 2024 Bonds are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State, 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 2024 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 2024 Bonds. Investment in the Series 2024 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.

The Series 2024 Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$5,000 and any integral multiple thereof, provided, however, if any initial beneficial owner of Series 2024 Bonds does not purchase at least \$100,000 of the Series 2024 Bonds at the time of initial delivery of the Series 2024 Bonds, such beneficial owner must execute and deliver to the District and the Underwriter on the date of delivery of the Series 2024 Bonds the investor letter in the form attached to the Indenture or otherwise establish to the satisfaction of the Underwriter that such beneficial owner is an “accredited investor,” as described in Rule 501(a) under Regulation D of the Securities Act of 1933, as amended.

ENFORCEABILITY OF REMEDIES

The remedies available to the Owners of the Series 2024 Bonds upon an Event of Default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2024 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 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

There is no litigation against the District of any nature now pending or, to the knowledge of the District threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2024 Bonds, or in any way contesting or affecting (i) the validity of the Series 2024 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, (ii) the pledge or application of any moneys or security provided for the payment of the Series 2024 Bonds, (iii) the existence or powers of the District or (iv) the validity of the Assessment Proceedings.

CONTINGENT FEES

The District has retained Bond Counsel, Disclosure Counsel, District Counsel, the Methodology Consultant, the Underwriter (who has retained Underwriter's counsel) and the Trustee, with respect to the authorization, sale, execution and delivery of the Series 2024 Bonds. The payment of the fees of such professionals retained by the District is each contingent upon the issuance of the Series 2024 Bonds.

NO RATING

No application for a rating for the Series 2024 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2024 Bonds would have been obtained if application had been made.

EXPERTS

Governmental Management Services - South Florida, LLC, Sunrise, Florida, as Methodology Consultant, has prepared the Assessment Methodology set forth as APPENDIX "D" hereto. APPENDIX "D" should be read in its entirety for complete information with respect to the subjects discussed therein. APPENDIX D should be read in its entirety for complete information with respect to the subjects discussed therein. As a condition to closing on the Series 2024 Bonds, the Methodology Consultant will consent to the inclusion of its report in this Limited Offering Memorandum. References to and excerpts herein from such report do not purport to be adequate summaries of such report or complete in all respects. Such report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

FINANCIAL INFORMATION

The District has covenanted in the Continuing Disclosure Agreement, the form of which is set forth in APPENDIX C hereto to provide its annual audit to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Markets Access repository ("EMMA") as described in APPENDIX C. The audited financial statements of the District for the Fiscal Year ended September 30, 2023 are included herewith as "APPENDIX E: AUDITED FINANCIAL STATEMENTS." The consent of the District's auditor for the use of the financial statements herein has not been sought as the District's financial statements are publicly available documents.

Beginning October 1, 2015, each 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 currently has a website in place and is presently in compliance with the statutory requirements which became effective on October 1, 2015.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Rule 69W-400.003, Rules of Government Securities under Section 517.051(1), Florida Statutes, promulgated by the Florida Department of Financial Services, Office of Financial Regulation, Division of Securities and Finance (“Rule 69W-400.003”), requires the District to disclose each and every default as to the payment of principal and interest with respect to obligations issued or guaranteed by the District after December 31, 1975. Rule 69W-400.003 further provides, however, that if the District, in good faith, believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. Since the defaulting landowner is no longer a landowner within the District and land ownership within the District has transferred to homebuyers, the District, in good faith, believes that such disclosure would not be considered material by a reasonable investor in the Series 2024 Bonds. However, see “THE DISTRICT – Prior Indebtedness and Prior Payment Delinquencies” herein for a description of prior payment delinquencies.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Terminus Analytics LLC will verify from the information provided to them the arithmetical accuracy as of the date of the closing on the Series 2024 Bonds of the computations contained in the provided schedules to determine that the moneys held uninvested as set forth in the provided schedules, to be deposited with the trustee for the Refunded Bonds, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds through and including their redemption date.

CONTINUING DISCLOSURE

The District will enter into Continuing Disclosure Agreement (the “Disclosure Agreement”), the proposed form of which is set forth in APPENDIX C, for the benefit of the Series 2024 Bondholders (including owners of beneficial interests in such Series 2024 Bonds), to provide certain financial information and operating data relating to the District and the Development by certain dates prescribed in the Disclosure Agreement (the “Reports”) through EMMA. The specific nature of the information to be contained in the Reports is set forth in “APPENDIX C: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.” Under certain circumstances, the failure of the District to comply with their respective obligations under the Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement would allow the Series 2024 Bondholders (including owners of beneficial interests in such Series 2024 Bonds), as applicable, to bring an action for specific performance.

The District has previously entered into continuing disclosure obligations in connection with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”), relating to the Refunded Bonds. During the past five years, the District has been in material compliance with such continuing disclosure obligations.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2024 Bonds from the District at a purchase price of \$ _____ (representing the par amount of the Series 2024 Bonds, [plus] [less] [net] original issue [premium][discount] of \$ _____ and less an Underwriter’s discount of \$ _____). The Underwriter’s obligations are subject to certain conditions precedent and, subject to the satisfaction or waiver of such conditions, the Underwriter will be obligated to purchase all the Series 2024 Bonds if any are purchased.

The Series 2024 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

VALIDATION

The Series 2004 Bonds, which were refunded by the Series 2014 Bonds, were validated by a final judgment of the Circuit Court of the Eleventh Judicial Circuit of Florida in and for the County on May 11, 2004. The period of time for appeal of the judgment of validation of such special assessment bonds expired on June 10, 2004 with no appeals being taken. The Series 2024 Bonds are not required to be validated under State law.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2024 Bonds and with respect to the tax-exempt status of the interest on the Series 2024 Bonds (see “TAX MATTERS” herein) are subject to the legal opinion of Squire Patton Boggs (US) LLP, Bond Counsel, whose opinion will be delivered at the time of issuance of the Series 2024 Bonds. Certain legal matters will be passed upon for the District by its counsel, Billing, Cochran, Lyles, Mauro & Ramsey, P.A., Fort Lauderdale, Florida, and by Squire Patton Boggs (US) LLP, as Disclosure Counsel. Aponte & Associates Law Firm, PLLC, Orlando, Florida is serving as counsel to the Underwriter.

The proposed text of the legal opinion of Bond Counsel is set forth as APPENDIX B to this Limited Offering Memorandum. The actual legal opinion to be delivered may vary from the text of APPENDIX B, if necessary, to reflect facts and law on the date of delivery of the Series 2024 Bonds.

While Squire Patton Boggs (US) LLP, in its capacity as Bond Counsel has participated in the preparation of certain portions of this Limited Offering Memorandum, Bond Counsel has not been engaged by the District to confirm or verify, and except as may be set forth in the opinion of Bond Counsel delivered to the Underwriter, expresses and will express no opinion as to the accuracy, completeness or fairness of any statements in this Limited Offering Memorandum, or in any other reports, financial information offering or disclosure documents or other information pertaining to the District or the Series 2024 Bonds that may be prepared or made available by the District, the Underwriter or others to the Owners of the Series 2024 Bonds or other parties.

The legal opinions of Bond Counsel, Disclosure Counsel and counsel to the District are based on existing law, which is subject to change. Such legal opinions are further based on factual representations made to Bond Counsel, Disclosure Counsel and the counsel to the District as of the date thereof. Bond Counsel, Disclosure Counsel and counsel to the District assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law, that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

MISCELLANEOUS

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

The references herein to the Series 2024 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 public offering of the Series 2024 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Limited Offering Memorandum is not to be construed as a contract with the purchaser or the Beneficial Owners of any of the Series 2024 Bonds.

AUTHORIZATION AND APPROVAL

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

**LAKES BY THE BAY SOUTH
COMMUNITY DEVELOPMENT
DISTRICT**

By: _____
Chairperson, Board of Supervisors

APPENDIX A

**COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL
INDENTURE**

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between

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

As Trustee

Dated as of March 1, 2012

relating to

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

SPECIAL ASSESSMENT BONDS

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ARTICLE I DEFINITIONS

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

"Account" shall mean any account established pursuant to this Master Indenture and all Supplemental Indentures.

"Acquisition Agreement" shall mean one or more improvement acquisition agreements between the Issuer and the Developer, pursuant to which the Developer agrees to provide, design, construct and sell to the Issuer, and the Issuer agrees to purchase from the Developer, all or a portion of a Project, any of which may provide for the payment by the Issuer to the Developer of Deferred Obligations.

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

"Annual Budget" shall mean the Issuer's budget of current operating and maintenance expenses for the Project for a Fiscal Year, as the same may be amended from time to time, adopted in accordance with the provisions hereof.

"Arbitrage Certificate" shall mean the certificate of the Issuer delivered at the time of issuance of a Series of Bonds setting forth the expectations of the Issuer with respect to the use of the proceeds of such Series and also containing certain covenants of the Issuer in order to achieve compliance with the Code relating to the tax-status of the Bonds.

THIS MASTER TRUST INDENTURE, dated as of March 1, 2012 (the "Master Indenture"), by and between LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT (together with its permitted successors and assigns, the "Issuer"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida (said national banking association and any bank or trust company becoming successor trustee under this Master Indenture and all Supplemental Indentures (as hereinafter defined) being hereinafter referred to as the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government duly organized and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance No. 2004-16 of the Board of County Commissioners of Miami-Dade County, Florida, enacted on January 20, 2004 for the purpose, among other things, of financing and managing the acquisition and construction, maintenance, and operation of the major infrastructure within and without the boundaries of the premises to be governed by the Issuer; and

WHEREAS, the premises governed by the Issuer (as further described in Exhibit A hereto, the "District" or "District Lands") consist of approximately 517 acres of land located entirely within the unincorporated area in Miami-Dade County, Florida (the "County"); and

WHEREAS, the Issuer has been created for the purpose of delivering certain community development services and facilities for the benefit of the District Lands; and

WHEREAS, the Issuer has previously entered into a Master Trust Indenture and First Supplemental Trust Indenture, each dated as of June 1, 2004, and each with U.S. Bank National Association, as successor trustee thereunder (collectively, the "2004 Indenture"); and

WHEREAS, pursuant to the 2004 Indenture, the Issuer issued its Special Assessment Bonds, Series 2004A and its Special Assessment Bonds, Series 2004B (collectively, the "Series 2004 Bonds") to finance certain public infrastructure projects; and

WHEREAS, the Issuer has determined to undertake, in one or more stages, the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of the District Lands; and

WHEREAS, the Issuer proposes to finance the cost of acquisition and construction of Projects (as herein defined) not previously financed with the proceeds of the 2004 Bonds by the issuance of one or more series of bonds pursuant to this Master Indenture; and

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH, that to provide for the issuance of Bonds (as hereinafter defined) under this Master Indenture, as supplemented from time to time by one or more Supplemental Indentures (as hereinafter

"Assessment Areas" shall mean distinct areas within the District Lands identified by the Issuer that will receive special benefit from a Project. The Issuer reserves the right to impose separate Special Assessments on each separate Assessment Area.

"Authorized Denomination" shall mean, unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, with respect to each Series of Bonds, a denomination of \$5,000 and integral multiples of \$5,000 in excess thereof.

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

"Beneficial Owner" shall mean the actual owner of Bonds while the Bonds are registered in the name of Cede & Co., as the nominee of DTC. The Trustee is authorized to recognize the Beneficial Owners of a Series of Bonds for purposes of approvals, consents or other actions taken hereunder or under a Supplemental Indenture if beneficial ownership is proven to the satisfaction of the Trustee.

"Board" shall mean the Board of Supervisors of the Issuer.

"Bonds" shall mean the Lakes by the Bay South Community Development District Special Assessment Bonds, issued in one or more Series pursuant to the provisions of this Master Indenture and bonds subsequently issued to refund all or a portion of such aforementioned Bonds. If the Issuer determines to issue bond anticipation notes to be secured in whole or in part by a lien on the net proceeds of Bonds to be issued under this Master Indenture, the term "Bonds" shall apply to such short-term notes but only to the extent the Supplemental Indenture relating to such bond anticipation notes so provides.

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

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

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

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

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended.

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

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

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

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

"Continuing Disclosure Agreement" shall mean a Continuing Disclosure Agreement, by and among the Issuer, the dissemination agent named therein and the Developer, and any other obligated party under the Rule, in connection with the issuance of one or more Series of Bonds hereunder, pursuant to the requirements of the Rule.

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

- (a) expenses of determining the feasibility or practicability of acquisition, construction, or reconstruction of the Project;
- (b) cost of surveys, estimates, plans, and specifications;
- (c) cost of improvements;
- (d) engineering, architectural, fiscal, legal, accounting and other professional and advisory expenses and charges;

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- (t) taxes, assessments and similar governmental charges during construction or reconstruction of the Project;
- (u) expenses of Project management and supervision;
- (v) costs of effecting compliance with any and all governmental permits relating to the Project;
- (w) such other expenses as may be necessary or incidental to the acquisition, construction, or reconstruction of the Project or to the financing thereof; and
- (x) any other "cost" or expense as provided by the Act.

In connection with the refunding or redeeming of any Bonds, "Cost" includes, without limiting the generality of the foregoing, the items listed in (d), (k), (l) and (m) above, and other expenses related to the redemption of the Bonds to be redeemed and the Redemption Price of such Bonds (and the accrued interest payable on redemption to the extent not otherwise provided for). Whenever Costs are required to be itemized, such itemization shall, to the extent practicable, correspond with the items listed above. Whenever Costs are to be paid hereunder, such payment may be made by way of reimbursement to the Issuer or any other Person who has paid the same in addition to direct payment of Costs.

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

"County" shall mean Miami-Dade County, Florida.

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

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

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

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

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

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(e) cost of all labor, materials, machinery, and equipment (including, without limitation, (i) amounts payable to contractors, builders and materialmen and costs incident to the award of contracts and (ii) the cost of labor, facilities and services furnished by the Issuer and its employees, materials and supplies purchased by the Issuer and permits and licenses obtained by the Issuer);

(f) cost of all lands, properties, rights, easements, and franchises acquired;

(g) financing charges;

(h) creation of initial reserve and debt service funds;

(i) working capital;

(j) interest charges incurred or estimated to be incurred on money borrowed prior to and during construction and acquisition and for such reasonable period of time after completion of construction or acquisition as the Board may determine and as approved by Bond Counsel;

(k) the cost of issuance of Bonds, including, without limitation, advertisements and printing;

(l) the cost of any election held pursuant to the Act and all other expenses of issuance of bonds;

(m) the discount, if any, on the sale or exchange of Bonds;

(n) amounts required to repay temporary or bond anticipation loans made to finance any costs permitted under the Act;

(o) costs of prior improvements performed by the Issuer in anticipation of the Project;

(p) costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services, or any other Person, for a default or breach under the corresponding contract, or in connection with any other dispute;

(q) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;

(r) payments, contributions, dedications, and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any District purpose;

(s) administrative expenses;

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(a) interest payable on the Bonds during such period, subject to reduction for amounts held as capitalized interest in the Funds and Accounts established under this Master Indenture and any Supplemental Indentures; and

(b) amounts required to be paid into any mandatory sinking fund account with respect to the Bonds during such period; and

(c) amounts required to pay the principal of the Bonds maturing during such period and not to be redeemed prior to or at maturity through any sinking fund account.

For any Bonds that bear interest at a variable rate, the interest payable for a specified period shall be determined as if such Bonds bear interest at the maximum rate provided for in the applicable Supplemental Indenture and if no maximum rate is provided for in the Supplemental Indenture, the maximum rate shall be 10.00% per annum.

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

"Debt Service Reserve Insurance Policy" shall mean the insurance policy, surety bond or other evidence of insurance, if any, deposited to the credit of the Debt Service Reserve Fund or any Account or subaccount therein in lieu of or in partial substitution for cash or securities on deposit therein, which policy, bond or the evidence of insurance constitutes an unconditional senior obligation of the issuer thereof. The issuer thereof shall be a municipal bond insurer whose obligations ranking *pari passu* with its obligations under such policy, bond or other evidence of insurance are rated at the time of deposit of such policy, bond or other evidence of insurance to the credit of the Debt Service Reserve Fund or any Account or subaccount therein in the highest rating category of both Moody's and S&P, unless otherwise approved by the Credit Facility Issuer, if any, who has issued a Credit Facility with respect to the Bonds.

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

"Debt Service Reserve Requirement" shall mean, for each Series of Bonds, unless a different requirement shall be specified in a Supplemental Indenture, an amount equal to the lesser of (i) the maximum annual Debt Service Requirements for the Outstanding Bonds of such Series, (ii) 125% of the average annual Debt Service Requirements for the Outstanding Bonds of such Series, and (iii) 10% of the original proceeds (within the meaning of the Code) of the Bonds of such Series.

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

"Deferred Obligations" shall mean the obligations of the Issuer evidenced in a Developer Funding Agreement or an Acquisition Agreement, as applicable, to pay to the Developer, without interest, with respect to the Developer Funding Agreement, the amount advanced by the Developer and deposited into the appropriate Account of the Acquisition and Construction Fund, and with respect to an Acquisition Agreement, the amount by which the Cost of the Project or portion thereof to be conveyed by the Developer to the Issuer pursuant to such Acquisition Agreement exceeds the amount actually paid by the Issuer for the Project or portion thereof from proceeds of the applicable Series of Bonds, which obligations shall be subordinate to the Bonds issued and Outstanding under the Indenture and payable, if ever, solely as provided herein and the applicable Supplemental Indenture. The Trustee may conclusively rely on specific written instructions set forth in the applicable Supplemental Indenture or certifications set forth in a requisition delivered to it with respect to the existence of any Deferred Obligations to be paid and the amount to be paid. In all other respects, the Trustee, absent specific written notice from the Issuer or the District Manager, is authorized to assume that no Deferred Obligations exist. The Developer shall not be entitled to receive payment of any Deferred Obligations if it fails to pay the Special Assessments levied by the Issuer on lands owned by the Developer or otherwise defaults in any other obligations or agreements with the Issuer.

"Developer" shall mean Lennar Homes, LLC, a Florida limited liability company, and any affiliate or any entity which succeeds to all or any part of the interests and assumes any or all of the responsibilities of such entity, as the master developer of District and as legally described on Exhibit A attached hereto.

"Developer Funding Agreement" shall mean, if applicable, one or more developer capital funding agreements between the Issuer and the Developer, pursuant to which the Developer agrees to advance moneys, from time to time, to the Issuer for deposit into the appropriate Account of the Acquisition and Construction Fund, so that there are sufficient moneys on deposit therein (taking into account proceeds from the applicable Series of Bonds) to complete the Project. Any obligation on the part of the Issuer to repay such advances made by the Developer shall be subordinate to the payment of the Bonds and will constitute Deferred Obligations.

"District Lands" or "District" shall mean the premises governed by the Issuer, consisting of approximately 517 acres of land located entirely within the incorporated area of the Town, as more fully described in Exhibit A hereto.

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

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

"Fiscal Year" shall mean the period of twelve (12) months beginning October of each calendar year and ending on September 30 of the following calendar year, and also shall mean the period from actual execution hereof to and including the next succeeding September 30; or

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

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

(iv) commercial paper rated in the top two rating category by both Moody's and S&P at the time of purchase;

(v) municipal securities issued by any state or commonwealth of the United States or political subdivision thereof or constituted authority thereof including, but not limited to, municipal corporations, school districts and other special districts, the interest on which is exempt from federal income taxation under Section 103 of the Code and rated A- or higher by Moody's, Fitch or S&P at the time of purchase;

(vi) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category by both Moody's and S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and obligations of any of the following agencies: Government National Mortgage Association (including participation certificates issued by such association); Fannie Mae (including participation certificates issued by such entity); Federal Home Loan Banks; Federal Farm Credit Banks; Tennessee Valley Authority; Farmers Home Administration; Student Loan Marketing Association; Federal Home Loan Mortgage Corporation and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P at the time of purchase;

(vii) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly with collateral with a domestic or foreign bank or corporation (other than life or property casualty insurance company) the long-term debt of which, or, in the case of a financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's provided that the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within ten days of receipt of publication of such downgrade, either (A) maintain collateral at levels, sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (B) repurchase all collateral and terminate the repurchase agreement. Further, if the provider's rating by either S&P or Moody's falls below "A-" or "A3," respectively, the provider must at the direction by the Issuer to the Trustee, within ten (10) calendar days, either (1) maintain collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from

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such other consecutive twelve-month period as may hereafter be established pursuant to a Certified Resolution as the fiscal year of the Issuer for budgeting and accounting purposes as authorized by law.

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

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

"Generally Accepted Accounting Principles" shall mean those accounting principles applicable in the preparation of financial statements of municipalities.

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

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

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

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

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

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

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

(i) Government Obligations;

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Moody's, or (2) repurchase all Collateral and terminate the repurchase agreement without penalty. In the event the repurchase agreement provider has not satisfied the above conditions within ten (10) days of the date such conditions apply, then the repurchase agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall withdraw the entire amount invested plus accrued interest within two (2) Business Days. Any repurchase agreement entered into pursuant to this Indenture shall contain the following additional provisions:

1) Failure to maintain the requisite collateral percentage will require the Issuer or the Trustee to liquidate the collateral as provided above;

2) 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);

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

4) 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;

5) 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;

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

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

8) The term of the repurchase agreement shall be no longer than ten years;

9) The interest with respect to the repurchase transaction shall be payable at the times and in the amounts necessary in order to make funds available when required under an applicable Supplemental Indenture.

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10) 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;

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

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

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

(viii) investment agreements with a bank, insurance company or other financial institution, or the subsidiary of a bank, insurance company or other financial institution if the parent guarantees the investment agreement, which bank, insurance company, financial institution or parent has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated in the highest short-term rating category by Moody's or S&P (if the term of such agreement does not exceed 365 days), or has an unsecured, uninsured and unguaranteed obligation (or claims paying ability) rated by Aa2 or better by Moody's and AA or better by S&P or Fitch, respectively (if the term of such agreement is more than 365 days) or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

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

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

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

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

"Issuer" shall mean the Lakes by the Bay South Community Development District.

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

"Master Indenture" shall mean, this Master Trust Indenture dated as of March 1, 2012 by and between the Issuer and the Trustee, as amended and or supplemented in accordance with the provisions of Article XIII hereof.

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

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

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

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

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

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

In determining whether the Holders of a requisite aggregate principal amount of Bonds Outstanding of a Series have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds of such Series which are known by the Trustee to be held by or on behalf of the Issuer shall be disregarded for the purpose of any such determination, unless all of the Bonds of such Series are held by or on behalf of the Issuer;

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

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

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

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

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

9) repay all amounts due and owing under the agreement.

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

(ix) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are, at the time of purchase, rated A- or better by at least two (2) of the following rating agencies: Moody's, S&P or Fitch or AA- or better by either S&P or Fitch or Aa- by Moody's;

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

(xi) negotiable or non-negotiable certificates of deposit, savings accounts, deposit accounts, money market deposits or banking arrangements issued by or with any financial institution subject to state or federal regulation provided that the full principal amount is insured by the Federal Deposit Insurance Corporation ("FDIC") (including the FDIC's Savings Association Insurance Fund); and

(xii) other investments permitted by Florida law and directed by the Issuer.

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provided, however, this provision does not affect the right of the Trustee to deal in Bonds as set forth in Section 11.09 hereof.

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

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

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

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

"Prepayment" shall mean the payment by any owner of Property of the amount of Special Assessments encumbering its property, in whole or in part, prior to its scheduled due date. A landowner may make a Prepayment in kind pursuant to the provisions of Section 9.08 hereof.

"Project" shall mean with respect to any Series of Bonds, the design, acquisition, construction equipping and/or improvement of certain public infrastructure consisting of recreational facilities, sanitary sewer systems, water distribution systems, storm water management facilities; roadway improvements; acquisition of certain interests in lands; and related incidental costs, all as more specifically described in the Supplemental Indenture relating to such Series of Bonds; provided that the Project shall specially benefit all of the District Lands on which Special Assessments to secure such Series of Bonds have been levied.

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

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

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"Rebate Fund" shall mean the Fund so designated, which is established pursuant to Section 6.11 of this Master Indenture.

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

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

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

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

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

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

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

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

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

"Series" shall mean all of the Bonds authenticated and delivered at one time on original issuance and pursuant to any Certified Resolution of the Issuer authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof and the applicable Supplemental

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

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

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

[END OF ARTICLE I]

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Indenture, regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the Issuer upon original issuance. Two or more Series or sub-Series of Bonds may be issued simultaneously under separate Supplemental Indentures, but under this Master Indenture. As may be provided by subsequent proceedings of the Issuer, one or more Series of Bonds or sub-Series Bonds, whether issued at the same time or not, may be separately secured by Special Assessments imposed pursuant to separate assessment proceedings. Such Bonds or sub-Series of Bonds which are secured by separate Special Assessments will not be issued as parity bonds even if issued at the same time.

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

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

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

"State" shall mean the State of Florida.

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

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

"Town" shall mean the Town of Cutler Bay, Florida.

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ARTICLE II THE BONDS

SECTION 2.01. Amounts and Terms of Bonds; Details of Bonds. The Issuer is hereby authorized to issue in one or more Series pursuant to the terms and conditions of this Master Indenture, its obligations to be known as "Lakes by the Bay South Community Development District Special Assessment Bonds, Series [to be designated]" (the "Bonds"). The total principal amount of Bonds with a maturity of greater than five (5) years that may be issued and Outstanding under this Master Indenture without first validating such Bonds under Chapter 75, Florida Statutes, is expressly limited to \$40,865,000 exclusive of any refunding bonds. The Bonds shall be issued in Authorized Denominations and within each Series shall be numbered consecutively from R-1 and upwards in each Series and in substantially the form attached hereto as Exhibit B, with such appropriate variations, omissions and insertions as are permitted or required by this Master Indenture or as otherwise provided in a Supplemental Indenture. All Bonds shall be issued only upon satisfaction of the conditions set forth in Article III hereof; and the Trustee shall, at the Issuer's request, authenticate such Bonds and deliver them as specified in such request.

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

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

Except to the extent otherwise provided in Section 2.11 hereof or in a Supplemental Indenture, interest on any Bond is payable on any Interest Payment Date by check or draft mailed on the Interest Payment Date to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date, at his address as it appears on the Bond Register. The Bonds shall bear interest from the Interest Payment Date next preceding the date on which they are authenticated unless authenticated on an Interest Payment Date in which event they shall bear interest from such Interest Payment Date, or unless authenticated before the first Interest Payment Date in which event they shall bear interest from their date; provided, however, that if a Bond is authenticated between a Record Date and the next succeeding Interest Payment Date, such Bond shall bear interest from such succeeding Interest Payment Date, provided further, however, that if at the time of authentication of any Bond interest thereon is in default, such Bond shall bear interest from the date to which interest has been paid. Any interest on any Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to

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the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register. The foregoing notwithstanding, but subject to the procedures set forth in Section 2.11 hereof, any Owner of Bonds of a Series in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Trustee and Paying Agent, upon requesting the same in a writing received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Trustee and Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Trustee and Paying Agent at least fifteen (15) days prior to the relevant Record Date. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, interest on overdue principal and, to the extent lawful, on the overdue interest will be payable at the numerical rate of interest borne by such Bonds on the day before the default occurred.

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

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

SECTION 2.03. Authentication. No Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, and such authentication shall be proof that the Bondholder is entitled to the benefit of the trust hereby created.

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

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SECTION 2.08. Registration, Transfer and Exchange. As provided in Section 2.04 hereof, the Issuer shall cause a Bond Register in respect of the Bonds to be kept at the designated office of the Registrar.

Upon surrender for requisition of transfer of any Bond at the designated office of the Registrar, and upon compliance with the conditions for the transfer of Bonds set forth in this Section 2.08, the Issuer shall execute and the Trustee (or Registrar as described in Section 2.03 and Section 2.04 hereof) shall authenticate and deliver, in the name of the designated transferees, one or more new Bonds of a like aggregate principal amount and of the same Series and maturity.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of a like aggregate principal amount and of the same Series and maturity, upon surrender of the Bonds to be exchanged at any such office or agency. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute and the Trustee (or Registrar as described in Section 2.03 and Section 2.04 hereof) shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

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

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

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

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

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

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

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

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

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

SECTION 2.07. Cancellation and Destruction of Surrendered Bonds. All Bonds surrendered for payment or redemption and all Bonds surrendered for exchange shall, at the time of such payment, redemption or exchange, be promptly transferred by the Registrar, Paying Agent to, and cancelled and destroyed by, the Trustee in accordance with its retention policy then in effect.

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SECTION 2.10. Limitation on Incurrence of Certain Indebtedness. The Issuer will not issue Bonds of any Series, except upon the conditions and in the manner provided or as otherwise permitted in the Indenture, provided that the Issuer may enter into agreements with issuers of Credit Facilities which involve liens on Pledged Revenues on a parity with that of the Bonds or portion thereof which is supported by such Credit Facilities.

SECTION 2.11. Qualification for The Depository Trust Company. To the extent provided in a Supplemental Indenture or authorized and directed by a Resolution of the Issuer authorizing the issuance of a Series of Bonds, the Trustee shall be authorized to enter into agreements with The Depository Trust Company, New York, New York ("DTC") and other depository trust companies, including, but not limited to, agreements necessary for wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC, and other depository trust companies in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC and other depository trust companies (or any of their designees identified to the Trustee) by overnight delivery, courier service, telegram, teletype or other similar means of communication.

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

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

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

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

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE BONDS, ANY NOTICES TO BE PROVIDED TO ANY REGISTERED OWNER WILL

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BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICES TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICES TO BENEFICIAL OWNERS.

The Issuer and the Trustee, if appropriate, shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer. In the event of such termination, the Issuer shall select another securities depository. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Bonds in the form of fully registered Bonds in accordance with the instructions from Cede & Co.

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

[END OF ARTICLE II]

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coequal with the lien of all state, county, district and municipal ad valorem taxes and superior in priority to all other liens, titles and claims against said property then existing or thereafter created, until paid; (h) this Master Indenture and the applicable Supplemental Indenture has been duly and validly authorized, approved, and executed by the Issuer; (i) the issuance of the Series of Bonds has been duly authorized and approved by the Board; and (j) this Master Indenture and the applicable Supplemental Indenture (assuming due authorization, execution and delivery by the Trustee) constitutes a binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity (clauses (c) (d) and (e) shall not apply in the case of the issuance of a refunding Series of Bonds);

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

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

(5) the proceeds of the sale of such Bonds together with any required equity deposit by the Developer;

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

(7) one or more Certified Resolutions of the Issuer relating to the levy of Special Assessments in respect of the Project, and evidencing that the Issuer has undertaken and, to the extent then required under applicable law, completed all necessary proceedings, including, without limitation, the approval of assessment rolls, the holding of public hearings, the adoption of resolutions and the establishment of all necessary collection procedures, in order to levy and collect Special Assessments upon the District

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ARTICLE III ISSUE OF BONDS

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

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

(2) an opinion of Counsel to the Issuer, which shall also be addressed to the Trustee, to the effect that: (a) all conditions prescribed herein as precedent to the issuance of the Bonds have been fulfilled; (b) the Bonds have been validly authorized and executed by the Issuer and when authenticated and delivered pursuant to the request of the Issuer will be valid obligations of the Issuer entitled to the benefit of the trust created hereby and will be enforceable in accordance with their terms except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency, moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity; (c) any consents of any Regulatory Bodies required in connection with the issuance of the Bonds or in connection with the acquisition of the improvements included in the Project have been obtained or can be reasonably expected to be obtained on or prior to the date such consents are required for the Project; (d) if the acquisition of any real property or interest therein is included in the purpose of such issue, (i) the Issuer has or can acquire good and marketable title thereto free from all liens and encumbrances except such as will not materially interfere with the proposed use thereof or (ii) the Issuer has or can acquire a valid, subsisting and enforceable leasehold, easement, right-of-way or other interest in real property sufficient to effectuate the purpose of the issue (which opinion may be stated in reliance on the opinion of other Counsel satisfactory to the signer or on a title insurance policy issued by a reputable title company); (e) the Issuer has good right and lawful authority under the Act to undertake the Project; (f) that the Special Assessment proceedings have been taken in accordance with Florida law and that the Issuer has taken all action necessary to levy and impose the Special Assessments; (g) that the Special Assessments are legal, valid, and binding liens upon the property against which the Special Assessments are made,

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Lands in an amount sufficient to pay the Debt Service Requirement on the Bonds to be issued;

(8) an executed opinion of Bond Counsel;

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

(10) a copy of a Final Judgment of validation and a Certificate of No Appeal with respect to the Bonds that are subject to validation or an opinion of Counsel that the Bonds are not subject to validation;

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

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

(13) such other documents, certifications and opinions as shall be required by the Supplemental Indenture, by the Participating Underwriter or the initial purchaser of a Series of Bonds or by the Issuer or the Trustee upon advice of counsel.

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

Notwithstanding the foregoing, the issuance of the Original Bonds was governed by the provisions of the Original Master Indenture and this Article III shall not be applicable.

[END OF ARTICLE III]

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ARTICLE IV
ACQUISITION OF PROJECT

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

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

[END OF ARTICLE IV]

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amounts shall first, if applicable, be used to pay any Deferred Obligations, if such Deferred Obligations are permitted to be paid, and second be transferred to the applicable Series Account of the Bond Redemption Fund for application to the redemption of Bonds of the Series to which such proceeds relate, as set forth in Section 6.06 hereof or in the applicable Supplemental Indenture.

(b) Disbursements. Unless provided otherwise in a Supplemental Indenture, all payments from the Acquisition and Construction Fund shall be paid in accordance with the provisions of this subsection. Moneys in the appropriate Series Account of the Acquisition and Construction Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Trustee legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in this subsection (b). Before any such payment shall be made, the Issuer shall file with the Trustee a fully executed requisition in the form of Exhibit C attached hereto, signed by a Responsible Officer and, except for payments of cost of issuance, a certificate of the Consulting Engineer signed by a consulting engineer also in the form of Exhibit C attached hereto and as may be modified by terms of the related Supplemental Indenture. Upon receipt of each such requisition and accompanying certificate, the Trustee shall promptly withdraw from the appropriate Series Account of the Acquisition and Construction Fund and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. All requisitions and certificates received by the Trustee pursuant to this Section 5.01 shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the Issuer, the Consulting Engineer, the Owner of any Bonds, and the agents and representatives thereof. Notwithstanding anything in this Master Indenture to the contrary, any payment of Deferred Obligations pursuant to paragraph (a) above or paragraph SIXTH of Section 6.03 hereof or pursuant to Section 6.05 hereof and the applicable Series Supplement shall be disbursed using the same requisition procedures described above.

(c) Completion of Project. On the date of completion of the Project or if sufficient moneys are retained in the appropriate Series Account of the Acquisition and Construction Fund, to complete the Cost of the Project, in either case, as evidenced by the delivery of a Certificate of the Consulting Engineer and adoption of a resolution by the Board accepting the Project as provided by Section 170.09, Florida Statutes, as amended (the "Completion Date"), the balance in the appropriate Series Account of the Acquisition and Construction Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Project and including, if applicable, the payment of any Deferred Obligations, shall be transferred by the Trustee to, and deposited in, the applicable Series Account of the Bond Redemption Fund and applied as provided in Section 6.06 hereof and in the applicable Supplemental Indenture.

[END OF ARTICLE V]

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ARTICLE V
ACQUISITION AND CONSTRUCTION FUND

SECTION 5.01. Acquisition and Construction Fund. The Trustee shall establish an Acquisition and Construction Fund into which shall be deposited the proceeds from each Series of Bonds issued under the Indenture (unless otherwise specified herein or in the applicable Supplemental Indenture for a Series of Bonds) and from which Costs may be paid as set forth herein and in the applicable Supplemental Indenture. Unless otherwise specified in the applicable Supplemental Indenture, a separate Series Account shall be established in the Acquisition and Construction Fund with respect to each Series of Bonds issued hereunder and the proceeds of each Series of Bonds (other than Bonds issued to refund all or a portion of the Bonds) shall be deposited into the corresponding Series Account in the Acquisition and Construction Fund. The amounts in any Series Account of the Acquisition and Construction Fund, until applied as hereinafter provided, shall be held for the security of the Series of Bonds hereunder in respect of which such Series Account was established. Separate subaccounts within any Series Account of the Acquisition and Construction Fund shall be maintained by the Trustee in respect of each Series of Bonds upon request of the Issuer whenever, in the opinion of the Issuer, it is appropriate to have a separate accounting in respect of the Costs of any designated portion of the Project including, but not limited to, a costs of issuance subaccount. Payments shall be made from the appropriate Series Account of the Acquisition and Construction Fund to pay any unpaid Costs of Issuance of the Series of Bonds in question, including without limitation, legal, engineering, and consultants' fees and to pay amounts to be reimbursed to the Issuer for Costs advanced, and thereafter to pay Costs of planning, financing, acquisition, construction, reconstruction, equipping and installation of the Project or portion thereof.

(a) Deposits. In addition to the deposit of amounts received by the Trustee on the date of issuance of each Series of Bonds, the Issuer shall pay or cause to be paid to the Trustee, for deposit into the Series Account of the Acquisition and Construction Fund, as promptly as practicable, the following amounts:

(i) Subject to the provisions of Section 9.24 hereof, payments made to the Issuer from the sale, lease or other disposition of the Project or any portion thereof;

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

(iii) Deposits made by the Developer pursuant to the terms and provisions of a Developer Funding Agreement.

Amounts in the applicable Series Account of the Acquisition and Construction Fund shall be applied to pay the Cost of the Project or a portion thereof, as applicable, pertaining to the Series of Bonds in question; provided, however, that if any amounts remain in the Series Account of the Acquisition and Construction Fund after the Completion Date (as defined in paragraph (c) below) of the Project or portion thereof pertaining to the Series of Bonds in question, and if such amounts are not reserved for payment of any remaining part of the Cost of the Project, such

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ARTICLE VI
SPECIAL ASSESSMENTS;
APPLICATION THEREOF TO FUNDS AND ACCOUNTS

SECTION 6.01. Special Assessments; Lien of Indenture on Pledged Revenues. The Issuer hereby covenants that it shall levy Special Assessments, and, unless provided otherwise with respect to a Series of Bonds, evidence and certify the same to the Tax Collector or shall cause the Property Appraiser to certify the same on the tax roll to the Tax Collector for collection by the Tax Collector and enforcement by the Tax Collector or the Issuer, pursuant to the Act, Chapter 170 or Chapter 197, Florida Statutes, or any successor statutes, as applicable, to the extent and in the amount necessary to pay the Debt Service Requirement on Bonds issued and Outstanding hereunder.

The Issuer shall pay to the Trustee for deposit in the Series Account of the Revenue Fund established under Section 6.03 hereof all Special Assessments received by the Issuer from the levy thereof on the District Lands subject to assessments for the payment of the related Series of Bonds; provided, however, that amounts received as prepayments of Special Assessments shall be deposited directly into the applicable Series Account within the Bond Redemption Fund established hereunder or in any account thereof established pursuant to the applicable Supplemental Indenture. The Issuer shall notify the Trustee at the time of deposit of any amounts received as prepayments of Special Assessments and shall identify the related Series of Bonds. If necessary, the Issuer shall direct the landowner making such prepayment to specify what Series of Bonds such prepayments relate.

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

SECTION 6.02. Funds and Accounts Relating to the Bonds. The Funds and Accounts specified in this Article VI shall be established under this Master Indenture and each

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Supplemental Indenture pursuant to which a Series of Bonds is issued for the benefit of the specific Series of Bonds and any Series issued on a parity therewith and, unless expressly otherwise provided in said Supplemental Indenture, shall not apply to Bonds Outstanding hereunder issued under any other indenture supplemental hereto or if separately secured by separate Special Assessments. Unless provided otherwise by Supplemental Indenture, all moneys, including, without limitation, proceeds of a Series of Bonds, on deposit to the credit of the Funds and Accounts established hereunder and under a Supplemental Indenture (except for moneys transferred to the Rebate Fund) shall be pledged to the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series of Bonds issued hereunder and under such Supplemental Indenture, and any Series issued on a parity therewith.

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

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

SECOND, beginning on the date set forth in the related Supplemental Indenture, and no later than the Business Day next preceding each May 1 or November 1, as designated in the applicable Supplemental Indenture thereafter while Bonds of a Series issued under the Indenture remain Outstanding, to the applicable Series Principal Account of the Debt Service Fund, an amount equal to the principal amount of Bonds of such Series maturing on the next succeeding principal payment date, less any amount on deposit in the applicable Series Principal Account not previously credited;

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

The Trustee at all times shall make available to any Paying Agent the funds in the Series Principal Account and the Series Interest Account of the Debt Service Fund to pay the principal of the applicable Series of Bonds as they mature upon surrender thereof and the interest on the applicable Series of Bonds as it becomes payable, respectively. When a Series of Bonds is redeemed, the amount, if any, in the Debt Service Fund representing interest thereon shall be applied to the payment of accrued interest in connection with such redemption.

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

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

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

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

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

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

SIXTH, subject to the foregoing paragraph, the balance of any moneys remaining in a Series Account of the Revenue Fund after making the foregoing deposits shall, subject to application by one or more Supplemental Indentures, if applicable, be first used to pay any Deferred Obligations and, if not applicable or if all Deferred Obligations have been paid, forgiven or not required to be paid to the Developer, such balance shall remain therein, unless pursuant to any Arbitrage Certificate it is necessary to make a deposit in the Rebate Fund, in which case, the Issuer shall direct the Trustee to make such deposit thereto.

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the direction of the Issuer, withdraw any moneys held for the credit of the Revenue Fund which are not otherwise required to be deposited pursuant to this Section and deposit such moneys as directed to the credit of the applicable Series Account of the Bond Redemption Fund in accordance with the provisions hereof. Notwithstanding the foregoing, if pursuant to any Arbitrage Certificate it is necessary to make a deposit in the Rebate Fund, the Issuer shall direct the Trustee to make such deposit thereto. Prepayments pledged to a particular Series of Bonds shall be deposited directly into the applicable Series Account of the Bond Redemption Fund as provided herein.

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

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

SECTION 6.05. Debt Service Reserve Fund. The Trustee is hereby authorized and directed to establish a Debt Service Reserve Fund and, if applicable, pursuant to a Supplemental Indenture a Series Account for each Series of Bonds issued hereunder. The Debt Service Reserve Fund and each Series Account therein shall be held by the Trustee solely for the benefit of each related Series of Bonds or sub-Series, as determined by the applicable Supplemental Indenture; provided, however, that notwithstanding anything to the contrary contained in this Master Indenture, the Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that the Debt Service Reserve Fund is not applicable and no account therein shall secure such Series of Bonds. The Debt Service Reserve Fund and each Series Account therein shall constitute an irrevocable trust fund to be applied solely as set forth herein and shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, on the date of issuance and delivery of a Series of Bonds an amount of Bond proceeds or equity equal to the Debt Service Reserve Requirement in respect of such Series of Bonds, calculated as of the date of issuance and delivery of such Series of Bonds, shall be deposited in the related Series Account of the Debt Service Reserve Fund. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, and as long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such Series of Bonds, earnings on investments in the Series Account of the Debt Service Reserve Fund shall, prior to the Completion Date of a Project, be transferred to the applicable Acquisition and Construction Account of the Acquisition and Construction Fund, and after the Completion Date, shall be, at the written direction of the Issuer, either retained in the applicable Acquisition and Construction Account of the Acquisition and Construction Fund to pay Deferred Obligations or transferred to the related Series Account of the Revenue Fund. Otherwise, earnings on investments in each Series Account of the Debt Service Reserve Fund shall be retained therein until applied as set forth herein. If made applicable in a Supplemental Indenture, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement as a result of an optional prepayment by the owner of a lot or parcel of land of Special Assessments against

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such lot or parcel or a mandatory true-up payment, which Special Assessments are pledged for the payment and security of such Series of Bonds, the excess amount shall, as directed by the terms of the applicable Series Supplement, either be transferred from the Series Account or Subaccount of the Debt Service Reserve Fund to the applicable Series Account of the Bond Redemption Fund established for such Series of Bonds and shall constitute as a credit against such optional prepayment or true-up payment or deposited into the appropriate Account of the Acquisition and Construction Fund to be used to pay any Deferred Obligations. If made applicable in the Supplemental Indenture with respect to a Series of Bonds, in the event that the amount in a Series Account of the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement with respect to such Series of Bonds due to a decrease in the then applicable Debt Service Reserve Requirement for any other reason, the excess amount shall, as directed by the terms of the applicable Series Supplement, either be transferred from the Series Account of the Debt Service Reserve Fund to the applicable Series Account or Subaccount of the Bond Redemption Fund or deposited into the appropriate Account of the Acquisition and Construction Fund to be used to pay any Deferred Obligation. For purposes of any Supplemental Indenture (unless the applicable Supplemental Indenture provides specific ongoing instructions to the Trustee to make deposits into the applicable Account of the Acquisition and Construction Fund unless instructed otherwise in writing by the Issuer or the District Manager), it shall be the sole responsibility of the Issuer to determine whether any Deferred Obligations remain unpaid and the Trustee shall not be obligated to determine whether any Deferred Obligation remains unpaid or should be paid.

Whenever for any reason on an Interest Payment Date, principal payment date or mandatory redemption date with respect to a related Series of Bonds secured by a Series Account of the Debt Service Reserve Fund the amount in the related Series Interest Account, the related Series Principal Account or the related Series Sinking Fund Account, as the case may be, is insufficient to pay all amounts payable on such Series of Bonds therefrom on such payment dates, the Trustee shall, without further instructions, transfer the amount of any such deficiency from the related Series Account of the Debt Service Reserve Fund into the related Series Interest Account, the related Series Principal Account and the related Series Sinking Fund Account, as the case may be, with priority to the related Series Interest Account and then, proportionately according to the respective deficiencies therein, to the related Series Principal Account and the related Series Sinking Fund Account, to be applied to pay the Series of Bonds secured by the Series Account of the Debt Service Reserve Fund.

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

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which shall be deposited, moneys in the amounts and at the times provided in Sections 5.01, 6.01, 6.03, 6.05, 9.08(c) and 9.14(c) of this Master Indenture. The Series Account within the Bond Redemption Fund shall constitute an irrevocable trust fund to be applied solely as set forth in the applicable Supplemental Indenture and shall be held by the Trustee separate and apart from all other Funds and Accounts held under such Indenture and from all other moneys of the Trustee. All earnings on investments held in the Series Account within the Bond Redemption Fund shall be retained therein and applied as set forth below.

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

FIRST, (except for amounts resulting from prepayments of Special Assessments, which shall be applied as provided in the next paragraph) make such deposits into the Rebate Fund created and established under this Master Indenture as the Issuer may direct in accordance with an arbitrage rebate agreement, such moneys thereupon to be used solely for the purposes specified in said arbitrage rebate agreement. Any moneys so transferred from the Series Account within the Bond Redemption Fund to the Rebate Fund shall thereupon be free from the lien and pledge of the related Indenture;

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

THIRD, the remainder to be utilized by the Trustee, at the direction of a Responsible Officer, to call for redemption on each Interest Payment Date or other date on which Bonds of the applicable Series are subject to optional redemption pursuant to Section 8.01(a) hereof such amount of Bonds of the applicable Series taking into account any redemption premium, as may be practicable; provided, however, that not less than Five Thousand Dollars (\$5,000) principal amount of Bonds of the applicable Series shall be called for redemption at one time.

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

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

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for such purpose. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, if any such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit is substituted for moneys on deposit in the Series Account of the Debt Service Reserve Fund, or if at any time there are excess moneys in the Series Account of the Debt Service Reserve Fund, the excess moneys in the Series Account of the Debt Service Reserve Fund shall, if applicable, be first deposited into the appropriate Account in the Acquisition and Construction Fund to be used to pay any Deferred Obligations and, if not applicable or all Deferred Obligations have been paid or forgiven, then such excess shall be transferred to and deposited in the related Series Account or Subaccount of the Revenue Fund. If a disbursement is made from a Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit, the Issuer shall be obligated to either reinstate the maximum limits of such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit immediately following such disbursement or to deposit into the Series Account of the Debt Service Reserve Fund, as provided in the Indenture for restoration of withdrawals from the Series Account of the Debt Service Reserve Fund, funds in the amount of the disbursement made under such Debt Service Reserve Insurance Policy or Debt Service Reserve Letter of Credit.

In the event that upon the occurrence of any deficiency in a Series Interest Account, a Series Principal Account or a Series Sinking Fund Account, the Series Account of the Debt Service Reserve Fund is then funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, the Trustee shall, on an Interest Payment Date or principal payment date or mandatory redemption date to which such deficiency relates, draw upon the Debt Service Reserve Letter of Credit or cause to be paid under the Debt Service Reserve Insurance Policy an amount sufficient to remedy such deficiency, in accordance with the terms and provisions of the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, and any corresponding reimbursement or other agreement governing the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy; provided, however, that if at the time of such deficiency the Series Account of the Debt Service Reserve Fund is only partially funded with a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, prior to drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, the Trustee shall first apply any cash and securities on deposit in the Series Account of the Debt Service Reserve Fund to remedy the deficiency in accordance with the second paragraph of this Section 6.05 and, if after such application a deficiency still exists, the Trustee shall make up the balance of the deficiency by drawing on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as provided in this sentence. Amounts drawn on the Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy, as applicable, shall be applied as set forth in the second paragraph of this Section 6.05. Any amounts drawn under a Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy shall be reimbursed to the issuer thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such Debt Service Reserve Letter of Credit or Debt Service Reserve Insurance Policy.

SECTION 6.06. Bond Redemption Fund. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, the Trustee is hereby authorized and directed to establish a Bond Redemption Fund and pursuant to a Supplemental Indenture a Series Account within the Bond Redemption Fund for each Series of Bonds issued hereunder into

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SECTION 6.08. Procedure When Funds Are Sufficient to Pay All Bonds of a Series. Unless otherwise provided in the Supplemental Indenture with respect to a Series of Bonds, if at any time the moneys held by the Trustee in the Funds (other than the moneys in the Rebate Fund) and Accounts hereunder and under a Supplemental Indenture and available therefor are sufficient to pay the principal or Redemption Price of, as the case may be, and interest on all Bonds of a Series then Outstanding under such Indenture to maturity or prior redemption, together with any amounts due the Issuer and the Trustee, Paying Agent, Registrar, Credit Facility Issuer, if any, and due the Developer for any Deferred Obligations, the Trustee, at the direction of the Issuer, shall apply the amounts in the Series Funds and Series Accounts to the payment of the aforesaid obligations and the Issuer shall not be required to pay over any further Pledged Revenues with respect to such Series of Bonds unless and until it shall appear that there is a deficiency in the Funds and Accounts held by the Trustee.

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

SECTION 6.10. Unclaimed Moneys In the event any Bond shall not be presented for payment when the principal of such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such Bond have been deposited with the Trustee for the benefit of the owner of the Bond and have remained unclaimed for three (3) years after the date payment thereof becomes due shall, upon request of the Issuer, if the Issuer is not at the time to the knowledge of the Trustee in default with respect to any covenant in this Master Indenture, any Supplemental Indenture or the Bonds contained, be paid to the Issuer; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer; provided, however, that the Trustee, before making payment to the Issuer, shall, if so directed by the Issuer, at the expense of the Issuer, cause a notice to be published in an Authorized Newspaper, stating that the money remaining unclaimed will be returned to the Issuer after a specified date.

SECTION 6.11. Rebate Fund The Trustee is hereby authorized and directed to establish a Rebate Fund. Unless provided otherwise in a Supplemental Indenture, the Trustee shall transfer monies from the applicable Series Account in the Revenue Fund and deposit the same to the Rebate Fund, and shall make payments therefrom at the times and in the amounts required to comply with the covenants in the applicable Arbitrage Certificate. If so directed by the Issuer, the Trustee shall create one or more Series Accounts within the Rebate Fund relating to one or more particular Series of Bonds.

[END OF ARTICLE VI]

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

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

SECTION 7.02. Investment or Deposit of Funds. Except to the extent otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in the Series Accounts in the Debt Service Fund and any Series Account within the Bond Redemption Fund created under any Supplemental Indenture only in Government Obligations and securities described in subparagraphs (iv), (v), (vi), (vii) or (xi) of the definition of Investment Securities. Except to the extent otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Trustee shall, as directed by the Issuer in writing, invest moneys held in any Series Account of the Debt Service Reserve Fund in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth herein. All securities securing investments under this Section shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, subject to Section 6.05 of this Master Indenture and unless otherwise provided in a Supplemental Indenture

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**ARTICLE VIII
REDEMPTION AND PURCHASE OF BONDS**

SECTION 8.01. Redemption Dates and Prices. Unless provided otherwise in a Supplemental Indenture with respect to a Series of Bonds, the Bonds of a Series may be made subject to optional, mandatory and extraordinary redemption and purchase, either in whole or in part, by the Issuer, prior to maturity in the amounts, at the times and in the manner provided in this Article VIII and in the related Supplemental Indenture.

(a) **Optional Redemption.** Bonds of a Series shall be subject to optional redemption at the direction of the Issuer, at the times and upon payment of the purchase price as provided in the related Supplemental Indenture.

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

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with respect to a Series of Bonds, any interest and other income so received shall be deposited in the related Series Account of the Revenue Fund. Upon request of the Issuer, or on its own initiative whenever payment is to be made out of any Fund or Account, the Trustee shall sell such securities as may be requested to make the payment and restore the proceeds to the Fund or Account in which the securities were held. The Trustee shall not be accountable for any depreciation in the value of any such security or for any loss resulting from the sale thereof, except as provided hereinafter. If net proceeds from the sale of securities held in any Fund or Account shall be less than the amount invested and, as a result, the amount on deposit in such Fund or Account is less than the amount required to be on deposit in such Fund or Account, the amount of such deficit shall be transferred to such Fund or Account from the related Series Account of the Revenue Fund.

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

SECTION 7.03. Valuation of Funds. The Trustee shall value the assets in each of the Funds and Accounts established hereunder or under any Supplemental Indenture 45 days prior to each interest payment date, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the Issuer a report of the status of each Fund and Account as of the valuation date. In computing the assets of any Fund or Account, investments and accrued interest thereon shall be deemed a part thereof, subject to Section 7.02 hereof. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder or under any Supplemental Indenture, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder.

[END OF ARTICLE VII]

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

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

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

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

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

- (a) the redemption or purchase date;
- (b) the redemption or purchase price;
- (c) CUSIP numbers, to the extent applicable, and any other distinctive numbers and letters;

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

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

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

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

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

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

SECTION 8.03. Payment of Redemption Price. If any required (a) unconditional notice of redemption has been duly mailed or waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so mailed or waived and the redemption moneys have been duly deposited with the Trustee or Paying Agent, then in either case, the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date. Bonds of a Series so called for redemption, for which moneys have been duly deposited with the Trustee, will cease to bear interest on the specified redemption date, shall no longer be secured by the related Indenture and shall not be deemed to be Outstanding under the provisions of the related Indenture.

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ARTICLE IX COVENANTS OF THE ISSUER

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

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

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

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

SECTION 8.04. Partial Redemption of Bonds. Except to the extent otherwise provided in a Supplemental Indenture, if less than all of a Series of Bonds of a maturity are to be redeemed, the Trustee shall select the particular Bonds or portions of the Bonds to be called for redemption by lot in such reasonable manner as the Trustee in its discretion may determine. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(a), such redemption shall be effectuated by redeeming Bonds of such Series of such maturities in such manner as shall be specified by the Issuer in writing, subject to the provisions of Section 8.01 hereof. In the case of any partial redemption of Bonds of a Series pursuant to Section 8.01(b), such redemption shall be effectuated by redeeming Bonds of such Series pro rata among the maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose, with the portion to be redeemed from each maturity being equal to the product of the aggregate principal amount of Bonds of such Series to be redeemed multiplied times a fraction the numerator of which is the principal amount of the Series of Bonds of such maturity outstanding immediately prior to the redemption date and the denominator of which is the aggregate principal amount of all Bonds of such Series outstanding immediately prior to the redemption date.

[END OF ARTICLE VIII]

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SECTION 9.03. Special Assessments; Re-Assessments.

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

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

SECTION 9.04. Method of Collection. Special Assessments shall be collected by the Issuer in accordance with the provisions of the Act and Chapter 197, Florida Statutes, or any successor statutes thereto, as applicable, in accordance with the terms of this Section. Except as stated in the next succeeding sentence, the Issuer shall use the uniform method for the levy, collection and enforcement of Special Assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes thereto (the "Uniform Method"), and to do all things necessary to continue to use the Uniform Method or a comparable alternative method afforded by Section 197.3631, Florida Statutes. Notwithstanding the foregoing, the Issuer shall not use the Uniform Method to collect "pay down" Special Assessments levied against District Lands while owned by the Developer unless the District Manager at the direction of the holders of a majority of Bonds Outstanding directs otherwise. The Issuer shall enter into or maintain in effect one or more written agreements with the Property Appraiser and the Tax Collector, either individually or jointly (together, the "Property Appraiser and Tax Collector Agreement") in order to effectuate the provisions of this Section. The Issuer shall ensure that any such Property Appraiser and Tax Collector Agreement remains in effect for at least as long as the final maturity of Bonds Outstanding under this Indenture. To the extent that the Issuer is legally prevented from collecting Special Assessments pursuant to the Uniform Method, is not required to collect Special Assessments pursuant to the Uniform Method in accordance with the provisions of this Section 9.04 or the District Manager determines that using the Uniform Method is not in the best interest of the Bondholders, the Issuer shall then and only under those circumstances pursuant to the applicable rules and procedures of the County, collect and enforce Special Assessments pursuant to any available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto.

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SECTION 9.05. Delinquent Special Assessments. Subject to the provisions of Section 9.04 hereof, if the owner of any lot or parcel of land assessed for a particular Project shall be delinquent in the payment of any Special Assessment, then such Special Assessment shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deeds as regards such delinquent Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of law, then upon the delinquency of any Special Assessment the Issuer shall, to the extent permitted by law, utilize any other method of enforcement as provided by Section 9.04 hereof, including, without limitation, declaring the entire unpaid balance of such Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law. The Issuer covenants not to use the provisions of Chapter 173, Florida Statutes.

SECTION 9.06. Sale of Tax Certificates and Issuance of Tax Deeds; Foreclosure of Special Assessment Liens. If the Special Assessments levied and collected under the Uniform Method described in Section 9.04 are delinquent, then the applicable procedures for issuance and sale of tax certificates and tax deeds for nonpayment shall be followed in accordance with Chapter 197, Florida Statutes and related statutes. Alternatively, if the Uniform Method is not utilized, and if any property shall be offered for sale for the nonpayment of any Special Assessment, and no person or persons shall purchase the same for an amount at least equal to the full amount due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), the property may then be purchased by the Issuer, to the extent the Issuer has available funds, for an amount equal to the balance due on the Special Assessment (principal, interest, penalties and costs, plus attorneys fees, if any), and the Issuer shall thereupon receive in its corporate name or in the name of special purpose entity nominee of the Issuer, the title to the property for the benefit of the Registered Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, shall have the power and shall use its best efforts to lease or sell such property and deposit all of the net proceeds of any such lease or sale into the related Series Account of the Revenue Fund. Not less than ten (10) days prior to the filing of any foreclosure action or any sale of tax deed as herein provided, the Issuer shall cause written notice thereof to be mailed to the Registered Owners of the Series of Bonds secured by such delinquent Special Assessments. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the Issuer, it shall give written notice thereof to such Registered Owners. The Issuer, either through its own actions or actions caused to be done through the Trustee, agrees that it shall be required to take the measure provided by law for sale of property acquired by it as trustee for the Beneficial Owners within thirty (30) days after the receipt of the request therefor signed by the Beneficial Owners of at least fifty-one percent (51%) of the aggregate principal amount of all Outstanding Bonds of the Series payable from Special Assessments assessed on such property. If directed by an owner of a majority of the Beneficial Owners of the Bonds of a Series Outstanding or if the Trustee or the Issuer shall so elect, the Issuer and the Trustee may place title of property received upon foreclosure or deed in lieu of foreclosure into a special purpose entity controlled by the Trustee or such other entity acceptable

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necessary to record in the official records of the County an affidavit or affidavits, as the case may be, executed by an authorized officer of the Issuer, to the effect that the Special Assessment has been paid in full or in part and that such Special Assessment lien is thereby released and extinguished if paid in full or such Special Assessment lien shall be reduced if the landowner only made a partial Prepayment. Upon receipt of any such moneys from the Issuer the Trustee shall immediately deposit the same into the Bond Redemption Fund to be applied to the redemption of Bonds in accordance with Section 8.01(b)(i) hereof. In connection with such Prepayment, the Trustee shall calculate the credit authorized pursuant to Section 6.05 hereof, and transfer such credit to the Bond Redemption Fund to be used together with such Prepayment for the redemption of Bonds in accordance with Section 8.01(b)(i) hereof.

(c) Notwithstanding the foregoing, and consistent with the proceedings of the Issuer relating to the imposition and levy of the Special Assessments, the owner of property (including the Developer) may at any time require the Issuer to release and extinguish the lien upon its property by virtue of the levy of the Special Assessments by paying to the Issuer the entire amount of the Special Assessment, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within forty (40) calendar days before an Interest Payment Date), attributable to the property subject to Special Assessment owned by such owner. In lieu of such Prepayment with cash, an owner of property within the District may surrender to the District for cancellation to completely extinguish the lien on such property or reduce the lien equally on every portion of such property, a principal amount of Outstanding Bonds of a Series that is secured by Special Assessments levied against such property.

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

SECTION 9.09. Deposit of Special Assessments. The Issuer covenants to cause any Special Assessments collected or otherwise received by it to be deposited with the Trustee within five (5) Business Days after receipt thereof for deposit into the related Series Account of the Revenue Fund (except that amounts received as prepayments of Special Assessments shall be designated by the Issuer as such upon delivery to the Trustee and shall be deposited directly into the related Series Account within the Bond Redemption Fund).

SECTION 9.10. Construction to be on District Lands. Except for certain off site mitigation, roadway and possibly landscaping improvements which are or may be outside the District Lands and are required in order for the District Lands to be developed, the Issuer covenants that no part of the Project will be constructed on, over or under lands other than (i) lands good and marketable title to which is owned by the Issuer or other appropriate entity in

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to the Beneficial Holders of a majority of the Bonds of a Series so effected by such foreclosure, for the benefit of the Beneficial Owners of the Series so effected. For as long as there is an Obligated Person, as defined under the Rule, then in addition to the Issuer, the decision to file a foreclosure action shall be made by a majority of the Beneficial Owners of the Bonds so secured by the delinquent Special Assessments and such decision shall be communicated to the Issuer and Trustee in writing. The Issuer covenants to promptly comply with any enforcement actions directed by the Beneficial Owners or the Trustee on behalf of such Beneficial Owners.

SECTION 9.07. Books and Records with Respect to Special Assessments. In addition to the books and records required to be kept by the Issuer pursuant to the provisions of Section 9.17 hereof, the Issuer shall keep books and records for the collection of the Special Assessments on the District Lands, which such books, records and accounts shall be kept separate and apart from all other books, records and accounts of the Issuer. The District Manager or the District Manager's designee, at the end of each Fiscal Year, shall prepare a written report setting forth the collections received, the number and amount of delinquencies, the proceedings taken to enforce collections and cure delinquencies and an estimate of time for the conclusion of such legal proceedings. A signed copy of such audit shall be furnished to the Trustee (solely as a repository of such information) as soon as practicable after such audit shall become available and shall, upon written request, be mailed to any Registered Owner.

SECTION 9.08. Removal of Special Assessment Liens. Except as otherwise provided in a Supplemental Indenture with respect to a related Series of Bonds, the following procedures shall apply in connection with the removal of Special Assessment liens:

(a) At any time subsequent to thirty (30) days after the Project has been completed within the meaning of Section 5.01(c) hereof and the Board has adopted a resolution accepting the Project as provided by Section 170.09, Florida Statutes, as amended, any owner of property subject to the Special Assessments may, at its option, under certain circumstances described in the Assessment Resolutions in connection with Prepayments derived from application of the "true-up" mechanism therein, require the Issuer to release and extinguish the lien, in whole or in part, upon its property by virtue of the levy of the Special Assessments by paying to the Issuer the entire amount or a portion, as the case may be, of the Special Assessment, plus accrued interest, attributable to the property subject to Special Assessment owned by such owner to the earlier of the next Interest Payment Date, occurring at least 45 days after the Trustee receives such Prepayment. If any such prepayment of Special Assessments shall occur within thirty (30) days after the Project has been completed and the Board has adopted a resolution accepting the Project as provided in Section 170.09, Florida Statutes, as amended, no accrued interest shall be required to be paid. The Issuer shall promptly notify the Trustee in writing of any Prepayment made under such circumstances. Accrued interest on any Bonds that would be redeemed as a result of such Prepayment made within thirty (30) days after the Board has adopted a resolution accepting the Project shall be derived from moneys on deposit in the Interest Account or capitalized interest account and if no moneys remain, from moneys on deposit in the Debt Service Reserve Account.

(b) Upon receipt of a Prepayment as described in (a) above, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is

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fee simple, (ii) lands on, over or under which the Issuer or other appropriate entity shall have acquired perpetual easements for the purposes of the Project, or (iii) lands, including public streets and highways, the right to the use and occupancy of which for such purposes shall be vested in the Issuer or other appropriate entity by law or by valid franchises, licenses, easements or rights of way or other legally effective permissions or approval.

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

SECTION 9.12. Observance of and Compliance with Valid Requirements. The Issuer shall pay all municipal or governmental charges lawfully levied or assessed upon any Project or any part thereof or upon any revenues when the same shall become due, and the Issuer shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to each Project. The Issuer shall not, except as otherwise permitted in Section 9.24 of this Article, create or suffer to be created any lien or charge upon any Project or upon Pledged Revenues, except the lien and charge of the Bonds on the Pledged Revenues.

SECTION 9.13. Payment of Operating or Maintenance Costs by State or Others. The Issuer may permit the United States of America, the State, or any of their agencies, departments or political subdivisions to pay all or any part of the cost of maintaining, repairing and operating the Project out of funds other than Pledged Revenues.

SECTION 9.14. Public Liability and Property Damage Insurance; Maintenance of Insurance; Use of Insurance and Condemnation Proceeds.

(a) Except as otherwise provided in subsection (d) of this Section, the Issuer will carry or cause to be carried, in respect of each Project, comprehensive general liability insurance (covering bodily injury and property damage) issued by one or more insurance companies authorized and qualified to do business under the laws of the State, in such amounts as is customary for similar operations, or as is more specifically set forth hereinbelow.

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

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All insurance policies of the Issuer relating to any Project shall be carried with companies authorized to do business in the State, with a Best rating of no less than "A" as to management and Class "V" as to financial strength; provided, however, that if, in the opinion of the District Manager, adequate insurance protection under reasonable terms, conditions, provisions and cost cannot be purchased from an insurance company with the above-designated ratings, then the District Manager, on behalf of the Issuer, may secure such insurance protection as the Issuer determines to be in its best interests and otherwise consistent with this Master Indenture and any Supplemental Indenture; provided further, however, that the Issuer may act as a self-insurer in accordance with the requirements of subsection (d) hereof. All policies providing the insurance coverages required by this Section shall designate the Issuer as the loss-payee and shall be made payable to the Issuer.

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

(d) The Issuer shall be entitled to provide all or a portion of the insurance coverage required by subsections (a) and (b) of this Section through Qualified Self Insurance, provided that the requirements hereinafter set forth in this subsection (d) are satisfied. "Qualified

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action taken by the Issuer or the Trustee which will be inconsistent with the provisions of this Master Indenture and the related Supplemental Indenture.

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

SECTION 9.18. Observance of Accounting Standards. The Issuer covenants that all the accounts and records of the Issuer relating to the Project will be kept according to Generally Accepted Accounting Principles consistently applied and consistent with the provisions of this Master Indenture and any Supplemental Indenture.

SECTION 9.19. Employment of Certified Public Accountant. The Issuer shall employ or cause to be employed as required a Certified Public Accountant to perform accounting and auditing functions and duties required by the Act and this Master Indenture and any Supplemental Indenture.

SECTION 9.20. Establishment of Fiscal Year, Annual Budget. The Issuer has established a Fiscal Year beginning October 1 of each year and ending September 30 of the following year. The reports and budget of the Issuer shall relate to such Fiscal Year unless and until, in accordance with applicable law, a different Fiscal Year is established by Certified Resolution of the Issuer and is filed with the Trustee.

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

SECTION 9.21. Employment of Consulting Engineer, Consulting Engineer's Report.

(a) The Issuer shall, for the purpose of performing and carrying out the duties imposed on the Consulting Engineer by this Master Indenture and any Supplemental Indenture,

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Self Insurance" means insurance maintained through a program of self insurance or insurance maintained with a company or association in which the Issuer has a material interest or of which the Issuer has control, either singly or with others.

Prior to participation in any plan of Qualified Self Insurance not currently in effect, the Issuer shall deliver to the Trustee a certificate of compliance executed by the District Manager to the effect that (A) the proposed Qualified Self Insurance plan will provide the coverage required by subsections (a) and (b) of this Section, and (B) the proposed Qualified Self Insurance plan provides for the creation of actuarially sound reserves.

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

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

Within the first six (6) months of each Fiscal Year the District Manager shall file with the Trustee a compliance certificate as confirmation of the insurance coverages relating to all Projects, such compliance certificate to include, without being limited thereto, a schedule of all insurance policies required by this Master Indenture and any Supplemental Indenture which are then in effect, stating with respect to each policy the name of the insurer, the amount, number and expiration date, and the hazards and the risks covered thereby. The Trustee shall have no duty to determine compliance by the Issuer with the requirements of this Section.

SECTION 9.15. Collection of Insurance Proceeds. Copies of all insurance policies referred to in Section 9.14 of this Article shall be available at the offices of the Issuer at all reasonable times to the inspection of the Holders of the Bonds and their agents and representatives duly authorized in writing. The Issuer covenants that it will take such action as may be necessary to demand, collect and sue for any insurance money which may become due and payable under any policy of insurance required under this Master Indenture or any Supplemental Indenture, whether such policy is payable to the Issuer or to the Trustee. The Trustee is hereby authorized in its own name to demand, collect, sue and receive any insurance money which may become due and payable under any policies payable to it.

SECTION 9.16. Use of Revenues for Authorized Purposes Only. None of the Pledged Revenues shall be used for any purpose other than as provided in this Master Indenture and the related Supplemental Indenture and no contract or contracts shall be entered into or any

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employ one or more Independent engineers or engineering firms or corporations having a statewide and favorable reputation for skill and experience in such work.

(b) The Issuer shall cause the Consulting Engineer to make an inspection of any portions of the Project owned by the Issuer at least once in each Fiscal Year and, on or before the first day of July in each Fiscal Year, to submit to the Board a report setting forth (i) its findings as to whether such portions of the Project owned by the Issuer have been maintained in good repair, working order and condition, and (ii) its recommendations as to the proper maintenance, repair and operation of the Project during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purpose.

Copies of such annual report shall be mailed by the Issuer to any Bondholders who shall have filed their names and addresses with the Secretary of the Board for such purpose.

SECTION 9.22. Audit Reports. The Issuer covenants that, no later than 180 days after the end of each Fiscal Year, it will cause an audit to be made by a Certified Public Accountant covering all receipts and moneys then on deposit with or in the name of the Trustee or the Issuer and any security held therefor and any investments thereof. Copies of such audit reports shall be filed with the District Manager and the Secretary of the Board, and mailed by said Secretary to the Consulting Engineer and to all Bondholders who shall have filed their names and addresses with him for such purpose.

SECTION 9.23. Information to Be Filed with Trustee. The Issuer shall cause to be kept on file with the Trustee at all times copies of the schedules of Special Assessments levied on all District Lands in respect of the Project. The Issuer shall keep accurate records and books of account with respect to the Project, and shall have a complete audit of such records and accounts made annually by a Certified Public Accountant, as provided in Section 9.22 hereof. A signed copy of said audit shall be furnished to the Trustee as soon as practicable after such audit shall become available.

SECTION 9.24. Covenant Against Sale or Encumbrance; Exceptions. The Issuer covenants that, (a) except for those improvements comprising any Project that are to be conveyed by the Issuer to the County, the State Department of Transportation or another governmental entity and (b) except as in this Section permitted, it will not sell, lease or otherwise dispose of or encumber any Project, or any part thereof. Subject to the provisions of Section 9.31 hereof, the Issuer may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of a Series of Bonds or from Pledged Revenues if the District Manager shall determine, with the approval of the Consulting Engineer, that such items are no longer needed or are no longer useful in connection with the construction, maintenance and operation of the related Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or, at the written direction of the Issuer shall be deposited to the credit of the related Series Account in the Revenue Fund.

Upon any sale of property relating to the Project, the aggregate of which in any thirty (30) day period exceeds Fifty Thousand Dollars (\$50,000) under the provisions of this Section, the

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Issuer shall provide written notice to the Trustee of the property so sold and the amount and disposition of the proceeds thereof.

Subject to obtaining an opinion of Bond Counsel that such action will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes, the Issuer may lease or grant easements, franchises or concessions for the use of any part of the Project not incompatible with the maintenance and operation thereof, if the Consulting Engineer shall approve such lease, easement, franchise or concession in writing, and the net proceeds of any such lease, easement, franchise or concession (after the making of provision for payment from said proceeds of all costs incurred in financing, constructing, operating, maintaining or repairing such leases, easements, franchises or concessions) shall be deposited as received to the credit of related Series Account in the Revenue Fund.

SECTION 9.25. RESERVED.

SECTION 9.26. No Loss of Lien on Pledged Revenue. The Issuer shall not do or omit to do, or suffer to be done or omitted to be done, any matter or thing whatsoever whereby the lien of the Bonds on the Pledged Revenues or any part thereof, or the priority thereof, would be lost or impaired; provided, however, that this Section shall not prohibit the Trustee from transferring moneys to the Rebate Fund held by the Trustee under any arbitrage rebate agreement.

SECTION 9.27. Compliance With Other Contracts and Agreements. The Issuer shall comply with and abide by all of the terms and conditions of any and all contracts and agreements which the Issuer enters into in connection with the Project and the issuance of the Bonds.

SECTION 9.28. Issuance of Additional Obligations. The Issuer shall not issue any obligations other than the Bonds payable from Pledged Revenues, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, payable from Pledged Revenues, except in the ordinary course of business.

SECTION 9.29. Extension of Time for Payment of Interest Prohibited. The Issuer shall not directly or indirectly extend or assent to an extension of time for payment of any claim for interest on any of the Bonds and shall not directly or indirectly be a party to or approve any arrangement thereof by purchasing or funding or in any manner keeping alive any such claim for interest; no claim for interest which in any way, at or after maturity, shall have been transferred or pledged apart from the Bonds to which it relates or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Issuer, shall be entitled, in case of a default hereunder, to any benefit or security under this Master Indenture and any Supplemental Indenture except after the prior payment in full of the principal of all Bonds and claims for interest appertaining thereto not so transferred, pledged, kept alive or extended.

SECTION 9.30. Further Assurances. The Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as

"Landowner") 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 Bonds remain Outstanding, in any Proceeding involving the Issuer, any Landowner, or the Special Assessments, the District shall be obligated to act in accordance with direction from the Trustee with regard to all matters directly or indirectly affecting the Bonds.

The Issuer acknowledges and agrees that, although the Bonds will be issued by the Issuer, the Beneficial Owners of such Bonds are categorically the party with a financial stake in the repayment of the Bonds and, consequently, the party with a vested interest in a Proceeding. In the event of any Proceeding involving any Landowner (a) the Issuer hereby agrees that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Special Assessments, the Bonds or any rights of the Trustee under this Master Indenture or applicable Supplemental Trust Indenture that is inconsistent with any direction from the Trustee, (b) the Trustee shall have the right, but is not obligated to, vote in any such Proceeding and all claims of the Issuer, and, if the Trustee chooses to exercise such right, the Issuer shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to the Issuer in connection with any Proceeding of any Landowner, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code and (c) the Issuer shall not challenge the validity or amount of any claim submitted in such Proceeding by the Trustee in good faith or any valuations of any lands submitted by the Trustee in good faith in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the Issuer's claim with respect to the Special Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the Issuer agrees that the Trustee shall have the right (i) to file a proof of claim with respect to the Special Assessments, (ii) to deliver to the Issuer a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim.

[END OF ARTICLE IX]

may be required to carry out the purposes of this Master Indenture and any Supplemental Indenture.

SECTION 9.31. Use of Bond Proceeds to Comply with Internal Revenue Code.

The Issuer covenants to the Holders of the Bonds that it will not make or direct the making of any investment or other use of the proceeds of any Bonds issued hereunder, the interest on which is intended to be excluded from gross income for federal income tax purposes ("Tax-Exempt Bonds") which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and that it will comply with the requirements of such Code sections and related regulations throughout the term of such Tax-Exempt Bonds. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in any Arbitrage Certificate executed in connection with the issuance of each Series of Tax-Exempt Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on each Series of Tax-Exempt Bonds.

SECTION 9.32. Corporate Existence and Maintenance of Properties. For so long as any Bonds are Outstanding hereunder, unless otherwise provided by the Act, the Issuer shall maintain its corporate existence as a local unit of special purpose government under the Act and shall provide for or otherwise require all Projects, and all parts thereof owned by the Issuer to be (a) continuously operated, repaired, improved and maintained as shall be necessary to provide adequate service to the lands benefited thereby; and (b) in compliance with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any competent public authority.

SECTION 9.33. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Master Indenture and any Supplemental Indenture, failure of the Issuer or the Developer (if obligated pursuant to the Continuing Disclosure Agreement) to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least 25% aggregate principal amount in Outstanding Bonds of a Series and receipt of indemnity to its satisfaction, shall) or any Holder of the Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Section 9.33. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

SECTION 9.34. Bankruptcy of Developer or Other Obligated Person Under the Rule. The provisions of this Section 9.34 shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against the Developer or other "obligated" person (as defined under the Rule) (herein, the

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

SECTION 10.01. Events of Default and Remedies. Except to the extent otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, events of default and remedies with respect to each Series of Bonds shall be as set forth in this Master Indenture. Notwithstanding any provision hereof to the contrary, upon an Event of Default hereunder, no amounts available under the Indenture shall be used to pay Deferred Obligations unless and until such Event of Default has been remedied.

SECTION 10.02. Events of Default Defined. Each of the following shall be an "Event of Default" under the Indenture, with respect to a Series of Bonds:

- (a) if payment of any installment of interest on any Bond of such Series is not made when it becomes due and payable; or
- (b) if payment of the principal or Redemption Price of any Bond of such Series is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or
- (c) if the Issuer, for any reason, fails in, or is rendered incapable of, fulfilling its obligations under the Indenture or under the Act; or
- (d) if the Issuer proposes or makes an assignment for the benefit of creditors or enters into a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequester or other judicial representative, similar or dissimilar, is appointed for the Issuer or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Issuer and if such is not vacated, dismissed or stayed on appeal within ninety (90) days; or
- (e) if the Issuer defaults in the due and punctual performance of any other covenant in the Indenture or in any Bond of such Series issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or
- (f) written notice shall have been received by the Trustee from a Credit Facility Issuer securing Bonds of such Series that an event of default has occurred under the Credit Facility Agreement, or there shall have been a failure by said Credit Facility Issuer to

make said Credit Facility available or to reinstate the interest component of said Credit Facility in accordance with the terms of said Credit Facility, to the extent said notice or failure is established as an event of default under the terms of a Supplemental Indenture; or

(g) if at any time the amount in the Debt Service Reserve Fund or any Account therein is less than the Debt Service Reserve Requirement as a result of the Trustee withdrawing an amount therefrom to satisfy the Debt Service Reserve Requirement on the Bonds of any Series and such amount has not been restored within thirty (30) days of such withdrawal.

The Trustee shall not be required to rely on any official action, admission or declaration by the Issuer before recognizing that an Event of Default under (c) above has occurred.

SECTION 10.03. No Acceleration; Redemption. No Series of Bonds issued under this Master Indenture shall be subject to acceleration. Upon an Event of Default, no optional redemption or extraordinary mandatory redemption of the Bonds pursuant to Article VIII hereof shall occur unless all of the Bonds of the Series where an Event of Default has occurred will be redeemed or if 100% of the Holders of such Series of Bonds agree to such redemption.

SECTION 10.04. Legal Proceedings by Trustee.

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

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

(b) bring suit upon the Series of Bonds;

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

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

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

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

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payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any preference or priority of one installment of interest over any other installment; and

SECOND: to payment to the persons entitled thereto of the unpaid principal or Redemption Price of any of the Bonds of such Series which shall have become due in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the principal or Redemption Price coming due on such Bonds on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any preference or priority of one such Bond of a Series over another or of any installment of interest over another.

Any surplus remaining after the payments described above shall be paid to the Issuer or to the Person lawfully entitled to receive the same which may include the Developer for any unpaid Deferred Obligations or as a court of competent jurisdiction may direct.

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

SECTION 10.12. Trustee's Right to Receiver; Compliance with Act. The Trustee shall be entitled as of right to the appointment of a receiver and the Trustee, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act and other applicable law of the State.

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

SECTION 10.14. Credit Facility Issuer's Rights Upon Events of Default. Anything in the Indenture to the contrary notwithstanding, if any Event of Default, other than Events of Default described in Section 10.02(a) or (b) hereof, has occurred and is continuing while a Credit Facility securing all or a portion of such Bonds of a Series Outstanding is in effect, the Credit Facility Issuer shall have the right, in lieu of the Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility, by an instrument in writing, executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available

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

SECTION 10.07. Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds of the applicable Series shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

SECTION 10.08. Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and a Series of Bonds may be enforced by the Trustee without the possession of any of the Bonds of such Series or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Bonds of such Series.

SECTION 10.09. Remedies Not Exclusive. Except as limited under Section 15.01 of this Master Indenture, no remedy contained in the Indenture with respect to a Series of Bonds is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 10.10. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given by this Article X may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.11. Application of Moneys in Event of Default. Any moneys received by the Trustee or the Paying Agent, as the case may be, in connection with any proceedings brought under this Article X with respect to a Series of Bonds shall be applied in the following order of priority:

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

(b) then:

FIRST: to payment of all installments of interest then due on the Bonds of such Series in the order of maturity of such installments of interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the

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to the Trustee under the Indenture, or exercising any trust or power conferred on the Trustee by the Indenture. Said direction shall be controlling to the extent the direction of Owners of the Series of Bonds (or portion thereof) secured by said Credit Facility would have been controlling under this Article. If the Credit Facility Issuer shall be in default in the performance of its obligations under the Credit Facility, said Credit Facility Issuer shall have no rights under this Section.

[END OF ARTICLE X]

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**ARTICLE XI
THE TRUSTEE; THE PAYING AGENT AND REGISTRAR**

SECTION 11.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article XI, to all of which the parties hereto and the Bondholders and any Credit Facility Issuer agree. The Trustee shall act as Trustee under this Master Indenture. Subject to the provisions of Section 11.03 hereof, the Trustee shall have only such duties as are expressly set forth herein, and no duties shall be implied on the part of the Trustee. If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

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

SECTION 11.03. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder; the Trustee shall not be answerable for the default or misconduct of any attorney or agent selected and supervised by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Indenture and any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct or breach of its obligations hereunder.

SECTION 11.04. Compensation and Indemnity. The Issuer shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, and shall, to the extent permitted by law, indemnify and hold the Trustee harmless against any liabilities which it may incur in the proper exercise and performance of its powers and duties hereunder, except with respect to its own willful misconduct, negligence or breach of its obligations hereunder. If the Issuer defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys coming into its hands and payable to the Issuer but exclusive of the Rebate Fund and moneys from a drawing on any Credit Facility, which right of payment shall be prior to the right of the holders of the Bonds. The Trustee shall promptly provide a full and detailed accounting of any moneys the Trustee has deducted in amounts owing to it. The provision for indemnity shall survive the termination of this Master Indenture and any Supplemental Indenture and, as to any Trustee, its removal or resignation as Trustee. No provision of this Master Indenture shall require the Trustee to expend or risk its own funds.

SECTION 11.05. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the Issuer to require or effect or renew insurance or to report or file claims of loss thereunder.

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

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

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of 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 Issuer or the Holders of not less than a majority of the aggregate principal amount of the Bonds then Outstanding.

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

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

SECTION 11.07. Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, unless it is requested in writing to do so by the Holders of at least a majority of the aggregate principal amount of the Outstanding Bonds which are or would be, upon the taking of such action, subject to remedial proceedings under Article X of this Master Indenture if in its opinion such action may tend to involve expense or liability, and unless it is also furnished with indemnity satisfactory to it.

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

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

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

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

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

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

SECTION 11.17. Extension of Rights and Duties of Trustee to Paying Agent and Registrar. The provisions of Sections 11.02, 11.03, 11.04, 11.08, 11.09 and 11.10 hereof are hereby made applicable to the Paying Agent and the Registrar, as appropriate, and any Person serving as Paying Agent and/or Registrar, hereby enters into and agrees to comply with the covenants and agreements of this Master Indenture and all Supplemental Indentures applicable to the Paying Agent and Registrar, respectively.

SECTION 11.18. Resignation of Paying Agent or Registrar. The Paying Agent or Registrar may resign and be discharged of the duties created by this Master Indenture and all Supplemental Indentures by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the Issuer, the Trustee, and any rating agency that shall then have in effect a rating on any of the Bonds, not less than forty-five (45) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation not less than three (3) weeks prior to such resignation date to the Bondholders, mailed to their addresses as such appear in the Bond Register. Such resignation shall take effect on the date specified in such instrument and notice, but only if a successor Paying Agent or Registrar shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of

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such successor Paying Agent or Registrar. If the successor Paying Agent or Registrar shall not have been appointed within a period of ninety (90) days following the giving of notice, then the Paying Agent or Registrar shall be authorized to petition any court of competent jurisdiction to appoint a successor Paying Agent or Registrar as provided in Section 11.22 hereof.

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

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

SECTION 11.21. Qualifications of Successor Paying Agent or Registrar. Every successor Paying Agent or Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States or any state or territory thereof, (i) authorized by law to perform all the duties imposed upon it by this Master Indenture and all Supplemental Indentures 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 11.22. Judicial Appointment of Successor Paying Agent or Registrar. In case at any time the Paying Agent or Registrar shall resign and no appointment of a successor Paying Agent or Registrar shall be made pursuant to the foregoing provisions of this Master Indenture prior to the date specified in the notice of resignation as the date when such resignation is to take effect, the retiring Paying Agent or Registrar may forthwith apply to a court of competent jurisdiction for the appointment of a successor Paying Agent or Registrar. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Paying Agent or Registrar. Notice of such appointment shall be given by the Successor Registrar or Paying Agent to the Issuer, the Trustee, the Credit Facility Issuer, if any, any rating agency that shall then have in effect a rating on any of the Bonds, and all Bondholders. In the absence of

**ARTICLE XII
ACTS OF BONDHOLDERS; EVIDENCE OF OWNERSHIP OF BONDS**

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

[END OF ARTICLE XII]

such an appointment, the Trustee shall become the Registrar or Paying Agent, or and shall so notify the Issuer, any rating agency that shall have issued a rating on the Bonds, and all Bondholders.

SECTION 11.23. Acceptance of Duties by Successor Paying Agent or Registrar. Any successor Paying Agent or Registrar shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Registrar herein. Upon request of such Paying Agent or Registrar, such predecessor Paying Agent or Registrar and the Issuer shall execute and deliver an instrument transferring to such successor Paying Agent or Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Registrar and such predecessor Paying Agent or Registrar shall pay over and deliver to the successor Paying Agent or Registrar all moneys and other assets at the time held by it hereunder.

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

[END OF ARTICLE XI]

**ARTICLE XIII
AMENDMENTS AND SUPPLEMENTS**

SECTION 13.01. Amendments and Supplements Without Bondholders' Consent. This Master Indenture and any Supplemental Indenture may be amended or supplemented, from time to time, without the consent of the Bondholders, by a Supplemental Indenture authorized by a Certified Resolution of the Issuer filed with the Trustee, for one or more of the following purposes:

- (a) to add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer;
- (b) for any purpose not inconsistent with the terms of the related Indenture, or to cure any ambiguity or to cure, correct or supplement any defective provision (whether because of any inconsistency with any other provision hereof or otherwise) of the related Indenture, in such manner as shall not impair the security hereof or thereof or adversely affect the rights and remedies of the Bondholders;
- (c) to provide for the execution of any and all contracts and other documents as may be required in order to effectuate the conveyance of any Project to the State, the County, or any department, agency or branch thereof, or any other unit of government of the State, provided, however, that the Issuer shall have caused to be delivered to the Trustee an opinion of Bond Counsel stating that such conveyance shall not impair the security hereof or adversely affect the rights and remedies of the Bondholders; and
- (d) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190 and 197, Florida Statutes, so long as, in the opinion of counsel to the Issuer, such changes either: (i) do not have a material adverse effect on the Holders of the Bonds; or (ii) if such changes do have an adverse effect, that they nevertheless are required to be made as a result of such amendments.

SECTION 13.02. Amendments With Bondholders' Consent. Subject to the provisions of Section 13.01 hereof, this Master Indenture and any Supplemental Indenture may be amended from time to time by a Supplemental Indenture approved by the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding in the case of the Master Indenture, and of the Series of Bonds then Outstanding and secured by such Supplemental Indenture in the case of an amendment of a Supplemental Indenture including, but not limited to, any material amendment to the Special Assessments and related proceedings which secure a Series of Bonds; provided that with respect to (a) the interest payable upon any Bonds, (b) the dates of maturity or redemption provisions of any Bonds, (c) this Article XIII and (d) the security provisions hereunder or under any Supplemental Indenture, which may only be amended by approval of the Owners of all Bonds to be so amended.

SECTION 13.03. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join in the execution and delivery of any supplemental indenture or amendment permitted by this Article XIII and in so doing may rely on

a written opinion of Counsel that such supplemental indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

[END OF ARTICLE XIII]

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above, there shall be delivered to the Escrow Agent a verification from a firm of independent certified public accountants stating that the principal of and interest on the Defeasance Securities, together with the stated amount of any cash remaining on deposit with the Escrow Agent, will be sufficient without reinvestment to pay the remaining principal of, redemption premium, if any, and interest on such defeased Bonds.

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

[END OF ARTICLE XIV]

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ARTICLE XIV DEFEASANCE

SECTION 14.01. Defeasance. When interest on, and principal or Redemption Price (as the case may be) of, the Bonds of a Series or any portion thereof to be defeased have been paid, or there shall have been deposited with the Trustee or such other escrow agent designated in a Certified Resolution of the Issuer (the "Escrow Agent") moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys, remaining uninvested, will provide sufficient moneys to fully pay (i) such Bonds of a Series or portion thereof to be defeased, and (ii) any other sums payable hereunder by the Issuer, including any Deferred Obligations, but only to the extent the Issuer has agreed to pay the same on or before the defeasance of the Bonds, the right, title and interest of the Trustee with respect to such Bonds of a Series or portion thereof to be defeased shall thereupon cease, the lien of the Indenture on the Pledged Revenues, and the Funds and Accounts established under the Indenture shall be defeased and discharged, and the Trustee, on demand of the Issuer, shall release the Indenture as to such Bonds of a Series or portion thereof to be so defeased and shall execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or to such Person, body or authority as may be entitled to receive the same all balances remaining in any Series Funds and Accounts upon the defeasance in whole of all of the Bonds of a Series.

SECTION 14.02. Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Escrow Agent moneys sufficient, or Defeasance Securities, the principal of and interest on which, when due, together with any moneys remaining uninvested, will provide sufficient moneys to pay the principal or Redemption Price of any Bonds of a Series becoming due, either at maturity or by redemption or otherwise, together with all interest accruing thereon to the date of maturity or such prior redemption, and reimburses or causes to be reimbursed or pays or causes to be paid the other amounts required to be reimbursed or paid under Section 14.01 hereof, interest on such Bonds of a Series shall cease to accrue on such date of maturity or prior redemption and all liability of the Issuer with respect to such Bonds of a Series shall likewise cease, except as hereinafter provided; provided, however, that (a) if any Bonds are to be redeemed prior to the maturity thereof, notice of the redemption thereof shall have been duly given in accordance with the provisions of Section 8.02 hereof, or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice, and (b) in the event that any Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days following a deposit of moneys with the Escrow Agent, in accordance with this Section, the Issuer shall have given the Escrow Agent, in form satisfactory to the Escrow Agent, irrevocable instructions to mail to the Owners of such Bonds at their addresses as they appear on the Bond Register, a notice stating that a deposit in accordance with this Section has been made with the Escrow Agent and that the Bonds to which such notice relates are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price (as the case may be) of, and interest on, said Bonds of a Series. Thereafter such Bonds shall be deemed not to be Outstanding hereunder and the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Escrow Agent shall hold such funds in trust for such Owners. At the time of the deposit referred to

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ARTICLE XV MISCELLANEOUS PROVISIONS

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

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

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

SECTION 15.03. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Bonds.

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

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

SECTION 15.06. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Master Indenture or any Supplemental Indenture to be given to or filed with the Issuer or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture or any Supplemental Indenture if and when personally delivered and receipted for, or if mailed by first class mail, addressed as follows:

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(a) As to the Issuer -

Lakes by the Bay South Community Development District
Governmental Management Services - South Florida, LLC
5701 N. Pine Island Road, Suite 370
Fort Lauderdale, FL 33321
Attention: Richard P. Hans, Vice President

(b) As to the Trustee -

Wells Fargo Bank, National Association
Corporate Trust Services
225 Water Street, Suite 410
Jacksonville, FL 32202
Attention: Christopher Tracy, Vice President

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

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

SECTION 15.07. Controlling Law. This Master Indenture and all Supplemental Indentures shall be governed by and construed in accordance with the laws of the State.

SECTION 15.08. Successors and Assigns. All the covenants, promises and agreements in this Master Indenture and all Supplemental Indentures contained by or on behalf of the Issuer or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15.09. Headings for Convenience Only. The table of contents and descriptive headings in this Master Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

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

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

[Remainder of page intentionally left blank]

STATE OF FLORIDA)
) SS:
COUNTY OF BROWARD)

On this 27 day of March, 2012, before me, a notary public in and for the State and County aforesaid, personally appeared William A. Pacetti III and Luis Hernandez, Vice Chairperson and Secretary, respectively, of the Board of Supervisors of Lakes by the Bay South Community Development District, who acknowledged that they did sign the foregoing instrument as such officers, respectively, for and on behalf of Lakes by the Bay South Community Development District; that the same is their free act and deed as such officers, respectively, and the free act and deed of Lakes by the Bay South Community Development District; and that the seal affixed to said instrument is the seal of Lakes by the Bay South Community Development District.

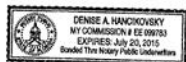
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

NOTARY PUBLIC, STATE OF FLORIDA

Denise A. Hancikowsky

(Name of Notary Public, Print, Stamp or Type as Commissioned)

Personally known to me, or
 Produced identification:
FL D.L. - H 655 525 66-111-0
FL D.L. - P 230-921-53-087-0
(Type of Identification Produced)



IN WITNESS WHEREOF, Lakes by the Bay South Community Development District has caused this Master Indenture to be executed by the Vice Chairperson of its Board and its corporate seal to be hereunto affixed, attested by the Secretary or Assistant Secretary of its Board and Wells Fargo Bank, National Association has caused this Master Indenture to be executed by one of its authorized signatories and its seal to be hereunto affixed, all as of the day and year first above written.

[SEAL]

Attest:

By: Luis Hernandez
Name: Luis Hernandez
Title: Secretary, Board of Supervisors

[SEAL]

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

By: William A. Pacetti III
Name: William A. Pacetti III
Title: Vice Chairperson, Board of Supervisors

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

By: Christopher Tracy
Name: Christopher Tracy
Title: Vice President

STATE OF FLORIDA)
) SS:
COUNTY OF BROWARD)

On this 27 day of March, 2012, before me, a notary public in and for the State and County aforesaid, personally appeared Christopher Tracy, a Vice President of Wells Fargo Bank, National Association, as Trustee, who acknowledged that she did sign said instrument as such officer for and on behalf of said association; that the same is her free act and deed as such officer and the free act and deed of said association; and that the seal affixed to said instrument is the seal of said association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

NOTARY PUBLIC, STATE OF FLORIDA

Denise A. Hancikowsky

(Name of Notary Public, Print, Stamp or Type as Commissioned)

Personally known to me, or
 Produced identification:
FL D.L. - T 626-115-167-242-8
(Type of Identification Produced)



EXHIBIT A

LEGAL DESCRIPTION OF LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

LEGAL DESCRIPTION

A portion of Sections 16 and 17, Township 56 South, Range 40 East, Miami-Dade County, Florida, being more particularly described as follows:

COMMENCE at the Southeast corner of said Section 16; thence N00deg02min30secW, along the East Line of the Southwest 1/4 of said Section 16 for 675.14 feet to the POINT OF BEGINNING of the hereinafter described Parcel of Land; thence S86deg07min30secE for 687.80 feet; thence S01deg02min30secE for 619.71 feet; thence S88deg02min30secW, along a line 53.00 feet north of and parallel with the South Line of the Southwest 1/4 of said Section 16, for 2019.51 feet; thence N00deg44min26secE, along the West Line of the Southwest 1/4 of said Section 16, for 950.12 feet; thence S88deg03min11secW, along the North Line of the South 3/8 of the Southwest 1/4 of said Section 16, for 2680.55 feet to the northeast corner of the South 3/8 of the Southwest 1/4 of said Section 16; thence S88deg03min11secW for 1336.00 feet; thence N00deg34min00secW for 1634.12 feet; thence N89deg01min28secE for 0.18 feet to a point of curvature of a circular curve to the left, concave to the north; thence Northwesterly along the arc of said curve, having for its elements a radius of 2085.80 feet, through a central angle of 49deg30min45sec for an arc distance of 184.27 feet to a point of tangency; thence N84deg33min33secE for 158.71 feet; thence Northwesterly along a line radial to the next associated circular curve, for 80.00 feet to a point on the arc of a circular curve to the left, concave to the Northwest; thence Northwesterly along the arc of said curve, having for its elements a radius of 1195.00 feet, through a central angle of 16deg03min53sec for an arc distance of 357.10 feet to a point of tangency; 2) thence N85deg23min03secE for 228.72 feet to a point of curvature of a circular curve to the right, concave to the Southeast; 3) thence Northwesterly and Easterly along the arc of said curve, having for its elements a radius of 1300.00 feet, through a central angle of 20deg33min33sec for an arc distance of 469.03 feet to a point of tangency; 4) thence N89deg02min31secE for 272.92 feet. The next four (4) courses and distances being along the centerline of S.W. 67th Avenue as shown on said plot of "LAKES BY THE BAY SECTION FIVE", and on the plot of "LAKES BY THE BAY SECTION FOUR", according to the plot thereof, as recorded in Plat Book 130, at Page 53 of the Public Records of Miami-Dade County, Florida; 1) thence N00deg46min02secW for 595.00 feet to a point of curvature of a circular curve to the right, concave to the Southeast; 2) thence Northwesterly and Northwesterly along the arc of said curve, having for its elements a radius of 1800.00 feet, through a central angle of 20deg00min00sec for an arc distance of 628.32 feet to a point of tangency; 3) thence N18deg05min31secE for 532.62 feet to a point of curvature of a circular curve to the left, concave to the Northwest; 4) thence Northwesterly along the arc of said curve, having for its elements a radius of 1200.00 feet, through a central angle of 12deg09min37sec for an arc distance of 679.85 feet to a point on a non-tangent line; The next four (4) courses and distances being along the centerline of S.W. 218th Street as shown on the plot of "LAKES BY THE BAY SECTION EIGHT", according to the plot thereof, as recorded in Plat Book 130, at Page 50 of the Public Records of Miami-Dade County, Florida; 1) thence N89deg01min41secE for 147.98 feet to a point of curvature of a circular curve to the right, concave to the Southwest; 2) thence Easterly and Southwesterly along the arc of said curve, having for its elements a radius of 1500.00 feet, through a central angle of 39deg34min35sec for an arc distance of 1036.11 feet to a point of tangency; 3) thence S51deg23min30secE for 550.71 feet to a point of curvature of a circular curve to the left, concave to the Northwest; 4) thence Southwesterly along the arc of said curve, having for its elements a radius of 1500.00 feet, through a central angle of 8deg07min31sec for an arc distance of 260.71 feet to a point on a non-tangent line; thence S00deg28min59secE for 949.38 feet; thence N89deg03min14secE for 1090.26 feet;

"LAKES BY THE BAY SOUTH COMMONS"

DATE	10/24/2008	BY	J. RAY
PROJECT	LEGAL DESCRIPTION TO ACCOMPANY SKETCH		
NO. OF SHEETS	3	SHEET NO.	3
DATE	10/24/2008	BY	J. RAY

FORD ARCHITECTS & MANUPLY, INC.
1800 N.W. 94th AVENUE, 2nd FLOOR
MIAMI, FLORIDA 33172
TEL: (305) 477-4472
FAX: (305) 470-2103

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thence N00deg11min55secW for 753.00 feet; thence N89deg09min53secE, along the centerline of S.W. 216th Street as shown on the plot of "LAKES BY THE BAY SECTION NINE", according to the plot thereof, as recorded in Plat Book 131, at Page 2 of the Public Records of Miami-Dade County, Florida, for 1811.82 feet; thence S00deg50min19secE, along the East Line of the Northeast 1/4 of said Section 16, for 1634.55 feet to the East 1/4 corner of said Section 16; thence S01deg02min30secE, along the East Line of the Southwest 1/4 of said Section 16, for 1994.88 feet to the POINT OF BEGINNING.

All of the above described land situated, being and lying in Miami-Dade County, Florida, and containing 27,500,563.22 Square Feet and/or 516.54 Acres more or less.

"LAKES BY THE BAY SOUTH COMMONS"

DATE	10/24/2008	BY	J. RAY
PROJECT	LEGAL DESCRIPTION TO ACCOMPANY SKETCH		
NO. OF SHEETS	3	SHEET NO.	3
DATE	10/24/2008	BY	J. RAY

FORD ARCHITECTS & MANUPLY, INC.
1800 N.W. 94th AVENUE, 2nd FLOOR
MIAMI, FLORIDA 33172
TEL: (305) 477-4472
FAX: (305) 470-2103

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EXHIBIT B
[FORM OF BOND]

R- _____ \$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
MIAMI-DADE COUNTY
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BOND,
SERIES 200_

Interest Rate _____ Maturity Date _____ Date of Original Issuance _____ CUSIP _____

Registered Owner: _____

Principal Amount: _____

KNOW ALL PERSONS BY THESE PRESENTS that the Lakes by the Bay South Community Development District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, National Association, initially its office in Minneapolis, Minnesota, as paying agent (said Wells Fargo Bank, National Association and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Principal Amount set forth above with interest thereon at the Interest Rate per annum set forth above, computed on 360-day year of 30-day months, payable on the first day of May of each year. Principal of this Bond is payable at the designated corporate trust office of Wells Fargo Bank, National Association, initially its office located in Minneapolis, Minnesota, in lawful money of the United States of America. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed on each Interest Payment Date to the address of the registered owner as such name and address shall appear on the registry books of the Issuer maintained by Wells Fargo Bank, National Association, as Registrar (said Wells Fargo Bank, National Association and any successor Registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each interest payment date or the date on which the principal of a Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent interest payment date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from the date of authentication hereof, or unless such date of authentication is prior to _____, 200_ in which case from _____, 200_ or unless the date of authentication hereof is between a Record Date and the next succeeding interest payment date, in which case from such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and may be paid to the person in whose name this

CERTIFICATE OF AUTHENTICATION

Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below).

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

Date of Authentication: _____

Wells Fargo Bank, National Association, as Trustee

By: _____
Authorized Signatory

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

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by execution of the Trustee, of the certificate of authentication endorsed hereon.

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

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

By: _____
Vice Chairperson, Board of Supervisors

(SEAL)

Attest:

By: _____
Secretary, Board of Supervisors

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[Back of Bond]

This Bond is one of an authorized issue of Bonds of the Lakes by the Bay South Community Development District, a community development district duly created, organized and existing under Chapter 190, Florida Statutes (the Uniform Community Development District Act of 1980), as amended (the "Act") and Ordinance No. 2004-16 of the Board of County Commissioners of Miami-Dade County, Florida enacted on January 20, 2004 designated as "Lakes by the Bay South Community Development District Special Assessment Bonds, Series _____" (the "Bonds"), in the aggregate principal amount of _____ Dollars (\$ _____) of like date, tenor and effect, except as to number. The Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act, to [STATE PURPOSE]; and related incidental costs. The Bonds shall be issued as fully registered Bonds in authorized denominations, as set forth in the Indenture. The Bonds are issued under and secured by a Master Trust Indenture dated as of March 1, 2012 (the "Master Indenture"), as amended and supplemented by a _____ Supplemental Trust Indenture dated as of _____ 1, _____ (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each by and between the Issuer and the Trustee, executed counterparts of which are on file at the corporate trust office of the Trustee in Jacksonville, Florida.

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

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

It is expressly agreed by the owner of this Bond that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, Miami-Dade County, Florida, the State of Florida or any other political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, Miami-Dade County, Florida, the State of Florida or any other political subdivision thereof, for the payment of the principal of, premium, if any, and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Special Assessments to be assessed and levied by the Issuer as set forth in the Indenture.

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

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

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

Optional Redemption

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

Redemption Period (Both Dates Inclusive)	Redemption Price
_____ 1, _____ to _____ 31, _____	_____ %
_____ 1, _____ to _____ 31, _____	_____ %
_____ 1, _____ and thereafter	_____ %

Mandatory Sinking Fund Redemption

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

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<u>Year</u>	<u>Principal Amount of Bonds to be Paid</u>	<u>Year</u>	<u>Principal Amount of Bonds to be Paid</u>
-------------	---	-------------	---

Extraordinary Mandatory Redemption in Whole or in Part

The Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole, on any date, or in part, on any interest payment date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date, (i) from moneys deposited into the Bond Redemption Fund following the payment of Special Assessments on any portion of the District Lands in accordance with the provisions of the Section 9.08 of the Indenture; (ii) when sufficient moneys are on deposit in the related Funds and Accounts (other than the Rebate Fund and any other excluded fund or account as provided in the Supplemental Indenture) to pay and redeem all Outstanding Bonds and accrued interest thereon to the redemption date in addition to all amounts owed to Persons under the Indenture; (iii) if made applicable in a Supplemental Indenture, from moneys in excess of the Debt Service Reserve Requirement in the Debt Service Reserve Fund transferred to the Bond Redemption Fund pursuant to the Indenture; (iv) from excess moneys transferred from the Revenue Fund to the Bond Redemption Fund in accordance with the Indenture; [(v) from moneys, if any, on deposit in the Bond Redemption Fund following condemnation or the sale of any portion of the District Lands benefited by the Project to a governmental entity under threat of condemnation by such governmental entity or the damage or destruction of all or substantially all of the Project when such moneys are not to be used pursuant to the Indenture to repair, replace or restore the Project; provided, however, that at least forty-five (45) days prior to such extraordinary mandatory redemption, the Issuer shall cause to be delivered to the Trustee (x) notice setting forth the redemption date and (y) a certificate of the Consulting Engineer confirming that the repair and restoration of the Project would not be economical or would be impracticable;] or (vi) either prior to the Completion Date or after the Completion Date, as the case may be, from amounts transferred to the Series Account of the Bond Redemption Fund from the Series Account of the Acquisition and Construction Fund in accordance with the Indenture.

Notice of Redemption

The Trustee shall cause notice of redemption to be mailed at least thirty but not more than sixty days prior to the date of redemption to all registered owners of Bonds to be redeemed (as such owners appear on the books of the Registrar on the fifth (5th) day prior to such mailing) and to certain additional parties as set forth in the Indenture; provided, however, that failure to mail any such notice or any defect in the notice or the mailing thereof shall not affect the validity of the redemption of the Bonds for which such notice was duly mailed in accordance with the Indenture. If less than all of the Bonds shall be called for redemption, the notice of redemption shall specify the Bonds to be redeemed. On the redemption date, the Bonds called for redemption will be payable at the corporate trust office of the Paying Agent and on such date

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

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

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interest shall cease to accrue, such Bonds shall cease to be entitled to any benefit under the Indenture and such Bonds shall not be deemed to be outstanding under the provisions of the Indenture and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Bonds for which such funds are sufficient, selecting the Bonds to be redeemed by lot from among all such Bonds called for redemption on such date, and interest on any Bonds not paid shall continue to accrue, as provided in the Indenture.

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

The Issuer shall keep books for the registration of the Bonds at the corporate trust office of the Registrar; initially the Registrar's corporate trust office is in Minneapolis, Minnesota. Subject to the restrictions contained in the Indenture, the Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing. Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Neither the Issuer nor the Registrar on behalf of the Issuer shall be required (i) to issue transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

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STATEMENT OF VALIDATION

This Bond is one of a series of Bond which were validated by judgment of the Circuit Court of the Eleventh Judicial Circuit of Florida, in and for Miami-Dade County, Florida, rendered on the 11th day of May, 2004.

Vice Chairperson, Board of Supervisors

Secretary

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with rights of survivorship and not as tenants in common

UNIFORM TRANSFER MIN ACT - _____ Custodian
(Cust) (Minor)

Under Uniform Transfer to Minors

Act _____
(State)

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

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ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(please print or typewrite name and address of assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Please insert social security or other identifying number of Assignee.

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**EXHIBIT C
FORM OF REQUISITION**

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES _____

The undersigned, a Responsible Officer of the Lakes by the Bay South Community Development District (the "Issuer") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the Issuer to Wells Fargo Bank, National Association, as trustee (the "Trustee"), dated as of March 1, 2012, as supplemented by that certain _____ Supplemental Trust Indenture dated as of _____, 20____ (the "Indenture"), (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (1) Requisition Number:
- (2) Name of Payee pursuant to Acquisition Agreement:
- (3) Amount Payable:
- (4) 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):
- (5) Fund or Account and subaccount, if any, from which disbursement to be made:
- (6) Indicate if this requisition is for Deferred Obligations and, if so, the amount:

The undersigned hereby certifies that:

- 1. obligations in the stated amount set forth above have been incurred by the Issuer,
- or
- this requisition is for Costs of Issuance payable from the Acquisition and Construction Fund that have not previously been paid;
- 2. each disbursement set forth above is a proper charge against the Acquisition and Construction Fund;
- 3. each disbursement set forth above was incurred in connection with the acquisition and/or construction of the Project;

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- 4. each disbursement represents a Cost of the Project which has not previously been paid.

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

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

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

LAKES BY THE BAY SOUTH COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Responsible Officer

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CONSULTING ENGINEER'S APPROVAL FOR NON-COST OF ISSUANCE
REQUESTS ONLY

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

Consulting Engineer

WPB 382743684v4/3-23-12/057143.010100

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AMENDMENT TO MASTER TRUST INDENTURE

THIS AMENDMENT TO MASTER TRUST INDENTURE (the "Amendment") dated as of January 27, 2014, from LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT (the "Issuer") to WELLS FARGO BANK, NATIONAL ASSOCIATION, as trustee (the "Trustee"), a national banking association, authorized to execute trust powers in the State of Florida.

WHEREAS, to authorize and secure its Special Assessment Bonds and specifically its Special Assessment Bonds, Series 2012 and its Taxable Special Assessment Bonds, Series 2012, the Issuer entered into a Master Trust Indenture dated as of March 1, 2012 (the "Master Indenture") with Wells Fargo Bank, National Association as trustee; and

WHEREAS, Section 13.01 of the Master Indenture provides that it may be amended without the consent of the Bondholders for any of the reasons set forth therein including in such manner as shall not impair the security of the Bondholders or adversely affect the rights and remedies of the Bondholders; and

WHEREAS, the definition of the Bonds in Article I of the Master Indenture provides in part that Bonds issued pursuant to the Master Indenture for refunding purposes its limited to the bonds issued to refunded Bonds issued pursuant to the Master Indenture; and

WHEREAS, the Board of Supervisors of the Issuer has pursuant to District Resolution 2014-03 and hereby determines that amending the definition of Bonds in the Master Indenture to include bonds issued to refund other indebtedness of the Issuer not issued pursuant to the provisions of the Master Indenture is permitted by Section 13.01 of the Master Indenture and is in the best interest of the District; and

WHEREAS, attached hereto are the opinion or opinions required by Section 13.03 of the Master Indenture.

WITNESSETH:

For valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Trustee as follows:

SECTION 1. The definition of Bonds in Article I of the Master Indenture is hereby amended as follows (underlined language has been added):

"Bonds" shall mean that Lakes by the Bay South Community Development District Special Assessment Bonds, issued in one or more Series pursuant to the provisions of this Master Indenture and bonds subsequently issued to refund all or a portion of such aforementioned Bonds or other indebtedness of the Issuer not issued pursuant to the provisions of the Master Indenture. If the Issuer determines to issue bond anticipation notes to be secured in whole or in part by a lien on the net proceeds of Bonds to be issued under this Master Indenture, the term "Bonds" shall apply to such short-term

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notes but only to the extent the Supplemental Indenture relating to such bond anticipation notes so provides.

SECTION 2. The Master Indenture except as hereby amended is in all respects ratified and confirmed, and this Amendment shall be read, taken and construed as a part of the Indenture, except insofar as modified herein, shall apply and remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGE]

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SECTION 3. EFFECTIVE DATE: The Amendment shall be effective as of the date first above written.

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

By: [Signature] Chairman, Board of Supervisors



Attest: [Signature] Secretary to Board of Supervisors

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____ Authorized Signatory

SECTION 3. EFFECTIVE DATE: The Amendment shall be effective as of the date first above written.

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

By: _____ Chairman, Board of Supervisors

[Official Seal] Attest:

Secretary to Board of Supervisors

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: [Signature] Authorized Signatory

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FOURTH SUPPLEMENTAL TRUST INDENTURE

BETWEEN

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

AND

COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION

as Trustee

Dated as of May 1, 2024

Authorizing and Securing

§[PAR]
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2024

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THIS FOURTH SUPPLEMENTAL TRUST INDENTURE (the "Fourth Supplemental Indenture"), dated as of May 1, 2024 between the LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT (together with its successors and assigns, the "Issuer"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and COMPUTERSHARE TRUST COMPANY, 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 Minneapolis, Minnesota, as successor trustee (said national banking association and any bank or trust company becoming successor trustee under this Fourth Supplemental Indenture being hereinafter referred to as the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is a local unit of special purpose government duly organized, created, established and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, created by Ordinance No. 2004-16 enacted by the Board of County Commissions of Miami-Dade County, Florida (the "County"), on January 20, 2004 and became effective on January 30, 2004 (collectively, the "Ordinance") for the purpose, among other things, of financing and managing the acquisition, construction, maintenance, and operation of public infrastructure improvements authorized by the Act (hereinafter defined); and

WHEREAS, the premises currently governed by the District, as further described in the Ordinance (the "District Lands") consist in total of approximately 516.54+/- gross acres of land located entirely within the incorporated area of the Town of Cutler Bay (the "Town") in Miami-Dade County, Florida (the "County"); and

WHEREAS, pursuant to that certain Master Trust Indenture dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014 (collectively, the "Master Indenture") and supplemented by that certain Second Supplemental Trust Indenture dated as of February 1, 2014 (the "Second Supplement") and, together with the Master Indenture, the "2014 Indenture"), each by and between the Issuer and the Trustee, the Issuer issued its Special Assessment Revenue Refunding Bonds, Series 2014 in the aggregate principal amount of \$14,390,000, currently outstanding in the principal amount of \$9,180,000 (the "Series 2014 Bonds"); and

WHEREAS, the Series 2014 Bonds were issued, together with other legally available moneys, to (i) refund the Issuer's Special Assessment Bonds, Series 2004A (the "Series 2004 Bonds") that financed a portion of the public infrastructure improvements necessary to develop the Development (the "2004 Project"), and (ii) finance certain public infrastructure that benefits the assessable lands within the District and are secured solely by special assessments levied on such assessable lands; and

WHEREAS, the Issuer has determined that under existing market conditions, it would be in the best interest of the residents and other landowners within the District to refund the Outstanding Series 2014 Bonds (the Series 2014 Bonds to be refunded are hereinafter referred to as the "Refunded Bonds") in order to achieve debt service savings on the Refunded Bonds (the "Refunding"); and

WHEREAS, the Issuer has, pursuant to Resolution No. 2024-03, adopted on April 23, 2024, determined to issue the Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024 (the "Series 2024 Bonds") in a total aggregate principal amount of not exceeding \$9,180,000, pursuant to the Master Indenture and this Fourth Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture") to effect the Refunding; and

WHEREAS, in the manner provided herein, the proceeds of the Series 2024 Bonds, together with certain other legally available moneys, will be used to provide funds for the (i) current refunding of the Refunded Bonds, currently outstanding in the principal amount of \$9,180,000, (ii) funding the Series 2024 Interest Account to pay a portion of the interest on the Series 2024 Bonds through at least November 1, 2024, and (iii) payment of the costs of issuance of the Series 2024 Bonds; and

WHEREAS, the Series 2024 Bonds will be secured by a pledge of Series 2024 Pledged Revenues (as hereinafter defined) to the extent and manner provided herein.

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2024 Bonds, the security and payment of the principal or redemption price thereof (as the case may be) and interest thereon, the rights of the Bondholders and the performance and observance of all of the covenants contained herein and in said Series 2024 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2024 Bonds by the Owners thereof, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer does hereby assign, transfer, set over and pledge to Computershare Trust Company, National Association, as Trustee, its successors in trust and its assigns forever, and grants a lien on all of the right, title and interest of the Issuer in and to the Series 2024 Pledged Revenues (as defined herein) as security for the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series 2024 Bonds issued hereunder, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien created by the Indenture with respect to the Series 2024 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2024 Bonds issued and to be issued under this Fourth Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this Fourth Supplemental Indenture) of any one Series 2024 Bond over any other Series 2024 Bond, all as provided in the Indenture.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal or redemption price of the Series 2024 Bonds issued, secured and Outstanding hereunder and the interest due or to become due thereon, at the times and in the manner mentioned in such Series 2024 Bonds and the Indenture, according to the true intent and meaning thereof and hereof, and the Issuer shall

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"Majority Holders" means the beneficial owners of more than fifty percent (50%) of the Outstanding principal amount of the Series 2024 Bonds.

"Master Indenture" shall mean that certain Master Trust Indenture, dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014, each by and between the Issuer and the Trustee, and as supplemented and amended with respect to matters pertaining solely to the Series 2024 Bonds.

"Paying Agent" shall mean Computershare Trust Company, National Association, and its successors and assigns as Paying Agent hereunder.

"Prepayment" shall mean the payment by any owner of property of the amount of Series 2024 Special Assessments encumbering its property, in whole or in part, prior to its scheduled due date, including optional prepayments. The term "Prepayment" also means any proceeds received as a result of accelerating and/or foreclosing the Series 2024 Special Assessments. "Prepayments" shall include, without limitation, Series 2024 Prepayment Principal.

"Quarterly Redemption Date" shall mean February 1, May 1, August 1 and November 1 of each year.

"Redemption Price" shall mean the principal amount of any Series 2024 Bond payable upon redemption thereof pursuant to this Fourth Supplemental Indenture.

"Registrar" shall mean Computershare Trust Company, National Association and its successors and assigns as Registrar hereunder.

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

"Resolution" shall mean, collectively, (i) Resolution No. 2004-14 of the Issuer adopted on February 10, 2004, pursuant to which the Issuer authorized the issuance of not exceeding \$60,000,000 aggregate principal amount of its special assessment bonds to finance the permitting, design, acquisition and construction of water and sewer system, stormwater drainage system, landscaping, and other public infrastructure, for the special benefit of the District Lands or portions thereof and (ii) Resolution No. 2024-03 of the Issuer adopted on April 23, 2024, pursuant to which the Issuer authorized, among other things, the issuance of the Series 2024 Bonds in a principal amount not exceeding \$9,180,000 to be issued to effect the refunding of the Refunded Bonds, specifying parameters by which the details of the Series 2024 Bonds shall be determined and awarding the Series 2024 Bonds to the Underwriter of the Series 2024 Bonds pursuant to such parameters.

"Series 2014 Bond Redemption Account" shall mean the Series 2014 Bond Redemption Account established as a separate Account within the Bond Redemption Fund pursuant to Section 4.01(j) of this Fourth Supplemental Indenture.

"Series 2024 Bond Redemption Account" shall mean the Series 2024 Bond Redemption Account established as a separate Account within the Bond Redemption Fund pursuant to Section 4.01(f) of this Fourth Supplemental Indenture.

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well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Fourth Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Fourth Supplemental Indenture to be and remain in full force and effect.

ARTICLE I DEFINITIONS

In this Fourth Supplemental Indenture capitalized terms used without definition shall have the meanings ascribed thereto in the Master Indenture and, in addition to certain terms defined in the recitals above, the following terms shall have the meanings specified below, unless otherwise expressly provided or unless the context otherwise requires:

"Act" shall mean the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, and Part I of Chapter 163, Florida Statutes, as such statutes are amended from time to time, and any successor statutes thereto.

"Assessment Resolutions" shall mean the resolutions of the Issuer imposing and levying the Series 2024 Special Assessments, as amended and supplemented from time to time.

"Authorized Denomination" shall mean, with respect to the Series 2024 Bonds, on the date of issuance, in the denominations of \$5,000 and any integral multiple thereof; provided, however, if any initial beneficial owner does not purchase at least \$100,000 of the Series 2024 Bonds at the time of initial delivery of the Series 2024 Bonds, such beneficial owner must either execute and deliver to the Underwriter on the date of delivery of the Series 2024 Bonds the investor letter in the form attached hereto as Exhibit C or otherwise establish to the satisfaction of the Underwriter that such Beneficial Owner is an "accredited investor" as described in Rule 501(a) under Regulation D of the Securities Act of 1933, as amended.

"Bonds" shall mean the Issuer's Special Assessments Bonds issued pursuant to the Master Indenture.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2024 Bonds, dated the date of delivery of the Series 2024 Bonds, by and among the Issuer, the dissemination agent named therein and joined by the parties named therein, in connection with the issuance of the Series 2024 Bonds.

"District Manager" shall mean Governmental Management Services – South Florida, LLC, Sunrise, Florida, and its successors and assigns.

"Indenture" shall mean, collectively, the Master Indenture and this Fourth Supplemental Indenture.

"Interest Payment Date" shall mean May 1 and November 1 of each year, commencing November 1, 2024.

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"Series 2024 Bonds" shall mean the \$[PAR] aggregate principal amount of Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024, to be issued as fully registered Bonds in accordance with the provisions of the Indenture, and secured and authorized by the Indenture in the manner so provided herein.

"Series 2024 Costs of Issuance Fund" shall mean the Fund so designated, established as a separate Fund pursuant to Section 4.01(a) of this Fourth Supplemental Indenture.

"Series 2024 General Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2024 Bond Redemption Account pursuant to Section 4.01(f) of this Fourth Supplemental Indenture.

"Series 2024 Interest Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(d) of this Fourth Supplemental Indenture.

"Series 2024 Pledged Revenues" shall mean (a) all revenues received by the Issuer from Series 2024 Special Assessments levied and collected on the assessable lands within the District including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2024 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2024 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture created and established with respect to or for the benefit of the Series 2024 Bonds; provided, however, that Series 2024 Pledged Revenues shall not include (A) any moneys transferred to the Series 2024 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2024 Costs of Issuance Fund, and (C) "special assessments" levied and collected by the Issuer under Section 190.022 of the Act for maintenance purposes or "maintenance assessments" levied and collected by the Issuer under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this provision).

"Series 2024 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of Series 2024 Special Assessments being prepaid pursuant to Section 4.04 of this Fourth Supplemental Indenture or as a result of an acceleration of the Series 2024 Special Assessments pursuant to Section 170.10, Florida Statutes, if such Series 2024 Special Assessments are being collected through a direct billing method.

"Series 2024 Prepayment Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2024 Bond Redemption Account pursuant to Section 4.01(f) of this Fourth Supplemental Indenture.

"Series 2024 Principal Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(c) of this Fourth Supplemental Indenture.

"Series 2024 Rebate Fund" shall mean the Fund so designated, established pursuant to Section 4.01(i) of this Fourth Supplemental Indenture.

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“Series 2024 Revenue Account” shall mean the Account so designated, established as a separate Account within the Revenue Fund pursuant to Section 4.01(b) of this Fourth Supplemental Indenture.

“Series 2024 Sinking Fund Account” shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(c) of this Fourth Supplemental Indenture.

“Series 2024 Special Assessments” shall mean the Special Assessments levied on the assessable lands within the District pursuant to the Assessment Resolutions as a result of the Issuer’s refinancing the acquisition and/or construction of a portion of the 2004 Project corresponding in amount to the debt service on the Series 2024 Bonds and designated as such in the methodology report relating thereto.

“Tax Compliance Certificate” shall mean that certain Tax Compliance Certificate, including arbitrage rebate covenants, of the Issuer, dated the date of delivery of the Series 2024 Bonds, relating to certain restrictions on arbitrage under the Code with respect to the Bonds.

“Underwriter” shall mean FMSBonds, Inc., the underwriter of the Series 2024 Bonds.

The words “hereof,” “herein,” “hereto,” “hereby,” and “hereunder” (except in the form of Series 2024 Bonds), refer to the entire Indenture.

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

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

[END OF ARTICLE I]

(c) Except as otherwise provided in Section 2.07 of this Fourth Supplemental Indenture in connection with a book entry only system of registration of the Series 2024 Bonds, the principal or Redemption Price of the Series 2024 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent upon presentation of such Series 2024 Bonds. Except as otherwise provided in Section 2.07 of this Fourth Supplemental Indenture in connection with a book entry only system of registration of the Series 2024 Bonds, the payment of interest on the Series 2024 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2024 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2024 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called “Defaulted Interest”) shall be paid to the Owner in whose name the Series 2024 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Series 2024 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Record Date.

SECTION 2.05. Debt Service on the Series 2024 Bonds.

(a) The Series 2024 Bonds will mature on May 1 in the years and in the principal amounts, and bear interest at the rates as set forth below, subject to the right of prior redemption in accordance with their terms.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
*	\$	%
*		
*		
*		
*		
**		
**		

* Serial Bonds.
** Term Bonds.

**ARTICLE II
THE SERIES 2024 BONDS**

SECTION 2.01. Amounts and Terms of Series 2024 Bonds: Issue of Series 2024 Bonds. No Series 2024 Bonds may be issued under this Fourth Supplemental Indenture except in accordance with the provisions of this Article and Articles II and III of the Master Indenture.

(a) The total principal amount of Series 2024 Bonds that may be issued under this Fourth Supplemental Indenture is expressly limited to \$[PAR]. The Series 2024 Bonds shall be numbered consecutively from R-1 and upwards.

(b) Any and all Series 2024 Bonds shall be issued substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Resolution. The Issuer shall issue the Series 2024 Bonds upon execution of this Fourth Supplemental Indenture and satisfaction of the requirements of Sections 3.01 and 3.03 of the Master Indenture and Section 2.09 of this Fourth Supplemental Indenture; and the Trustee shall, at the Issuer’s request, authenticate such Series 2024 Bonds and deliver them as specified in the request.

(c) The Debt Service Reserve Requirement for the Series 2024 Bonds shall be \$0.00.

SECTION 2.02. Execution. The Series 2024 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2024 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2024 Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as provided in the Master Indenture.

SECTION 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2024 Bonds.

(a) The Series 2024 Bonds are being issued hereunder in order to provide funds, together with other available moneys, to (i) currently refund the Refunded Bonds, (ii) fund the Series 2024 Interest Account to pay a portion of the interest on the Series 2024 Bonds through at least November 1, 2024, and (iii) pay the costs of issuance of the Series 2024 Bonds. The Series 2024 Bonds shall be designated “Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024,” and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2024 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2024 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2024 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to November 1, 2024, in which case from the date of initial delivery or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date.

(b) Interest on the Series 2024 Bonds will be computed in all cases on the basis of a 360 day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2024 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Proceeds and Other Funds. From the net proceeds of the Series 2024 Bonds in the amount of \$_____ and from certain legally available money derived as a result of the refunding of the Refunded Bonds in the amount of \$_____, representing moneys in the funds and accounts under the 2014 Indenture (herein collectively, the “Transferred Moneys”), the following deposits shall be made on the date of issuance of the Series 2024 Bonds:

(a) \$_____, of which \$_____ is derived from the net proceeds of the Series 2024 Bonds and \$_____ is derived from the Transferred Moneys, shall be deposited with the Trustee in the Series 2014 Bond Redemption Account to be applied by the Trustee on the Business Day immediately following the date of delivery of the Series 2024 Bonds to redeem the Outstanding Refunded Bonds on such date pursuant to the terms and provisions of the 2014 Indenture;

(b) \$_____ derived from the Transferred Moneys shall be deposited in the Series 2024 Interest Account; and

(c) \$_____ constituting the remaining net proceeds of the Series 2024 Bonds shall be deposited in the Costs of Issuance Fund to pay the costs of issuing the Series 2024 Bonds.

After the application of Transferred Moneys described in (a) above, any amounts remaining in the funds and accounts under the 2014 Indenture for the Refunded Bonds shall be deposited into the Series 2024 Revenue Account and applied as set forth in Section 4.02 herein.

SECTION 2.07. Book-Entry Form of Series 2024 Bonds. The Series 2024 Bonds shall be issued as one fully registered bond for each maturity of Series 2024 Bonds and deposited with The Depository Trust Company (“DTC”), New York, New York, which is responsible for establishing and maintaining records of ownership for its participants.

As long as the Series 2024 Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof and in the Master Indenture. DTC shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants (“DTC Participants”) and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“Indirect Participants”). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Series 2024 Bonds (“Beneficial Owners”).

Principal and interest on the Series 2024 Bonds registered in the name of Cede & Co. prior to and at maturity shall be payable directly to Cede & Co. in care of DTC without the need for presentation of the Series 2024 Bonds. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC

Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Series 2024 Bonds, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2024 Bonds, any notices to be provided to any Beneficial Owner will be provided to Cede & Co. DTC shall be responsible for notices to DTC Participants and DTC Participants shall be responsible for notices to Indirect Participants, and DTC Participants and Indirect Participants shall be responsible for notices to Beneficial Owners.

The Issuer and the Trustee, if appropriate, shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer in accordance with the procedures of DTC. In the event of such termination, the Issuer shall select another securities depository and in that event, all references herein to DTC or Cede & Co., shall be deemed to be for reference to such successor. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2024 Bonds in the form of fully registered Series 2024 Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer, but only in accordance with the procedures of DTC, elects to discontinue the book-entry only system, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Series 2024 Bonds may be exchanged for an equal aggregate principal amount of Series 2024 Bonds in other Authorized Denominations upon surrender thereof at the designated corporate trust office of the Trustee.

SECTION 2.08. Appointment of Registrar and Paying Agent. The Issuer shall keep, at the designated corporate trust office of the Registrar, books (the "Bond Register") for the registration, transfer and exchange of the Series 2024 Bonds, and hereby appoints Computershare Trust Company, National Association, as its Registrar to keep such books and make such registrations, transfers, and exchanges as required hereby. Computershare Trust Company, National Association hereby accepts its appointment as Registrar and its duties and responsibilities as Registrar hereunder. Registrations, transfers and exchanges shall be without charge to the Bondholder requesting such registration, transfer or exchange, but such Bondholder shall pay any taxes or other governmental charges on all registrations, transfers and exchanges.

The Issuer hereby appoints Computershare Trust Company, National Association as Paying Agent for the Series 2024 Bonds. Computershare Trust Company, National Association hereby accepts its appointment as Paying Agent and its duties and responsibilities as Paying Agent hereunder.

SECTION 2.09. Conditions Precedent to Issuance of the Series 2024 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2024 Bonds and the conditions set forth in the bond purchase contract with the Underwriter, all the Series 2024 Bonds shall be executed by the Issuer for delivery to the

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performance of the terms and provisions of the Master Indenture or this Fourth Supplemental Indenture.

Receipt by the Trustee of the net proceeds from the initial sale of the Series 2024 Bonds and the Transferred Moneys shall constitute conclusive evidence of the fulfillment of the conditions precedent for the issuance of the Series 2024 Bonds to the satisfaction of the Issuer and the Underwriter.

[END OF ARTICLE II]

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Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer or upon its order, but only upon the further receipt by the Trustee of:

(a) Certified copies of the Assessment Resolutions;

(b) Executed copies of the Master Indenture and this Fourth Supplemental Indenture;

(c) An opinion of Counsel to the Issuer addressed to the Trustee substantially to the effect that (i) the Issuer has been duly established and validly exists as a community development district under the Act, (ii) the Issuer has good right and lawful authority under the Act to effect the Refunding pursuant to the terms of the 2014 Indenture, (iii) all proceedings undertaken by the Issuer with respect to the Series 2024 Special Assessments have been in accordance with Florida law, (iv) the Issuer has good right and lawful authority under the Act to undertake the Refunding, (v) that the Series 2024 Special Assessment proceedings have been taken in accordance with Florida law and that the Issuer has taken all action necessary to levy and impose the Series 2024 Special Assessments, (vi) the Series 2024 Special Assessments are legal, valid and binding liens upon the property against which such Series 2024 Special Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other state liens, titles and claims, until paid, (vii) this Indenture has been duly and validly authorized, executed and delivered by the Issuer, and upon the execution by the other parties thereto, constitute legal, valid, binding agreements of the Issuer enforceable in accordance with their terms, except as enforcement thereof may be affected by bankruptcy, reorganization, insolvency; moratorium and other similar laws relating to creditors' rights generally and subject to equitable principles, whether in a proceeding at law or in equity, (viii) the issuance of the Series 2024 Bonds has been duly authorized and approved by the Board; (ix) there is no litigation or other action pending or to the best knowledge of Counsel to the Issuer threatened against the Issuer that would adversely affect the transactions contemplated by the Indenture including: (A) seeking to restrain or enjoin the issuance or delivery of the Series 2024 Bonds or the application of the proceeds thereof, or the imposition, levy or collection of the Series 2024 Special Assessments or the Series 2024 Pledged Revenues pledged for the payment of the debt service on the Series 2024 Bonds; (B) contesting or affecting the authority for the Series 2024 Special Assessments, the authority for the issuance of the Series 2024 Bond or the validity or enforceability of the Series 2024 Bonds, the Indenture, or the transactions contemplated thereunder; (C) contesting or affecting the establishment or existence of the Issuer or any of its officers or employees, or contesting or affecting any of the powers of the Issuer including its power to enter into the Indenture or its power to determine, assess, levy, collect and pledge the Series 2024 Special Assessments for the payment of the debt service on the Series 2024 Bonds; (D) specifically contesting the exclusion from federal gross income of interest on the Series 2024 Bonds or (E) which may result in any material adverse change in the business, property, assets or financial condition of the Issuer or materially impair the ability of the Issuer to perform its obligations under the Series 2024 Bonds, the Resolution, the Assessment Resolutions or the Indenture; (x) the Series 2004 Bonds were validated in accordance with Chapter 75, Florida Statutes, and as a result the Series 2024 Bonds are not required to be separately validated, and (xi) the Resolution and Assessment Resolutions have each been duly adopted and are in full force and effect; and

(d) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2024 Bonds, the Issuer will not be in default in the

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ARTICLE III REDEMPTION OF SERIES 2024 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2024 Bonds shall be subject to redemption at the times and in the manner provided in this Article III. All payments of the Redemption Price of the Series 2024 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2024 Bonds of a Series are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall select the Series 2024 Bonds or portions of the Series 2024 Bonds of such Series to be redeemed by lot. Partial redemptions of Series 2024 Bonds shall be made in such a manner that the remaining Series 2024 Bonds held by each Bondholder shall be in Authorized Denominations.

(a) No Optional Redemption. The Series 2024 Bonds are not subject to optional redemption prior to maturity.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2024 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole or in part, on any date (other than in the case of clause (i) below, where a partial redemption must occur on a Quarterly Redemption Date), at a Redemption Price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2024 Prepayment Principal deposited first into the Series 2024 Prepayment Subaccount of the Series 2024 Bond Redemption Account following the payment in whole or in part of Series 2024 Special Assessments on any assessable property within the District in accordance with the provisions of Section 4.04(a) of this Fourth Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2024 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2024 Rebate Fund and the Series 2024 Costs of Issuance Fund) sufficient to pay and redeem all Outstanding Series 2024 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

(c) Mandatory Sinking Fund Redemption. The Series 2024 Bonds maturing on May 1, 20 are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2024 Sinking Fund Account on May 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

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Mandatory Sinking Fund
Year Redemption Amount
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ARTICLE IV
ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS;
ADDITIONAL COVENANTS OF THE ISSUER; PREPAYMENTS;
REMOVAL OF SERIES 2024 SPECIAL ASSESSMENT LIENS

SECTION 4.01. Establishment of Certain Funds and Accounts.

(a) The Trustee shall establish a separate Fund with respect to the Series 2024 Bonds designated as the "Series 2024 Costs of Issuance Fund." Proceeds of the Series 2024 Bonds shall be deposited into the Series 2024 Costs of Issuance Fund in the amount set forth in Section 2.06(c) of this Fourth Supplemental Indenture. Upon presentation to the Trustee of a properly signed requisition in substantially the form attached hereto as Exhibit B, the Trustee shall withdraw moneys from the Series 2024 Costs of Issuance Fund to pay the costs of issuing the Series 2024 Bonds. Six months after the issuance of the Series 2024 Bonds, any moneys remaining in the Series 2024 Costs of Issuance Fund in excess of the costs of issuing the Series 2024 Bonds requested to be disbursed by the Issuer shall be deposited into the Series 2024 Interest Account. Any deficiency in the amount allocated to pay the cost of issuing the Series 2024 Bonds shall be paid from excess Series 2024 Pledged Revenues on deposit in the Series 2024 Revenue Account pursuant to Section 4.02 SIXTH of this Fourth Supplemental Indenture. When there remains no money in the Series 2024 Costs of Issuance Fund, such Fund shall be closed.

(b) Pursuant to Section 6.03 of the Master Indenture, the Trustee shall establish a separate Account within the Revenue Fund designated as the "Series 2024 Revenue Account." Series 2024 Special Assessments (except for Prepayments of Series 2024 Special Assessments which shall be identified as such by the Issuer to the Trustee and deposited in the Series 2024 Prepayment Subaccount) shall be deposited by the Trustee into the Series 2024 Revenue Account which shall be applied as set forth in Section 6.03 of the Master Indenture and Section 4.02 of this Fourth Supplemental Indenture.

(c) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2024 Principal Account." Moneys shall be deposited into the Series 2024 Principal Account as provided in Section 6.04 of the Master Indenture and Section 4.02 of this Fourth Supplemental Indenture, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2024 Interest Account." Moneys deposited into the Series 2024 Interest Account pursuant to Section 6.04 of the Master Indenture and Section 2.06 and Section 4.02 of this Fourth Supplemental Indenture, shall be applied for the purposes provided therein.

(e) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2024 Sinking Fund Account." Moneys shall be deposited into the Series 2024 Sinking Fund Account as provided in Section 6.04 of the Master Indenture and Section 4.02 of this Fourth Supplemental Indenture and applied for the purposes provided therein and in Section 3.01(c) of this Fourth Supplemental Indenture.

*Maturity

Upon any redemption of Series 2024 Bonds other than in accordance with scheduled mandatory sinking fund redemptions, the District shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of the affected Series 2024 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of such Series 2024 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2024 Bonds in any year. In the event of a redemption or purchase occurring less than forty-five (45) days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

SECTION 3.02. Notice of Redemption. When required to redeem Series 2024 Bonds under any provision of this Fourth Supplemental Indenture or directed to redeem Series 2024 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2024 Bonds to be redeemed, notice of the redemption, as set forth in Article VIII of the Master Indenture.

[END OF ARTICLE III]

(f) Pursuant to Section 6.06 of the Master Indenture, the Trustee shall establish a separate Series Bond Redemption Account within the Bond Redemption Fund designated as the "Series 2024 Bond Redemption Account" and within such Account, a "Series 2024 General Redemption Subaccount," and a "Series 2024 Prepayment Subaccount." Except as otherwise provided in this Fourth Supplemental Indenture regarding Prepayments, moneys to be deposited into the Series 2024 Bond Redemption Account as provided in Section 6.06 of the Master Indenture, shall be deposited to the Series 2024 General Redemption Subaccount of the Series 2024 Bond Redemption Account.

(g) Moneys that are deposited into the Series 2024 General Redemption Subaccount of the Series 2024 Bond Redemption Account (including all earnings on investments held therein) shall be used to call Series 2024 Bonds for the extraordinary mandatory redemption in whole, pursuant to Section 3.01(b)(ii) hereof.

(h) Moneys in the Series 2024 Prepayment Subaccount of the Series 2024 Bond Redemption Account (including all earnings on investments held in such subaccounts) shall be used to call for redemption pursuant to Section 3.01(b)(i) hereof. All interest due in regard to such Series 2024 Prepayment Principal not received in connection with such Prepayment shall be paid from the Series 2024 Revenue Account. In addition, if the amount of the Prepayment is not sufficient to redeem a principal amount of the Series 2024 Bonds in an Authorized Denomination of such Series 2024 Bonds to be redeemed, the Trustee shall be authorized to withdraw amounts from the Series 2024 Revenue Account to round-up to the nearest Authorized Denomination. Notwithstanding the foregoing, no transfers from the Series 2024 Revenue Account shall be made to pay interest on and/or round-up principal for the Series 2024 Bonds for the redemption pursuant to Section 3.01(b)(i) if as a result the deposits required under Section 4.02 FIRST through SIXTH cannot be made in full. The Trustee may conclusively rely on the Issuer's determination of what moneys constitute Prepayments. The Trustee shall calculate the amount available for the extraordinary mandatory redemption of the Series 2024 Bonds pursuant to Section 3.01(b)(i) on each February 1, May 1, August 1 and November 1.

(i) The Issuer hereby directs the Trustee to establish a Series 2024 Rebate Fund designated as the "Series 2024 Rebate Fund" when deposits are required to be made therein. Moneys shall be deposited into the Series 2024 Rebate Fund, as provided in the Tax Compliance Certificate and applied for the purposes provided therein.

(j) Pursuant to Sections 6.06 and 8.04 of the Master Indenture, the Trustee shall establish a separate Series Bond Redemption Account within the Bond Redemption Fund designated as the "Series 2014 Bond Redemption Account." Amounts deposited in the Series 2014 Bond Redemption Account shall be held uninvested and shall be applied towards the optional redemption of the Series 2014 Bonds on the redemption date thereof.

SECTION 4.02. Series 2024 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2024 Revenue Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the Business Day next preceding each November 1 commencing November 1, 2024, to the Series 2024 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2024 Bonds becoming

due on the next succeeding November 1, less any amounts on deposit in the Series 2024 Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each May 1 commencing May 1, 2025, to the Series 2024 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2024 Bonds becoming due on the next succeeding May 1, less any amount on deposit in the Series 2024 Interest Account not previously credited;

THIRD, no later than the Business Day next preceding each May 1, commencing May 1, 2025, which is a principal payment date for any Series 2024 Bonds, to the Series 2024 Principal Account of the Debt Service Fund, an amount equal to the principal amount of Series 2024 Bonds Outstanding maturing on such May 1, less any amounts on deposit in the Series 2024 Principal Account not previously credited;

FOURTH, no later than the Business Day next preceding each May 1, commencing May 1, 2025, to the Series 2024 Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Series 2024 Bonds subject to sinking fund redemption on such May 1, less any amount on deposit in the Series 2024 Sinking Fund Account not previously credited;

FIFTH, notwithstanding the foregoing, at any time the Series 2024 Bonds are subject to redemption on a date which is not an Interest Payment Date, the Trustee shall be authorized to transfer from the Series 2024 Revenue Account to the Series 2024 Interest Account, the amount necessary to pay interest on the Series 2024 Bonds subject to redemption on such date; and

SIXTH, subject to the foregoing paragraphs and the last sentence of this paragraph SIXTH, the balance of any moneys remaining in the Series 2024 Revenue Account after making the foregoing deposits shall be first deposited into the Series 2024 Costs of Issuance Fund to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2024 Bonds, then next shall be used pursuant to Section 4.01(i) hereof and last, any balance in the Series 2024 Revenue Account shall remain on deposit in such Series 2024 Revenue Account, unless pursuant to the Tax Compliance Certificate, it is necessary to make a deposit into the Series 2024 Rebate Fund, in which case, the Issuer shall direct the Trustee to make such deposit thereto.

SECTION 4.03. Power to Issue Series 2024 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2024 Bonds, to execute and deliver the Indenture and to pledge the Series 2024 Pledged Revenues for the benefit of the Series 2024 Bonds to the extent and priority set forth herein. The Series 2024 Pledged Revenues are not and shall not be subject to any other liens senior to or on a parity with the liens created in favor of the Series 2024 Bonds, except as otherwise permitted under the Master Indenture or Section 5.04 hereof. The Series 2024 Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture in the manner and priority established therein and

all the rights of the Owners of the Series 2024 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Prepayments; Removal of Series 2024 Special Assessment Liens.

(a) At any time any owner of property subject to the Series 2024 Special Assessments may, at its option, or as a result of acceleration of the Series 2024 Special Assessments because of non-payment thereof, shall require the Issuer to reduce or release and extinguish the lien upon its property by virtue of the levy of the Series 2024 Special Assessments by paying or causing there to be paid, to the Issuer all or a portion of the Series 2024 Special Assessments, which shall constitute Series 2024 Prepayment Principal, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such Prepayment is made within forty-five (45) calendar days before an Interest Payment Date), attributable to the property subject to Series 2024 Special Assessment owned by such owner.

(b) Upon receipt of Series 2024 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the County an affidavit or affidavits, as the case may be, executed by the District Manager, to the effect that the Series 2024 Special Assessment has been paid in whole or in part and that such Series 2024 Special Assessment lien is thereby reduced, or released and extinguished, as the case may be.

[END OF ARTICLE IV]

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all of the Holders of the Series 2024 Bonds agree to such redemption if any Series 2024 Bonds are Outstanding.

[END OF ARTICLE V]

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**ARTICLE V
COVENANTS AND DESIGNATIONS OF THE ISSUER**

SECTION 5.01. Collection of Series 2024 Special Assessments. Pursuant to the terms and provisions of the Master Indenture, the Issuer shall collect the Series 2024 Special Assessments relating to the acquisition and construction of a portion of the 2004 Project through the Uniform Method of Collection (the "Uniform Method") afforded by Chapter 197, Florida Statutes. Notwithstanding the provisions of the Master Indenture, the Issuer shall continue using the Uniform Method to collect the Series 2024 Special Assessments, unless the Trustee, at the direction of the Majority Holders, directs the Issuer, in writing, otherwise or the Issuer is unable to use the Uniform Method. In addition, and not in limitation of, the covenants contained elsewhere in this Fourth Supplemental Indenture and in the Master Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2024 Special Assessments, and to levy the Series 2024 Special Assessments in such manner as will generate funds sufficient to pay Debt Service Requirements on the Series 2024 Bonds when due.

SECTION 5.02. Continuing Disclosure. Contemporaneously with the execution and delivery hereof, the Issuer has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934. The Issuer covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement applicable to it; however, as set forth therein, failure to so comply shall not constitute an Event of Default hereunder, but shall instead be enforceable by mandamus or any other means of specific performance.

SECTION 5.03. Investment of Funds and Accounts. The provisions of Section 7.02 of the Master Indenture shall apply to the investment and reinvestment of moneys in the Series 2024 Accounts and subaccounts therein created hereunder.

SECTION 5.04. Additional Obligations. Other than in connection with the issuance of refunding bonds to be secured by the Series 2024 Special Assessments, the Issuer covenants not to issue any Bonds or other debt obligations secured by the Series 2024 Special Assessments.

SECTION 5.05. Requisite Owners for Direction or Consent. Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires fifty-one percent of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Holders.

SECTION 5.06. Acknowledgement Following an Event of Default. In accordance with the provisions of the Indenture, the Series 2024 Bonds are payable solely from the Series 2024 Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the Issuer hereby acknowledges that, upon the occurrence of an Event of Default with respect to the Series 2024 Bonds, (i) the Series 2024 Pledged Revenues may not be used by the Issuer without the consent of the Majority Holders, and (ii) the Series 2024 Pledged Revenues shall be used by the Trustee, at the direction or with the approval of the Majority Holders, to pay its fees, costs and expenses incurred in connection with the pursuit of remedies under the Indenture. In addition, no redemption of any of the Series 2024 Bonds shall occur while there is an Event of Default unless

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**ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES**

SECTION 6.01. Events of Default and Remedies. Section 10.02 of the Master Indenture is hereby amended and restated in its entirety with respect to the Series 2024 Bonds, as follows:

(a) if payment of any installment of interest on the Series 2024 Bonds is not made when it becomes due and payable; or

(b) if payment of the principal or Redemption Price of the Series 2024 Bonds is not made when it becomes due and payable at maturity or upon call or presentation for redemption; or

(c) if the Issuer, for any reason, fails in, or is rendered incapable of fulfilling its obligations under the Indenture or under the Act which failure or incapacity may be reasonably determined solely by the Majority Holders; or

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

(e) if the Issuer defaults in the due and punctual performance of any other covenant in the Indenture or in the Series 2024 Bonds issued pursuant to the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Issuer by the Trustee, which shall give such notice in its discretion and at the written request of the Majority Holders; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as the Issuer shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) more than twenty percent (20%) of the "maintenance special assessments" levied by the Issuer on District lands upon which the Series 2024 Special Assessments are levied to secure the Series 2024 Bonds pursuant to Section 190.021(3), Florida Statutes, as amended, and collected directly by the Issuer have become due and payable and have not been paid, within ninety (90) days after the date when due.

The Trustee shall not be required to rely on any official action, admission or declaration by the Issuer before recognizing that an Event of Default under (c) above has occurred.

[END OF ARTICLE VI]

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ARTICLE VII
THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 7.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created and agrees to perform such trusts upon the terms and conditions set forth in the Indenture. The Trustee agrees to act as Paying Agent, Registrar and Authenticating Agent for the Series 2024 Bonds.

SECTION 7.02. Trustee's Duties. The Trustee shall not be responsible in any manner for the due execution of this Fourth Supplemental Indenture by the Issuer or for the recitals contained herein (except for the certificate of authentication on the Series 2024 Bonds), all of which are made solely by the Issuer. Nothing contained herein shall limit the rights, benefits, privileges, protection and entitlement inuring to the Trustee under the Master Indenture.

SECTION 7.03. Brokerage Confirmations. The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer the right to receive individual confirmations of security transactions at no additional cost, as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

SECTION 7.04. Patriot Act Requirements of the Trustee. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Trustee will ask for documentation to verify such non-individual person's formation and existence as a legal entity. The Trustee may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

[END OF ARTICLE VII]

IN WITNESS WHEREOF, Lakes by the Bay South Community Development District has caused this Fourth Supplemental Trust Indenture to be executed by the Chairperson of its Board of Supervisors and its corporate seal to be hereunto affixed and attested by a Secretary/Assistant Secretary of its Board of Supervisors and Computershare Trust Company, National Association has caused this Fourth Supplemental Trust Indenture to be executed by one of its authorized signatories, all as of the day and year first above written.

LAKES BY THE BAY SOUTH
COMMUNITY DEVELOPMENT
DISTRICT

[SEAL]

Attest:

By: _____
Name: Michele Harris
Title: Chairperson, Board of Supervisors

By: _____
Name: _____
Title: Secretary/Assistant Secretary
Board of Supervisors

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee,
Paying Agent and Registrar

By: _____
Name: Thomas C. Alderson
Title: Vice President

ARTICLE VIII
MISCELLANEOUS PROVISIONS

SECTION 8.01. Interpretation of Fourth Supplemental Indenture. This Fourth Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2024 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Fourth Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Fourth Supplemental Indenture shall be read and construed as one document.

SECTION 8.02. Amendments. Any amendments to this Fourth Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

SECTION 8.03. Counterparts. This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 8.04. Appendices and Exhibits. Any and all schedules, appendices or exhibits referred to in and attached to this Fourth Supplemental Indenture are hereby incorporated herein and made a part of this Fourth Supplemental Indenture for all purposes.

SECTION 8.05. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the Series 2024 Bonds or the date fixed for the redemption of any Series 2024 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 8.06. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2024 Bonds.

[Remainder of page intentionally left blank.]

STATE OF FLORIDA)
) SS:
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ___ day of _____ 2024, by Michele Harris, as Chairperson and [] as Secretary/Assistant Secretary for Lakes by the Bay South Community Development District, who is personally known to me or who has produced _____ as identification.

[NOTARY SEAL]

(Signature of Notary Public – State of Florida)

(Print, Type, or Stamp Commissioned Name of Notary Public)

STATE OF _____)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this _____ day of _____, 2024, by [_____] as Vice President for COMPUTERSHARE TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America. [He] is personally known to me or has produced _____ as identification.

[NOTARY SEAL] _____
(Signature of Notary Public – State of _____)
(Print, Type, or Stamp Commissioned Name of Notary Public)

EXHIBIT A
[FORM OF SERIES 2024 BOND]

R- _____ S _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF MIAMI-DADE
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT REFUNDING BOND, SERIES 2024

Interest Rate	Maturity Date	Date of Original Issuance	CUSIP
_____ %	May 1, 20__	_____, 2024	51206Q

Registered Owner: Cede & Co.

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS that the Lakes by the Bay South Community Development District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof (except while the herein defined Series 2024 Bonds are in book-entry only form presentation is not required) at the designated corporate trust office of Computershare Trust Company, National Association, in Minneapolis, Minnesota, as paying agent (said Computershare Trust Company, National Association and/or any bank or trust company to become successor paying agent being herein called the "Paying Agent"), the Principal Amount set forth above (with interest thereon at the Interest Rate per annum set forth above, computed on 360-day year of twelve 30-day months), said principal payable on the first day of May of each year commencing November 1, 2024. Principal of this Bond is payable at the designated corporate trust office of Computershare Trust Company, National Association, located in Minneapolis, Minnesota, in lawful money of the United States of America. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed on each May 1 and November 1 (collectively, each an "Interest Payment Date"), commencing November 1, 2024 to the address of the registered owner as such name and address shall appear on the registry books of the Issuer maintained by Computershare Trust Company, National Association, as registrar (said Computershare Trust Company National Association and any successor registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each Interest Payment Date or the date on which the principal of a Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent Interest Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from the date of authentication hereof, or unless such date of authentication is prior to November 1, 2024, in which case from the date of initial delivery, or unless the date of authentication hereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and

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may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent, notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below). Any capitalized term used in this Bond and not otherwise defined shall have the meaning ascribed to such term in the Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY OUT OF THE SERIES 2024 PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE ISSUER, THE TOWN OF CUTLER BAY (THE "TOWN"), MIAMI-DADE COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA (THE "STATE"), OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE BONDS, EXCEPT THAT THE ISSUER IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, SERIES 2024 SPECIAL ASSESSMENTS TO SECURE AND PAY THE BONDS. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE TOWN, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by execution of the Trustee, or such other authenticating agent as may be appointed by the Trustee under the Indenture, of the certificate of authentication endorsed hereon.

This Bond is one of an authorized issue of Bonds of the Lakes by the Bay South Community Development District, a community development district duly created, organized and existing under Chapter 190, Florida Statutes (the Uniform Community Development District Act of 1980), as amended (the "Act"), created by Ordinance No. 2004-16 enacted by the Board of County Commissions of Miami-Dade County, Florida on January 20, 2004 and becoming effective on January 30, 2004, designated as "Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024" (the "Series 2024 Bonds"), in the aggregate principal amount of _____ THOUSAND AND 00/100 DOLLARS (\$[PAR].00) of like date, tenor and effect, except as to number. The Series 2024 Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act, to pay and defease the Refunded Bonds. The Series 2024 Bonds shall be issued as fully registered bonds in authorized denominations, as set forth in the Indenture. The Series 2024 Bonds are issued under and secured by that certain Master Trust Indenture dated as of March 1, 2012, as amended (the "Master Indenture"), by and among the Trustee and the District, as supplemented and amended by a Fourth Supplemental Trust Indenture dated as of May 1, 2024 (the "Fourth Supplemental Indenture" and together with the Master Indenture, the "Indenture"), by and between the Issuer and the Trustee, executed counterparts of which are on file at the designated corporate trust office of the Trustee in Minneapolis, Minnesota.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Series 2024 Bonds issued under the Indenture, the operation and application of the Funds and Accounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of and the interest on the Series 2024 Bonds, the levy and the evidencing and certifying for collection, of the Series 2024 Special Assessments, the nature and extent of the security for the Series 2024 Bonds, the terms and conditions on which the Series 2024 Bonds are issued, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the registered owners of the Series 2024 Bonds, the conditions under which such Indenture may be amended with the consent of the registered owners of a majority in aggregate principal amount of the Series 2024 Bonds outstanding, and as to other rights and remedies of the registered owners of the Series 2024 Bonds.

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

It is expressly agreed by the owner of this Bond that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, the Town, the County, the State or any other political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, the Town, the County, the State or any other political subdivision thereof, for the payment of the principal of and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Series 2024 Special Assessments to be assessed and levied by the Issuer as set forth in the Indenture.

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

This Bond is payable from and secured by Series 2024 Pledged Revenues, as such term is defined in the Indenture, all in the manner and priority provided in the Indenture. The Indenture provides for the levy and the evidencing and certifying, of non-ad valorem assessments in the form of Series 2024 Special Assessments to secure and pay the Series 2024 Bonds.

The Series 2024 Bonds are subject to redemption prior to maturity in the amounts, at the times and in the manner provided below. All payments of the redemption price of the Series 2024 Bonds shall be made on the dates specified below. Upon any redemption of Series 2024 Bonds other than in accordance with scheduled mandatory sinking fund redemption, the Issuer shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of Series 2024 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2024 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2024 Bonds in any year. In the event of a redemption or purchase occurring less than forty-five (45) days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption

or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

No Optional Redemption

The Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption

The Series 2024 Bonds maturing on May 1, 20 are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2024 Sinking Fund Account on May 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

<u>Year</u>	<u>Mandatory Sinking Fund Redemption Amount</u>
	\$

*

*Maturity

Extraordinary Mandatory Redemption in Whole or in Part

The Series 2024 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole or in part, on any date (other than in the case of clause (i) below, where a partial redemption must occur on a Quarterly Redemption Date), at a Redemption Price equal to 100% of the principal amount of the Series 2024 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2024 Prepayment Principal deposited first into the Series 2024 Prepayment Subaccount of the Series 2024 Bond Redemption Account following the payment in whole or in part of Series 2024 Special Assessments on any assessable property within the District in accordance with the provisions of Section 4.04(a) of this Fourth Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2024 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2024 Rebate Fund and the Series 2024 Costs of Issuance Fund) sufficient to pay and redeem all Outstanding Series 2024 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Master Indenture.

Except as otherwise provided in the Indenture, if less than all of the Series 2024 Bonds subject to redemption shall be called for redemption, the particular such Series 2024 Bonds or

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satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging Series 2024 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver a new Series 2024 Bond or Series 2024 Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. Every Series 2024 Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing. Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2024 Bonds.

The Issuer, the Trustee, the Paying Agent and the Registrar shall deem and treat the person in whose name any Series 2024 Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Series 2024 Bond shall be overdue) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Series 2024 Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2024 Bond to the extent of the sum or sums so paid, and neither the Issuer, the Trustee, the Paying Agent, nor the Registrar shall be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, including particularly the Act, and that the issuance of this Bond, and of the issue of the Series 2024 Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

IN WITNESS WHEREOF, Lakes by the Bay South Community Development District has caused this Bond to be signed by the manual signature of the Chairperson of its Board of Supervisors and its seal to be imprinted hereon, and attested by the manual signature of a Secretary/Assistant Secretary of its Board of Supervisors, all as of the date hereof.

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

By: _____
Chairperson, Board of Supervisors

(SEAL)

Attest:

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portions of such Series 2024 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of the Series 2024 Bonds is required to be mailed by the Registrar, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to each Registered Owner of the Series 2024 Bonds to be redeemed at the address of such Registered Owner recorded on the bond register maintained by the Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2024 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2024 Bonds or such portions thereof on such date, interest on such Series 2024 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2024 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2024 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 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.

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

Any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any Series 2024 Bond which remain unclaimed for three (3) years after the date when such Series 2024 Bond has become due and payable, either at its stated maturity date or by call for earlier redemption shall be paid to the Issuer, thereupon and thereafter no claimant shall have any rights against the Trustee or Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Defeasance Securities (as defined in the Master Indenture) sufficient to pay the principal or Redemption Price of any the Series 2024 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of such Series 2024 Bonds as to the Pledged Revenues with respect to the Series 2024 Bonds shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

The Issuer shall keep books for the registration of the Series 2024 Bonds at the corporate trust office of the Registrar in Minneapolis, Minnesota. Subject to the restrictions contained in the Indenture, the Series 2024 Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer

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By: _____
Secretary/Assistant Secretary
Board of Supervisors

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CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2024 Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: _____, 2024

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

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ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

(please print or typewrite name and address of assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Please insert social security or other identifying number of Assignee.

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ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with rights of survivorship and not as tenants in common

UNIFORM TRANSFER MIN ACT - _____ Custodian _____
(Cust) (Minor)

Under Uniform Transfer to Minors Act _____
(State)

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

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EXHIBIT B

FORM OF REQUISITION

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2024**

(Costs of Issuance)

The undersigned, a Responsible Officer of the Lakes by the Bay South Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of that certain Master Trust Indenture from the District to Computershare Trust Company, National Association, as successor trustee (the "Trustee"), dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014, and as supplemented and amended by that certain Fourth Supplemental Trust Indenture dated as of May 1, 2024 (collectively, the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (A) Requisition Number:
- (B) Amount Payable:
- (C) Purpose for which paid or incurred: Costs of Issuance:
- (D) Fund or Account and subaccount, if any, from which disbursement to be made:
Series 2024 Costs of Issuance Fund

The undersigned hereby certifies that:

1. this requisition is for Costs of Issuance payable from the Series 2024 Costs of Issuance Fund that have not previously been paid;
2. each disbursement set forth above is a proper charge against the Series 2024 Costs of Issuance Fund;
3. each disbursement set forth above was incurred in connection with the issuance of the Series 2024 Bonds; and
4. each disbursement represents a cost of issuance which 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

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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.

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

LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT

By: _____
Responsible Officer

Date: _____

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- a business in which all the equity owners are "accredited investors";
- a natural person who has individual net worth, or joint net worth with the person's spouse or spousal equivalent, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person, except that mortgage indebtedness on the primary residence shall not be included as a liability;
- a natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse or spousal equivalent exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
- a trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Investor Bonds whose purchase is directed by a sophisticated person;
- an entity, of a type other than those set forth above, that owns investments in excess of \$5,000,000 and that was not formed for the specific purpose of acquiring the Investor Bonds;
- a natural person holding in good standing one or more professional certifications or designations or credentials from a designated accredited educational institution qualifying an individual for "accredited investor" status;
- a "family office" with at least \$5,000,000 in assets under management, that was not formed for the specific purpose of acquiring the Investor Bonds, and whose prospective investment is directed by a person capable of evaluating the merits and risks of the prospective investment; or
- a "family client" of a family office described in the prior bullet point whose prospective investment is directed by that family office.

3. The Investor has been supplied with an (electronic) copy of the Preliminary Limited Offering Memorandum dated _____, 2024 of the Issuer and relating to the Bonds (the "Offering Document") and has reviewed the Offering Document and represents that such Offering Document has provided full and meaningful disclosure in order to make an informed decision to invest in the Investor Bonds.

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EXHIBIT C
FORM OF INVESTOR LETTER

[Date]

FMSbonds, Inc.
20660 W. Dixie Highway
North Miami Beach, FL 33180

Re: Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024 (the "Bonds")

Ladies and Gentlemen:

The undersigned is authorized to sign this letter [on behalf of Name of Non-Individual Investor], as the beneficial owner (the "Investor") of \$ _____ of the above-referenced Bonds [state maturing on May 1, _____, bearing interest at the rate of ____% per annum and CUSIP #] (herein, the "Investor Bonds").

In connection with the purchase of the Investor Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Investor Bonds and to execute this letter, any other instruments and documents required to be executed by the Investor in connection with the purchase of the Investor Bonds.

2. The Investor meets the criteria of an "accredited investor" as described in one or more of the categories derived from Rule 501(a) under Regulation D of the Securities Act of 1933, as amended (the "Securities Act") summarized below, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations including those which are not rated or credit-enhanced, to be able to evaluate the risks and merits of the investment represented by the Bonds. Please check the appropriate box below to indicate the type of accredited investor:

- a bank, registered broker, dealer or investment adviser (or investment adviser exempt from registration under Section 203(l) or (m) within the meaning of the Investment Advisers Act of 1940), insurance company, registered investment company, business development company, small business investment company; or rural business investment company;
- an employee benefit plan, within the meaning of the Employee Retirement Income Security Act of 1974, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the employee benefit plan has total assets in excess of \$5 million;
- an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, corporation, Massachusetts or similar business trust partnership, or limited liability company, not formed for the specific purpose of acquiring the Investor Bonds with assets exceeding \$5 million;

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Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

Very truly yours,

[Name], [Type of Entity]

By: _____
Name: _____
Title: _____
Date: _____

Or

[Name], an Individual

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

_____, 2024

To: Board of Supervisors
Lakes by the Bay South Community Development District
Miami-Dade County, Florida

Computershare Trust Company, National Association, as Trustee
St. Paul, Minnesota

We have served as bond counsel to our client Lakes by the Bay South Community Development District (the “District”) in connection with the issuance by the District of its \$_____ aggregate principal amount of Lakes by the Bay South Community Development District Special Assessment Refunding Bonds, Series 2024 (the “Bonds”), dated the date of this letter.

The Bonds are issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, as amended, and Resolution No. 2004-14 and Resolution No. 2024-03 adopted by the Board of Supervisors of the District on February 10, 2004 and April 23, 2024, respectively (collectively, the “Resolution”), and that certain Master Trust Indenture dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014, and as supplemented by a Fourth Supplemental Trust Indenture dated as of May 1, 2024 (collectively, the “Indenture”), each by and between the District and Computershare Trust Company, National Association, as trustee. Capitalized terms not otherwise defined in this letter are used as defined in the Indenture.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bonds of the first maturity, the Indenture, the Resolution and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds and the Indenture are valid and binding obligations of the District, enforceable in accordance with their respective terms.
2. The Bonds constitute special limited obligations of the District, and the principal of and interest on (collectively, “debt service”) the Bonds are payable from and secured solely by the Series 2024 Pledged Revenues. The payment of debt service on the Bonds is not secured by an obligation or pledge of any money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the District, the State of Florida or any of its political subdivisions.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and

is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are qualified tax-exempt obligations as defined in Section 265(b)(3) of the Code. The Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except for estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the District.

We express no opinion herein regarding the priority of the lien on Series 2024 Pledged Revenues or other funds and accounts created by the Indenture.

In rendering those opinions with respect to treatment of the interest on the Bonds and the status of the Bonds as qualified tax-exempt obligations under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the District. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance and may cause the Bonds not to be qualified tax-exempt obligations.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery, and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) dated _____, 2024 is executed and delivered by the Lakes by the Bay South Community Development District (the “Issuer” or the “District”) and Governmental Management Services - South Florida, LLC, Sunrise, Florida, as dissemination agent (together with its successors and assigns, the “Dissemination Agent”) in connection with the Issuer’s Special Assessment Refunding Bonds, Series 2024 (the “Bonds”). The Bonds are secured pursuant to that certain Master Trust Indenture dated as of March 1, 2012, as amended by an Amendment to Master Trust Indenture dated as of January 27, 2014 (collectively, the “Master Indenture”) and a Fourth Supplemental Trust Indenture dated as of May 1, 2024 (the “Fourth Supplemental Indenture” and, together with the Master Indenture, the “Indenture”), each entered into by and between the Issuer and Computershare Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States and having a designated corporate trust office initially in Minneapolis, Minnesota, as trustee (the “Trustee”). The Issuer 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 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 has no reason to believe that this Disclosure Agreement does not satisfy the requirements of the Rule and the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the 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 each Repository.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessments” shall mean the non-ad valorem special assessments levied on the District 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 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.

“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 7 hereof. Governmental Management Services - South Florida, LLC, Sunrise, Florida, has been designated as the initial Dissemination Agent hereunder.

“District Manager” shall mean Governmental Management Services - South Florida, LLC, Sunrise, Florida, 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 a format for any document provided to the MSRB (as hereinafter defined) which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b).

Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“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.

“Listed Events” shall mean any of the events listed in Section 5(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 (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the Issuer.

“Participating Underwriter” shall mean FMSbonds, Inc.

“Repository” shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC’s website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal. As used herein, “Repository” shall include the State Repository, if any.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same has and may be amended from time to time.

“SEC” means the Securities and Exchange Commission.

“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 no later than one hundred eighty (180) days after the close of the Issuer’s Fiscal Year (the “Annual Filing Date”), commencing with the Annual Report for the Fiscal Year ending September 30, 2024, with the initial Annual Filing Date being March 29, 2025. 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 initial Audited Financial Statements Filing Date shall be June 30, 2025. The Issuer shall, or shall cause the Dissemination Agent to, provide to the Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty (30) days after same becomes available, but in no event later than the Annual Filing Date or Audited Financial Statements Filing Date, if applicable. If the Issuer's Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on the fifteenth (15th) day prior to each Annual Filing Date or the Audited Financial Statements Filing Date, as applicable, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be via email) to remind the Issuer of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report or the Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the times required under this Disclosure Agreement, state the date by which the Annual Report or the Audited Financial Statements for such year, as applicable, will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 5(a)(xvii) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1st) Business Day following the Annual Filing Date for the Annual Report or the Audited Financial Statements by 12:00 noon on the first (1st) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 5(a)(xvii) shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Filing Date the name, address and filing requirements of the Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Issuer stating that the Annual Report or Audited Financial Statement has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided, and listing all Repositories with which it was filed.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

4. **Content of Annual Reports.**

(a) Each Annual Report shall contain or incorporate by reference 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 fiscal year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold with respect to the Assessments, 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. In addition, the Issuer shall provide any Bondholder with this information no more frequently than annually within thirty (30) days of the written request of the Bondholder.

(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 unless filed separately pursuant to Section 3(a).

(ix) To the extent available, the certified tax roll for the current Fiscal Year (certified in the prior Fiscal Year) that contains the folio numbers, the name of the owner of each folio, the Assessments to be levied in the then current Fiscal Year (both debt assessments and operation and maintenance assessments broken out separately), the assessed value associated with each folio, and the total assessed value for all of the land within the District.

(b) In the event of any amendment or waiver of a provision of this Disclosure Agreement, a description of such amendment or waiver shall be included in the next Annual Report, and in each case 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, or 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 5(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.

(c) 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 memoranda and official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final limited offering memorandum or official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(d) The Issuer agrees to supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The Issuer acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the Issuer, Obligated Persons and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the Issuer, an Obligated Person or others as thereafter disseminated by the Dissemination Agent.

(e) 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. **Reporting of Listed Events.**

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following Listed Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on the Debt Service Reserve Fund reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of Bond holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer or any other 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 other 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 other 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 other Obligated Person);

(xiii) Consummation of a merger, consolidation, or acquisition involving the Issuer or any other Obligated Person or the sale of all or substantially all of the assets of the Issuer or any other 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;

(xv) The incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect Bond holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties; and

(xvii) Failure to provide any Annual Report or Audited Financial Statement as required under this Disclosure Agreement that contains, in all material respects, the

information required to be included therein under Section 4(a) 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 5(a)(xvii), which notice will be promptly given. 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) The Issuer shall, within six (6) Business Days of obtaining actual knowledge of the occurrence of any of the Listed Events, except events listed in clauses (a) (ii), (ix), (xi), (xiv), (xv) or (xvi) unless such Listed Events are determined by the Issuer to be material, notify the Dissemination Agent in writing of such event and direct the Dissemination Agent to report, within four (4) Business Days of receiving notice from the Issuer, the event pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with each Repository.

6. **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.

7. **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. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent hereunder. The initial Dissemination Agent shall be Governmental Management Services - South Florida, LLC, Sunrise, Florida. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of Governmental Management Services - South Florida, LLC may terminate its role as Dissemination Agent at any time upon delivery of thirty (30) days prior written notice to the District and each other Obligated Person.

8. **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.

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, or 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 5(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.

9. **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.

10. **Default.** In the event of a failure of the Issuer, the Disclosure Representative, any Obligated Person or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee shall, at the request of any Participating Underwriter or the Beneficial Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, 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, any Obligated Person or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any Obligated Person, the Disclosure Representative or Dissemination Agent 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, any Obligated Person, or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

11. **Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. The District, each other Obligated Person and the Disclosure Representative covenant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination

Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District 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, other Obligated Person(s), the Disclosure Representative and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District, any Obligated Person or the Disclosure Representative as thereafter disseminated by the Dissemination Agent. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA compliant format and shall include the applicable CUSIP number(s) for the Bonds set forth in Exhibit A hereto, to which any such filing relates.

12. **Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Trustee, the Participating Underwriter and the Owners of the Bonds (the Participating Underwriter and Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), and shall create no rights in any other person or entity.

13. **Tax 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 such party with a certified copy of its most recent tax roll provided to the Miami-Dade County Tax Collector and the Issuer's most recent adopted budget.

14. **Governing Law.** The laws of the State of Florida and Federal law shall govern this Disclosure Agreement and venue shall be any state or federal court having jurisdiction in Miami-Dade County, Florida.

15. **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.

16. **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 in the possession of or readily available to the Trustee which the Dissemination Agent requests in writing.

17. **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.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

LAKES BY THE BAY SOUTH
COMMUNITY DEVELOPMENT
DISTRICT, as Issuer

[SEAL]

By: _____
Name: Michele Harris
Title: Chairperson, Board of Supervisors

ATTEST:

By: _____
Name: _____
Title: Secretary/Assistant Secretary
Board of Supervisors

GOVERNMENTAL MANAGEMENT
SERVICES - SOUTH FLORIDA, LLC,
as Dissemination Agent

By: _____
Name: _____
Title: _____

CONSENTED TO AND AGREED TO BY:

DISTRICT MANAGER

GOVERNMENTAL MANAGEMENT
SERVICES - SOUTH FLORIDA, LLC,
as District Manager

By: _____
Name: _____
Title: _____

Acknowledged and agreed to for purposes of
Sections 10, 12 and 16 only:

COMPUTERSHARE TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Name: _____
Title: Vice President

EXHIBIT A

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE [ANNUAL REPORT]
[AUDITED FINANCIAL STATEMENTS]**

Name of Issuer: Lakes by the Bay South Community Development District
Name of Bond Issue: \$ _____ original aggregate principal amount of Special
Assessment Refunding Bonds, Series 2024
Obligated Person(s): Lakes by the Bay South Community Development District
Original Date of Issuance: _____, 2024
CUSIP Numbers: 51206Q

NOTICE IS HEREBY GIVEN that the Issuer has not provided an [Annual Report] [Audited Financial Statements] with respect to the above-named Bonds as required by [Section 3] of the Continuing Disclosure Agreement dated _____, 2024 by and between the Issuer and the Dissemination Agent named therein. The Issuer has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] will be filed by _____, 20____.

Dated: _____

_____, as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Issuer
Trustee

APPENDIX D

ASSESSMENT METHODOLOGY

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**FINAL
AMENDED AND RESTATED
ASSESSMENT
METHODOLOGY
REPORT
for the
SERIES 2004 BONDS**

June 23, 2004

Prepared for:

**Board of Supervisors of the
Lakes by the Bay South Community Development District**

Prepared by:

**Severn Trent Services, Inc.
1727 James Ferry Road
Kingston, Tennessee 37763
865-717-0303
RhondaA@fladistricts.com**

**FINAL AMENDED AND RESTATED
ASSESSMENT METHODOLOGY REPORT
FOR THE
SERIES 2004 BONDS
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT**

June 23, 2004

1.0 Introduction

1.1 Purpose

This acts as the final amendment and restatement of the methodology for allocating the debt incurred by the Lakes by the Bay South Community Development District (the "District") to provide infrastructure improvements to properties within the District approved by the Board of Supervisors dated March 17, 2004. It is the District's debt-funded infrastructure improvements that will allow the development of property in the District. By making development of property within the District possible, the District confers benefits to these properties. The methodology described herein allocates the District's debt to properties based upon the benefits each receives from the infrastructure program.

Specifically, this report considers the following infrastructure programs as they are detailed in the District Engineer's Report dated February 10, 2004, as amended (the "Engineer's Report"):

- General Infrastructure program
- Parcel Specific Infrastructure programs for the parcels known as Parcels A, C, D, E, F, G, H, I, J and K. (As identified in the Engineer's Report.)

These groups of infrastructure programs may be financed with short-term bonds (term of seven years or less) and/or long-term bonds (30 years). The District will issue short-term bonds concurrently with the long-term bonds that are delineated later in this Assessment Methodology for the Series 2004 Bonds. This Final Amended and Restated Assessment Methodology for the Series 2004 Bonds outlines the complete financing

scenario for the Series 2004 Bonds and the subsequent assessments. The issuance of the total proposed bonds may be in more than one series to coincide with phases of construction.

This report is designed to conform to the requirements of Chapters 170, 190, and 197, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject.

1.2 Requirements of a Valid Assessment Methodology

Valid special assessments under Florida law have two requirements. First, the properties assessed must receive a special benefit from the improvements financed through special assessment bonds. Second, the assessments must be fairly and reasonably allocated to the properties being assessed.

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, such as the District's Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that the mathematical perfection of calculated special benefit is probably impossible. Only if the Board were to act in an arbitrary, capricious, or grossly unfair fashion would its assessment methods be overturned.

1.3 Special Benefits and General Benefits

Improvements undertaken by the District create both: (1) special benefits to properties within its borders and (2) general benefits to properties outside the District. 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 programs of the District enable properties within its boundaries to be developed. Without the District's improvement programs there would be no infrastructure to support development of land in the District. Furthermore, the County-approved Land Use Plan for Isles at Bayshore (the "Project") requires many of these improvements. 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 District 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 programs 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 the Project, the value of the special benefits provided by the District's improvement programs is far greater than the costs associated with providing these same benefits. The District Engineer estimates that the District's capital improvement program that is necessary to support full development of property within the District will cost approximately \$54,992,833. In addition to the capital improvement program, the District has included the valuation of the land that will comprise the Lake Tracts and Mitigation areas as an added benefit to the property, based upon an independent appraisal of the same. The appraisal indicates the total value of the lakes and wetland mitigation tracts to equal \$24,199,917 (239.95 acres at \$100,854 per acre). A portion of the improvements will be dedicated to the District. The balance of the improvements to be acquired or constructed by the District currently total approximately \$26,831,179 and include all of the General Infrastructure Costs (See Table 8.) As the District's Methodology Consultant, we project that the financing will require the par amount of debt to be \$30,470,000, as shown in Table 3 of this report. Additional Parcel-Specific Infrastructure may be added to the future financing programs upon request of the then current landowners.

2.0 Assessment Methodology

2.1 Land Use Program

The current development program for the Project is comprised of a planned residential community. Table 1 (appendix) summarizes the maximum proposed residential development program (in terms of units) for the entire District. This unit mix may change in the future based on marketing and other factors.

2.2 Infrastructure Costs

The District's Engineer has estimated the costs of construction of the infrastructure improvement plan for:

- A. General infrastructure improvements (Which include internal roadways, earthwork costs, wetland mitigation and offsite improvements)
- B. Parcel Specific infrastructure improvements.

The costs are summarized in Table 2.

2.3 Bond Size Requirement for the Series 2004 Bonds

The District has approved financing of the equalized General Infrastructure Construction Costs whose total costs are estimated at approximately \$38,613,267 (refer to Table 8). Based on this cost estimate, the District's Methodology Consultant (with assistance from the District's Underwriter) estimates that the District will need to issue approximately \$43,224,582 in bonds to provide an acquisition fund sufficient to pay for the infrastructure, to fund reserves, capitalized interest and issuance costs. The District is financing a portion of the costs of General Infrastructure improvements with Series 2004A bonds in the par amount of \$19,135,000 that will amortize over a period of not to exceed 30 years, with an annual interest rate of 6.10% and 6.25% as follows:

<u>Bond Component</u>	<u>Par Value</u>	<u>Coupon Rate</u>
2023 Term Bond (Series A)	\$ 7,955,000	6.100%
2034 Term Bond (Series A)	\$11,180,000	6.250%

The balance of the General Infrastructure Improvements will be financed with Series 2004B Bonds in the par amount of \$11,335,000 that will amortize interest only until the date of maturity (approximately 5 years) at a coupon interest rate of 5.300%. The Series 2004 Bonds will initially be secured by a lien on the gross acres within Parcel 30-6016-000-0020. Upon the platting of this parcel, the Series 2004A and Series 2004B debt will be secured by the platted parcels as indicated in Table 8 of this Report. Specifically, the Series 2004A Bonds will be secured by the lands within all the platted parcels of the District while the Series 2004B Bonds will be secured only by the platted property within parcels D, E, F and G.

The proceeds of the Series 2004 bond issue will fund the District's acquisition or construction of the Infrastructure programs as described in the engineers report, and provide for a debt service reserve, capitalized interest, and issuance costs. Table 3 provides an estimate for the Series 2004 Bonds necessary to fund these costs.

The components of the total par amount are comprised of the following accounts. The debt service reserve account is set initially based on the Reserve Fund Requirement as defined in the Master Trust Indenture. The capitalized interest account has been added to fund the interest payments through the end of the capitalized interest period (11/1/2004). It is anticipated that these payments will come due prior to the receipt of

revenues from levied assessments. The underwriter's discount compensates the underwriter for marketing and selling the District's bonds including the risks inherent in underwriting unsold balances. Finally, the cost of issuance pays for the trustee, financial advisor, District counsel, bond counsel, and other costs associated with issuing the bonds.

2.4 Allocation of Benefit

All net residential lands within the District will benefit on an equal acreage basis from the District's General Infrastructure improvements. This is consistent with the General Infrastructure improvements described in the Engineer's Report.

The District's engineer has stated that the Parcel Specific Infrastructure will benefit only the acreage in the parcels for which the infrastructure was provided. Therefore, the Parcel A infrastructure program only benefits the acreage of Parcel A. This condition is replicated for all the parcel-specific infrastructure improvements. This benefit is initially allocated on an equal acreage basis. As the anticipated units of the parcels are developed, benefit will be allocated on a unit basis based on the benefit received.

2.5 Allocation of Debt – General Infrastructure

Again, as long as two basic principles are adhered to, Florida law allows the District Board great latitude in determining the appropriate methodology to allocate the costs of its improvement programs to benefiting properties in the District. Again, the two principals are: (1) the properties being assessed must receive a special benefit from the improvement program and (2) the assessments allocated to each property must be fairly and reasonably apportioned among the benefiting properties. In allocating special assessment costs to benefiting property Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units, dwelling units, acreage, and value.

The General Infrastructure program will benefit all net residential acreage (and eventually units) within the District. The District's engineer has determined that all of the planned units within the CDD will benefit equally from the General Infrastructure contemplated. This is the case notwithstanding that the units differ in size and type. Therefore, this methodology has allocated General Infrastructure assessments on an equal unit basis. Table 4 reflects the per unit assessments required to amortize the General Infrastructure portion of the Series 2004 Bonds based upon the planned build out schedule.

The numerical examples provided are based upon the current land use plans. In the event that the actual units built are greater than the number currently planned, the District will adjust the assessments downward proportionately for all units. This adjustment in the assessments will take effect prospectively. Prior year's assessments will not be affected.

In the event that the actual units built are less than the number currently planned, the District will require a debt reduction payment as outlined in Sections 2.7 of this report.

Certain lands that benefit from the General Infrastructure Program have been either sold or are currently under contract for sale by the Developer, Lennar Homes. These include homes under contract for sale by the Developer to individual homeowners in Parcels A, C and K, and Parcels J and I, which have been sold to an affiliate of Pride Homes Holdings, LLC. Parcel H is currently pending contract negotiations with an affiliate of Pride Homes Holdings, LLC. Therefore the District does not contemplate financing the Parcel-Specific improvements in these parcels. The construction costs for the General Infrastructure associated with the Series 2004 Bonds will be, however, assessed to these parcels based upon this Assessment Methodology. Pursuant to the County Ordinance creating the CDD, the permanent assessments (to be transferred to the end user) to be levied on all properties within the CDD will not exceed \$80 per unit per month, assuming annual payment is made in November, taking advantage of the 4% discount permitted by Florida Statutes for early payment.

2.6 Allocation of Debt – Parcel-Specific Infrastructure

Although the District has determined not to initially issue Parcel-Specific Debt, it reserves the right to do that at a later date. In the event the District does issue Parcel Specific Debt, the District's engineer has stated that the Parcel-Specific Infrastructure will benefit the specific parcels in which the infrastructure is located. Assuming that each unit within a given parcel will benefit equally from the infrastructure considered, based on the planned development and designated product type of that parcel, the assessments for Parcel Specific Infrastructure will be allocated on an equal acre/unit basis for each of parcels A through K. Table 5 reflects this allocation on a per parcel and per unit basis based on the planned build-out of each parcel.

The numerical examples provided are based upon the current land use plans. In the event that the actual units built are greater than the number currently planned, the District will adjust the assessments downward proportionately for all units. This adjustment in the assessments will take effect prospectively. Prior year's assessments will not be affected.

In the event that the actual units built, within a particular subdivision, are less than the number currently planned, the District will require a debt reduction payment as outlined in Section 2.8 of this Methodology.

Certain lands that benefit from the Parcel-Specific Infrastructure Program are under contract for sale by Lennar Homes. These include lots in Parcels A, C, K which are under contract by individual purchasers, and Parcels J and I which have been sold to an affiliate of Pride Homes Holdings, LLC. Parcel H is currently pending contract negotiations with an affiliate of Pride Homes Holdings, LLC. The current plan is for the construction costs for the Parcel-Specific Infrastructure not be financed by the District.

2.7 True Up Mechanism – General Infrastructure

The District's engineer has stated that the District contains 263.95 developable residential acres (the "gross residential acres"). However, it is anticipated that a certain amount of acreage associated with the lakes, roadways, and common areas will be purchased or otherwise conveyed to the District and will not be subject to long-term special assessments. These conveyances are anticipated within one year of the adoption of this document. After these conveyances, the District's engineer anticipates that there will be 224.36 net residential acres remaining. Therefore, for the purposes of the General Infrastructure true up test, the par debt of approximately \$30,470,000 will initially be allocated to the 452.6 Gross Acres within Parcel 30-6016-000-0020, will subsequently be allocated solely on the 224.36 net residential acres at an average rate of \$135,809 per acre and will eventually be allocated to each of the platted lots within each planned parcel as indicated in Table 8 in the Appendix.

Although the District does not distribute new tax identification numbers when the development is subdivided, it does have an important role to play during the course of property development, subdivision, and ownership transfer. Whenever a new tax identification number is created when parcels or lots are transferred, the District must allocate a portion of its debt to the newly transferred property (lot or parcel) according to the methodology outlined above. In addition, the District must also prevent any buildup of debt on land not yet subdivided into lots. Otherwise, the land could be fully subdivided into lots without all of the debt being allocated.

To preclude this, a test will be conducted at 75%, 90%, and 100% of build out of the planned residential units or 75%, 90%, and 100% of the sale or transfer of net residential acres, whichever comes first. Therefore, at the

time that 1743 individual residential lots have been platted (representing 75% of the maximum 2324 residential lots planned) or 168.27 acres of net residential land has been conveyed (representing 75% of the total 224.36 net residential acres), whichever comes first, the District will perform the test described below.

Whenever property is platted or transferred to new ownership, the District will assign a portion of the debt to it based upon the methodology outlined above. In addition, the District will calculate the net residential debt per remaining acre of land. If at the time of the three tests this calculation results in a debt per remaining net residential acre of \$135,809 or less (the initial amount), then no further action need be taken. However, if the result is a number higher than the initial amount, the developer (or sub-developer, as applicable) must make a debt reduction payment sufficient to bring the net residential debt per remaining acre down to the initial amount.

Table 6 displays the timing for these three (3) tests. For example, the 90% test occurs when the development plats the earlier of its 2092nd development unit or 201.92nd net residential acre. At the time of the tests, the District will determine the debt per net residential acre that remains on the remaining unplatted or non-transferred land. As long as the debt on the remaining land does not increase above its initial level of \$135,809 per acre, then no further action is necessary. In the event that the actual units built are greater than the number currently planned, the District will adjust the assessments downward proportionately for all units. This adjustment in the assessments will take effect prospectively. Prior year's assessments will not be affected.

If the prime developer/landowner has conveyed one or more parcels to one or more sub-developers, a true-up will be performed for each parcel so conveyed and the true-up formula for the prime developer/landowner will be adjusted to reflect the maximum units and net residential acreage not conveyed to sub-developers.

Thus, the debt allocation methodology is really a process by which the District can allocate debt to particular units or parcels of land at the time of ownership transfer. The procedure also assures that the debt will not build up on the properties not transferred, thereby avoiding potential assessment problems in the future. As a result, the assessment levels cannot be fixed and determined until all of the units or parcels have been transferred to their final, non-developer owners.

For the purpose of this methodology, the prime developer/landowner has the option of transferring ownership of lots (whether platted or not) or transferring ownership of parcels with an assigned number of dwelling

units not yet allocated to lots. If the prime developer/landowner transfers ownership on a per lot basis (i.e. individual tax folio per lot), the par amount of assessment assigned to each lot will be the Par Debt per Unit as designated in Table 4 of this report for each unit transferred.

If the prime developer/landowner transfers ownership of non-subdivided parcels, each parcel will be allocated the par amount of assessment equal to the number of dwellings units assigned to the parcel times the Par Debt per Unit described in Table 4. As such parcels are ultimately subdivided (therefore determining the actual number of lots), each lot will be allocated the Par Debt per Unit as designated in Table 4. True-ups will be performed at the same intervals and manner as described herein, except using the Total Debt per Net Residential Acre assigned to that parcel, and the total number of dwelling units assigned to that parcel and the owner thereof being required to make the debt reduction payment, if necessary.

2.8 True Up Mechanism – Parcel Specific Infrastructure

The true up mechanism for the Parcel Specific Infrastructure works similar to the true up designed for General Infrastructure. The true ups for Parcels A thru K will be based on the conveyance of land or platting of lots that trigger the thresholds of 75%, 90%, and 100% for each parcel (independently). At these trigger points the District will test the remaining Total Debt per Net Residential Acre. If, at the time of the test for each parcel, the Total Debt per Net Residential Acre is higher than the levels designated in Table 9 (the initial levels), then a true up payment will need to be made such that the remaining Total Debt per Net Residential Acre is equal to the levels represented in Table 9.

If the prime developer/landowner transfers ownership of non-subdivided parcels, each parcel will be allocated the par amount of assessment equal to the number of dwellings units assigned to the parcel times the Par Debt per Unit described in Table 9. As such parcels are ultimately subdivided, each lot will be allocated the Par Debt per Unit as designated in Table 9. True-ups will be performed at the same intervals and manner as described herein, except using the Total Net Residential Debt per Acre assigned to that parcel, and the total number of dwelling units assigned to that parcel and the owner (sub-developer) thereof being required to make the debt reduction payment, if necessary.

3.0 Preliminary Tax Rolls

3.1 General Infrastructure Tax Roll

As described above, the debt associated with the District's General Infrastructure improvement program will be initially distributed on an equal acreage basis across the gross residential acreage within the District (263.95 acres). As lots are transferred and tax identification numbers are assigned, these lots will be assessed debt on a dwelling unit basis in a manner consistent with the assessments represented in Table 5. This table shows the maximum par debt by parcel and per unit.

The following legal description outlines the boundary of the District's 516.54 acres. This land consists of 263.95 gross residential acres. These lands are located within Tax Folio No. 30-6016-000-0020. Current County Property Appraiser's Office records show that the landowner is Lennar Homes, Inc., 730 NW 107 Ave, 4th Floor, Miami, Florida 33172. [This is being updated to reflect the actual owner as Lennar Land Partners.] In addition, Lennar has advised us that an affiliate of Pride Homes Holdings, LLC owns Parcel J as of November 2003 and Parcel I as of May 2004. Therefore, the District's par debt allocation of \$30,470,000 for General Infrastructure will initially be assessed on an equal acre basis against the 452.6 gross developable acres in Tax Folio No. 30-6016-000-0020. As this parcel becomes platted, the General Infrastructure debt will be reallocated to the 263.95 gross residential acres within the parcel and ultimately reallocated to the platted net residential acres/units/lots in accordance with this Assessment Methodology.

These assessments are being made with the understanding that (i) special assessments will not be imposed on acres or portions thereof conveyed to the District or other governmental agencies; and (ii) upon any conveyance of land to the District or other governmental agencies, the remaining assessments will be automatically reallocated on an equal acre basis or units against the remaining net residential acres or units within the District.

3.2 Parcel Specific Tax Roll

The boundaries of parcels A through K are located within Tax Folio No. 30-6016-000-0020. As indicated in Section 2.3, the Series 2004A Bonds will be secured by the lands within all the platted parcels of the District while the Series 2004B Bonds will be secured only by the platted property within parcels D, E, F and G. Current County Property Appraiser's Office records show that the landowners are Lennar Homes, Inc., 730 NW 107 Ave, 4th Floor, Miami, Florida 33172. [This is being updated to reflect the actual owner as Lennar Land Partners.] Lennar has advised us that an

affiliate of Pride Homes Holdings, LLC owns Parcel J as of November 2003 and Parcel I as of May 2004.

The approximate Series 2004 Par Debt Allocation is defined in Table 8. These assessments are being made with the understanding that (i) special assessments will not be imposed on acres or portions thereof conveyed to the District or to other governmental agencies; and (ii) upon any conveyance of land to the District or other governmental agencies, the remaining assessments will be automatically reallocated on an equal acre basis or units against the remaining net residential acres or units within that parcel.

**TABLE 1
LAKES BY THE BAY SOUTH CDD
DEVELOPMENT PROGRAM
SERIES 2004 BONDS**

Planned Development Program

<u>Parcel</u>	<u>Unit Type</u>	<u>Planned Dwelling Units*</u>	<u>Planned Net Residential Acres*</u>
A	Single Family 66'	97	22.82
C	Townhomes	265	20.29
D	Single Family 50'	204	35.25
E	Condos	417	27.67
F	Condos	335	22.46
G	Townhomes/Villas	274	21.1
H	Single Family 45'	108	18.03
I	Condos	302	20.15
J	Townhomes	224	19.52
K	Single Family 50'	<u>98</u>	<u>17.07</u>
	Total Residential Units	2324	224.36

* Unit mix and acreage are subject to change based on marketing and other factors.

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**TABLE 2
LAKES BY THE BAY SOUTH CDD
INFRASTRUCTURE COST ESTIMATES IN \$s**

	Estimated Infrastructure Costs	Fees, Engineering & Surveying & Contingency at 25%	Total Estimated Construction Costs
DIRECT (SITE-SPECIFIC) IMPROVEMENTS:			
Parcel Specific Infrastructure - A	\$ 896,277	\$ 224,069	\$ 1,120,346
Parcel Specific Infrastructure - C	\$ 1,353,483	\$ 338,371	\$ 1,691,853
Parcel Specific Infrastructure - D	\$ 1,641,312	\$ 410,328	\$ 2,051,640
Parcel Specific Infrastructure - E	\$ 2,002,981	\$ 500,745	\$ 2,503,726
Parcel Specific Infrastructure - F	\$ 1,328,617	\$ 332,154	\$ 1,660,771
Parcel Specific Infrastructure - G	\$ 1,390,729	\$ 347,682	\$ 1,738,411
Parcel Specific Infrastructure - H	\$ 997,084	\$ 249,271	\$ 1,246,355
Parcel Specific Infrastructure - I	\$ 1,540,391	\$ 385,098	\$ 1,925,488
Parcel Specific Infrastructure - J	\$ 1,192,269	\$ 298,067	\$ 1,490,337
Parcel Specific Infrastructure - K	\$ 760,510	\$ 190,128	\$ 950,638
Total Subdivision Infrastructure	\$ 13,103,653	\$ 3,275,913	\$ 16,379,566
GENERAL INFRASTRUCTURE COSTS			
PROJECT-WIDE IMPROVEMENTS:			
Loop Road Phase 1 West	\$ 899,819	\$ 224,955	\$ 1,124,774
Loop Road Phase 1 East	\$ 802,926	\$ 200,732	\$ 1,003,658
Loop Road Phase 2 South	\$ 1,691,994	\$ 422,998	\$ 2,114,992
Earthwork	\$ 24,042,499	\$ 6,010,625	\$ 30,053,123
Wetland Mitigation	\$ 1,533,087	\$ 383,272	\$ 1,916,358
Total Project-wide Improvements:	\$ 28,970,325	\$ 7,242,581	\$ 36,212,906
OFF-SITE ROADWAY IMPROVEMENTS:			
SW 216th Street - E. of SW 87th Avenue	\$ 104,569	\$ 26,142	\$ 130,711
SW 97th Avenue	\$ 328,468	\$ 82,117	\$ 410,585
SW 212th Street East of 97th Avenue	\$ 487,111	\$ 121,778	\$ 608,888
SW 97th Avenue South of 212th Street	\$ 96,898	\$ 24,225	\$ 121,123
SW 216th Street	\$ 696,380	\$ 174,095	\$ 870,476
SW 216th Street & 97th Avenue	\$ 206,863	\$ 51,716	\$ 258,579
Total Off-site Improvements	\$ 1,920,289	\$ 480,072	\$ 2,400,361
Total General Infrastructure Costs	\$ 30,890,614	\$ 7,722,653	\$ 38,613,267
Total Estimated Construction Costs*	\$ 43,994,266	\$ 10,998,567	\$ 54,992,833
Land Acquisition (Lake Tracts & Mitigation)	\$ 24,199,917		\$ 24,199,917
Total Est. Const. Costs + Land Acq.	\$ 68,194,184	\$ 10,998,567	\$ 79,192,750

*Benefit will not exceed the amount equalized at the public hearing on March 17, 2004 of \$54,992,833, even though estimated total costs have subsequently increased to

\$79,192,750

**TABLE 3
LAKES BY THE BAY SOUTH CDD
FINANCING ESTIMATES
SERIES 2004 BONDS**

	Total Bond		
	Sizing	Series 2004A	Series 2004B
Construction/Acquisition Requirements	\$ 26,831,179	\$ 16,829,949	\$ 10,001,230
Cost of Issuance	\$ 170,000	\$ 160,000	\$ 10,000
Underwriter's Discount	\$ 380,663	\$ 267,313	\$ 113,350
Capitalized Interest (to 11/1/04)	\$ 599,878	\$ 397,957	\$ 201,920
Debt Service Reserve	\$ 2,379,799	\$ 1,408,025	\$ 971,774
Original Issue Discount	\$ 108,482	\$ 71,756	\$ 36,725
Total Par Debt	\$ 30,470,000	\$ 19,135,000	\$ 11,335,000
Maximum Par Amount of Bonds Validated	\$ 60,000,000		
Estimated Financing Costs	\$ 3,638,821		
Estimated % of Total Proceeds	11.94%		

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Total Net Residential Acres	224.36
Total Series 2004 Debt	\$ 30,470,000
Initial Debt Per Net Residential Acre	\$ 135,809

**TABLE 4
LAKES BY THE BAY SOUTH CDD
INFRASTRUCTURE
EQUALIZED BENEFIT ALLOCATION
TO ULTIMATE LAND USES**

Land Use	Parcel	Units *	General Infrastructure Benefit Allocation	General Infrastructure Benefit/Unit	Parcel-Specific Infrastructure Allocation	Parcel-Specific Infrastructure Benefit/Unit	Total Equalized Benefit Per Unit
Single Family 66'	A	97	\$1,611,655	\$16,615	\$ 1,120,346	\$11,550	\$28,165
Townhomes	C	265	\$4,402,976	\$16,615	\$ 1,691,853	\$6,384	\$22,999
Single Family 50'	D	204	\$3,389,461	\$16,615	\$ 2,051,640	\$10,057	\$26,672
Condos	E	417	\$6,928,456	\$16,615	\$ 2,503,726	\$6,004	\$22,619
Condos	F	335	\$5,566,026	\$16,615	\$ 1,660,771	\$4,958	\$21,573
Townhomes/Villas	G	274	\$4,552,511	\$16,615	\$ 1,738,411	\$6,345	\$22,960
Single Family 45'	H	108	\$1,794,420	\$16,615	\$ 1,246,355	\$11,540	\$28,155
Condos	I	302	\$5,017,731	\$16,615	\$ 1,925,488	\$6,376	\$22,991
Townhomes	J	224	\$3,721,761	\$16,615	\$ 1,490,337	\$6,653	\$23,268
Single Family 50'	K	98	\$1,628,270	\$16,615	\$ 950,638	\$9,700	\$26,315
Total Residential Units		2324	\$38,613,267		\$ 16,379,566		
	Net Residential Acres		General Infrastructure Benefit/Acre				
	224.36		\$172,104				

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* Unit mix is subject to change based on marketing and other factors.

(preliminary, subject to change)

**TABLE 5
LAKES BY THE BAY SOUTH CDD
INFRASTRUCTURE
DEBT ALLOCATION
TO ULTIMATE LAND USES
SERIES 2004 BONDS**

Land Use	Parcel	Dwelling Units*	Total Costs Benefit Per Parcel	Total Equalized Benefit Per Parcel (1)	Total Equalized Costs Benefit/Unit	Maximum Par Debt By Parcel	Maximum Par Debt/Unit
Single Family 66' Townhomes	A	97	\$ 3,742,066	\$2,732,001	\$28,165	\$2,980,753	\$30,729
Single Family 50' Condos	C	265	\$ 8,854,286	\$6,094,829	\$22,999	\$6,649,771	\$25,093
Single Family 50' Condos	D	204	\$ 7,565,362	\$5,441,101	\$26,672	\$5,936,520	\$29,101
Condos	E	417	\$ 13,774,422	\$9,432,183	\$22,619	\$10,290,995	\$24,679
Condos	F	335	\$ 10,715,167	\$7,226,797	\$21,573	\$7,884,806	\$23,537
Townhomes/Villas	G	274	\$ 9,144,097	\$6,290,922	\$22,960	\$6,863,719	\$25,050
Single Family 45' Condos	H	108	\$ 4,165,384	\$3,040,775	\$28,155	\$3,317,642	\$30,719
Condos	I	302	\$ 10,087,959	\$6,943,219	\$22,991	\$7,575,408	\$25,084
Townhomes	J	224	\$ 7,544,620	\$5,212,097	\$23,268	\$5,686,666	\$25,387
Single Family 50'	K	98	\$ 3,599,387	\$2,578,908	\$26,315	\$2,813,721	\$28,711
Totals		2,324	\$ 79,192,750	\$54,992,833		\$60,000,000	

(1) Amount Equalized and Approved by Board at Final Assessment Hearing on 3/17/04.

* Unit mix is subject to change based on marketing and other factors.

**TABLE 6
TRUE-UP TESTS
UNITS & ACRES
SERIES 2004 BONDS**

Development Stage	0%	75%	90%	100%
Net Residential Acres Undeveloped	224.36	56.09	22.44	0
Acreage Developed	0	168.27	201.92	224.36
Total debt per Developable Acre	\$135,809	\$135,809	\$135,809	\$135,809
Total Dwelling Units Undeveloped	2324	581	232	0
Total Dwelling Units Developed	0	1743	2092	2324
Series 2004 Par Amount of Debt	\$ 30,470,000			
Net Residential Acres	224.36			
Total Par per Net Residential Acre	135,809			

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**TABLE 7
LAKES BY THE BAY SOUTH CDD
FINAL ASSESSMENT ROLL
SERIES 2004 BONDS**

Parcel Number (+)	Gross Acres	Series 2004A Debt	Series 2004B Debt	Total Series 2004 Debt	Maximum Annual Assessment by Parcel	Maximum Annual Assessment Per Developable Acre
30-6016-000-0020	452.6	\$ 19,135,000	\$ 11,335,000	\$ 30,470,000	\$ 2,008,780	\$4,438.31
30-6017-000-0100*	1.654					
30-6017-000-0090*	32.52					
30-6017-000-0080*	28.063					
Totals	514.837	\$ 19,135,000	\$ 11,335,000	\$ 30,470,000	\$ 2,008,780	\$4,438.31

(Acreage from Miami-Dade County Property Appraiser's Records. To be reconciled with actual legal description of boundaries of CDD)

* Parcels representing mitigation areas in the process of being transferred to SFWMD (undevelopable property and therefore not assessed).

Total Acres in CDD 516.54

Bond Terms:	<u>Series 2004A</u>	<u>Series 2004B</u>	<u>Total Debt</u>
Annual Assessment Periods	30	5	
Bond Coupon Rate (%)		5.30%	
2023 Term Bond (Series A)	6.10%		
2034 Term Bond (Series A)	6.25%		
Total Par Amount	\$ 19,135,000	\$ 11,335,000	\$ 30,470,000
Maximum Annual Debt Service (3)	\$ 1,408,025.00	\$ 600,755.00	\$ 2,008,780.00

(+) All property, excluding Parcels I and J (approximately 39.67 acres) is owned by Lennar Land Partners.

Parcels I and J are owned by an affiliate of Pride Homes Holdings, LLC as a result of recent land closings with Lennar Land Partners.

(1) Assessments will be levied initially against gross acres in the main tax parcel and later reallocated to Net Developable Acres.

(2) Annual Assessments shown will be grossed-up 6% for discounts and collections.

(3) Series 2004B Maximum Annual Debt Services excludes balloon payment for principal due on 11/1/2009 of \$11,335,000.

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**TABLE 8
LAKES BY THE BAY SOUTH CDD
ALLOCATION OF CONSTRUCTION PROCEEDS
SERIES 2004 BONDS**

Land Use	Parcel	Units *	General Infrastructure Construction Costs (Equalized)	Add Financing Costs at 11.94%	Total Construction Costs Including Financing	Allocation of 2004A Par Debt	Allocation of 2004B Par Debt
Single Family 66'	A	97	\$ 1,611,655	\$ 192,469	\$ 1,804,124	\$ 751,714	
Townhomes	C	265	\$ 4,402,976	\$ 525,817	\$ 4,928,793	\$ 2,053,651	
Single Family 50'	D	204	\$ 3,389,461	\$ 404,780	\$ 3,794,240	\$ 1,715,302	\$ 1,919,705
Condos	E	417	\$ 6,928,456	\$ 827,418	\$ 7,755,874	\$ 3,506,279	\$ 3,924,103
Condos	F	335	\$ 5,566,026	\$ 664,712	\$ 6,230,738	\$ 2,959,582	\$ 3,020,606
Townhomes/Villas	G	274	\$ 4,552,511	\$ 543,675	\$ 5,096,186	\$ 2,420,673	\$ 2,470,586
Single Family 45'	H	108	\$ 1,794,420	\$ 214,295	\$ 2,008,716	\$ 908,101	
Condos	I	302	\$ 5,017,731	\$ 599,233	\$ 5,616,964	\$ 2,539,320	
Townhomes	J	224	\$ 3,721,761	\$ 444,464	\$ 4,166,225	\$ 1,735,916	
Single Family 50'	K	98	\$ 1,628,270	\$ 194,453	\$ 1,822,723	\$ 759,463	
Total Residential Units		2324	\$ 38,613,267	\$ 7,722,653	\$ 43,224,582	\$ 19,135,000	\$ 11,335,000

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The final bond sizing and allocation assumes the District will construct or acquire all the general infrastructure improvements and land from 2 sources of funds, either Bond Proceeds or Developer Funding, based on Developer Funding Agreement. All Parcel-Specific improvements will be Developer constructed and funded by the Developer and will be contributed to the District by the Developer.

* Unit mix is subject to change based on marketing and other factors.

**TABLE 9
ALLOCATION OF PERMANENT DEBT
CALCULATION OF MAX ANNUAL ASSMTS
SERIES 2004A BONDS
SERIES 2004B PAYDOWNS**

Land Use	Parcel	Units *	Allocation of 2004A Debt by Parcel (Total Par Amount)	Series 2004A Debt Per Unit	Series 2004A Max. Annl. Assmt./Un. (1)	Series 2004B Debt by Parcel	Series 2004 B Debt Per Unit
Single Family 66'	A	97	\$ 751,714	\$7,750	\$600	\$ -	\$ -
Townhomes	C	265	\$ 2,053,651	\$7,750	\$600	\$ -	\$ -
Single Family 50'	D	204	\$ 1,715,302	\$8,408	\$651	\$ 1,919,705	\$ 9,410.32
Condos	E	417	\$ 3,506,279	\$8,408	\$651	\$ 3,924,103	\$ 9,410.32
Condos	F	335	\$ 2,959,582	\$8,835	\$684	\$ 3,020,606	\$ 9,016.74
Townhomes/Villas	G	274	\$ 2,420,673	\$8,835	\$684	\$ 2,470,586	\$ 9,016.74
Single Family 45'	H	108	\$ 908,101	\$8,408	\$651	\$ -	\$ -
Condos	I	302	\$ 2,539,320	\$8,408	\$651	\$ -	\$ -
Townhomes	J	224	\$ 1,735,916	\$7,750	\$600	\$ -	\$ -
Single Family 50'	K	98	\$ 759,463	\$7,750	\$600	\$ -	\$ -
Total Residential Units		2324	\$ 19,350,000	\$82,301		\$ 11,335,000	

* Unit mix is subject to change based on marketing and other factors.

(1) Includes gross-up of 6% for Discounts and Collections.

Bond Assumptions:	
Coupon Rate	
2023 Term Bond (Series A)	6.10%
2034 Term Bond (Series A)	6.25%
Number Periods (Years)	30

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**TABLE 10
LAKES BY THE BAY SOUTH CDD
PERMANENT ASSESSMENTS BY PARCEL AND PHASE
SERIES 2004 A BONDS**

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Land Use	Parcel	Units *	Phase	Maximum Monthly Assmt Rates	Annual Assmts (2)	Total Annual Assmts	Net Applicable to Debt Repayment (1)	Allocation of Total 2004A Par Debt by Parcel	Total Par 2004A Debt Per Unit
Phase 1									
Single Family 66'	A	97	1	\$50.00	\$600	\$58,200	\$54,708	\$751,714	\$7,750
Townhomes	C	265	1	\$50.00	\$600	\$159,000	\$149,460	\$2,053,651	\$7,750
Townhomes	J	224	1	\$50.00	\$600	\$134,400	\$126,336	\$1,735,916	\$7,750
Single Family 50'	K	98	1	\$50.00	\$600	\$58,800	\$55,272	\$759,463	\$7,750
Phase 2									
Single Family 50'	D	204	2	\$54.25	\$651	\$132,804	\$124,836	\$1,715,302	\$8,408
Condos	E	417	2	\$54.25	\$651	\$271,467	\$255,179	\$3,506,279	\$8,408
Single Family 45'	H	108	2	\$54.25	\$651	\$70,308	\$66,090	\$908,101	\$8,408
Condos	I	302	2	\$54.25	\$651	\$196,602	\$184,806	\$2,539,320	\$8,408
Phase 3									
Condos	F	335	3	\$57.00	\$684	\$229,140	\$215,392	\$2,959,582	\$8,835
Townhomes/Villas	G	274	3	\$57.00	\$684	\$187,416	\$176,171	\$2,420,673	\$8,835
Total Residential Units		2324				\$1,498,137	\$1,408,249	\$19,350,000	

Maximum Annual Debt Service (2019)

\$ 1,408,025

(1) Discounted 6% for Discounts and Collections.

(2) The Annual Assessments outlined in this Table 10 are for illustration only and represent the minimum annual assessments to be levied per unit to amortize the debt service allocated to each parcel based upon the planned unit development of that parcel. In no event will the final annual assessments exceed the amount adopted of \$80 per unit per month, assuming payment in November.

Severn Trent Services, Inc.

**TABLE 11
ALLOCATION OF PERMANENT DEBT
CALCULATION OF MAX ANNUAL ASSMTS
SERIES 2004B PAYDOWNS**

E-22

Land Use	Parcel	Units *	Series 2004B Debt by Parcel	Series 2004 B Debt Per Unit	Net	
					Debt Service Reserve Fund Credit	Prepayment Due per Unit at Closing
Single Family 50'	D	204	\$ 1,919,705	\$ 9,410.32	\$ (806.77)	\$ 8,603.55
Condos	E	417	\$ 3,924,103	\$ 9,410.32	\$ (806.77)	\$ 8,603.55
Condos	F	335	\$ 3,020,606	\$ 9,016.74	\$ (773.02)	\$ 8,243.71
Townhomes/Villas	G	274	\$ 2,470,586	\$ 9,016.74	\$ (773.02)	\$ 8,243.71
		1230	\$ 11,335,000			

Par Amount of Series 2004B Bonds	\$ 11,335,000
Debt Service Reserve Fund Requirement	\$ 971,774
Debt Service Reserve Fund %	8.57%

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RESOLUTION 2008- 08

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT RELATING TO THE REALLOCATION AND REDUCTION OF SPECIAL ASSESSMENTS FOR THE SERIES 2004 PROJECTS ON CERTAIN LANDS WITHIN THE DISTRICT; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Lakes by the Bay South Community Development District (the "District") is a local unit of special-purpose government established by ordinance of Miami-Dade County, Florida, for the purpose of providing, operating and maintaining infrastructure improvements, facilities and services to the lands within the District and existing pursuant to Chapter 190, Florida Statutes; and

WHEREAS, the District has constructed or acquired various infrastructure improvements and provides certain services in accordance with the District's adopted Improvement Plan, as amended, and Chapter 190, Florida Statutes; and

WHEREAS, the District has issued its Series 2004 Special Assessment Bonds, dated June 1, 2004, and undertaken the Series 2004 Project, as provided in the District's Improvement Plan (also referred to herein as the "Project"); and

WHEREAS, the issuance of the Bonds and the imposition of assessments securing the Bonds by the District was based upon a proposed development plan originally provided by the Developer and included in the District's adopted Assessment Methodology; and

WHEREAS, evolving market conditions, regulatory requirements, and economic conditions caused the development program to change, resulting in greater densities on some parcels than originally assumed by the District; and

WHEREAS, the lands within the District commonly known as Parcel F were developed to contain 368 units while the initial Assessment Methodology assumed only 335 units would be developed; and

WHEREAS, the lands within the District commonly known as Parcel H were developed to contain 159 units while the initial Assessment Methodology assumed only 108 units would be developed; and

WHEREAS, the lands within the District commonly known as Parcel I were developed to contain 420 units while the initial Assessment Methodology assumed only 302 units would be developed; and

WHEREAS, it was reasonable, just, equitable, and in the best interests of the District, its landowners, and residents to reallocate the debt associated with the Series 2004 Bonds beginning with the tax roll for the District's Fiscal Year 2007; and

WHEREAS, such reallocation is consistent with the actions and discussions of the Board and District Staff on June 12, 2007; and

WHEREAS, such reallocation has no detrimental effect on the bondholders of the Bonds; and

WHEREAS, the District's Financial Advisor has reviewed the revised development plan and incorporated that plan into the District's Assessment Methodology and a summary of the changes incorporated is attached hereto as Exhibit A and made a part hereof by this reference; and

WHEREAS, the reallocated and reduced amount of the assessments securing the Bonds are shown on Exhibit A attached hereto and made a part hereof by this reference.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT:

SECTION 1. ASSESSMENT REALLOCATION. The Board hereby approves and ratifies the reallocation of the assessments on the lands within the District commonly known as Parcels F, H and I, as of June 12, 2007 and as set forth in Exhibit A. The Board finds that the special benefit to the lands securing the Bonds remains unchanged. The Board determines that the revision to the development plan results in more units receiving benefit from the Project, and therefore determines that this reallocation is just, proper, and equitable. Said reallocation is consistent with Resolutions 2004-18 and 2004-23.

SECTION 2. COLLECTION. The Board hereby ratifies the District Manager's and Financial Advisor's actions necessary to certify for collection and enforcement these reallocated assessments to the Miami-Dade County Tax Collector and/or Property Appraiser for the tax bills mailed in November 2007 for the District's Fiscal Year 2008 and their actions in utilizing these reallocated assessments in the direct billing of assessments by the District. The Board further directs the District Manager and Financial Advisor to utilize the reallocated assessments in connection with future certifications of assessments for collection, regardless of the method of collection utilized.

SECTION 3. IMPROVEMENT LIEN BOOK. The District Manager is hereby directed to update the Improvement Lien Book to reflect the reallocation of assessments approved and ratified by this Resolution.

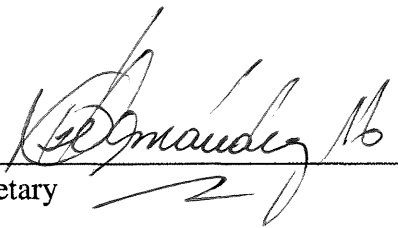
SECTION 4. SEVERABILITY. The invalidity or unenforceability of any one or more provisions of this Resolution shall not affect the validity or enforceability of the remaining portions of this Resolution, or any part thereof.

SECTION 5. EFFECTIVE DATE. This Resolution shall take effect upon its passage.

PASSED AND ADOPTED this 21st day of March, 2008.

ATTEST:

**LAKES BY THE BAY SOUTH
COMMUNITY DEVELOPMENT
DISTRICT**


Secretary


By: 
Jill Cierpik, Chairperson
Board of Supervisors

Exhibit A: Revised Assessment Allocation as of June 12, 2007 for Series 2004A and 2004B Bonds

Lakes By The Bay South CDD

Revised Assessment Allocation as of June 12th, 2007

2004A Allocation

Parcel	Folio	Planned Units	Revised Unit Count 2006		Allocation of 2004A Par Debt Per Parcel	2004A True Up Payment (includes DSRFC)	Allocation of 2004A Par Debt After True Payment	Original 2004A Par Debt Per Unit	Revised 2004A Par Debt Per Unit	Original (1) 2004A Annual Debt Assessment Per Unit	Revised (1) 2004A Annual Debt Assessment Per Unit
A	36-6016-010 from 0010 to	97	97	√	\$743,361		\$743,361	\$7,663.52	\$7,663.52	\$600	\$600.00
C	36-6016-011 from 0010 to	265	265	√	\$2,030,832		\$2,030,832	\$7,663.52	\$7,663.52	\$600	\$600.00
D	from 0010 to 2040	204	204	√	\$1,696,243		\$1,696,243	\$8,314.92	\$8,314.92	\$651	\$651.00
E	36-6016-029-0010	417	409		\$3,467,320	\$66,520	\$3,400,800	\$8,314.92	\$8,314.92	\$651	\$651.00
F	36-6016-000-00	335	368		\$2,926,698		\$2,926,698	\$8,736.41	\$7,952.98	\$684	\$623.00
G	36-6016-029-0010	274	269		\$2,393,777	\$43,682	\$2,350,095	\$8,736.41	\$8,736.41	\$684	\$684.00
H	from 0010 to 1590	108	159		\$898,011		\$898,011	\$8,314.92	\$5,647.87	\$651	\$442.00
I	36-6016-018-00	302	420		\$2,511,105		\$2,511,105	\$8,314.92	\$5,978.82	\$651	\$468.00
J	from 0010 to 2240	224	224	√	\$1,716,628		\$1,716,628	\$7,663.52	\$7,663.52	\$600	\$600.00
K	from 0010 to 0980	98	98	√	\$751,025		\$751,025	\$7,663.52	\$7,663.52	\$600	\$600.00
		2324	2513		\$19,135,000	\$110,202	\$19,024,798				

(1) It is Gross Assessment, which includes 4% for discounts and 2% for collection cost

Lakes By The Bay South CDD

Revised Assessment Allocation as of June 12th, 2007

2004B Allocation

Parcel	Folio	Planned Units	Revised Unit Count 2006		Allocation of 2004B Par Debt Per Parcel	2004B True Up Payment (Includes DSRFC)	Allocation of 2004B Par Debt After True Payment	Original 2004B Par Debt Per Unit	Revised 2004B Par Debt Per Unit	Original 2004B Annual Debt Assessment Per Unit	Revised 2004B Annual Debt Assessment Per Unit
A	36-6016-010 from 0010 to 0970	97	97	√	\$0		\$0	\$0	\$0	\$0	\$0
C	36-6016-011 from 0010 to 2650	265	265	√	\$0		\$0	\$0	\$0	\$0	\$0
D	36-6016-015 from 0010 to 2040	204	204	√	\$1,918,890		\$1,918,890	\$9,406	\$9,406	\$499	\$499
E	36-6016-029-0010	417	409		\$3,922,436	\$75,251	\$3,847,185	\$9,406	\$9,406	\$499	\$499
F	36-6016-000-00	335	368		\$3,021,972		\$3,021,972	\$9,021	\$8,212	\$478	\$435
G	36-6016-029-0010	274	269		\$2,471,702	\$45,104	\$2,426,598	\$9,021	\$9,021	\$478	\$478
H	36-6016-017 from 0010 to 1590	108	159		\$0		\$0	\$0	\$0	\$0	\$0
I	36-6016-018-00	302	420		\$0		\$0	\$0	\$0	\$0	\$0
J	36-6016-014 from 0010 to 2240	224	224	√	\$0		\$0	\$0	\$0	\$0	\$0
K	36-6016-013 from 0010 to 0980	98	98	√	\$0		\$0	\$0	\$0	\$0	\$0
					\$11,335,000	\$120,355	\$11,214,645				

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PRELIMINARY THIRD SUPPLEMENTAL ASSESSMENT METHODOLOGY

FOR THE

SPECIAL ASSESSMENT REFUNDING BONDS

SERIES 2024

LAKES BY THE BAY SOUTH

COMMUNITY DEVELOPMENT DISTRICT

April 23, 2024

Prepared by



Governmental Management Services-South Florida, LLC
5385 N. Nob Hill Road
Sunrise, FL 33351

1.0 Introduction

The Lakes by the Bay South Community Development District (the “District”) is a local unit of special-purpose government organized and existing under Chapter 190, Florida Statutes, as amended.

In September 2004, the District issued its Special Assessment Bonds, Series 2004A, in the amount of \$19,135,000 (the “Series 2004A Bonds”), and its Special Assessment Bonds, Series 2004B, in the amount of \$11,335,000 (the “Series 2004B Bonds” and, together with the Series 2004A Bonds, the “Series 2004 Bonds”). The Series 2004B Bonds have been retired.

The District allocated the debt associated with the Series 2004 Bonds to the benefitted properties as described in the Supplemental Special Assessment Methodology Report dated June 28, 2004 (the “Original Methodology”), which was revised on June 12, 2007, with the First Amendment to the Supplemental Special Assessment Methodology Report (the “Amended Methodology”), evidenced by Resolution 2008-02, approved on March 21, 2008, that revised the unit mix. Still, the allocation per unit type was maintained as in the Original Methodology. The Original and Amended Methodology constitute the “Series 2004 Methodology.”

In February 2014, the District issued its Special Assessment Revenue Refunding Bonds, Series 2014, in the amount of \$14,390,000 (the “Series 2014 Bonds”), to finance certain public infrastructure improvements associated with the District and to refund the Series 2004A Bonds. The outstanding Series 2014 Bonds will be refunded by the Series 2024 Bonds (as defined below), together with other legally available moneys. The District allocated the debt associated with the Series 2014 Bonds based on the Assessment Allocation Report relating to Special Assessment Revenue Refunding Bonds, Series 2014 of the Lakes by the Bay South Community Development District dated February 3, 2014 (the “Allocation Report”), which supplemented the Series 2004 Methodology.

In addition, in March 2012, the District issued its Special Assessment Bonds, Series 2012 in the amount of \$23,165,000 (the “Tax-Exempt Series 2012 Bonds”) and its Taxable Special Assessment Bonds, Series 2012 (the “Taxable Series 2012 Bonds”). The Taxable Series 2012 Bonds have been retired. In August 2022, the District issued its Special Assessment Refunding Bonds, Series 2022, in the amount of \$19,254,000 (the “Series 2022 Bonds”) to refund all of the Tax-Exempt Series 2012 Bonds. The special assessments securing the Series 2022 Bonds are levied on the same benefiting properties securing the Series 2024 Bonds, which Series 2022 Bonds special assessments are levied pursuant to separate assessment proceedings of the District. This report (the “Report”) does not pertain to or affect the Series 2022 Bonds.

1.1 Purpose

This Report supplements the Series 2004 Methodology, taking into consideration the reduction in assessment principal and interest and annual assessments per unit as a result of refinancing the outstanding Series 2014 Bonds through the issuance by the District of its Special Assessment Refunding Bonds, Series 2024 (the “Series 2024 Bonds”) at a reduced interest rate and a reduced Debt Service Reserve requirement. Debt has been allocated to each developed unit that benefits from the improvements described in the Series 2004 Methodology and the Allocation Report.

The District has previously imposed a non-ad valorem special assessment on the benefitted lands within the District. Upon completion of the refunding, all such special assessments will continue to be collected through the Uniform Method of Collection described in section 197.3632, F.S., or any other legal means available to the District. This Report does not intend to address any other assessments, if applicable, that may be levied by the District, a property owner’s association, or any other unit of government.

1.2 Requirements of a Valid Assessment Methodology

There are two requirements under Florida Law for valid special assessment:

- 1.) The properties must receive a special benefit from the improvements being paid for, and
- 2.) The assessments must be fairly and reasonably allocated to the properties being assessed.

This Report does not change the allocation of benefits received from the improvements financed and refinanced with the Series 2014 Bonds, nor does the Report modify the process of allocating the debt to the properties within the District receiving such benefits from what was previously adopted with respect to the Series 2004 Bonds and the Series 2014 Bonds.

2.0 Assessment Methodology

2.1 Overview

The District anticipates issuing approximately \$8,905,000 of Series 2024 Bonds, which, together with other legally available moneys, will be used to pay and refund the Series 2014 Bonds, fund an interest account, and pay the costs of issuance. This Report allocates the debt to the properties benefiting from the improvements based on the Series 2014 Bonds.

Table 1 shows the pre-refunding allocated debt per unit and the annual assessment per unit of the Series 2014 Bonds. Table 2 displays the sizing for the Series 2024 Bonds. The Series 2024 Bonds have an estimated interest rate of 4.50% and a final maturity date of May 1, 2034, corresponding with the same maturity for the Series 2014 Bonds. Based on this Report, the Series 2024 Special Assessments are allocated to each residential unit in the District. The post-refunding per unit par and annual assessment amounts are presented in Table 3. The annual savings per unit resulting from the refunding is also shown in this table.

2.2 Assessment Roll

The District allocated the debt to the 2,295 residential units on a per-unit basis, as shown in Table 3. The assessment roll is depicted in Table 4.

3.0 Additional Information

Governmental Management Services-South Florida, LLC (GMS) does not represent the District as a Municipal Advisor or Security Broker, nor is GMS registered to provide such services as described in Sections 15B of the Security and Exchange Act of 1934, as amended. Similarly, GMS does not provide the District with advisory services or offer investment advice.

Certain information in this Report was provided by District staff members, or other professionals hired in conjunction with the bond issuance. GMS makes no representation regarding the information provided by others.

**TABLE 1
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
ALLOCATED DEBT SERIES 2014 - PRE REFUNDING**

Subdivision Name	Folio From Thru	No. of Assessable Units	Annual Assessment Per Unit (Net)	Annual Assessment Total (Net)	Series 2014 Principal Per Unit	Series 2014 Principal Total	Annual Assessment Per Unit (Tax Bill)*
The Breakers	36-6016-010-0010 0970	97	\$ 533.79	\$ 51,777.63	\$ 4,056.14	\$ 393,445.64	\$ 561.88
The Waterways	36-6016-011-0010 2650	265	\$ 533.79	\$ 141,454.35	\$ 4,056.14	\$ 1,074,877.25	\$ 561.88
The Enclave	36-6016-015-0010 2040	204	\$ 579.16	\$ 118,148.64	\$ 4,400.90	\$ 897,782.82	\$ 609.64
The Shores	36-6016-025-0010 0890	89	\$ 579.16	\$ 51,545.24	\$ 4,400.90	\$ 391,679.76	\$ 609.64
	36-6016-019-0010 1380	138	\$ 579.16	\$ 79,924.08	\$ 4,400.90	\$ 607,323.67	\$ 609.64
	36-6016-021-0010 1550	155	\$ 579.16	\$ 89,769.80	\$ 4,400.90	\$ 682,138.91	\$ 609.64
	36-6016-024-0010 0240	24	\$ 579.16	\$ 13,899.84	\$ 4,400.90	\$ 105,621.51	\$ 609.64
The Tides	36-6016-026-0010 1530	153	\$ 579.16	\$ 88,611.48	\$ 4,400.90	\$ 673,337.12	\$ 609.64
The Cove	36-6016-016-0010 2690	269	\$ 608.52	\$ 163,691.88	\$ 4,624.00	\$ 1,243,854.84	\$ 640.55
The Trellis	36-6016-017-0010 1590	159	\$ 393.22	\$ 62,521.98	\$ 2,987.98	\$ 475,089.34	\$ 413.92
The Courts	36-6016-022-0010 1480	148	\$ 416.35	\$ 61,619.80	\$ 3,163.74	\$ 468,233.90	\$ 438.26
	36-6016-023-0010 2720	272	\$ 416.35	\$ 113,247.20	\$ 3,163.74	\$ 860,537.97	\$ 438.26
The Palms	36-6016-014-0010 2240	224	\$ 533.79	\$ 119,568.96	\$ 4,056.14	\$ 908,575.49	\$ 561.88
The Reserve	36-6016-013-0010 0980	98	\$ 533.79	\$ 52,311.42	\$ 4,056.14	\$ 397,501.78	\$ 561.88
		2295		\$ 1,208,092.30		\$ 9,180,000.00	

*This amount is grossed up to cover early payment discounts and Miami-Dade County collection fees, currently 5%.

**TABLE 2
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
BOND SIZING -SPECIAL ASSESSMENT REFUNDING BONDS, SERIES 2024**

Sources:			
Bond Proceeds:			
Par Amount		\$	8,905,000.00
Other Sources of Funds:			
Transfer of Revenue Fund		\$	606,471.77
Transfer of Reserve Fund		\$	152,643.76
Transfer of Construction Fund		\$	16,982.53
		\$	776,098.06
Total Sources		\$	9,681,098.06
Uses:			
Refunding Escrow Deposits:			
Cash Deposit		\$	9,220,162.50
Other Fund Deposits:			
Deposit to Interest Account		\$	170,308.13
Delivery Date Expenses:			
Cost of Issuance		\$	152,750.00
Underwriters Discount		\$	133,575.00
Other Uses of Funds:			
Rounding		\$	4,302.43
		\$	9,681,098.06
Bond Assumptions:			
Interest Rate			4.50%
Amortization (years), final payment 5/1/2034			10
Maximum Annual Debt Service (MADS) = \$1,114,787.50			
Information provided by FMSbonds, Inc.			

**TABLE 3
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
ALLOCATION OF DEBT POST REFUNDING**

Subdivision Name	Folio From Thru	No. of Assessable Units	Series 2024 Annual Assessment Per Unit(Net)	Series 2024 Annual Assessment Total (Net)	Series 2024 Principal Per Unit	Series 2024 Principal Total	Annual Assessment Per Unit (Tax Bill)*	Annual Assessment Savings \$	Annual Assessment Savings %	
The Breakers	36-6016-010-0010	0970	97	\$ 492.56	\$ 47,778.68	\$ 3,934.63	\$ 381,659.41	\$ 518.48	\$ 43.40	7.72%
The Waterways	36-6016-011-0010	2650	265	\$ 492.56	\$ 130,529.38	\$ 3,934.63	\$ 1,042,677.77	\$ 518.48	\$ 43.40	7.72%
The Enclave	36-6016-015-0010	2040	204	\$ 534.43	\$ 109,023.65	\$ 4,269.06	\$ 870,888.46	\$ 562.56	\$ 47.08	7.72%
The Shores	36-6016-025-0010	0890	89	\$ 534.43	\$ 47,564.24	\$ 4,269.06	\$ 379,946.43	\$ 562.56	\$ 47.08	7.72%
	36-6016-019-0010	1380	138	\$ 534.43	\$ 73,751.29	\$ 4,269.06	\$ 589,130.43	\$ 562.56	\$ 47.08	7.72%
	36-6016-021-0010	1550	155	\$ 534.43	\$ 82,836.59	\$ 4,269.06	\$ 661,704.46	\$ 562.56	\$ 47.08	7.72%
	36-6016-024-0010	0240	24	\$ 534.43	\$ 12,826.31	\$ 4,269.06	\$ 102,457.47	\$ 562.56	\$ 47.08	7.72%
The Tides	36-6016-026-0010	1530	153	\$ 534.43	\$ 81,767.73	\$ 4,269.06	\$ 653,166.34	\$ 562.56	\$ 47.08	7.72%
The Cove	36-6016-016-0010	2690	269	\$ 561.52	\$ 151,049.44	\$ 4,485.48	\$ 1,206,593.40	\$ 591.07	\$ 49.48	7.72%
The Trellis	36-6016-017-0010	1590	159	\$ 362.85	\$ 57,693.21	\$ 2,898.47	\$ 460,857.36	\$ 381.95	\$ 31.97	7.72%
The Courts	36-6016-022-0010	1480	148	\$ 384.19	\$ 56,860.71	\$ 3,068.97	\$ 454,207.28	\$ 404.41	\$ 33.85	7.72%
	36-6016-023-0010	2720	272	\$ 384.19	\$ 104,500.76	\$ 3,068.97	\$ 834,759.33	\$ 404.41	\$ 33.85	7.72%
The Palms	36-6016-014-0010	2240	224	\$ 492.56	\$ 110,334.27	\$ 3,934.63	\$ 881,357.81	\$ 518.48	\$ 43.40	7.72%
The Reserve	36-6016-013-0010	0980	98	\$ 492.56	\$ 48,271.24	\$ 3,934.63	\$ 385,594.04	\$ 518.48	\$ 43.40	7.72%
			2295		\$ 1,114,787.50		\$ 8,905,000.00			

*This amount is grossed up to cover early payment discounts and Miami-Dade County collection fees, currently 5%.

**TABLE 4
LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
ASSESSMENT ROLL**

Property Folio #	Subdivision	Series 2024 Principal Per Unit	Series 2024 Annual Assessment Per Unit (Net)	Tax Roll Amount*
36-6016-010-0010	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0020	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0030	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0040	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0050	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0060	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0070	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0080	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0090	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0100	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0110	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0120	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0130	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0140	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0150	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0160	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0170	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0180	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0190	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0200	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0210	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0220	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0230	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0240	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0250	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0260	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0270	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0280	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0290	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0300	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0310	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0320	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0330	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0340	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0350	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0360	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0370	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0380	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0390	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0400	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0410	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0420	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0430	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0440	The Breakers	\$3,934.63	\$492.56	\$518.48
36-6016-010-0450	The Breakers	\$3,934.63	\$492.56	\$518.48

36-6016-026-1040	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1050	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1060	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1070	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1080	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1090	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1100	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1110	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1120	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1130	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1140	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1150	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1160	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1170	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1180	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1190	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1200	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1210	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1220	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1230	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1240	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1250	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1260	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1270	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1280	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1290	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1300	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1310	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1320	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1330	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1340	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1350	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1360	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1370	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1380	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1390	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1400	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1410	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1420	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1430	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1440	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1450	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1460	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1470	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1480	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1490	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1500	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1510	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1520	The Tides	\$3,934.63	\$492.56	\$518.48
36-6016-026-1530	The Tides	\$3,934.63	\$492.56	\$518.48
		\$9,089,845.57	\$1,137,919.93	\$1,197,801.92

*This amount is grossed up to cover early payment discounts and Miami-Dade County collection fees, currently 5%.

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APPENDIX E
AUDITED FINANCIAL STATEMENTS

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**LAKES BY THE BAY SOUTH
COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Lakes by the Bay South Community Development District
Miami-Dade County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakes by the Bay South Community Development District, Miami-Dade County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 is the responsibility of management and, 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 Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c) but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

Bhav & Associates

March 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lakes by the Bay South Community Development District, Miami-Dade County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. 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 assets plus deferred outflows of resources of the District exceeded its liabilities at the close of the fiscal year ended September 30, 2023 resulting in a net position balance of \$7,683,042.
- The change in the District's total net position in comparison with the prior fiscal year was \$750,605, 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, 2023, the District's governmental funds reported combined ending fund balances of \$3,224,137, an increase of \$243,253 in comparison with the prior fiscal year. A portion of fund balance is non-spendable for prepaid items and deposits, restricted for debt service and capital projects, assigned for capital reserves, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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), maintenance and recreation functions.

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.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three 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 fund, debt service fund and capital projects fund, all of which are considered 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.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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, assets plus deferred outflows of resources exceeded liabilities at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2023	2022
Current and other assets	\$ 3,251,896	\$ 3,029,791
Capital assets, net of depreciation	32,651,173	33,218,393
Total assets	<u>35,903,069</u>	<u>36,248,184</u>
Deferred outflows of resources	679,110	721,744
Current liabilities	555,630	442,399
Long-term liabilities	<u>28,343,507</u>	<u>29,595,092</u>
Total liabilities	<u>28,899,137</u>	<u>30,037,491</u>
Net position		
Net investment in capital assets	4,986,776	4,345,045
Restricted	714,259	572,450
Unrestricted	<u>1,982,007</u>	<u>2,014,942</u>
Total net position	<u>\$ 7,683,042</u>	<u>\$ 6,932,437</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

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,		
	2023	2022
Revenues:		
Program revenues		
Charges for services	\$ 4,327,114	\$ 4,322,923
Operating grants and contributions	65,725	8,814
Capital grants and contributions	680	69
General revenues		
Miscellaneous revenue	43,742	36,984
Unrestricted investment earnings	60,594	18,907
Total revenues	<u>4,497,855</u>	<u>4,387,697</u>
Expenses:		
General government	140,963	153,738
Maintenance and operations	752,148	644,338
Culture and recreation	1,532,895	1,369,818
Interest	1,321,244	2,001,241
Bond issuance costs	-	433,810
Total expenses	<u>3,747,250</u>	<u>4,602,945</u>
Change in net position	<u>750,605</u>	<u>(215,248)</u>
Net position - beginning	<u>6,932,437</u>	<u>7,147,685</u>
Net position - ending	<u>\$ 7,683,042</u>	<u>\$ 6,932,437</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023, was \$3,747,250. The costs of the District's activities were paid primarily by program revenues. Program revenues are comprised primarily of assessments. The remainder of the current fiscal year revenue includes interest revenue and miscellaneous income. In total, expenses decreased over the prior year due to a decrease in interest expense and bond issuance costs.

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. The general fund budget for the fiscal year ended September 30, 2023 was amended to increase revenues by \$359,238, increase appropriations by \$238,020, and decrease other financing sources by \$121,218. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the District had \$40,470,759 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$7,819,586 has been taken, which resulted in a net book value of \$32,651,173. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2023, the District had \$28,452,000 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 BUDGETS AND OTHER EVENTS

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, customers, 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 Lakes by the Bay South Community Development District's Finance Department at 5385 N. Nob Hill Road, Sunrise, Florida, 33351.

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities
ASSETS	
Cash	\$ 1,648,064
Investments	307,115
Assessments receivable	140
Due from other	500
Prepaid items and deposits	54,031
Restricted assets:	
Investments	1,242,046
Capital assets:	
Nondepreciable	19,848,302
Depreciable, net	12,802,871
Total assets	35,903,069
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding (debit)	679,110
Total deferred outflows of resources	679,110
 LIABILITIES	
Accounts payable	27,759
Accrued interest payable	527,871
Non-current liabilities:	
Due within one year	1,349,000
Due in more than one year	26,994,507
Total liabilities	28,899,137
 NET POSITION	
Net investment in capital assets	4,986,776
Restricted for debt service	697,569
Restricted for capital projects	16,690
Unrestricted	1,982,007
Total net position	\$ 7,683,042

See notes to the financial statements

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 140,963	\$ 140,963	\$ -	\$ -
Maintenance and operations	752,148	752,148	-	680
Culture and recreation	1,532,895	828,404	-	(704,491)
Interest on long-term debt	1,321,244	2,605,599	65,725	1,350,080
Total governmental activities	3,747,250	4,327,114	65,725	646,269
General revenues:				
				43,742
				60,594
				104,336
				750,605
				6,932,437
				\$ 7,683,042

See notes to the financial statements

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
ASSETS				
Cash	\$ 1,648,064	\$ -	\$ -	\$ 1,648,064
Investments	307,115	1,225,356	16,690	1,549,161
Assessments receivable	140	-	-	140
Due from other funds	-	84	-	84
Due from other	500	-	-	500
Prepaid items and deposits	54,031	-	-	54,031
Total assets	<u>\$ 2,009,850</u>	<u>\$ 1,225,440</u>	<u>\$ 16,690</u>	<u>\$ 3,251,980</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,759	\$ -	\$ -	\$ 27,759
Due to other funds	84	-	-	84
Total liabilities	<u>27,843</u>	<u>-</u>	<u>-</u>	<u>27,843</u>
Fund balances:				
Nonspendable:				
Prepaid items and deposits	54,031	-	-	54,031
Restricted for:				
Debt service	-	1,225,440	-	1,225,440
Capital projects	-	-	16,690	16,690
Assigned to:				
Capital reserves	378,164	-	-	378,164
Unassigned	1,549,812	-	-	1,549,812
Total fund balances	<u>1,982,007</u>	<u>1,225,440</u>	<u>16,690</u>	<u>3,224,137</u>
Total liabilities and fund balances	<u>\$ 2,009,850</u>	<u>\$ 1,225,440</u>	<u>\$ 16,690</u>	<u>\$ 3,251,980</u>

See notes to the financial statements

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
 MIAMI-DADE COUNTY, FLORIDA
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2023**

Total fund balance - governmental funds \$ 3,224,137

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 of the government as a whole.

Cost of capital assets	40,470,759	
Accumulated depreciation	<u>(7,819,586)</u>	32,651,173

Deferred charges on refunding of long-term debt are shown as deferred outflows/inflows of resources in the government-wide financial statements; however, this amount is expensed in the governmental fund financial statements.

679,110

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(527,871)	
Bonds payable	<u>(28,343,507)</u>	<u>(28,871,378)</u>
Net position of governmental activities		<u>\$ 7,683,042</u>

See notes to the financial statements

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds			Total Governmental Funds
	General	Debt Service	Capital Projects	
REVENUES				
Assessments	\$ 1,721,515	\$ 2,605,599	\$ -	\$ 4,327,114
Interest income	60,594	65,725	680	126,999
Miscellaneous revenue	43,742	-	-	43,742
Total revenues	<u>1,825,851</u>	<u>2,671,324</u>	<u>680</u>	<u>4,497,855</u>
EXPENDITURES				
Current:				
General government	140,963	-	-	140,963
Maintenance and operations	742,670	-	-	742,670
Culture and recreation	768,416	-	-	768,416
Debt service:				
Principal	-	1,262,000	-	1,262,000
Interest	-	1,133,816	-	1,133,816
Capital outlay	206,737	-	-	206,737
Total expenditures	<u>1,858,786</u>	<u>2,395,816</u>	<u>-</u>	<u>4,254,602</u>
Excess (deficiency) of revenues over (under) expenditures	(32,935)	275,508	680	243,253
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	2	-	2
Interfund transfers out	-	-	(2)	(2)
Total other financing sources (uses)	<u>-</u>	<u>2</u>	<u>(2)</u>	<u>-</u>
Net change in fund balances	(32,935)	275,510	678	243,253
Fund balances - beginning	<u>2,014,942</u>	<u>949,930</u>	<u>16,012</u>	<u>2,980,884</u>
Fund balances - ending	<u>\$ 1,982,007</u>	<u>\$ 1,225,440</u>	<u>\$ 16,690</u>	<u>\$ 3,224,137</u>

See notes to the financial statements

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE 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, 2023**

Net change in fund balances - total governmental funds	\$	243,253
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		206,737
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.		1,262,000
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.		(134,379)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:		
Depreciation of capital assets		(773,957)
Amortization of Bond discounts		(10,415)
Amortization of the deferred charge on refunding		(42,634)
Change in net position of governmental activities	\$	<u>750,605</u>

See notes to the financial statements

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The Lakes by the Bay South Community Development District (the "District") was created by Miami-Dade County Ordinance enacted on January 20, 2004 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 purposes of financing and managing the acquisition, construction, maintenance and operation 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. Four of the Board members have been elected through general elections; the fifth member was elected by the owners of the property. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

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 District 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 assessments on benefitted property within the District. Operating and Maintenance Assessments are based upon adopted budget and levied annually at a public hearing of the District. Debt Service Assessments are levied when Bonds are issued and assessed and collected on an annual basis. The District may collect assessments directly or utilize the uniform method of collection (Chapter 197.3632, Florida Statutes). Direct collected assessments are due as determined by annual assessment resolution adopted by the Board of Supervisors. Assessments collected under the uniform method are mailed by County Tax Collector on November 1 and due on or before March 31 of each year. Property owners may prepay a portion or all of the Debt Service Assessments on their property subject to various provisions in the Bond documents.

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 Fund

The debt service funds are used to account for the accumulation of resources for the annual payment of principal and interest on debt.

Capital Projects Fund

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 inter-fund 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)

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 (interest and non-interest bearing).

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.

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

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>
Recreational facilities	10 - 30
Furniture, fixtures and equipment	5
Other improvements	20 - 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.

Refundings of Debt

For current refundings and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized ratably as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. In connection with the refundings, \$42,634 was recognized as a component of interest expense in the current fiscal year.

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 ratably 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

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 (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) 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 established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

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 legally adopted 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 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, 2023:

	Amortized Cost	Credit Risk	Maturities
Allspring Government Money Market Fund	\$ 1,242,046	S&P AAAM	Weighted average maturity: 25 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	307,115	S&P AAAM	Weighted average of the fund portfolio: 35 days
	<u>\$ 1,549,161</u>		

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 Indentures limits the type of investments held using unspent proceeds.

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

External Investment Pool – With regard to redemption gates, Chapter 218.409(8) (a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 19,778,071	\$ -	\$ -	\$ 19,778,071
Infrastructure in progress	7,501	62,730	-	70,231
Total capital assets, not being depreciated	19,785,572	62,730	-	19,848,302
Capital assets, being depreciated				
Recreational facilities	19,882,293	36,100	-	19,918,393
Furniture, fixtures, and equipment	383,604	107,907	-	491,511
Other improvements	212,553	-	-	212,553
Total capital assets, being depreciated	20,478,450	144,007	-	20,622,457
Less accumulated depreciation for:				
Recreational facilities	6,874,174	691,998	-	7,566,172
Furniture, fixtures, and equipment	114,825	72,481	-	187,306
Other improvements	56,630	9,478	-	66,108
Total accumulated depreciation	7,045,629	773,957	-	7,819,586
Total capital assets being depreciated, net	13,432,821	(629,950)	-	12,802,871
Governmental activities capital assets	\$ 33,218,393	\$ (567,220)	\$ -	\$ 32,651,173

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to function/programs as follows:

Maintenance and operations	\$ 9,478
Culture and recreation	764,479
	<u>\$ 773,957</u>

NOTE 6 – LONG TERM LIABILITIES

At September 30, 2023, The District had Bond issues as follows:

Series	Issue Date	Original Face Amount	Interest Rate	Maturity
Special Assessment Revenue Refunding Bonds:				
Series 2014	February 27, 2014	\$ 5,210,000	5.125%	May 1, 2024
Series 2014	February 27, 2014	\$ 9,180,000	5.625%	May 1, 2034
Special Assessment Refunding Bonds:				
Series 2022	August 3, 2022	\$ 19,254,000	3.85%	May 1, 2042

Series 2014 and Series 2022

The Series 2014 were issued to refund the Series 2004A Bonds and to finance a portion of the 2014 Project. The Series 2022 Bonds were issued to refund the previously outstanding Series 2012 Bonds. Interest is paid semiannually on each May 1 and November 1. Principal is to be paid serially on each May 1 for Series 2014 and Series 2022 Bonds.

The Series 2014 and 2022 Bonds are subject to redemption at the option of the District prior to their maturity. The Series 2014 and 2022 Bonds are also 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 Indentures.

The Bond Indentures established debt service reserve requirements as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements 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 was in compliance with requirements of the Bond Indentures at September 30, 2023.

Long-term debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Series 2014	\$ 10,460,000	\$ -	\$ 610,000	\$ 9,850,000	\$ 670,000
Less original issue discount	(118,908)	-	(10,415)	(108,493)	-
Series 2022	19,254,000	-	652,000	18,602,000	679,000
Total	<u>\$ 29,595,092</u>	<u>\$ -</u>	<u>\$ 1,251,585</u>	<u>\$ 28,343,507</u>	<u>\$ 1,349,000</u>

NOTE 6 – LONG TERM LIABILITIES (Continued)

Long-term debt activity (Continued)

At September 30, 2023, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,349,000	\$ 1,266,890	\$ 2,615,890
2025	1,415,000	1,206,411	2,621,411
2026	1,471,000	1,139,331	2,610,331
2027	1,550,000	1,069,563	2,619,563
2028	1,628,000	995,865	2,623,865
2029-2033	9,395,000	3,734,879	13,129,879
2034-2038	6,533,000	1,686,565	8,219,565
2039-2042	5,111,000	501,424	5,612,424
Total	<u>\$ 28,452,000</u>	<u>\$ 11,600,928</u>	<u>\$ 40,052,928</u>

NOTE 7 – MANAGEMENT AGREEMENTS

The District has contracted with a management company to perform management advisory services, which include 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 for management, accounting, financial reporting, computer and other administrative costs. The District has also contracted with a company to operate and manage its clubhouse amenity center and to provide the services necessary to staff and maintain it.

NOTE 8 – 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. There were no settled claims during the past three years.

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,461,113	\$ 1,721,515	\$ 1,721,515	\$ -
Interest income	500	60,594	60,594	-
Miscellaneous revenue	5,000	43,742	43,742	-
Total revenues	1,466,613	1,825,851	1,825,851	-
EXPENDITURES				
Current:				
General government	165,111	165,111	140,963	24,148
Maintenance and operations	766,917	769,678	742,670	27,008
Culture and recreation	714,865	788,821	768,416	20,405
Capital outlay	50,000	211,303	206,737	4,566
Total expenditures	1,696,893	1,934,913	1,858,786	76,127
Excess (deficiency) of revenues over (under) expenditures	(230,280)	(109,062)	(32,935)	76,127
OTHER FINANCING SOURCES (USES)				
Carryforward	230,280	109,062	-	(109,062)
Total other financing sources (uses)	230,280	109,062	-	(109,062)
Net change in fund balances	\$ -	\$ -	(32,935)	\$ (32,935)
Fund balances - beginning			2,014,942	
Fund balances - ending			\$ 1,982,007	

See notes to required supplementary information

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
MIAMI-DADE 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. The general fund budget for the fiscal year ended September 30, 2023 was amended to increase revenues by \$359,238, increase appropriations by \$238,020, and decrease other financing sources by \$121,218. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

**LAKES BY THE BAY SOUTH COMMUNITY DEVELOPMENT DISTRICT
 MIAMI-DADE COUNTY, FLORIDA
 OTHER INFORMATION – DATA ELEMENTS
 REQUIRED BY FLORIDA STATUTE 218.39(3)(C)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
 UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	5
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	6
Employee compensation	\$10,200
Independent contractor compensation	\$234,709
Construction projects to begin on or after October 1; (>\$65K)	Not applicable
Budget variance report	See the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Non ad valorem special assessments;	
Special assessment rate	Operations and maintenance - \$446.48 - \$689.08 Debt service - \$617.45 - \$1,327.53
Special assessments collected	\$4,327,114
Outstanding Bonds:	
Series 2014, due May 1, 2024 - May 1, 2034	\$9,850,000
Series 2022, due May 1, 2023 - May 1, 2042	\$18,602,000



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
Lakes by the Bay South Community Development District
Miami-Dade 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 Lakes by the Bay South Community Development District, Miami-Dade County, Florida ("District") as of and for the fiscal year ended September 30, 2023, 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 29, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Bhav & Associates

March 29, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Lakes by the Bay South Community Development District
Miami-Dade County, Florida

We have examined Lakes by the Bay South Community Development District, Miami-Dade County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

This report 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, management, and the Board of Supervisors of Lakes by the Bay South Community Development District, Miami-Dade County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates
March 29, 2024



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Lakes by the Bay South Community Development District
Miami-Dade County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Lakes by the Bay South Community Development District, Miami-Dade County, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 29, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 29, 2024, should be considered in conjunction with this management letter.

Purpose of this 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 Lakes by the Bay South Community Development District, Miami-Dade County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Lakes by the Bay South Community Development District, Miami-Dade 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 29, 2024

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 20, 2022.

2. 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, 2023.

3. 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, 2023.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2023. 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.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 24.

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