

**APPENDIX E**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") dated as of May 17, 2012, is executed and delivered by the Mediterra South Community Development District (the "Issuer"), the Mediterra North Community Development District (the "North District"), and Prager & Co., LLC, as Dissemination Agent (the "Dissemination Agent") in connection with the issuance of \$13,455,000 aggregate principal amount of Capital Improvement Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"). The Series 2012 Bonds are being issued pursuant to a Master Trust Indenture dated as of December 1, 1999, by and between the Issuer and U.S. Bank National Association, as successor in trust to First Union National Bank, as trustee (the "Trustee") as supplemented by a Fourth Supplemental Trust Indenture dated as of May 1, 2012 between the Issuer and the Trustee (collectively, the "Indenture"). The Issuer, the North District and the Dissemination Agent covenant and agree as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the North District, and the Dissemination Agent for the benefit of the Beneficial Owners of the Series 2012 Bonds and to assist the Participating Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended from time to time (the "Rule").

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. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

**"Annual Report"** shall mean any Annual Report provided by the Issuer or the North District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

**"Assessments"** shall mean the non-ad valorem special assessments pledged to the payment of the Series 2012 Bonds pursuant to the Indenture.

**"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 Series 2012 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2012 Bonds for federal income tax purposes.

**“Business Day”** means any day other than a Saturday, Sunday or a day on which the District is required, or authorized or not prohibited by law (including executive orders), to close and is closed.

**“Dissemination Agent”** shall mean, initially, Prager & Co., LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer and Trustee a written acceptance of such designation.

**“District Manager”** shall mean Wrathell, Hunt and Associates, LLC.

**“Event of Bankruptcy”** shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an 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 Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental 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 Obligated Person.

**“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.

**“Issuer Disclosure Representative”** shall mean the District Manager of the Issuer or his/her/its designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee and the Dissemination Agent from time to time.

**“Listed Events”** shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

**“North District Disclosure Representative”** shall mean the District Manager of the North District or his/her/its designee, or such other officer or employee as the North District shall designate in writing to the Trustee and the Dissemination Agent from time to time.

**“Obligated Person”** shall mean any person, including the Issuer and the North District, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Series 2012 Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

**“Participating Underwriters”** shall mean the original underwriters of the Series 2012 Bonds required to comply with the Rule in connection with offering of the Series 2012 Bonds.

**“Repository”** shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission’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 Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access (“EMMA”) web portal at “<http://emma.msrb.org>.”

**“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.

**“State”** shall mean the State of Florida.

3. Provision of Annual Reports.

(a) The Issuer and the North District shall, or shall cause the Dissemination Agent to, within 180 days of the end of the Issuer’s and the North District’s Fiscal Year, beginning with the fiscal year ending September 30, 2012 with respect to the report for the 2012 Fiscal Year, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. 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 later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer’s or the North District’s fiscal year changes, the Issuer or the North District, as applicable, shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) If on the fifteenth (15th) day prior to each Annual Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer Disclosure Representative and/or the North District Disclosure Representative, as applicable, by telephone and in writing (which may be by e-mail) to remind the Issuer and/or the North District, as applicable, of its undertaking to provide the Annual Report pursuant to Section 3(a) above. Upon such reminder, the Issuer Disclosure Representative and/or the North District Disclosure Representative, as applicable, shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report in accordance with Section 3(a) above, or (ii) instruct the Dissemination Agent in writing that the Issuer and/or the North District, as applicable, will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such

year will be provided and instruct the Dissemination Agent that a Notice Event as described in Section 5(a)(15) has occurred and to immediately send a notice to any Repository in electronic format as required by such repository in substantially the form attached as Exhibit A hereto.

(a) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Issuer and the North District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing any Repository to which it was provided.

4. Content of Annual Reports. The Issuer's and the North District's Annual Reports shall contain or include by reference the following:

(a) The Issuer's and the North District's Annual Reports shall contain or incorporate by reference the following, which includes an update of the financial and operating data of the Issuer to the extent presented in the Official Statement. All information in the Annual Reports shall be presented for the immediately preceding Fiscal Year and, to the extent available, the current Fiscal Year:

(i) The amount of Assessments levied.

(ii) The amount of Assessments collected from property owners.

(iii) If available, the amount of delinquencies greater than 150 days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Assessments due in any year, a list of delinquent property owners.

(iv) The amount of tax certificates sold, if any, and the balance, if any, remaining for sale.

(v) All fund balances in all Funds and Accounts for the Series 2012 Bonds. The Issuer and the North District shall provide any Beneficial Owners and the Dissemination Agent with this information more frequently than annually within thirty (30) days of the written request of the Beneficial Owners.

(vi) The total amount of Series 2012 Bonds Outstanding.

(vii) The amount of principal and interest due on the Series 2012 Bonds.

(viii) The most recent audited financial statements of the Issuer and the North District, which shall be prepared in accordance with governmental accounting standards promulgated by the Government Accounting Standards Board.

(b) 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.

(c) The Issuer and the North District represent and warrant 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 Issuer and the North District acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the Issuer, the North District 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, the North District or others as thereafter disseminated by the Dissemination Agent.

The information provided under this Section 4 may be included by specific reference to documents, including official statements of debt issues of the Issuer or the North District or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission. The Issuer and the North District shall clearly identify each such other document so incorporated by reference.

The Issuer and the North District reserve the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer and/or the North District, as applicable; provided that the Issuer and/or the North District, as applicable, agrees that any such modification will be done in a manner consistent with the Rule.

#### 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer and the North District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2012 Bonds 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 the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. 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 Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
7. modifications to rights of the holders of the Series 2012 Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and
15. notice of any failure on the part of the Issuer and/or the North District to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.



6. Reporting of Significant Events. In accordance with the Rule, all disclosure filings submitted in pursuant to this Disclosure Agreement to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

7. Termination of Disclosure Agreement. The Issuer's and the North District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds, so long as there is no remaining liability of the Issuer and/or the North District, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Series 2012 Bonds, the Issuer and/or the North District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Prager & Co., LLC. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer, the North District and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer and/or the North District, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of counsel expert in federal securities laws, have complied with the requirements

of the Rule at the time of the original issuance of the Series 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Series 2012 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Series 2012 Bonds.

Notwithstanding the foregoing, the Issuer, the North District and the Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer and the North District shall describe such amendment in its 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 of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer or the North District, as applicable. 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.

10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer or the North District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a potential material event, in addition to that which is required by this Disclosure Agreement. If the Issuer or the North District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer or the North District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

11. Default. In the event of a failure of the Issuer, the North District, the Issuer Disclosure Representative, the North District Disclosure Representative or a Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of more than 50% aggregate principal amount of outstanding Series 2012 Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any beneficial owner of a bond may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the

Issuer, the North District, the Issuer Disclosure Representative, the North District Disclosure Representative or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. 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 North District, the Issuer Disclosure Representative, the North District Disclosure Representative or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the North District, the Dissemination Agent, the Participating Underwriters and beneficial owners of the Series 2012 Bonds, and shall create no rights in any other person or entity.

14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

15. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law.

16. Trustee Cooperation. The Issuer, the North District and the Trustee agree that the Dissemination Agent is a bona fide agent of the Issuer and the North District and may receive, on a timely basis, any information or reports it requests that the Issuer and the North District have a right to request (inclusive of balances, payments, etc.).

[End of document – signatures to follow]

**IN WITNESS WHEREOF**, the undersigned has executed this Disclosure Agreement as of the date and year set forth above.

[SEAL]

MEDITERRA SOUTH COMMUNITY  
DEVELOPMENT DISTRICT, AS ISSUER

CONSENTED TO AND AGREED TO BY:

WRATHELL, HUNT AND ASSOCIATES, LLC,  
and its successors and assigns, as Issuer  
Disclosure Representative and North District  
Disclosure Representative

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

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

JOINED BY U.S. BANK NATIONAL  
ASSOCIATION, AS TRUSTEE, FOR PURPOSES  
OF SECTIONS 11, 13 AND 16 ONLY

MEDITERRA NORTH COMMUNITY  
DEVELOPMENT DISTRICT  
By: \_\_\_\_\_  
Chairman, Board of Supervisors

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PRAGER & CO., LLC,  
AS DISSEMINATION AGENT

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**NOTICE TO REPOSITORIES  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Mediterra South Community Development District  
Name of Bond Issue: \$13,455,000 Capital Improvement Revenue Refunding Bonds,  
Series 2012  
Date of Issuance: May 17, 2012

CUSIPS:

**NOTICE IS HEREBY GIVEN** that the [Issuer] [North District] has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of May 17, 2012, among the Issuer, the North District and the Dissemination Agent named therein. The [Issuer] [North District] has advised the undersigned that it anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_, Dissemination Agent

cc: [Issuer] [North District]

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**MEDITERRA SOUTH COMMUNITY DEVELOPMENT DISTRICT**  
District Office – 2300 Glades Road, Suite 410W, Boca Raton, Florida 33431

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**CERTIFICATE**

I, Chesley E. Adams, Jr., Secretary of the Mediterra South Community Development District do hereby Certify that the attached copy of the Limited Offering Memorandum, Series 2013, has been compared by me with the original thereof and that said Limited Offering Memorandum is a true, complete and correct copy thereof, and said Limited Offering Memorandum has not been modified, amended or supplemented and is in full force and effect on and as of the date hereof in the form attached hereto.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of the District  
this 21 day of APRIL, 2017.

**MEDITERRA SOUTH COMMUNITY  
DEVELOPMENT DISTRICT**

BY: Chesley E. Adams, Jr.  
**SECRETARY**

*In the opinion of Akerman Senterfitt, Bond Counsel, under existing statutes, regulations, published rulings and court decisions and assuming continuing compliance with certain covenants and the accuracy of certain representations, (a) interest on the Series 2013 Bonds will be excludable from gross income for federal income tax purposes, (b) interest on the Series 2013 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (c) interest on the Series 2013 Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and (d) the Series 2013 Bonds and the income thereon will not be subject to taxation under the laws of the State of Florida, except estate taxes and taxes under Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations as defined therein. For a more complete discussion of the tax aspects, see "TAX MATTERS." See "BONDOWNERS' RISKS" and "THE DISTRICT - IRS Examination of Village Center CDD and Related Matters" herein for a description of certain recent developments regarding special district financings.*

**MEDITERRA SOUTH COMMUNITY DEVELOPMENT DISTRICT  
(Collier County, Florida)**

**\$4,030,000**

**Capital Improvement Revenue Refunding Bonds,  
Series 2013**

**Dated: Date of delivery**

**Due: May 1, as shown on the inside cover**

The \$4,030,000 Mediterra South Community Development District Capital Improvement Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds") are being issued by Mediterra South Community Development District (the "District") pursuant to a Master Trust Indenture dated as of December 1, 1999 (the "Master Indenture") from the District to U.S. Bank National Association, as successor in trust to First Union National Bank, as trustee (the "Trustee"), as supplemented by a Fifth Supplemental Trust Indenture dated as of May 1, 2013, from the District to the Trustee (the "Fifth Supplement" and, together with the Master Indenture, the "Indenture"). The Series 2013 Bonds are being issued only in fully registered form, in denominations of \$5,000 or any integral multiple thereof. The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, the Florida Constitution, and other applicable provisions of law (collectively, the "Act") and an Ordinance enacted by the Board of County Commissioners of Collier County, Florida effective on September 14, 1999, as amended and supplemented. The Series 2013 Bonds are payable from and secured by the Series 2013 Trust Estate, which includes the Series 2013 Pledged Revenues. The Series 2013 Pledged Revenues consist of the revenues derived by the District from non ad-valorem special assessments levied against certain lands in the Mediterra development that are subject to assessment as a result of the Series 2003 Project (hereinafter defined). See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2013 BONDS" and "THE SERIES 2013 ASSESSMENT AREA."

The Series 2013 Bonds, when issued, will be registered in the name of Cede & Co., as the owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Series 2013 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the Series 2013 Bonds will be paid from the sources provided below by the Trustee directly to Cede & Co. as the nominee of DTC and the registered owner thereof. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein. Any purchaser as a beneficial owner of a Series 2013 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2013 Bond. See "DESCRIPTION OF THE SERIES 2013 BONDS - Book-Entry Only System" herein. The Series 2013 Bonds will bear interest at the fixed rates set forth herein, calculated on the basis of a 360-day year comprised of twelve thirty-day months. Interest on the Series 2013 Bonds is payable semi-annually on each May 1 and November 1, commencing November 1, 2013.

Some or all of the Series 2013 Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein.

The Series 2013 Bonds are being issued to: (i) refund and redeem all of the Outstanding principal amount of the District's \$5,035,000 Capital Improvement Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), Outstanding on date of delivery of the Series 2013 Bonds in the principal amount of \$4,080,000; (ii) pay certain costs associated with the issuance of the Series 2013 Bonds; and (iii) make a deposit into the Series 2013 Reserve Account for the benefit of all of the Series 2013 Bonds.

THE SERIES 2013 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE SERIES 2013 TRUST ESTATE PLEDGED THEREFOR UNDER THE SERIES 2013 INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2013 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, ASSESSMENTS (AS DEFINED HEREIN) TO SECURE AND PAY THE SERIES 2013 BONDS. THE SERIES 2013 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION.

THE SERIES 2013 BONDS INVOLVE A DEGREE OF RISK (SEE "BONDOWNERS' RISKS" HEREIN) AND ARE NOT SUITABLE FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT," "BONDOWNERS' RISKS" AND "RATING" HEREIN). THE UNDERWRITERS ARE LIMITING THIS OFFERING OF THE SERIES 2013 BONDS TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES; THE LIMITATION OF THE INITIAL OFFERING OF SERIES 2013 BONDS TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS OF TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2013 BONDS. THE SERIES 2013 BONDS ARE NOT CREDIT ENHANCED, THE SERIES 2013 BONDS ARE NOT RATED AND NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE SERIES 2013 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING EITHER CREDIT ENHANCEMENT FOR THE SERIES 2013 BONDS OR A RATING FOR THE SERIES 2013 BONDS HAD APPLICATION BEEN MADE.

For the reasons more fully described herein under "BONDOWNERS' RISKS" and "THE DISTRICT - IRS Examination of Village Center CDD and Related Matters," there is a risk that the District may be determined, either by the Internal Revenue Service (the "IRS"), judicially or otherwise, not to be a political subdivision for purposes of the Internal Revenue Code of 1986, as amended (the "Code") and, correspondingly, that the IRS will make an adverse determination with respect to the tax-exempt status of interest on the Series 2013 Bonds. See "BONDOWNERS' RISKS" and "THE DISTRICT - IRS Examination of Village Center CDD and Related Matters" herein.

This cover page contains information for quick reference only. It is not a summary of the Series 2013 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

*The Series 2013 Bonds are offered for delivery when, as and if issued by the District and accepted by FMSBonds, Inc. and MBS Capital Markets, LLC, as Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Akerman Senterfitt, Orlando, Florida, Bond Counsel, as to the validity of the Series 2013 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, Hopping Green & Sams, P.A., Tallahassee, Florida, for the Trustee by its counsel, Holland & Knight LLP, Miami, Florida and for the Underwriters by their counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida. It is expected that the Series 2013 Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about May 22, 2013.*

**FMSBONDS, INC.**

**MBS CAPITAL MARKETS, LLC**

Dated: May 3, 2013

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND INITIAL CUSIP NUMBERS\***

\$1,640,000 4.125% Term Series 2013 Bond Due May 1, 2024 - Yield: 4.250% - CUSIP No 58500YAW8  
\$ 2,390,000 5.000% Term Series 2013 Bond Due May 1, 2034 - Yield: 5.100% - CUSIP No 58500YAX6

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\* The District is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

**MEDITERRA SOUTH COMMUNITY DEVELOPMENT DISTRICT**

**BOARD OF SUPERVISORS**

Kenneth Nails, Chair  
Kenneth J. Tarr, Vice Chair  
Dallas Luby, Assistant Secretary  
Bill Rowe, Assistant Secretary  
Michael J. Bishko, Assistant Secretary

**DISTRICT MANAGER AND ASSESSMENT CONSULTANT**

Wrathell, Hunt and Associates, LLC  
Bonita Springs, Florida

**DISTRICT COUNSEL**

Hopping Green & Sams, P.A.  
Tallahassee, Florida

**BOND COUNSEL**

Akerman Senterfitt  
Orlando, Florida

**COUNSEL TO THE UNDERWRITERS**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

## REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

No dealer, broker, salesman or other person has been authorized by the District, the State of Florida or the Underwriter 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 any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2013 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, the District Manager, and other sources that are believed by the Underwriter to be reliable. The Underwriters have reviewed the information in this Limited Offering Memorandum in accordance with and, as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guaranty the accuracy or completeness of such information. The District and the Assessment Consultant will, at closing, deliver certificates certifying that certain of the information each supplied does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information and expressions of opinion herein 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 with respect to the matters described herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2013 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2013 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 2013 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 BY SUCH JURISDICTIONS. NEITHER THE DISTRICT, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF HAS GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2013 BONDS OR UPON THE PROBABILITY OF ANY EARNINGS THEREON. COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

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APPENDIX D –	FORM OF OPINION OF BOND COUNSEL
APPENDIX E –	FORM OF CONTINUING DISCLOSURE AGREEMENT

**LIMITED OFFERING MEMORANDUM**

*relating to*

**MEDITERRA SOUTH COMMUNITY DEVELOPMENT DISTRICT  
\$4,030,000  
Capital Improvement Revenue Refunding  
Bonds  
Series 2013**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information concerning Mediterra South Community Development District (the "District" or the "Issuer"), in connection with the offering and issuance of its Mediterra South Community Development District Capital Improvement Revenue Refunding Bonds, Series 2013 (the "Series 2013 Bonds"). The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, the Florida Constitution, and other applicable provisions of law (collectively, the "Act") and an Ordinance enacted by the Board of County Commissioner of Collier County, Florida effective on September 14, 1999, as amended and supplemented (the "Ordinance"). The District was established for the purposes, among other things, of financing and managing the planning, acquisition, construction, maintenance and operation of the infrastructure necessary for community development in Mediterra (the "Development"). The Series 2013 Bonds are being issued pursuant to the Act and a Master Trust Indenture, dated as of December 1, 1999 (the "Master Indenture"), from the District to U.S. Bank National Association, as successor in trust to First Union National Bank, as trustee (the "Trustee"), as supplemented by a Fifth Supplemental Trust Indenture, dated as of May 1, 2013 (the "Fifth Supplement" and, together with the Master Indenture, the "Indenture") and resolutions of the District authorizing the issuance of the Series 2013 Bonds. All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the copy of the Master Indenture or the form of the Fifth Supplement, both of which appear as composite APPENDIX C attached hereto.

**THE SERIES 2013 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT," "BONDOWNERS' RISKS" AND "RATING" HEREIN).**

**THE SERIES 2013 BONDS ARE NOT CREDIT ENHANCED. PROSPECTIVE INVESTORS IN THE SERIES 2013 BONDS ARE INVITED TO VISIT THE DISTRICT AND TO REQUEST FROM THE DISTRICT DOCUMENTS, INSTRUMENTS AND INFORMATION WHICH MAY NOT NECESSARILY BE REFERRED TO, SUMMARIZED OR DESCRIBED HEREIN. THEREFORE, PROSPECTIVE INVESTORS SHOULD RELY UPON THE INFORMATION APPEARING IN THIS LIMITED OFFERING MEMORANDUM WITHIN THE CONTEXT OF THE AVAILABILITY OF SUCH ADDITIONAL INFORMATION AND THE SOURCES THEREOF. PROSPECTIVE INVESTORS MAY REQUEST SUCH ADDITIONAL INFORMATION AND ARRANGE TO VISIT THE DISTRICT AS DESCRIBED HEREIN UNDER THE CAPTION "SUITABILITY FOR INVESTMENT."**

The Act authorizes the District to issue bonds for the purpose, among others, of financing, refinancing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping, operating and maintaining water management, water supply, sewer and wastewater management, bridges or culverts, district roads, street lights and other basic infrastructure projects within or without the boundaries of the District, as provided in the Act.



The Series 2013 Bonds are being issued to: (i) refund and redeem all of the Outstanding principal amount of the District's \$5,035,000 Capital Improvement Revenue Bonds, Series 2003A (the "Series 2003A Bonds"), Outstanding on date of delivery of the Series 2013 Bonds in the principal amount of \$4,080,000; (ii) pay certain costs associated with the issuance of the Series 2013 Bonds; and (iii) make a deposit into the Series 2013 Reserve Account for the benefit of all of the Series 2013 Bonds. The Series 2003A Bonds were issued to finance used to finance a portion of the Cost of the construction, installation and equipping, both within and without the boundaries of the District, of portions of the third and final phase of the water management, utilities, wetland mitigation and preserve areas needed to serve Mediterra South, which is included within the development known as Mediterra (collectively, the "2003 Project"). The District also has Outstanding \$735,000 aggregate principal amount of its Capital Improvement Revenue Bonds, Series 2003B (the "Series 2003B Bonds"), which were issued, together with the Series 2003A Bonds under and pursuant to the Third Supplemental Indenture, dated as of May 1, 2003 (the "Third Supplemental Indenture"), from the District to the Trustee. The Series 2003B Bonds remain outstanding in the principal amount of \$735,000 and their original maturity of May 1, 2010 was extended in 2010 to May 1, 2015. The Owners of all of the Outstanding Series 2003B Bonds have consented to the release of the lien of the Third Supplemental Indenture on the Series 2003A Assessments and the refunding of the Series 2003A Bonds; however, even though the Series 2003B Bonds will not rank on a parity with the Series 2013 Bonds, the Assessments in respect of the Series 2003B Bonds and the Series 2013 Bonds will be on certain of the same tax parcels and accordingly, the lien of the Series 2013 Assessments and the Series 2003B Assessments will statutorily be co-equal one with the other and with the lien for County, municipal and school board taxes and assessments and any additional assessments imposed by the District including operation and maintenance assessments. The Series 2003B Bonds mature on May 1, 2015 unless sooner redeemed. It is anticipated, though not required, that the Series 2003B Assessment attributable to each tax parcel will be prepaid as such tax parcel is sold to an end user.

The Series 2013 Bonds are payable from and secured by the revenues derived by the District from the Series 2013 Assessments (hereinafter defined) and by the Funds and Accounts (except for the Series 2013 Rebate Account) established by the Fifth Supplement. The Indenture provides that, so long as there are Series 2013 Bonds Outstanding, the District shall not cause or permit to be caused any other lien, charge or claim against the Series 2013 Trust Estate.

There follows in this Limited Offering Memorandum a brief description of the District and the Series 2013 Assessment Area, together with summaries of the 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 all references to the Series 2013 Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture. A copy of the Master Indenture and the form of the Fifth Supplement are attached hereto as composite APPENDIX C. This Limited Offering Memorandum, is not, and shall not be deemed to constitute, an offer to sell, or the solicitation of an offer to buy, real estate, which may only be made pursuant to offering documents satisfying applicable federal and state laws relating to the offer and sale of real estate.

### **SUITABILITY FOR INVESTMENT**

Investment in the Series 2013 Bonds poses certain economic risks. No dealer, broker, salesman 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. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, and the opportunity to ask questions of the District, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Series 2013 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to:

FMS Bonds, Inc.  
20660 W. Dixie Highway  
North Miami Beach, Florida 33180  
Phone: 305.692.4124

While the Series 2013 Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Underwriters have determined that the Series 2013 Bonds are not suitable for investment by persons other than, and, as required by Chapter 189, Florida Statutes, will offer the Series 2013 Bonds only to "accredited investors," as defined in Chapter 517, Florida Statutes, and the rules promulgated thereunder by the Office of Financial Regulation of the Financial Services Commission; however, the limitation of the initial offering to accredited investors does not denote restrictions on transfer in any secondary market for the Series 2013 Bonds. Prospective investors in the Series 2013 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 2013 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

## **THE DISTRICT**

### **General**

The District was established pursuant to the Ordinance. The District consists of approximately 1,154 acres located in Collier County, Florida (the "County").

### **Legal Powers and Authority**

The District is an independent local unit of special-purpose government created in accordance with the Act. The Act provides a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State of Florida. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operation and maintenance of the major infrastructure for community development.

The Act provides that community development districts have the power to issue general obligation, revenue and special assessment revenue debt obligations in any combination to pay all or part of the cost of infrastructure improvements authorized under the Act. The Act further provides that community development districts have the power under certain conditions to levy and assess ad valorem assessments or non-ad valorem assessments, including the Series 2013 Assessments, on all taxable real and tangible personal property within their boundaries to pay the principal of and interest on debt obligations issued and to provide for any sinking or other funds established in connection with any such debt obligation issues. Pursuant to the Act, such assessments may be assessed, levied, collected and enforced in the same manner and time as county property taxes.

Among other provisions, the Act gives the District's Board of Supervisors the authority to (a) finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for: (i) water management and control for lands within the District and to connect any of such facilities with roads and bridges; (ii) water supply, sewer and wastewater management reclamation and re-use 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 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 assessment 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 authorized by the Act.

The Act does not empower the District to adopt and enforce land use plans or zoning ordinances, and the Act does not empower the District to grant building permits. These functions are performed by the County and its departments of government.

The Act exempts all property of 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 such bonds, including the Series 2013 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”). Ownership of the land within the District initially entitled the owner to elect Supervisors to the Board based on a one vote per acre basis (with fractions thereof rounded upward to the nearest whole number). Upon the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, or such earlier time as the Board may decide to exercise its ad valorem taxing power, the Supervisors are elected (as their terms expire) by vote of the qualified electors of the District. A qualified elector is a registered voter, a resident of the District and the State of Florida and a citizen of the United States. At the election where Supervisors were first elected by qualified electors, which occurred in November 2008 two Supervisors, who were qualified electors, were elected by qualified electors and one by landowners. Currently, all Supervisors are qualified electors elected or appointed to serve staggered four-year terms. If there is a vacancy on the Board, the remaining Board members are to fill such vacancy for the unexpired term. One of the current supervisors was elected by qualified electors in 2010 and three of the current Supervisors were elected by qualified electors in November 2012. One Supervisor was elected by the board of supervisors when no one qualified for the ballot. The current members of the Board and their respective term commencement and expiration dates are set forth below.

<u>Name</u>	<u>Title</u>	<u>Current Term Commenced</u>	<u>Term Expires</u>
Kenneth Nails	Chair	Nov. 2012	Nov. 2016
Kenneth J. Tarr	Vice Chair	Feb. 2011	Nov. 2014
Michael J. Bishko	Assistant Secretary	Nov. 2012	Nov. 2016
Bill Rowe	Assistant Secretary	Dec. 2012	Nov. 2016
Dallas Luby	Assistant Secretary	Nov. 2010	Nov. 2014

The Act empowers the Board of Supervisors to adopt administrative rules and regulations with respect to any projects of the District, and to enforce penalties for the violation of such rules and regulations. The Act permits the Board of Supervisors to levy taxes under certain conditions, and to levy special assessments, and to charge, collect and enforce fees and user charges for use of District facilities.

**District Manager and Other Consultants**

The Act authorizes the Board to hire a District Manager as the chief administrative official of the District. The Act provides that the District Manager shall have charge and supervision of the works of the District and shall be responsible for (i) preserving and maintaining any improvement or

facility constructed or erected pursuant to the provisions of the Act, (ii) maintaining and operating the equipment owned by the District, and (iii) performing such other duties as may be prescribed by the Board.

The District has hired Wrathell, Hunt and Associates, LLC (the "District Manager") to serve as District Manager. The District Manager's office is located at 6131 Lyons Road, Suite 100, Coconut Creek, Florida 33073, phone (954) 426-2105.

The District Manager's typical responsibilities can briefly be summarized as overseeing directly and coordinating the planning, financing, purchasing, staffing, reporting and governmental liaison for the District. The District Manager's responsibilities include requisitioning moneys to pay construction contracts and the related accounting and reporting that is required by the Indentures

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Akerman Senterfitt, Orlando, Florida, as Bond Counsel; Hopping Green & Sams, P.A., Tallahassee, Florida, as District Counsel; and District Manager, as Series 2013 Assessment Consultant to prepare the Supplemental Series 2013 Assessment Methodology Report for the Series 2013 Bonds.

### **Outstanding Bonds**

The District has previously issued its Series 2003A Bonds and its Series 2003B Bonds under and pursuant to the Master Indenture and a Third Supplemental Trust Indenture dated as of May 1, 2003 (together with the Master Indenture, the "2003 Indenture"), from the District to the Trustee, with respect to which, \$4,080,000 Series 2003A Bonds will be Outstanding on the date of delivery of the Series 2013 Bonds and which will be refunded with proceeds of the Series 2013 Bonds. The District also has Outstanding \$735,000 aggregate principal amount of its Series 2003B Bonds. The Owners of all of the Outstanding Series 2003B Bonds have consented to the release of the lien of the Third Supplemental Indenture on the Series 2003A Assessments and the refunding of the Series 2003A Bonds; however, even though the Series 2003B Bonds will not rank on a parity with the Series 2013 Bonds, the Assessments in respect of the Series 2003B Bonds and the Series 2013 Bonds will be on certain of the same tax parcels and accordingly, the lien of the Series 2013 Assessments and the Series 2003B Assessments will statutorily be co-equal one with the other and with the lien for County, municipal and school board taxes and assessments and any additional assessments imposed by the District including operation and maintenance assessments. The Series 2003B Bonds mature on May 1, 2015 unless sooner redeemed. It is anticipated, though not required, that the Series 2003B Assessment attributable to each tax parcel will be prepaid as such tax parcel is sold to an end user. The District has also issued its \$13,455,000 Mediterra South Community Development District Capital Improvement Revenue Refunding Bonds, Series 2012 under and pursuant to the terms of the the Master Indenture as amended and supplemented by a Fourth Supplemental Indenture, dated as of May 1, 2012, from the District to the Trustee, which are currently Outstanding in the amount of \$12,975,000 (following the May 1, 2013 sinking fund payment) but which are secured by Special Assessments on property not subject to the lien of the Series 2013 Assessments.

### **IRS Examination of Village Center CDD and Related Matters**

The IRS is examining at least two series of bonds (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District ("Village Center"). On October 31, 2012, Village Center posted an "Event Notice" on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") indicating that the Office of Chief Counsel ("Chief Counsel") of the IRS has advised Village Center, through verbal communication, that the Chief Counsel has tentatively concluded that Village Center is not a political subdivision for purposes of Section 103(a) of the Code because a controlling portion of the governing board of Village Center at the time it issued the Audited Bonds was elected by one property owner. Such a

conclusion would lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes, retroactive to the date of issuance of the Audited Bonds. It is not possible to predict when the IRS's examinations of the Village Center Audited Bonds will be concluded or the outcome of the examinations.

While it is possible that the formal conclusion of the IRS with respect to the Audited Bonds, if and when released, will be in the form of a non-precedential technical advice memorandum ("TAM") addressed to, and binding only on, the IRS and Village Center in connection with the Audited Bonds, if the Chief Counsel officially takes the position in written advice that a community development district is not a political subdivision if it is controlled by a single landowner, the IRS may commence additional audits of bonds issued by other community development districts on the same basis (i.e., that at the time the bonds were issued, the governing body of the community development district was elected by one property owner) and may conclude that other community development districts are not political subdivisions for purposes of Section 103(a) of the Code because a controlling portion of the governing board of the community development district, at the time it issued the audited bonds, was elected by one property owner.

If the Series 2013 Bonds were audited, there is a risk that the IRS could determine that interest on the Series 2013 Bonds is not excludable from gross income for the reasons stated above. The District could settle an audit of the Series 2013 Bonds in which the IRS determined the interest on the Series 2013 Bonds was not excludable from gross income on this basis or the District could file an administrative appeal with the IRS; however, the District may not have available revenues to contest such determination or to enable it to enter into a voluntary financial settlement with the IRS. If the District were to lose such an appeal, the interest on the Series 2013 Bonds would be declared subject to inclusion in gross income of the holders thereof from the issue date of the Series 2013 Bonds (unless the District entered into a settlement with the IRS). In the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2013 Bonds, the District may not have available revenues to contest such determination or to enable it to enter into a voluntary financial settlement with the IRS. In the event IRS determines in an audit that the interest on the Series 2013 Bonds is not excludable from gross income for the reasons stated above, unless an Owner of the Series 2013 Bonds refuses to pay tax on the interest it receives or pays such tax and sues the IRS for a refund, there is no procedural avenue to bring the IRS determination to a court for review and, consequently, the ability of an Owner of the Series 2013 Bonds to seek relief from a court is limited.

As stated above, it is not possible to predict when the IRS's examinations of the Village Center Audited Bonds will be concluded or the outcome of the examinations.

Based on various reports published in the press and other sources, including a letter dated October 16, 2012 from the National Association of Bond Lawyers addressed to the IRS, it is possible that the IRS may be considering asserting that a special district such as the District will not be treated as a political subdivision for purposes of Section 103(a) of the Code if a controlling portion of the governing board of said entity is elected by one or a small number of landowners. When the Refunded Bonds were approved and issued to finance the Series 2003 Project, the majority of the Supervisors on the Board of the District were elected by the landowners. Currently, all of the Supervisors are qualified electors either elected or appointed to serve on the Board.

In light of the foregoing and for the reasons more fully described herein under "BONDOWNERS' RISKS", there is a risk that the District may be determined, either by the IRS, judicially or otherwise, not to be a political subdivision for purposes of the Internal Revenue Code of 1986, as amended (the "Code") and, correspondingly, that the IRS will make an adverse determination with respect to the tax-exempt status of interest on the Series 2013 Bonds.

## PLAN OF REFUNDING

The Series 2003A Bonds were issued for the purpose of funding the 2003 Project (as defined herein). To effect the refunding of the Series 2003A Bonds, the District will enter into an escrow deposit agreement (the "Escrow Agreement") with U.S. Bank National Association, as escrow agent (in such capacity, the "Escrow Agent"). Pursuant to the terms of the Escrow Agreement, the District will deposit with the Escrow Agent a portion of the proceeds of the Series 2003A Bonds and other available moneys to refund the Series 2003A Bonds. Such proceeds and other available moneys may be held uninvested by the Escrow Agent until applied to redeem the Series 2003A Bonds. Upon execution and delivery of the Escrow Agreement and the deposit of such proceeds and other available moneys into the Escrow Deposit Trust Fund, all as provided in the Escrow Agreement, in the opinion of Bond Counsel, rendered in reliance on the report of Causey Demgen & Moore Inc. (see "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein), the Series 2003A Bonds will no longer be deemed Outstanding pursuant to the 2003 Indenture.

The moneys held pursuant to the Escrow Agreement will not be available to pay debt service on the Series 2003A Bonds.

### THE SERIES 2003A ASSESSMENT AREA

The information in this section "THE SERIES 2003A ASSESSMENT AREA" has been furnished by the District for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the Underwriters or their counsel, and no person other than the District makes any representation or warranty as to the accuracy or completeness of such information supplied by them.

#### General

Mediterra (the "Development") is a 1,675-acre master planned residential community located in southwest Florida, spanning Collier and Lee Counties. Mediterra is located on Livingston Road approximately one mile south of Bonita Beach Road, approximately 7 miles north of the City of Naples, 25 miles south of the City of Fort Myers and 16 miles southwest of the Southwest Florida International Airport. The District encompasses approximately 1,154 acres in Collier County and includes 27 holes of golf, the supporting clubhouse/recreational facilities and approximately 612 residential units. An adjacent community development district known as the Mediterra North Community Development District includes an additional 341 residential units and 9 holes of golf in the Development. Bonita Bay Properties, Inc., the original developer of the property, marketed the Development to affluent buyers predominantly from the midwest and northeast seeking seasonal vacation homes. The focal point of the Development is the following amenities (the "Club Facilities"):

Two 18-hole golf courses designed by Tom Fazio with a practice area with 3 greens, a putting green and maintenance facility.

A 2-story 26,046 square foot clubhouse which includes 2 restaurants/dining rooms; a lounge with full bar and terrace, a private dining room, locker rooms, a pro shop and an executive board room.

A 1-story 13,888 square foot sport club facility which includes exercise rooms, locker rooms, a tennis pro shop, spa rooms, sauna, an enrichment center and other related facilities. Adjacent to the sports club facility are tennis courts.

Beach club facility (located off-site).

The Club Facilities were purchased in 2010 by New Club at Mediterra, Inc., an entity comprised of Mediterra residents/club members.

For additional information regarding the Mediterra development, please visit its website at [www.mediterralliving.com](http://www.mediterralliving.com).

### **Series 2013 Assessment Area Data**

The Series 2003 Assessments securing the Series 2013 Bonds are levied in an area of the Development that is located east of Livingston Road and contains 196 assessable units (one landowner prepaid their Series 2003 Assessment). At build-out, the Series 2013 Assessment Area is expected to contain 50 single-family units, 110 villa units (detached product) and 36 coach home units (attached product). Based upon information obtained from the Property Appraiser for Collier County, there are approximately 84 constructed residential units in the Series 2013 Assessment Area including 34 single-family units and 50 villa units. Additionally, within the Series 2013 Assessment Area are approximately 60 developed and platted villa lots, 16 single-family developed and platted lots and 36 partially developed unplatted coach home lots. The coach home lots and the majority of the villa lots are owned by two affiliated entities of London Bay Homes known as LB Mediterra, LLC and Lucarno 2, LLC.

Based upon information obtained from the Property Appraiser for Collier County, the total assessed value for all assessable parcels located in the Series 2013 Assessment Area is \$82,598,292. The following table provides a summary of the average assessed values by product type and average value to lien ratios following the issuance of the Series 2013 Bonds based upon assessed value information obtained from the Property Appraiser for Collier County.

<u>Product Type</u>	<u>Assessable Units</u>	<u>Total Assessed Value</u>	<u>Average Assessed Value Per Unit</u>	<u>Assessment Principal</u>			<u>Average Value To Lien</u>
				<u>Post Refunding 2013 Par/Unit</u>	<u>2003B Par/Unit</u>	<u>Total</u>	
Single-Family -- Vertical	34	\$37,440,324	\$1,101,186	\$33,377	NA	\$33,377	32.99
Single-Family -- Non Vertical	16	\$985,250	\$61,578	\$33,377	NA	\$33,377	1.84
Detached Villas -- Vertical	50	\$40,261,468	\$805,229	\$16,688	NA	\$16,688	48.25
Detached Villas -- Non Vertical (1)	60	\$3,596,250	\$59,938	\$16,688	\$45,938	\$62,626	0.96
Coach Homes -- Non Vertical	<u>36</u>	<u>\$315,000</u>	\$8,750	\$14,595	NA	\$14,595	0.60
	196	\$82,598,292					

(1) 15 of the Detached Villa lots are subject to the Series 2003B Bonds.

It should be noted that the assessed values above are from the records of the Collier County, Florida Property Appraiser and are based upon a number of factors including the timing of the appraisal. The real property records of Collier County reflect the sale of 23 villa lots on November 29, 2012 for an aggregate purchase price of \$2,990,000 or \$130,000 per lot which is substantially greater than the \$59,938 shown above.

As a result of the refunding of the Refunded Bonds, the annual debt service in the Series 2013 Assessment Area will decrease. The table below illustrates the annual and corresponding principal Series 2013 Assessments following the issuance of the Series 2013 Bonds.

<u>Product Type</u>	<u>Number of Units</u>	<u>2003 Bonds</u>		<u>2013 Bonds</u>		<u>Savings</u>	
		<u>Annual Per Unit Net Debt Service</u>	<u>Par Per Unit</u>	<u>Annual Per Unit Net Debt Service</u>	<u>Par Per Unit</u>	<u>Annual Per Unit In Dollars</u>	<u>Percentage</u>
Single-Family	50	\$3,186	\$33,667	\$2,759	\$33,377	\$427	13.40%
Detached Villas	110	\$1,593	\$16,833	\$1,379	\$16,688	\$214	13.43%
Coach Homes (1)	<u>36</u>	\$1,394	\$14,722	\$1,206	\$14,595	\$188	13.49%
Total	196						

(1) The owner of the tax parcels for the proposed Coach Homes has indicated that it may reduce the number of Coach Homes to 28. In the event the number of Coach Homes is reduced to 28 the par per unit will increase to \$19,006 and annual debt service will increase to \$1,462.



In addition to the annual debt service assessments, each residential unit in the Series 2013 Assessment Area pays an annual operation and maintenance assessment to the District. Such annual amount is approximately \$505 based upon the District's adopted budget for fiscal year 2013. Each residential unit in the Series 2013 Assessment Area also pays property taxes assessed by the applicable taxing authorities. The current millage rate applicable to the District is 11.5851. Further, each residential unit in the District is subject to homeowners' association fees.

There have been no draws on the debt service reserve funds for the Refunded Bonds since their date of issuance. Historically, the District has collected in excess of 100% of the net amount required to pay debt service on the Refunded Bonds. This is due to the fact that landowners in the Series 2013 Assessment Area have not taken full advantage of the 4% discount allowed by Florida law for early payment of real estate taxes. The following table reflects historical collections for the current and last 4 fiscal years for the Series 2013 Assessment Area. Such information was obtained from the District's Assessment Consultant.

	<u>2008-9</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u> <u>(YTD)</u>
Net Debt Levy	\$378,131	\$375,481	\$356,994	\$356,575	\$352,968
<i>Levied On Tax Roll</i>	<i>\$264,445</i>	<i>\$259,776</i>	<i>\$310,430</i>	<i>\$310,066</i>	<i>\$352,968</i>
<i>Levied Off Roll</i>	<i>\$113,686</i>	<i>\$115,705</i>	<i>\$46,564</i>	<i>\$46,509</i>	<i>\$0</i>
Total Collected On Roll	\$269,306	\$267,715	\$324,762	\$317,957	\$353,139
% Collected On Roll	102%	103%	105%	103%	100+%

\*\* 100% of off-roll assessments were collected on time.

The information appearing in the table below provides the delinquency history and the result of the sale of tax certificates for the District pertaining to the Series 2013 Assessment Area for the last 3 fiscal years based upon information obtained from the Tax Collector for Collier County.

	<u>FY</u> <u>2009/10</u>	<u>FY</u> <u>2010/11</u>	<u>FY</u> <u>2011/12</u>
Delinquencies as of May 1 (\$)	\$16,140	\$19,177	\$11,174
Delinquencies as of May 1 (%)	4.30%	4.53%	3.13%
Tax Certificates Sold	\$6,560	\$19,177	\$3,192
Balance Remaining for Sale	\$0	\$0	\$0

The historical collection results shown above should not be relied upon as a forecast of future collection results. Collection results are subject to various economic and market factors beyond the control of the respective district. See "BONDOWNERS' RISK," generally, paragraphs I and IV particularly.

All of the estimates set forth and discussed above are based upon the District's current knowledge and expectations, and upon currently-known economic conditions. The District does not, however, guarantee that actual results will be as projected; unforeseen events may occur and actual results may vary considerably from the projections.

## DESCRIPTION OF THE SERIES 2013 BONDS

### General Description

The Series 2013 Bonds are issuable as fully registered bonds, without coupons, in denominations of \$5,000 or any multiple thereof.

The Series 2013 Bonds will be dated their date of issuance and delivery to the initial purchasers thereof and will bear interest payable on each May 1 and November 1, commencing November 1, 2013 (each, an "Interest Payment Date") and shall be computed on the basis of a 360-day year of twelve 30-day months. The Series 2013 Bonds will mature on May 1 of such years, in such amounts and at such rates as set forth on the cover page of this Limited Offering Memorandum.

Interest on each Series 2013 Bond will be payable on each Interest Payment Date as heretofore described in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Except as otherwise provided in the Supplemental Indenture in connection with a book entry only system of registration of the Series 2013 Bonds, the payment of interest on the Series 2013 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2013 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 Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2013 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 2013 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 foregoing notwithstanding, any Owner of Series 2013 Bonds in an aggregate principal amount of at least \$1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Interest Payment Date.

Each Series 2013 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such Series 2013 Bond has been paid, in which event such Series 2013 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2013 Bonds, in which event, such Series 2013 Bond shall bear interest from its date.

The Series 2013 Bonds will initially be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), which will act initially as securities depository for the Series 2013 Bonds and, so long as the Series 2013 Bonds are held in book-entry-only form, Cede & Co. will be considered the registered owner for all purposes hereof. See "Book-Entry Only System" below for more information about DTC and its book-entry only system.

### Redemption Provisions

*Optional Redemption of Series 2013 Bonds.* The Series 2013 Bonds may, at the option of the District, be called for redemption prior to maturity as a whole or in part at any time on or after May

1, 2023 (less than all Series 2013 Bonds to be selected by lot), at a Redemption Price equal to the principal amount of the Series 2013 Bonds (or portion thereof to be redeemed) plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Redemption in Part of Series 2013 Bonds. The Series 2013 Bonds which are Term Bonds maturing on May 1, 2024 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2013 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>Year</b>	<b>Principal</b>	<b>Year</b>	<b>Principal</b>
<b>(May 1)</b>	<b>Amount</b>	<b>(May 1)</b>	<b>Amount</b>
2014	\$120,000	2020	\$155,000
2015	125,000	2021	160,000
2016	130,000	2022	170,000
2017	135,000	2023	175,000
2018	145,000	2024	180,000*
2019	145,000		

\* Maturity

The Series 2013 Bonds which are Term Bonds maturing on May 1, 2034 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2013 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>Year</b>	<b>Principal</b>	<b>Year</b>	<b>Principal</b>
<b>(May 1)</b>	<b>Amount</b>	<b>(May 1)</b>	<b>Amount</b>
2025	\$185,000	2030	\$245,000
2026	200,000	2031	255,000
2027	210,000	2032	270,000
2028	220,000	2033	285,000
2029	230,000	2034	290,000*

\*Final Maturity

As more particularly set forth in the Master Indenture and Supplemental Indenture, any Series 2013 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be canceled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Series 2013 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Series 2013 Bonds so as to reamortize the remaining Outstanding principal balance of the Series 2013 Bonds (including any Series 2013 Bonds which are Serial Bonds) over the remaining term thereof in substantially equal annual installments of principal and interest.

Extraordinary Mandatory Redemption in Whole or in Part of Series 2013 Bonds. The Series 2013 Bonds are subject to extraordinary mandatory redemption prior to maturity by the District, in

whole or in part on any date, at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2013 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from amounts deposited into the Series 2013 Prepayment Subaccount of the Series 2013 Redemption Account in the Redemption Fund in accordance with the provisions of the Fifth Supplemental Indenture; and

(ii) from moneys, if any, on deposit in the Series 2013 Reserve Account, together with other moneys available therefor, sufficient to pay and redeem all Series 2013 Bonds Outstanding and accrued interest thereon to the redemption date.

If less than all of the Series 2013 Bonds of any one maturity shall be called for redemption, the particular Series 2013 Bonds to be redeemed shall be selected by lot in such reasonable manner as the Bond Registrar in its discretion may determine. The portion of any Series 2013 Bonds to be redeemed shall be in an Authorized Denomination and, in selecting the Series 2013 Bonds to be redeemed, the Bond Registrar shall treat each such Series 2013 Bond as representing that number of Series 2013 Bonds which is obtained by dividing the principal amount of such Series 2013 Bond by an Authorized Denomination (such amount being hereafter referred to as the "unit of principal amount").

If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2013 Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Series 2013 Bond, upon surrender of such Series 2013 Bond to the Paying Agent for payment to such registered Owner of the redemption price of the unit or units of principal amount called for redemption, shall be entitled to receive a new Series 2013 Bond or Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such Series 2013 Bond. New Series 2013 Bonds representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. If the Owner of any Series 2013 Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Series 2013 Bond to the Paying Agent for payment in exchange as aforesaid, such Series 2013 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

### **Notice of Redemption**

Notice of each redemption of Series 2013 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of Series 2013 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Series 2013 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 2013 Bonds or such portions thereof on such date, interest on such Series 2013 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2013 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 2013 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

Failure to give notice by mailing to the Owner of any Series 2013 Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Series 2013 Bond.

### **Book-Entry Only System**

The information in this caption concerning The Depository Trust Company, New York, New York, ("DTC") and DTC's book-entry system has been obtained from DTC and neither the District nor the Underwriter makes any representation or warranty or takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2013 Bonds. The Series 2013 Bonds will be issued as fully-registered bonds 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 bond certificate will be issued for each maturity of the Series 2013 Bonds 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 (the "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 (the "Indirect Participants"). DTC has a Standard and Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2013 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2013 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2013 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 2013 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in the Series 2013 Bonds, except in the event that use of the book-entry system for the Series 2013 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2013 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 Series 2013 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 2013 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2013 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an 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 made among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2013 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2013 Bonds, as the case may be, to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2013 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 2013 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2013 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 Registrar on the 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, the Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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 for the Series 2013 Bonds. 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 the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2013 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2013 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 2013 Bond certificates will be printed and delivered to DTC.

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

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2013 BONDS. THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE SERIES 2013 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM.

## SECURITY FOR AND SOURCE OF PAYMENT OF BONDS

### General

The Series 2013 Bonds are payable from and secured by the Assessments levied and collected by or on behalf of the District pursuant to Chapter 170 and Section 190.022, *Florida Statutes*, as amended from time to time, together with the interest specified by resolution adopted by the District, the interest specified in Chapter 170, Florida Statutes, if any such interest is collected by or on behalf of the District, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments, which are imposed, levied and collected by the District with respect to property specially benefited by the 2003 Project (the "Series 2013 Assessments")

The Series 2013 Assessments represent an allocation of the costs of the 2003 Project, including bond financing costs, to the lands within the District benefiting from the 2003 Project in accordance with the Preliminary Series 2013 Assessment Report, dated December 5, 2002, as supplemented by the Supplemental Assessment Report, Dated April 1, 2003, each prepared by Severn Trent-Moyer, as supplemented with respect to the Series 2013 Bonds by the Supplemental Assessment Report for the Series 2013 Bonds prepared by Wrathell, Hunt and Associates, LLC (collectively, the "Assessment Report") which Assessment Report has been adopted by the District.

The Series 2013 Bonds are additionally secured by amounts on deposit in the Funds and Accounts, other than the Series 2013 Rebate Account, created pursuant to the Indenture (the "Series 2013 Pledged Funds and Accounts" and together with the Series 2013 Assessments, the "Series 2013 Trust Estate."

NEITHER THE SERIES 2013 BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE SERIES 2013 BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2013 BONDS. RATHER,

DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE SERIES 2013 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2013 PLEDGED REVENUES AND THE SERIES 2013 PLEDGED FUNDS AND ACCOUNTS PLEDGED TO THE SERIES 2013 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

### **Limitation on Additional Bonds**

Subsequent to the issuance of the Series 2013 Bonds, the District may cause one or more Series of Additional Bonds or Refunding Bonds (as defined in the Master Indenture) to be issued pursuant to the Indenture, subject to the terms and conditions thereof. Additional Bonds may be issued for the purpose of paying the Cost of any Additional Series Project or any portion thereof or paying the Cost of completing a Series Project. Refunding Bonds may be issued for the purpose of refunding (including advance refunding) all or part of the Bonds then Outstanding of any one or more Series or maturities within a Series. Each Series of Additional Bonds and Refunding Bonds shall be secured separately from each other Series of Outstanding Bonds, except as otherwise provided in the Supplemental Indenture authorizing a Series of Bonds. In the Supplemental Indenture authorizing the Series 2013 Bonds, the District covenants and agrees that, so long as there are any Series 2013 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2013 Trust Estate. WHILE NO FUTURE ADDITIONAL BONDS WILL BE PAYABLE FROM OR SECURED BY THE ASSESSMENTS PLEDGED AS SECURITY FOR THE SERIES 2013 BONDS, THE DISTRICT, THE COUNTY, THE SCHOOL BOARD OF COLLIER COUNTY, FLORIDA, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF MAY IN THE FUTURE IMPOSE, LEVY AND COLLECT ASSESSMENTS AND TAXES THE LIENS OF WHICH WILL BE CO-EQUAL WITH THE LIEN OF THE SERIES 2013 ASSESSMENTS SECURING THE SERIES 2013 BONDS. See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2013 BONDS - Enforcement and Collection of Series 2013 Assessments" herein.

### **Funds and Accounts**

The Indenture requires that the Trustee establish the following funds and accounts: a "Series 2013 Costs of Issuance Account;" within the Revenue Fund, a "Series 2013 Revenue Account;" within the Debt Service Fund a "Series 2013 Interest Account," and a "Series 2013 Sinking Fund Account;" within the Series 2013 Reserve Fund a "Series 2013 Reserve Account;" and a "Series 2013 Redemption Account in the Redemption Fund" and therein an "Optional Redemption Subaccount," and a "Series 2013 Prepayment Subaccount."

### **Reserve Account Requirement**

The Supplemental Indenture creates a Series 2013 Reserve Account. The "Series 2013 Reserve Account Requirement" with respect to the Series 2013 Bonds is an amount equal to \$75,000.00.

Amounts on deposit in the Series 2013 Reserve Account shall be used only for the purpose of making payments into the Series 2013 Interest Account, the Series 2013 Principal Account and the Series 2013 Sinking Fund Account to pay debt service on the Series 2013 Bonds, when due, without distinction as to Series 2013 Bonds and without privilege or priority of one Series 2013 Bond over another, to the extent the moneys on deposit in such Accounts and available therefor are insufficient and for no other purpose, except as specified in the Supplemental Indenture.

On the earliest date on which there is on deposit in the Series 2013 Reserve Account, sufficient monies, after taking into account other monies available therefor, to pay and redeem all of



the Outstanding Series 2013 Bonds, together with accrued interest and redemption premium, if any, on such Series 2013 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2013 Reserve Account into the Series 2013 Redemption Account in the Series 2013 Redemption Account in the Redemption Fund to pay and redeem all of the Outstanding Series 2013 Bonds on the earliest date permitted for redemption therein and in the Indenture.

### **Flow of Funds**

The Fifth Supplemental Indenture directs the Trustee to deposit into the Series 2013 Revenue Account any and all amounts required to be deposited therein by the Indenture and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture. The Series 2013 Revenue Account 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 Indenture requires that the District immediately upon receipt deposit Series 2013 Assessment Revenues with the Trustee together with a written accounting of the classification of such Series 2013 Assessment Revenues, which shall be deposited by the Trustee based upon such written accounting into the Funds and Accounts as follows:

(i) Series 2013 Assessment Interest which shall be deposited into the Series 2013 Interest Account to pay interest due on the Series 2013 Bonds;

(ii) Series 2013 Assessment Principal, which shall be deposited into the Series 2013 Sinking Fund Account to pay Amortization Installments on the Series 2013 Term Bonds;

(iii) Series 2013 Prepayment Principal which shall be deposited into the Series 2013 Prepayment Subaccount in the Series 2013 Redemption Account;

(iv) Series 2013 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the Series 2013 Reserve Account to pay the principal of Series 2013 Bonds, and, the balance, if any, shall be deposited into the Series 2013 Sinking Fund Account;

(v) Series 2013 Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the Series 2013 Reserve Account to pay the interest on Series 2013 Bonds, and, the balance, if any, deposited into the Series 2013 Revenue Account; and

(vi) all other Series 2013 Assessment Revenues, which shall be deposited into the Series 2013 Revenue Account.

On the forty-fifth (45th) day preceding each Redemption Date (or if such forty-fifth (45th) day is not a Business Day, on the Business Day next preceding such forty-fifth (45th) day), the Trustee shall determine the amount on deposit in the Series 2013 Prepayment Subaccount, and, if the balance therein is greater than zero, shall transfer from the Series 2013 Revenue Account for deposit into the Series 2013 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to the next integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Series 2013 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2013 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of the Series 2013 Bonds.

On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall transfer amounts on deposit in the Series 2013 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, from the Series 2013 Revenue Account to the Series 2013 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all Series 2013 Bonds then Outstanding on such May 1 or November 1 less any other amount already on deposit in the Series 2013 Interest Account not previously credited;

SECOND, to the Series 2013 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2013 Term Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2013 Sinking Fund Account not previously credited, and to the Series 2013 Principal Account, the amount, if any, equal to the difference between the principal of all Series 2013 Serial Bonds maturing on such May 1, and the amount already on deposit in the Series 2013 Principal Account not previously credited;

THIRD, to the Series 2013 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2013 Reserve Account Requirement with respect to the Series 2013 Bonds; and

FOURTH, the balance shall be retained in the Series 2013 Revenue Account.

Anything herein to the contrary notwithstanding, it shall not, a fortiori, constitute an Event of Default hereunder if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefor.

On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the Series 2013 Revenue Account to the Rebate Account established for the Series 2013 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants.

On or after each November 2, the balance on deposit in the Series 2013 Revenue Account on such November 2 shall, upon written request of an Authorized Officer of the District be paid to the District to be used for any lawful purpose; provided however, that on the date of such proposed transfer the amount on deposit in the Series 2013 Reserve Account shall be equal to the Series 2013 Reserve Account Requirement and provided further that the Trustee shall not have actual knowledge (as described in Section 606 of the Master Indenture) of an Event of Default under the Master Indenture or under the Supplemental Indenture relating to any of the Series 2013 Bonds, including the payment of Trustee's fees and expenses then due.

Anything in the Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the Series 2013 Bonds shall be invested only in Series 2013 Investment Obligations. Earnings on investments in the Series 2013 Revenue Account, the Series 2013 Debt Service Accounts, the Series 2013 Costs of Issuance Account and the Series 2013 Redemption Account and the Subaccounts therein shall be deposited, as realized, to the credit of the Series 2013 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2013 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in the Master Indenture) in the Series 2013 Reserve Account as of the most recent date on which amounts on deposit in the Series 2013 Reserve

Account were valued by the Trustee, and if no withdrawals have been made from the Series 2013 Reserve Account since such date which have created a deficiency, then earnings on the Series 2013 Reserve Account shall be deposited into Series 2013 Revenue Account and applied as provided for moneys on deposit therein; and

(ii) if as of the last date on which amounts on deposit in the Series 2013 Reserve Account were valued by the Trustee there was a deficiency (as defined in the Master Indenture), or if after such date withdrawals have been made from the Series 2013 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2013 Reserve Account shall be deposited into the Series 2013 Reserve Account until the amount on deposit therein is equal to the Series 2013 Reserve Account Requirement, and then earnings on the Series 2013 Reserve Account shall be deposited into the Series 2013 Revenue Account and applied as provided for moneys on deposit therein.

### **Enforcement and Collection of Series 2013 Assessments**

The primary sources of payment for the Series 2013 Bonds are the Series 2013 Assessments imposed on each landowner within the District which are specially benefited by the 2003 Project. To the extent that landowners fail to pay such Series 2013 Assessments, delay payments, or are unable to pay Series 2013 Assessments, the successful pursuit of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2013 Bonds. The Act provides for various methods of collection of delinquent taxes by reference to other provisions of the Florida Statutes. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein for a summary of Series 2013 Assessment payment and collection procedures appearing in the Florida Statutes.

The District has covenanted in the Indenture to assess, levy, collect or cause to be collected and enforce the payment of Series 2013 Assessments in the manner prescribed by the Indenture and all resolutions, ordinances or laws thereunto appertaining and pay or cause to be paid to the Trustee the proceeds of Series 2013 Assessments, as received. The Indenture requires the District to use its best efforts to collect Series 2013 Assessments levied on platted lots and pledged to secure the Series 2013 Bonds pursuant to the uniform method for the collection of special assessments set forth in the Act (the "Uniform Method"), and to collect Series 2013 Assessments levied on unplatted lots and pledged to secure the Series 2013 Bonds directly by the District pursuant to the Act and Chapters 170 and 197, Florida Statutes, and not pursuant to the Uniform Method, in each case unless otherwise directed by the Trustee acting at the direction of the Owners of a majority in aggregate principal amount of the Series 2013 Bonds.

The District has also covenanted and agreed that upon the occurrence and continuance of an Event of Default, it will take such actions to enforce the remedial provisions of the Indenture, the provisions for the collection of delinquent Series 2013 Assessments, the provisions for the foreclosure of liens of delinquent Series 2013 Assessments and will take such other appropriate remedial actions as shall be directed by the Trustee acting at the direction of, and on behalf of, the Owners of a majority in principal amount, from time to time, of the Series 2013 Bonds.

If the owner of any lot or parcel of land assessed for a particular Project shall be delinquent in the payment of any Series 2013 Assessment, then such Series 2013 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 Series 2013 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 Series 2013 Assessment the District shall, to the extent permitted by law, utilize any other method of enforcement as provided in the Master Indenture, including, without limitation, declaring the entire unpaid balance of such Series 2013 Assessment to be in default and, at its own

expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, Florida Statutes, and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law.

If the Series 2013 Assessments levied and collected under the Uniform Method 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. The Indenture provides that if any property shall be offered for sale for the nonpayment of any Series 2013 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2013 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Series 2013 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive the property in its corporate name or in the name of a special purpose entity title to the property for the benefit of the Owners of the Series 2013 Bonds; provided that the Trustee shall have the right, acting at the direction of the Owners of a majority in aggregate principal amount, from time to time, of the Series 2013 Bonds, but shall not be obligated, to direct the District with respect to any action taken pursuant to this provision. The District, either through its own action, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2013 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall, after being provided with assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the Series 2013 Bonds within thirty (30) days after the receipt of the request therefore signed by the Trustee or the Owners of a majority in aggregate principal amount, from time to time, of the Series 2013 Bonds. The Trustee may, upon direction from the Owners of a majority in aggregate principal amount of the Series 2013 Bonds, pay costs associated with any actions taken by District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture.

THERE CAN BE NO ASSURANCE THAT ANY SALE, PARTICULARLY A BULK SALE, OF LAND SUBJECT TO DELINQUENT ASSESSMENTS WILL PRODUCE PROCEEDS SUFFICIENT TO PAY THE FULL AMOUNT OF SUCH DELINQUENT ASSESSMENTS PLUS OTHER DELINQUENT TAXES AND ASSESSMENTS APPLICABLE THERETO.

### **Prepayment**

Pursuant to the terms of applicable state law, any owner of property subject to the Series 2013 Assessments may, at its option, require the District to release and extinguish the lien upon its property by virtue of the levy of the Series 2013 Assessments that relate to the Series 2013 Bonds by paying to the District the entire amount of such Series 2013 Assessment on such property, plus accrued interest to the next succeeding Interest Payment Date (or the second succeeding Interest Payment Date if such prepayment is made within forty calendar days before an Interest Payment Date), attributable to the property subject to Series 2013 Assessment owned by such owner. Upon receipt of a prepayment as described in the preceding sentence, the District is to immediately pay the amount so received to the Trustee, and the District is to 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 District, to the effect that the Series 2013 Assessment has been paid and that such Series 2013 Assessment lien is thereby released and extinguished. Upon receipt of any such moneys from the District, the Trustee is to immediately deposit the same into the Series 2013 Redemption Account in the Redemption Fund, such funds are to be applied to the redemption of Series 2013 Bonds in accordance with the terms of the Indenture. See "DESCRIPTION OF THE SERIES 2013 BONDS -- Redemption Provisions" herein.

## **Re-Assessment**

Pursuant to the Indenture, if any Series 2013 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 2013 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 2013 Assessment when it might have done so, the District shall either (i) take all necessary steps to cause a new Series 2013 Assessment to be made for the whole or any part of said improvement or against any property benefitted by said improvement, or (ii) in its sole discretion, make up the amount of such Series 2013 Assessment from legally available moneys, which moneys shall be deposited into the applicable Series Account in the Revenue Fund. In case such second Series 2013 Assessment shall be annulled, the District shall obtain and make other Series 2013 Assessments until a valid Series 2013 Assessment shall be made.

## **Structure of Series 2013 Assessments**

The Series 2013 Assessments are payable in substantially equal annual installments of principal and interest. According to the District's Assessment Proceedings, a property owner may prepay the Series 2013 Assessment as described above.

## **Additional Covenant of the District Regarding Series 2013 Assessments**

In addition, and not in limitation of, the covenants contained in the Indenture, the District covenants to comply with the terms of the Series 2013 Assessment Proceedings, and to levy the Series 2013 Assessments and any required true up payments, in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2013 Bonds, when due.

The District further covenants and agrees that it will not reduce the Series 2013 Assessment on any tax parcel from that set forth in the Series 2013 Assessment Proceedings on account of any reduction in Debt Service on the Series 2013 Bonds resulting from a redemption of Series 2013 Bonds from amounts deposited into the Series 2013 Prepayment Subaccount in the Series 2013 Redemption Account in the Redemption Fund except to the extent such Series 2013 Assessment was prepaid.

## **THE SERIES 2013 ASSESSMENTS**

### **General**

The primary sources of payment for the Series 2013 Bonds are the Series 2013 Assessments levied and imposed on benefitted parcels in the Development specially benefitted by the refinancing of the 2003 Project or portions thereof pursuant to the assessment proceedings adopted by the District (the "Assessment Proceedings"). The determination, order, levy, and collection of Series 2013 Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District to comply with such requirements could result in delay in the collection of, or the complete inability to collect Series 2013 Assessments, during any year. Such delays in the collection of Series 2013 Assessments, or complete inability to collect Series 2013 Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of debt service requirements on the Series 2013 Bonds. To the extent that landowners fail to pay the Series 2013 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 2013 Bonds. The Act provides for various methods of collection of delinquent Series 2013 Assessments by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of assessment payment and

collection procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes.

### **Alternative Uniform Tax Collection Procedure for Series 2013 Assessments**

The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments may be collected by using the Uniform Method. The Uniform Method of collection 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 2013 Assessments to be levied and then collected in this manner. The District has covenanted in the Indenture to use its best efforts to collect the Series 2013 Assessments using the Uniform Method of collection on platted property. Under the Uniform Method, the Series 2013 Assessments will be collected together with county and other ad valorem taxes and 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 provide that ad valorem taxes 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 February 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, including the Series 2013 Assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2013 Assessments. Upon receipt of moneys by the Tax Collector from the Series 2013 Assessments, such moneys will be delivered to the District, which will remit such Series 2013 Assessments to the Trustee for deposit to the applicable accounts and subaccounts established for the Series 2013 Bonds in the Revenue Fund created under the Indenture and applied in accordance therewith.

All County, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2013 Assessments levied by the District, are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. Such partial payment is not to be accepted and any partial payment is to be returned to the taxpayer. Therefore, in the event the Series 2013 Assessments are collected pursuant to the Uniform Method, any failure to pay any one line item, whether it be the Series 2013 Assessments or not, would cause the Series 2013 Assessments to not be collected to that extent on that parcel of property whose owner does not pay this bill in full, which could have a significant adverse effect on the ability of the District to make full or punctual payment of debt service requirements on the Series 2013 Bonds.

Under the Uniform Method, if the Series 2013 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 (or at any time within 30 days after the original tax notice is mailed) and decreasing one percentage point per month to 1% in February. All unpaid taxes and assessments, including the Series 2013 Assessments collected pursuant to the Uniform Method, become delinquent on April 1 of the year following assessment, and 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.

Collection of delinquent Series 2013 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 2013 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 applicable interest charge, costs and advertising charges 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 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 City of Fort Myers (the "County"), as the county in which the assessed lands are located. 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 2013 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 2013 Assessments, which are the primary source of payment of the Series 2013 Bonds.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled, in whole or in part, by the person owning or claiming an interest in the underlying land, or a creditor thereof, at any time before a tax deed is issued or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or portion thereof together with all interest, costs, charges and omitted taxes due. Regardless of the interest rate actually borne by the certificates, persons redeeming tax certificates must pay a minimum interest rate of 5%, unless the rate borne by the certificates is zero percent. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the tax certificate such proceeds less service charges, and the certificate is canceled. Redemption of tax certificates held by the County is effected by purchase of such certificates from the County, as described in the preceding paragraph.

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

On County-held certificates for which there are no bidders at the public sale, the County may at any time within ninety (90) days from the date the land is placed on the lists of lands available for taxes, 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 the land was offered for public sale, unsold lands escheat to the County and all tax certificates, taxes and liens against the property are canceled and a deed is executed vesting title in the County Commission.

Pursuant to the Indenture, if any property is offered for sale for the nonpayment of any Series 2013 Assessments, and no person purchases the same for an amount at least equal to the full amount due on the Series 2013 Assessments, the District may purchase the property for an amount equal to the balance due on the Series 2013 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any) from any legally available funds of the District. The District will thereupon receive title to the subject property for the benefit of the Owners of the Series 2013 Bonds and, either through its own actions or the actions of the Trustee, may lease or sell such property and deposit all of the net proceeds of any such sale or lease into the applicable Accounts and subaccounts created for the Series 2013 Bonds in the Revenue Fund created under the Indenture and applied in accordance therewith. It should be noted that it is unlikely the District will ever have sufficient funds to complete a significant number of purchases of property offered for sale for the nonpayment of Series 2013 Assessments.

## **Foreclosure**

In the event the Uniform Method of collection is not available to the District, the District may, itself, directly levy and enforce the collection of the Series 2013 Assessments pursuant to Chapters 170 and 190 and Section 197.3631, Florida Statutes. 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 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.

## **Provision of Supplemental Indenture Regarding Foreclosing of Series 2013 Assessment Lien**

The Supplemental Indenture provides that, if any property shall be offered for sale for the nonpayment of any Series 2013 Assessment and no person or persons shall purchase such property



for an amount equal to the full amount due on the Series 2013 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Series 2013 Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive the property in its corporate name or in the name of a special purpose entity title to the property for the benefit of the Owners of the Series 2013 Bonds; provided that the Trustee shall have the right, acting at the direction of the Owners of a majority in aggregate principal amount, from time to time, of the Series 2013 Bonds, but shall not be obligated, to direct the District with respect to any action taken pursuant to this provision. The District, either through its own action, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the Series 2013 Revenue Account. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall, after being provided with assurances satisfactory to it of payment of its fees, costs and expenses for doing so, be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the Series 2013 Bonds within thirty (30) days after the receipt of the request therefore signed by the Trustee or the Owners of a majority in aggregate principal amount, from time to time, of the Series 2013 Bonds. The Trustee may, upon direction from the Owners of a majority in aggregate principal amount of the Series 2013 Bonds, pay costs associated with any actions taken by District pursuant to this paragraph from any moneys legally available for such purpose held under the Indenture.

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## ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Par Amount of Series 2013 Bonds	\$4,030,000.00
Less: Original Issue Discount	(48,466.60)
Plus Other Legally Available Moneys (1)	<u>516,576.00</u>
Total Sources	\$4,498,109.40
Uses:	
Deposit to Escrow Account	\$4,141,642.19
Deposit Costs of Issuance Account	118,209.29
Deposit to Series 2013 Interest Account	82,657.92
Deposit to Series 2013 Reserve Account	75,000.00
Underwriter's Discount	<u>80,600.00</u>
Total Uses	\$4,498,109.40

(1) Represents moneys remaining in the funds and accounts created under the First Supplemental Indenture for the benefit of the 2003 Bonds and a portion of which are available to pay debt service on the Series 2013.

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## DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2013 Bonds:

Period Ending November 1st	Principal	Interest	Total Debt Service
2013		\$ 82,657.92	\$ 82,657.92
2014	\$120,000	184,675.00	304,675.00
2015	125,000	179,621.88	304,621.88
2016	130,000	174,362.51	304,362.51
2017	135,000	168,896.88	303,896.88
2018	145,000	163,121.88	308,121.88
2019	145,000	157,140.63	302,140.63
2020	155,000	150,953.13	305,953.13
2021	160,000	144,456.26	304,456.26
2022	170,000	137,650.01	307,650.01
2023	175,000	130,534.38	305,534.38
2024	180,000	123,212.50	303,212.50
2025	185,000	114,875.00	299,875.00
2026	200,000	105,250.00	305,250.00
2027	210,000	95,000.00	305,000.00
2028	220,000	84,250.00	304,250.00
2029	230,000	73,000.00	303,000.00
2030	245,000	61,125.00	306,125.00
2031	255,000	48,625.00	303,625.00
2032	270,000	35,500.00	305,500.00
2033	285,000	21,625.00	306,625.00
2034	<u>290,000</u>	<u>7,250.00</u>	<u>297,250.00</u>
<b>Totals</b>	<b>\$4,030,000</b>	<b>\$2,443,782.98</b>	<b>\$6,473,782.98</b>

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## BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds secured by special assessments issued by a public authority or governmental body in the State of Florida. Certain of these risks are described in the section above entitled "ENFORCEMENT OF ASSESSMENT COLLECTIONS"; however, certain additional risks are associated with the Series 2013 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2013 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum including all appendices hereto in its entirety to identify investment considerations relating to the Series 2013 Bonds.

I. In the event of the institution of bankruptcy or similar proceedings with respect to an owner of property subject to the Series 2013 Series 2013 Assessments, delays and impairment could occur in the payment of debt service on the Series 2013 Bonds as such bankruptcy could negatively impact the ability of: (i) the land owner being able to pay the Series 2013 Series 2013 Assessments; (ii) the County to sell tax certificates in relation to such property; and (iii) the District's ability to enforce collection. In addition, the remedies available to the Owners of the Series 2013 Bonds, the Trustee and the District 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, the remedies specified by federal, state and local law and in the Indenture and the Series 2013 Bonds, including, without limitation, enforcement of the obligation to pay Series 2013 Series 2013 Assessments and the ability of the District to foreclose the lien of the Series 2013 Series 2013 Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2013 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitation 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 respecting the Series 2013 Bonds could have a material adverse impact on the interest of the Owners hereof. Beyond legal delays that could result from bankruptcy, the ability of the County to sell tax certificates 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.

II. The principal security for the payment of the principal and interest on the Series 2013 Bonds is the timely collection of the Series 2013 Series 2013 Assessments. Series 2013 Series 2013 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the owners will be able to pay the Series 2013 Series 2013 Assessments or that they will pay such Series 2013 Series 2013 Assessments even though financially able to do so. The assessment of the benefits to be received by the land within the District as a result of implementation of the 2003 Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. To the extent that the realizable or market value of the land benefited by the 2003 Project is lower than the assessment of benefits, the ability of the District to realize sufficient value from a foreclosure action to pay debt service on the Series 2013 Bonds may be adversely affected. Such adverse effect could render the District unable to collect Delinquent Assessments, if any, and provided such delinquencies are significant, could negatively impact the ability of the District to make the full or punctual payment of debt service on the Series 2013 Bonds.

III. From roughly 2008 to date, the residential real estate market in Florida has experienced historically high levels of foreclosure for existing homes. The Development has experienced foreclosures, as well as drops in the value of homes. In addition, the market for subprime lending which was an integral part of real estate sales prior to 2007, has essentially

evaporated which in turn impacts the ability of borrowers to obtain financing. No prediction can be made when such economic or market conditions will improve.

IV. The District has not granted, and may not grant under Florida law, a mortgage or security interest in any portion of the 2003 Project. Furthermore, the District has not pledged the revenues from the operation of any portion of the 2003 Project as security for, or a source of payment of, the Series 2013 Bonds. The Series 2013 Bonds are payable solely from, and secured solely by, the Series 2013 Series 2013 Assessments.

V. The willingness and/or ability of an owner of land within the Development to pay the Series 2013 Series 2013 Assessments could be affected by the existence of other taxes and assessments imposed upon the property by the District, the County or other governmental entities with jurisdiction over the District. Public entities whose boundaries overlap those of the District, such as the City, the County, the School District and other special districts, could, without the consent of the owners of the land within the Development, impose additional taxes or assessments on the property within the Development. County, municipal, school, special district taxes and assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2013 Series 2013 Assessments, are payable at one time. As referenced above, if a taxpayer does not make complete payment, he or she cannot designate specific line items on the tax bill as deemed paid in full. In such case, the Tax Collector does not accept such partial payment. Therefore, any failure to pay any one line item, whether or not it is the Series 2013 Series 2013 Assessments, would cause the Series 2013 Series 2013 Assessments not to be collected to that extent, which could have a significant adverse impact on the District's ability to make full or punctual payment of debt service on the Series 2013 Bonds. 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 or assessments on the property within the District. As referenced herein, the District may also impose additional assessments which could encumber the property burdened by the Series 2013 Series 2013 Assessments.

VI. In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of delinquent Series 2013 Series 2013 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Series 2013 Series 2013 Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. If the District has difficulty in collecting the Series 2013 Series 2013 Assessments, the Series 2013 Reserve Account could be rapidly depleted and the ability of the District to pay debt service could be materially adversely affected.

VII. The Indenture does not provide for any adjustment to the interest rate(s) borne by the Series 2013 Bonds in the event of a change in the tax-exempt status of the Series 2013 Bonds. Such a change could occur as a result of the District's failure to comply with tax covenants contained in the Indenture or due to a change in the United States income tax laws. 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 United States income tax laws. Certain of these proposals, if implemented, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the Series 2013 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become law, and, if so, what effect such proposals could have upon the value of bonds such as the Series 2013 Bonds, cannot be predicted. However, it is possible that any such law could have a material and adverse effect upon the value of the Series 2013 Bonds.

The IRS is examining certain bonds issued by Village Center Community Development District ("Village Center"). Village Center has filed a material events notice dated October 31, 2012 indicating that, through verbal communication, the IRS's Chief Counsel has advised Village Center

that the Chief Counsel has tentatively concluded that Village Center is not a political subdivision for purposes of Section 103(a) because a controlling portion of the governing board of Village Center at the time it issued the bonds under examination was elected by one property owner. When the Refunded Bonds were approved and issued to finance the 2003 Project, the majority of the Supervisors on the Board of the District were elected by the landowners. Currently, all of the Supervisors are qualified electors either elected or appointed to serve on the Board. It is not possible to predict when the IRS's examinations of the Village Center bonds will be concluded, the outcome of the examinations and the impact, if any, of such outcome on the District and/or the Series 2013 Bonds. See "THE DISTRICT - IRS Examination of Village Center CDD and Related Matters" herein.

There is no assurance that an audit by the IRS of the Series 2013 Bonds will not be commenced. Owners of the Series 2013 Bonds are advised that, if the IRS does audit the Series 2013 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 2013 Bonds may have limited rights to participate in such procedure. The commencement of such an audit could adversely affect the market value and liquidity of the Series 2013 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 2013 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. An adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2013 Bonds may adversely impact any secondary market for the Series 2013 Bonds, and, if a secondary market exists, will likely adversely impact the price for which the Series 2013 Bonds may be sold.

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 2013 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 2013 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 2013 Bonds.

VIII. If the District should commence a foreclosure action against a landowner for non-payment of the Series 2013 Series 2013 Assessments, such landowners may raise affirmative defenses to such foreclosure action, which although such affirmative defenses may 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 likely that the District will not have sufficient funds and will be compelled to request the Owners to provide funds to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of Series 2013 Bond proceeds that can be used for such purpose.

IX. 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 2013 Series 2013 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 2013 Series 2013 Assessments even though the landowner is not contesting the amount of Series 2013 Series 2013 Assessment.

X. Owners should note that several mortgage lenders have, in the past, raised legal challenges in the trial court to the primacy of the liens of special assessments in relation to the liens of mortgages burdening the same real property; in all such cases to date, the applicable courts have held that the special assessment liens (like those of the Series 2013 Series 2013 Assessments) are superior to those of the commercial mortgage lenders.

XI. On January 11, 2012, the Governor of the State issued an Executive Order (the "Executive Order") directing the Office of Policy and Budget in the Executive Office of the Governor (the "OPB") to examine the role of special districts in Florida, with a "special focus on increasing efficiency, fiscal accountability and transparency of operations to the public" and to submit reports to the Governor setting forth its findings and recommendations, including any recommendations for legislative action. The Executive Order states that the OPB's review is necessary to determine whether special districts are serving a legitimate public purpose, governed efficiently, levying taxes, fees and assessments appropriately, being held accountable to the public whose lives they directly impact, operating in a transparent manner and prudently spending taxpayers' dollars. The District is an independent special district of the State created pursuant to Chapter 190, Florida Statutes (the "Act"). It is not possible to determine at this time what recommendations, if any, the OPB will make pursuant to the Executive Order that will impact the Issuer and whether the Florida Legislature will implement any recommendations of the OPB through legislation that will impact the District. 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."

#### TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2013 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2013 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2013 Bonds. Those requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2013 Bonds and other amounts are to be invested and require, under certain circumstances, that certain excess investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The District has covenanted in the Indenture to comply with each such requirement.

In the opinion of Bond Counsel, assuming continuous compliance by the District with the Code and the tax covenants of the District, under existing statutes, regulations, published rulings, and judicial decisions, and subject to the conditions described below, interest on the Series 2013 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individual and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax on corporations.

Prospective purchasers of the Series 2013 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series 2013 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Series 2013 Bonds from gross income pursuant to Section 103 of the Code and the treatment of interest for purposes of the alternative minimum tax. Prospective purchasers of the Series 2013 Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Series 2013 Bonds. Prospective purchasers of the Series 2013 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications and compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2013 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service ("IRS") or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

The IRS has established an on-going program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2013 Bonds. Owners of the Series 2013 Bonds are advised that, if the IRS does audit the Series 2013 Bonds, under current IRS 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 2013 Bonds may have limited rights to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2013 Bonds until the audit is concluded, regardless of the ultimate outcome.

In the opinion of Bond Counsel, interest on the Series 2013 Bonds is exempt from taxation under the existing laws of the State of Florida, except as to estate taxes and taxes imposed under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations by corporations, as defined in said Chapter 220.

Interest on the Series 2013 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2013 Bonds should consult their tax advisors as to the income tax status of interest on the Series 2013 Bonds, in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2013 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar in nature to the Series 2013 Bonds. From time to time, legislative proposals may be introduced which could have an effect on both the federal tax consequences resulting from the ownership of the Series 2013 Bonds and their market value. No assurance can be given that any such legislative proposals, if enacted, would not apply to, or would not have an adverse effect upon, the Series 2013 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2013 Bonds may affect the tax status of interest on the Series 2012 Bonds.



## **Tax Treatment of Original Issue Discount**

Bond Counsel is further of the opinion that the difference between the principal amount of all of the Series 2013 Bonds (collectively, the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for Federal income tax purposes to the same extent as interest on the Series 2013 Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. The federal tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Owners of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

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

Section 517.051, Florida Statutes, and the regulations promulgated thereunder (the "Disclosure Act") requires that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975. No debt of the District has ever been in default as to principal or interest.

## **ABSENCE OF RATING**

No application for credit enhancement or a rating on the Series 2013 Bonds has been made, nor is there any reason to believe that the District would have been successful in obtaining either for the Series 2013 Bonds had application been made.

## **VALIDATION**

The District's authority to issue Bonds such as the Series 2013 Bonds was validated and confirmed by a final judgment of the Circuit Court of the State of Florida in and for Collier County on July 20, 2001. The appeal period from such final judgment has expired with no appeal being filed.

## **LITIGATION**

There is no pending or, to the knowledge of the District, any threatened litigation against the District of any nature whatsoever which in any way questions or affects the validity of the Series 2013 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the execution of the Indenture. Neither the creation, organization or existence, nor the title of the present members of the Board of Supervisors or the District Manager is being contested.

From time to time, the District expects to experience routine litigation and claims incidental to the conduct of their affairs. In the opinion of Counsel to the District, there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the availability of the Series 2013 Trust Estate or the ability of the District to pay the Series 2013

Bonds from the Series 2013 Trust Estate. From time to time, the District is a party to other various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the District, but may, in the aggregate, have a material impact thereon. However, in the opinion of Counsel to the District, the District will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the mathematical computations of the adequacy of the moneys held by the Escrow Agent under the Escrow Agreement to pay the principal of and interest on the Series 2003A Bonds on the redemption date will be verified by Causey Demgen & Moore Inc.

### **CONTINUING DISCLOSURE**

In order to comply with the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC Rule"), the District will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement"), the form of which is attached hereto as APPENDIX E. Pursuant to the Disclosure Agreement, the District have covenanted for the benefit of Bondholders to provide certain financial information and operating data relating to the District and the Series 2013 Bonds in each year (the "District Annual Reports"), and to provide notices of the occurrence of certain enumerated material events. Such covenants by the District shall only apply so long as the Series 2013 Bonds remain outstanding under the Indenture.

The District Annual Reports will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access ("EMMA") repository described in the form of the Disclosure Agreement attached hereto as APPENDIX E. The notices of material events will also be filed by the District with EMMA. The District has each previously appointed Prager & Co., LLC, as the dissemination agent for all of the foregoing disclosure materials. The specific nature of the information to be contained in the District Annual Reports and the notices of material events are described in APPENDIX E. The Disclosure Agreement will be executed by the District at the time of issuance of the Series 2013 Bonds. The foregoing covenants have been made in order to assist the Underwriters in complying with the SEC Rule.

The District has previously entered into continuing disclosure undertakings with respect to its Series 2003A Bonds. For the immediately preceding five fiscal years ending September 30, the District has timely filed its annual report.

With respect to the Series 2013 Bonds, no party other than the District is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the SEC Rule.

### **UNDERWRITING**

The Underwriters will agree, pursuant to a contract to be entered into with the District, subject to certain conditions, to purchase the Series 2013 Bonds from the District at a purchase price of \$3,900,933.40 (representing the par amount of the Bonds of \$4,030,000 less an original issue discount of \$48,466.60 and less an Underwriters' discount of \$80,600.00). See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Underwriters' obligations are subject to certain conditions precedent and the Underwriters will be obligated to purchase all the Series 2013 Bonds if any are purchased.

The Underwriters intend to offer the Series 2013 Bonds to investors at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Underwriters may offer and sell the Series 2013 Bonds to certain dealers

(including dealers depositing the Series 2013 Bonds into investment trusts) at prices lower than the initial offering prices and such initial offering prices may be changed from time to time by the Underwriters.

## **LEGAL MATTERS**

The Series 2013 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Akerman Senterfitt, Orlando, Florida, Bond Counsel, as to the validity of the Series 2013 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Districts by their counsel, Hopping Green & Sams, P.A., Tallahassee, Florida, for the Trustee by its counsel, Holland & Knight, LLP, Miami, Florida and for the Underwriters by their counsel, Nabors, Giblin & Nickerson, P.A., Tampa, Florida.

## **AGREEMENT BY THE STATE**

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the Series 2013 Bonds, that it will not limit or alter the rights of the issuer of such bonds to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the terms of any agreement made with the holders of such bonds and that it will not in any way impair the rights or remedies of such holders.

## **FINANCIAL STATEMENTS**

The District have covenanted in the Continuing Disclosure Agreement set forth in APPENDIX E hereto to provide their annual audit to the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access repository as described in APPENDIX E. The audit report containing the audited financial statements of the District for the fiscal year ended September 30, 2012 is attached hereto as APPENDIX B. The consent of the District's auditor to include in this Limited Offering Memorandum the aforementioned reports was not requested, and the general purpose financial statements of the District are provided only as publicly available documents. The auditor was not requested nor did they perform any procedures with respect to the preparation of this Limited Offering Memorandum or the information presented herein.

## **EXPERTS AND CONSULTANTS**

The references herein to Wrathell, Hunt and Associates, LLC as Assessment Consultant have been approved by said firm. The Assessment Consultant's Assessment Report prepared by such firm relating to the issuance of the Series 2013 Bonds has been included as APPENDIX A attached hereto in reliance upon such firm as an expert in developing assessment methodologies. 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.

## **CONTINGENT AND OTHER FEES**

The District has retained Bond Counsel, District Counsel, the Assessment Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2013 Bonds. Payment of the fees of such professionals, except for the payment of fees to District Counsel and the Assessment Consultant, are each contingent upon the issuance of the Series 2013 Bonds.

## MISCELLANEOUS

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2013 Bonds.

The information contained in this Limited Offering Memorandum has been compiled from official and other sources deemed to be reliable, and is believed to be correct as of the date of the Limited Offering Memorandum, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters. The Underwriters listed on the cover page hereof has reviewed the information in this Limited Offering Memorandum in accordance with and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

The information and expression of opinion herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District from the date hereof. However, certain parties to the transaction will, on the closing date of the Series 2013 Bonds, deliver certificates to the effect that nothing has come to their attention that would lead them to believe that applicable portions of the Limited Offering Memorandum contains an untrue statement of a material fact or omits to state a material fact that should be included herein for the purpose for which the Limited Offering Memorandum is intended to be used, or that is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading and to the effect that from the date of the Limited Offering Memorandum to the date of closing of the Series 2013 Bonds that there has been no material adverse change in the information provided.

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2013 Bonds.

This Limited Offering Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. The appendices hereof are integral parts of this Limited Offering Memorandum and must be read in their entirety together with all foregoing statements.

**MEDITERRA SOUTH COMMUNITY  
DEVELOPMENT DISTRICT**

By: /s/ Kenneth Nails

Its: Chair