

REFUNDING ISSUE-BOOK-ENTRY ONLY

SERIES 2016 INDIGO NOT RATED  
SERIES 2016 CANDLER S&P RATED \_\_\_\_  
(See "RATING" herein)

LIMITED OFFERING

In the opinion of Bond Counsel, assuming continuing compliance by the Bay Laurel Center District with certain covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. See "TAX TREATMENT" herein for a description of certain provisions of the Code that may affect the federal tax treatment of interest on the Series 2016 Bonds for certain owners thereof. Bond Counsel is further of the opinion that the Series 2016 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporation as defined therein.

BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT  
(Marion County, Florida)  
Special Assessment Revenue Refunding Bonds  
\$[Indigo East Bond Amount]\* Series 2016 Indigo  
\$[Candler Hills Bond Amount]\* Series 2016 Candler

Dated: Date of Delivery

Due: \_\_\_\_\_ 1, as shown below

The Series 2016 Bonds (as hereafter defined) are being issued pursuant to the Act and a Master Trust Indenture dated as of April 1, 2006 between the Bay Laurel Center Community Development District (the "Bay Laurel Center District") and U.S. Bank National Association, Orlando, Florida, trustee (the "Trustee"), as amended and supplemented by a Second Supplemental Trust Indenture, dated as of \_\_\_\_\_ 1, 2016 (the "Second Supplemental Trust Indenture"), between the Bay Laurel Center District and the Trustee (the Master Indenture, as amended and supplemented by the Second Supplemental Trust Indenture are herein referred to collectively as the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture. The proceeds of the Series 2016 Bonds will be applied to (a) refund the outstanding Series 2006 Indigo Bonds and Series 2006 Candler Bonds; (b) make a deposit to the Debt Service Reserve Account for each Series of the Series 2016 Bonds in an amount equal to the corresponding Debt Service Reserve Requirement; and (c) pay costs of issuance of each Series of the Series 2016 Bonds.

Each Series of the Series 2016 Bonds will be limited obligations of the Bay Laurel Center District payable solely from and secured by the Trust Estate (as defined herein) which includes payments made by the Other Districts to the Bay Laurel Center District pursuant to a separate First Amended and Restated First Amended and Restated Loan Agreement, (the "Pledged Revenues") between the Bay Laurel Center District and each of the Other Districts, from special assessments imposed, levied and collected by each of the Other Districts on property within such Other District specially benefited by the corresponding Project, imposed by each Other District pursuant to assessment proceedings conducted in accordance with the Act and other applicable law (the "2016 Assessments" corresponding to each Series of the Series 2016 Bonds). Each Series of the Series 2016 Bonds is further separately secured by the Funds and Accounts (except for the corresponding Rebate Account) established for such Series of the Series 2016 Bonds by the Indenture (the "Pledged Funds" corresponding to each Series of the Series 2016 Bonds) which together with the Pledged Revenues pledged to such Series of 2016 Bonds comprise the "Trust Estate" for such Series of the Series 2016 Bonds. See "SECURITY AND SOURCE OF PAYMENTS FOR EACH SERIES OF THE SERIES 2016 BONDS." Each Series of the Series 2016 Bonds is also separately secured by amounts on deposit in the corresponding Debt Service Reserve Account established for the benefit of such Series of the Series 2016 Bonds in the Reserve Fund. NO PAYMENTS ON THE SERIES 2016 BONDS WILL COME FROM ASSESSMENTS IMPOSED ON PROPERTY WITHIN THE BAY LAUREL CENTER DISTRICT. RATHER, PAYMENT OF THE DEBT SERVICE ON EACH SERIES OF THE SERIES 2016 BONDS IS PAYABLE SEPARATELY FROM, AND SEPARATELY SECURED SOLELY BY, AMOUNTS DERIVED BY THE BAY LAUREL CENTER DISTRICT FROM EACH OTHER DISTRICT PURSUANT TO THE CORRESPONDING FIRST AMENDED AND RESTATED FIRST AMENDED AND RESTATED LOAN AGREEMENT. NEITHER SERIES OF THE SERIES 2016 BONDS ARE ON PARITY WITH RESPECT TO THE OTHER SERIES OF THE SERIES 2016 BONDS AS TO THE LIEN AND PLEDGE OF THE CORRESPONDING TRUST ESTATE.

Bay Laurel Center District is issuing its Special Assessment Revenue Refunding Bonds in two Series, \$[Indigo Bond Amount] Bay Laurel Center Community Development District Special Assessment Revenue Refunding Bonds, Series 2016 Indigo (the "Series 2016 Indigo Bonds") and \$[Candler Bond Amount] Bay Laurel Center Community Development District Special Assessment Revenue Refunding Bonds, Series 2016 Candler (the "Series 2016 Candler Bonds") (collectively, the Series 2016 Indigo Bonds and the Series 2016 Candler Bonds are hereinafter referred to as the Series 2016 Bonds) only in fully registered form, without coupons, in denominations of \$5,000 or integral multiples thereof; provided, however, that the Series 2016 Bonds will be deliverable to the initial purchasers only in the aggregate principal of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The Series 2016 Bonds will bear interest at the fixed rate set forth below, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable at maturity or earlier redemption.

The Series 2016 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 2016 Bonds will be made in book entry only form. Accordingly, principal of and interest on the Series 2016 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 Direct Participants and the Indirect Participants, as more fully described herein. Any purchaser as a beneficial owner of a Series 2016 Bond must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Series 2016 Bond. See "DESCRIPTION OF THE SERIES 2016 BONDS – Book Entry Only System" herein. The Series 2016 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 2016 Bonds is payable semi annually on each May 1 and November 1, commencing May 1, 2017.

Each Series of the Series 2016 Bonds is subject to optional, mandatory sinking fund and extraordinary mandatory redemption, as more fully described herein under the caption "DESCRIPTION OF EACH SERIES OF THE SERIES 2016 BONDS -- Redemption Provisions."

The Series 2016 Bonds are being issued by the Bay Laurel Center District to refund the Outstanding Series 2006 Indigo Bonds and Outstanding Series 2006 Candler Bonds which were issued for the construction, acquisition, and equipping of assessable capital improvements comprised of public infrastructure (the "Project") to serve the Candler Hills East and Indigo East sub-developments (collectively the "Development") within portions of a larger mixed use development located in Marion County, Florida (the "County") known as Circle Square Ranch (the "Master Development"). The Master Development is within a broader area of development known as the On Top of the World Development of Regional Impact (the "OTOW DRI"). The portion of the Project (the "Indigo East Project") that was financed with the proceeds of the Series 2006 Indigo Bonds is located within the boundaries of the Indigo East Community Development District (the "Indigo East District") and the portion of the Project (the "Candler Hills District Project") that was financed with the proceeds of the Series 2015 Candler Bonds is located within the boundaries of the Candler Hills East Community Development District (the "Candler Hills District" and, together with the Indigo East District, are hereinafter referred to collectively as the "Other Districts" and the Other Districts together with the Bay Laurel Center District are collectively referred to as the "Districts" and individually, a "District"). Each of the Districts is a local unit of special-purpose government of the State of Florida, created and established in accordance with the TAL 452050702v6

TAL 452053381v2

Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and established by an Ordinance enacted by the Board of County Commissioners of Marion County, Florida, upon petition by On Top of the World Communities, Inc., currently, one of the landowners of land within the boundaries of each District and the Developer of lands within the Districts (the "Developer"). Pursuant to a development order adopted by the County and approved by the Florida Department of Community Affairs with respect to the OTOW DRI, the Developer has certain vested development rights for the construction of 32,400 residential units, 490,000 square feet of commercial space, and 250 hotel rooms within the OTOW DRI which consists of approximately 13,300 acres, more or less. In addition, the OTOW DRI has additional vested development rights for the development of 6,882 residential units, 800,000 square feet of commercial space, and 700 acres of parks and recreational space.

The Districts have entered into an Interlocal Agreement, dated as of May 19, 2005 and recorded in the Public Records of the County (the "Interlocal Agreement"). Pursuant to the Interlocal Agreement, the Other Districts have agreed that the Bay Laurel Center District will serve as the issuer of bonds, a portion of the proceeds of which will be used to loan money to the Other Districts to fund portions of the Project approved by either or both of the Other Districts, which benefit property within the respective Other District or Other Districts. Each of the Other Districts have authorized the Bay Laurel Center District through the Interlocal Agreement to issue bonds, certificates, warrants, notes, or other evidence of indebtedness on their behalf.

NEITHER THE SERIES 2016 BONDS NOR THE INTEREST PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE BAY LAUREL CENTER DISTRICT OR THE OTHER DISTRICTS WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE OF FLORIDA. THE SERIES 2016 BONDS AND THE INTEREST THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE BAY LAUREL CENTER DISTRICT OR THE OTHER DISTRICTS OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE BAY LAUREL CENTER DISTRICT OR THE OTHER DISTRICTS OR THE NON-AD VALOREM SPECIAL ASSESSMENT OR AD VALOREM TAXING POWER OF ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY, INCLUDING, WITHOUT LIMITATION, THE STATE OF FLORIDA, OR MARION COUNTY, FLORIDA, TO PAY DEBT SERVICE OR ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2016 BONDS. RATHER, DEBT SERVICE ON EACH SERIES OF THE SERIES 2016 BONDS AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR SUCH SERIES OF THE SERIES 2016 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE TRUST ESTATE PLEDGED TO SUCH SERIES OF THE SERIES 2016 BONDS, ALL AS PROVIDED IN THE INDENTURE AND SUCH SERIES OF 2016 BONDS.

POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN EACH SERIES OF THE SERIES 2016 BONDS. SEE "SUITABILITY FOR INVESTMENT" HEREIN.

MATURITY SCHEDULE

|                                 |  |              |          |              |
|---------------------------------|--|--------------|----------|--------------|
| <b>\$(Indigo Bond Amount)*</b>  | <b>% Series 2016 Indigo Bonds Due May 1, 2037</b>  | <b>Price</b> | <b>%</b> | <b>CUSIP</b> |
| <b>\$(Candler Bond Amount)*</b> | <b>% Series 2016 Candler Bonds Due May 1, 2037</b> | <b>Price</b> | <b>%</b> | <b>CUSIP</b> |

This cover page contains certain information for quick reference only. It is **not** a summary of the Series 2016 Bonds. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Series 2016 Bonds are offered for delivery when, as and if issued by the Bay Laurel Center District and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Greenberg Traurig, P.A., Tallahassee, Florida, Bond Counsel, as to the validity of the Series 2016 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Bay Laurel Center District by its counsel, Greenberg Traurig, P.A., Tallahassee, Florida as Disclosure Counsel, Gerald S. Colen, Esq., Largo, Florida who is serving as Counsel to the Bay Laurel Center District, and Donald A. Pickworth, Esq., Naples, Florida, who is serving as special counsel to the Bay Laurel Center District. It is expected that the Series 2016 Bonds will be delivered in book-entry form through the facilities of DTC, New York, New York on or about November , 2016.

FMSbonds, Inc.

Dated: October,, 2016

\* Preliminary, subject to change.

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS  
AND INITIAL CUSIP NUMBERS<sup>1</sup>**

**\$\_\_\_\_\_ Term Series 2016 Indigo Bonds**

\$\_\_\_\_\_, \_\_\_\_\_% Term Bond Due May 1, 20\_\_, Yield \_\_\_\_\_%, Price \_\_\_\_\_%, CUSIP \_\_\_\_\_

\$\_\_\_\_\_, \_\_\_\_\_% Term Bond Due May 1, 20\_\_, Yield \_\_\_\_\_%, Price \_\_\_\_\_%, CUSIP \_\_\_\_\_

**\$\_\_\_\_\_ Serial Series 2016 Candler Bonds**

| Maturity Date<br>(May 1) | Amount  | Rate   | Yield  | Price  | Initial<br>CUSIP No. |
|--------------------------|---------|--------|--------|--------|----------------------|
| 2016                     | \$_____ | _____% | _____% | _____% | _____                |
| 2017                     | _____   | _____  | _____  | _____  | _____                |
| 2018                     | _____   | _____  | _____  | _____  | _____                |
| 2019                     | _____   | _____  | _____  | _____  | _____                |
| 2020                     | _____   | _____  | _____  | _____  | _____                |
| 2021                     | _____   | _____  | _____  | _____  | _____                |
| 2022                     | _____   | _____  | _____  | _____  | _____                |
| 2023                     | _____   | _____  | _____  | _____  | _____                |
| 2024                     | _____   | _____  | _____  | _____  | _____                |
| 2025                     | _____   | _____  | _____  | _____  | _____                |
| 2026                     | _____   | _____  | _____  | _____  | _____                |
| 2027                     | _____   | _____  | _____  | _____  | _____                |

\$\_\_\_\_\_, \_\_\_\_\_% Term Bond Due May 1, 20\_\_, Yield \_\_\_\_\_%, Price \_\_\_\_\_%, CUSIP \_\_\_\_\_

\$\_\_\_\_\_, \_\_\_\_\_% Term Bond Due May 1, 20\_\_, Yield \_\_\_\_\_%, Price \_\_\_\_\_%, CUSIP \_\_\_\_\_

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<sup>1</sup> 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.

**BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT**

**BOARD OF SUPERVISORS**

Kenneth D. Colen, Chair  
Richard Belz, Vice Chair  
Paul Brunner, Assistant Secretary  
Jo Saylers, Assistant Secretary  
William D. McLeod, Jr. Assistant Secretary

**DISTRICT MANAGER**

Governmental Management Services – Central Florida, LLC  
Orlando, Florida

**ASSESSMENT CONSULTANT**

Governmental Management Services – Central Florida, LLC  
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Tallahassee, Florida

**DISCLOSURE COUNSEL**

Greenberg Traurig, P.A.  
Tallahassee, Florida

## **REGARDING USE OF THIS OFFICIAL STATEMENT**

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 Official Statement, 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 Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2016 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 Underwriter has reviewed the information in this Official Statement in accordance with and, as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not 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 Official Statement 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 UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 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 2016 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA (THE "STATE"), NOR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2016 BONDS, EXCEPT THAT THE OTHER DISTRICTS ARE OBLIGATED UNDER THE INDENTURE AND THE RESPECTIVE FIRST AMENDED AND RESTATED LOAN AGREEMENTS TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, THE SERIES 2016 SPECIAL ASSESSMENTS (AS DEFINED HEREIN) TO SECURE AND PAY THE SERIES 2016 BONDS. THE SERIES 2016 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION.

Statements contained herein that are not purely historical are forward-looking statements, including statements regarding the District or the Other District's expectations, hopes, intentions or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included herein are based on information available on the date hereof, and neither the District nor the Other Districts assume any obligation to update any such forward-looking statements. Such forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or

developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District or the Other Districts. Actual results could differ materially from those discussed in such forward-looking statements, and therefore, there can be no assurance that the forward-looking statements included herein will prove to be accurate.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE [www.MuniOS.com](http://www.MuniOS.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

Certain information in this Official Statement has been provided by The Depository Trust Company, New York, New York ("DTC"). The District has not provided information in this Official Statement with respect to DTC and does not certify as to the accuracy or sufficiency of the disclosure policies of or content provided by DTC and is not responsible for the information provided by DTC.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT OR THE OTHER DISTRICTS OR THE UNDERWRITER AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2016 BONDS.

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## **LIMITED OFFERING MEMORANDUM**

### **BAY LAUREL CENTER COMMUNITY DEVELOPMENT DISTRICT (Marion County, Florida) Special Assessment Revenue Refunding Bonds \$[Indigo East Bond Amount]\* Series 2016 Indigo \$[Candler Hills Bond Amount]\* Series 2016 Candler**

## **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, Summary Statement and Appendices hereto, is to provide certain information in connection with the offer for sale by the Bay Laurel Center Community Development District (the "Bay Laurel Center District") of its Bay Laurel Center District Special Assessment Revenue Refunding Bonds, in two separately secured Series, designated Special Assessment Revenue Refunding Bonds, Series 2016 Indigo (the "Series 2016 Indigo Bonds") and Special Assessment Revenue Refunding Bonds, Series 2016 Candler (the "Series 2016 Candler Bonds") (where appropriate to both Series of Bonds, the Series 2016 Indigo Bonds and the Series 2016 Candler Bonds are hereinafter referred to, collectively, as the "Series 2016 Bonds").

Each Series of the Series 2016 Bonds are being issued pursuant to the Act, a Master Trust Indenture, dated as of April 1, 2006 (the "Master Indenture"), by and between the Bay Laurel Center District and US Bank, National Association, Orlando, Florida as trustee (the "Trustee"), and a Second Supplemental Trust Indenture, dated as of \_\_\_\_\_ 1, 2016, between the Bay Laurel Center District and the Trustee (the "Supplemental Trust Indenture" and, together with the Master Indenture, the "Indenture"). Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Series 2016 Bonds.

This Introduction is only a brief discussion of selected topics discussed herein. To make an informed investment decision, potential investors should review fully the entire Limited Offering Memorandum, as well as the documents summarized or described herein. Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Series 2016 Bonds. Capitalized terms, if not otherwise defined, have the respective meanings set forth for such terms in the Master Trust Indenture and the Second Supplemental Trust Indenture (collectively, the "Indenture") attached hereto as APPENDIX B.

### **The Issuer**

The Bay Laurel Center District is a community development district located in Marion County, Florida (the "County"). The Bay Laurel Center District, the Indigo East Community Development District (the "Indigo East District") and the Candler Hills East Community Development District (the "Candler Hills District") (collectively, the Indigo East District and the Candler Hills District are referred to as the "Other Districts" and together with the Bay Laurel Center District are collectively referred to as the "Districts" and individually as a "District") are each a unit of special purpose local government of the State of Florida created by and in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"). The Districts have entered into an Interlocal Agreement dated as of May 19, 2005, recorded in the Public Records of Marion County, Florida (the "Interlocal Agreement"), pursuant to which each of the Other Districts have delegated to the Bay Laurel Center District the power and authority to act on behalf of all the Districts to finance, acquire, construct, operate, and maintain the Project (as such term is further defined in the Interlocal

Agreement) benefiting land within all of the Districts and to operate and maintain the Project (as defined in the Interlocal Agreement).

### **Security for the Series 2016 Bonds**

The Bay Laurel Center District has entered into a separate First Amended First Amended and Restated Loan Agreement with each of the Other Districts, each dated as of \_\_\_\_\_, 2016 (each, a “First Amended and Restated Loan Agreement”), in order to enable refunding of the Refunded Bonds. The form of the First Amended and Restated Loan Agreement is attached hereto as Appendix A.

Security for Series 2016 Indigo Bonds. The Indigo East District has agreed to impose, levy and collect special assessments on lands within the Indigo East District specially benefiting from the Indigo East Project (the “2016 Indigo Assessments”), and to pay such 2016 Indigo Assessments directly to the Trustee in amounts and at times sufficient to repay the Series 2016 Indigo Bonds, together with interest accrued thereon. The security for the Series 2016 Indigo Bonds are the payments to the Trustee from the Indigo East District’s First Amended and Restated Loan Agreement.

Security for Series 2016 Candler Bonds. The Candler Hills District has agreed to impose, levy and collect special assessments on lands within the Candler Hills District specially benefiting from the Candler Hills District Project (the “2016 Candler Assessments”), and to pay such 2016 Candler Assessments directly to the Trustee in amounts and at times sufficient to repay the Series 2016 Candler Bonds, together with interest accrued thereon. The security for the Series 2016 Candler Bonds are the payments to the Trustee from the Candler Hills District’s First Amended and Restated Loan Agreement.

PAYMENT OF THE DEBT SERVICE ON EACH SERIES OF THE SERIES 2016 BONDS IS PAYABLE SEPARATELY FROM, AND SEPARATELY SECURED SOLELY BY, AMOUNTS DERIVED FROM EACH OF THE OTHER DISTRICTS PURSUANT TO THE CORRESPONDING FIRST AMENDED AND RESTATED LOAN AGREEMENT. NEITHER SERIES OF THE SERIES 2016 BONDS ARE ON PARITY WITH RESPECT TO THE OTHER SERIES OF THE SERIES 2016 BONDS AS TO THE LIEN AND PLEDGE OF THE CORRESPONDING TRUST ESTATE.

### **Purpose of Each Series of the Series 2016 Bonds**

Purpose of the Series 2016 Indigo Bonds. The proceeds of the Series 2016 Indigo Bonds, along with the Series 2016 Indigo Prior Indenture Funds, will be applied to (a) refund the Series 2006 Indigo Bonds (b) make a deposit to the Series 2016 Indigo Debt Service Reserve Account for the Series 2016 Indigo Bonds in an amount equal to the Series 2016 Indigo Debt Service Reserve Requirement; and (c) pay costs of issuance of the Series 2016 Indigo Bonds.

Purpose of the Series 2016 Candler Bonds. The proceeds of the Series 2016 Candler Bonds, along with the Series 2016 Candler Prior Indenture Funds, will be applied to (a) refund the Series 2006 Candler Bonds (b) make a deposit to the Series 2016 Candler Debt Service Reserve Account for the Series 2016 Candler Bonds in an amount equal to the Series 2016 Candler Debt Service Reserve Requirement; and (c) pay costs of issuance of the Series 2016 Candler Bonds.

**See** "THE SERIES 2016 PROJECTS" and "ESTIMATED SOURCES AND USES OF THE SERIES 2016 BOND PROCEEDS" herein.

### **Features of the 2016 Bonds**

**1. Redemption.** The 2016 Bonds are subject to optional redemption beginning May 1, 2027, to mandatory redemption beginning May 1, 20\_\_ with respect to the 2016 Indigo Bonds and May 1, 20\_\_ with respect to the 2016 Candler Bonds, and to extraordinary mandatory redemption on any Interest Payment Date, each as more fully described under the caption **“SECURITIES BEING OFFERED—Redemption Provisions.”**

**2. Denominations and Interest Payment Dates.** The 2016 Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, and will initially be sold only to accredited investors within the meaning of the rules of the Florida Department of Financial Services, in minimum increments of \$100,000 and integral multiples of \$5,000 in excess thereof (see “**MISCELLANEOUS—Suitability For Investment**”). When issued, the 2016 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases will be made in book-entry-only form through DTC Participants, all as defined and described under the caption “**SECURITIES BEING OFFERED—Book-Entry-Only System**”). Interest on the 2016 Bonds is payable on each May 1 and November 1 (each an “Interest Payment Date”), commencing May 1, 2017.

**3. Manner of Making Payment.** So long as the 2016 Bonds remain in book-entry-only form, payment of principal, premium, if any, and interest on the 2016 Bonds will be mailed or delivered by check or draft of U.S. Bank National Association, Orlando, Florida, as Trustee, Registrar and Paying Agent, to Cede & Co., as nominee of DTC, as registered owner of the 2016 Bonds, and will be redistributed to the beneficial owners (“Beneficial Owners”) by DTC through DTC Participants (see “**SECURITIES BEING OFFERED—Book-Entry-Only System**” herein).

**4. Registration, Transfer and Exchange.** So long as the 2016 Bonds remain in book-entry-only form, transfers of beneficial ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued (see “**SECURITIES BEING OFFERED—Book-Entry-Only System**” herein).

## **Professionals**

The following is a list of professionals providing services in connection with this issue:

1. FMSbonds, Inc., Naples, Florida—Underwriter;
2. U.S. Bank National Association, Orlando, Florida—Trustee, Registrar and Paying Agent;
3. Greenberg Traurig, P.A., Tallahassee, Florida—Bond Counsel;
4. Donald A. Pickworth, P.A., Naples, Florida—Districts Special Counsel;
5. Greenberg Traurig, P.A., Tallahassee, Florida—Disclosure Counsel;
6. Holland & Knight LLP, Orlando, Florida—Trustee’s Counsel;
7. Governmental Management Services – Central Florida, LLC, Florida—Special Allocation Provider;
8. Causey Demgen & Moore, Inc., Denver, Colorado - Verification Agent; and
9. Governmental Management Services – Central Florida, LLC, Florida —District Manager.
10. Gerald R. Cohen, Esq., Devito & Colen, Largo, Florida—District Counsel.

## Terms of the Offering

**1. Authority for the 2016 Bonds.** The 2016 Bonds, when, as, and if issued, will be issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes, as amended, and other applicable provisions of law (the “Act”); Bay Laurel Center District Resolution No. 2005-4 adopted by the Board of Supervisors on May 19, 2005, as amended and supplemented by Resolution No. 2006-2-12 adopted by the Board of Supervisors on January 4, 2006, as amended and supplemented by Resolution No. 2016-\_\_\_ with respect to the Series 2016 Bonds, adopted by the Board of Supervisors on October 25, 2016 (collectively, the “Bond Resolution”); and a Master Trust Indenture dated as of April 1, 2006 (the “Master Indenture”), between the District and the Trustee, as amended and supplemented by, with respect to the Series 2016 Bonds, a Second Supplemental Indenture, dated as of \_\_\_\_\_ 1, 2016 (the “Second Supplemental Indenture”), between the District and the Trustee, (the Master Indenture as amended and supplemented by the Second Supplemental Indenture is hereinafter referred to as the “Indenture”).

**2. Satisfaction of Conditions.** The 2016 Bonds are being offered by the Underwriter when, as, and if issued by the District and accepted by the Underwriter, subject to the delivery of an approving opinion of Bond Counsel and satisfaction of certain other conditions.

**3. Delivery.** It is expected that the 2016 Bonds will be available for delivery to DTC in New York, New York, on or about November \_\_, 2016.

## Risk Factors

The 2016 Bonds are subject to a significant degree of risk. See the caption “**RISK FACTORS.**”

## Miscellaneous

This Limited Offering Memorandum speaks only as of its date and the information contained herein is subject to change. The description of the Indenture and documents authorizing and securing the 2016 Bonds do not purport to be comprehensive or definitive; however, Bond Counsel and others will opine at closing that said descriptions are fair and accurate statements. References to the Act, the Indenture and other documents are qualified in their entirety by reference to the full text or forms thereof, as applicable.

## Additional Information

Prior to delivery of the 2016 Bonds, copies of the documents described herein may be obtained by contacting FMSbonds, Inc., Attention: William J. Reagan, Principal, Tax-Exempt Real Estate Securities, 4501 TaOrlando Trail North, Naples, Florida 34103, telephone number (239) 659-2268. Subsequent to delivery of the 2016 Bonds, copies of documents may be obtained, after paying the costs of copying, from the Trustee by contacting Stacey L. Johnson, U.S. Bank National Association, Corporate Trust Services, 225 E. Robinson St., Ste. # 250, Orlando, Florida 32801, Telephone: 407.835.3805.

## THE DISTRICTS

### General

The Bay Laurel Center District, the Indigo East Community Development District (the “Indigo East District”) and the Candler Hills East Community Development District (the “Candler Hills District”) (collectively, the Indigo East District and the Candler Hills District are referred to as the “Other Districts” and together with the Bay Laurel Center District are collectively referred to as the “Districts” and individually as a “District”) are each a unit of special purpose local government of the

State of Florida created by and in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act").

### **Legal Powers and Authority**

The Bay Laurel Center District was established pursuant to the Act by Marion County Ordinance 02-11, adopted by the Board of County Commissioners of Marion County, Florida on May 7, 2002 (the "Bay Laurel Center District Ordinance"); the Indigo East District was established pursuant to the Act by Marion County Ordinance 02-26, adopted by the Board of County Commissioners of Marion County, Florida, on November 5, 2002 (the "Indigo East Ordinance"); and the Candler Hills District was established pursuant to the Act by Marion County Ordinance 02-27, adopted by the Board of County Commissioners of Marion County on November 5, 2002 (the "Candler Hills East Ordinance" and together with the Bay Laurel Center District Ordinance and the Indigo East Ordinance, the "Ordinance").

The Act provides that community development districts have the power to issue general obligation, revenue, and non ad-valorem 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 special 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 special 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 "Board of Supervisors") the right (i) to acquire through purchase, gift, devise or otherwise, real or personal property; (ii) to establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain (a) water supply, sewer and wastewater management systems, (b) a system of drainage and flood control 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, (c) district roads equal to or exceeding the specifications of the County, as well as street lights, and (d) with the consent of the County, parks and facilities for indoor and outdoor recreational, cultural and educational uses; (iii) to borrow money and issue debt obligations of the District; and (iv) to exercise all other powers necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act.

The Act does not empower the District to adopt and enforce 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, acting through its Board of County Commissioners and its departments of government.

### **Board of Supervisors**

The governing body of a District is its Board of Supervisors (the "Board"), which is composed of five Supervisors (the "Supervisors"). The Act provides that, at the initial meeting of the landowners, Supervisors must be elected by the landowners with the two Supervisors receiving the highest number of votes to serve for four years and the remaining Supervisors to serve for a two-year term. Three of the five Supervisors are elected to the Board every two years in November. At such election the two Supervisors receiving the highest number of votes are elected to four-year terms and the remaining Supervisor is elected to a two-year term. Until the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, or such earlier time as the Board may decide to exercise its ad valorem taxing power, the Supervisors are elected by vote of the landowners of the District. Ownership of the land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number and, for purposes of

determining voting interests, platted lots shall be counted individually and rounded up to the nearest whole acre and shall not be aggregated for determining the number of voting units held). Upon the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, the Supervisors whose terms are expiring will be elected (as their terms expire) by qualified electors of the District, except as described below. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State of Florida and a citizen of the United States. At the election where Supervisors are first elected by qualified electors, two Supervisors must be qualified electors and be elected by qualified electors, one to a four-year term and one to a two-year term. The other Supervisor will be elected by landowners for a four-year term. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve staggered terms. If there is a vacancy on the Board, whether as a result of the resignation or removal of a Supervisor or because no elector qualifies for a seat to be filled in an election, the remaining Board members are to fill such vacancy for the unexpired term.

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

The current members of the Districts' Board of Supervisors and their terms are as follows:

**Bay Laurel Center District  
Board of Supervisors\***

| Name                   | Title           | Term Expires<br>November |
|------------------------|-----------------|--------------------------|
| Kenneth D. Colen*      | Chair           | 2018                     |
| Richard Belz           | Vice Chair      | 2016                     |
| Paul Brunner           | Asst. Secretary | 2018                     |
| Jo Saylers*            | Asst. Secretary | 2016                     |
| William D. McLeod, Jr. | Asst. Secretary | 2016                     |

\* Board members are employees or affiliates of the Developer or its affiliates.

**Indigo East District  
Board of Supervisors\***

| Name              | Title           | Term Expires<br>November |
|-------------------|-----------------|--------------------------|
| John Gysen        | Chair           | 2018                     |
| Cynthia LaFrance  | Vice Chair      | 2016                     |
| Frank DiPiero     | Asst. Secretary | 2018                     |
| Harold Brouillard | Asst. Secretary | 2016                     |
| Ronald Chard      | Asst. Secretary | 2018                     |

No Board members are employees or affiliates of the Developer or its affiliates.

**Candler Hills District  
Board of Supervisors\***

| Name                   | Title           | Term Expires<br>November |
|------------------------|-----------------|--------------------------|
| Philip J. Moherek, Sr. | Chair           | 11/2016                  |
| Elmer Greene           | Vice Chair      | 11/2016                  |
| John D. Bain           | Asst. Secretary | 11/2018                  |
| Larry W. Garvin        | Asst. Secretary | 11/2018                  |
| Robert Scherff         | Asst. Secretary | 11/2018                  |

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No Board members are employees or affiliates of the Developer or its affiliates.

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

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.

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any bondholder of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with such bonds or obligations, including the 2016 Bonds.

#### **District Management and Consultants**

The chief administrative official of a Community Development District is the district manager, who has complete responsibility for overseeing directly and coordinating the planning, financing, purchasing, staffing, reporting, and governmental liaison for each District.

The Act provides that the district manager has charge and supervision of the works of the District and is responsible for preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act, for maintaining and operating the equipment owned by the District, and for performing such other duties as may be prescribed by the Board of Supervisors of the District.

The firm of Governmental Management Services – Central Florida, LLC (the "District Manager") serves as the District Manager for each of the three Districts. Governmental Management Services ("GMS"), the parent company, is a family of limited liability companies that were established for the purpose of providing special district management services to community development districts. Financially backed by a small group of investor's and with encouragement from the development community, GMS was created to provide an alternative to the existing district management companies. Governmental Management Services currently has offices in Knoxville, Tennessee, Jacksonville, Florida, St. Augustine, Florida, Ft. Lauderdale, Florida and Orlando, Florida.

The majority of GMS staff has worked with Investment Bankers, Bond Counsel, District Counsel, Engineers, Developers and Boards of Supervisors across the State of Florida. They have been providing management, financial and administrative reporting services to over 100 Special Taxing Districts and Homeowners Associations during their careers.



Governmental Management Services – Central Florida, LLC also provides municipal level services, to serve the infrastructure and service needs of existing and emerging communities throughout the State of Florida, including establishment, management, administration, finance, community services, public financing, community and intergovernmental relations. The District Manager’s team of professionals includes the following disciplines: accounting, budget and finance, district management, operations management, assessment methodology development, assessment roll development and maintenance, utility billing, records management, customer service, and administration. Governmental Management Services – Central Florida, LLC actively manages over \_\_\_\_ ( ) Community Development Districts in the State of Florida. Governmental Management Services – Central Florida, LLC can be reached at 135 West Central Blvd., Suite 320, Orlando, Florida 32801; telephone (407) 841-5524. Its email address is [gflint@gmscfl.com](mailto:gflint@gmscfl.com) and the website is <http://govmgtsvc.com/central-florida>.

## PLAN OF REFUNDING

Concurrently with the delivery of the Series 2016 Bonds, a portion of the proceeds of the Series 2016 Bonds and other Prior Indenture Funds will be applied to the refunding of the Refunded Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

To effect the refunding of the Refunded Bonds, the District will enter into an Escrow Deposit Agreement (the "Escrow Agreement") with U.S. Bank National Association, as escrow agent (the "Escrow Agent"). Pursuant to the terms of the Escrow Agreement, the District will deposit with the Escrow Agent a portion of the proceeds of the Series 2016 Bonds and Prior Indenture Funds to refund the Refunded Bonds. Such proceeds and other Prior Indenture Funds will be held uninvested by the Escrow Agent until applied to redeem the Refunded Bonds on May 1, 2017 (the "Redemption Date"). Upon execution and delivery of the Escrow Agreement and the deposit of such proceeds and Prior Indenture Funds into the Escrow Deposit Fund, all as provided in the Escrow Agreement, in the opinion of Bond Counsel, rendered in reliance on the report of Causey Demgen & Moore P.C. (see "VERIFICATION" herein), the Refunded Bonds will be deemed to be paid and shall no longer be deemed to be outstanding for purposes of the Master Indenture, as supplemented in connection with the Series 2006 Bonds, the pledge of the Pledged Funds securing the Series 2006 Bonds shall be discharged and terminated, and the holders of the Series 2006 Bonds shall be entitled to payment solely out of the moneys or securities deposited in the Escrow Account pursuant to the Escrow Deposit Agreement.

The moneys and securities, if any, held pursuant to the Escrow Agreement will be used only to pay the principal of, applicable premium and accrued interest on the Series 2006 Bonds as same become due and will not be available for payment of debt service on the Series 2016 Bonds.

## SECURITIES BEING OFFERED

### Purpose

**1. General.** The Series 2016 Bonds are being issued in fully registered form in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof, and will be initially sold only to accredited investors in minimum increments of \$100,000 and integral multiples of \$5,000 in excess thereof (see “**MISCELLANEOUS—Suitability For Investment**”).

Series 2016 Indigo Bonds. The Series 2016 Indigo Bonds are being issued for the purpose of (i) refunding and redeeming all of the Outstanding principal amount of the Bay Laurel Center Community Development District (Marion County, Florida) Special Assessment Revenue Bonds, Series 2006 Indigo and issued in the original aggregate principal amount of \$5,340,000 (the “Series 2006 Indigo Bonds”) to achieve debt service savings; (ii) paying certain costs associated with the issuance of the Series 2016 Indigo Bonds; and (iii) making a deposit into the 2016 Indigo Reserve Account established under the Second Supplemental Trust Indenture (as defined herein) for the benefit of all of the Series 2016 Indigo Bonds.

Series 2016 Candler Bonds. The Series 2016 Candler Bonds are being issued for the purpose of (i) refunding and redeeming all of the Outstanding principal amount of the Bay Laurel Center Community Development District (Marion County, Florida) Special Assessment Revenue Bonds, Series 2006 Candler and issued in the original aggregate principal amount of \$5,675,000 (the “Series 2006 Candler Bonds” which, together with the Series 2006 Indigo Bonds, collectively, the “Refunded Bonds”) to achieve debt service savings; (ii) paying certain costs associated with the issuance of the Series 2016 Candler Bonds; and (iii) making a deposit into the 2016 Candler Reserve Account established under the Second Supplemental Trust Indenture (as defined herein) for the benefit of all of the Series 2016 Candler Bonds.

**2. Sources and Uses of Funds.** The proceeds from the sale of the Series 2016 Bonds are expected to be applied as follows:

#### **ESTIMATED SOURCES AND USES OF FUNDS INDIGO EAST DISTRICT**

**Sources:**

|  |                        |
|--|------------------------|
| Par Amount of Series 2016 Indigo Bonds             | \$1,930,000            |
| Less Net Original Issue Discount                   | ( )                    |
| Plus Other Legally Available Moneys <sup>(1)</sup> | _____                  |
| Total Sources                                      | <u><u>\$ _____</u></u> |

**Uses:**

|   |                        |
|---|------------------------|
| Deposit to Escrow Account                           | \$ _____               |
| Costs of Issuance                                   | _____                  |
| Deposit to Series 2016 Debt Service Reserve Account | _____                  |
| Underwriter's Discount                              | _____                  |
| Total Uses  | <u><u>\$ _____</u></u> |

#### **ESTIMATED SOURCES AND USES OF FUNDS CANDLER HILLS DISTRICT**

**Sources:**

|  |                        |
|--|------------------------|
| Par Amount of Series 2016 Candler Bonds            | \$3,585,000            |
| Less Net Original Issue Discount                   | ( )                    |
| Plus Other Legally Available Moneys <sup>(1)</sup> | _____                  |
| Total Sources                                      | <u><u>\$ _____</u></u> |

**Uses:**

|   |                        |
|---|------------------------|
| Deposit to Escrow Account                           | \$ _____               |
| Costs of Issuance                                   | _____                  |
| Deposit to Series 2016 Debt Service Reserve Account | _____                  |
| Underwriter's Discount                              | _____                  |
| Total Uses  | <u><u>\$ _____</u></u> |

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<sup>(1)</sup> Represents moneys remaining in the funds and accounts created under the supplemental indenture for the benefit of the Refunded Bonds.

#### **Security and Source of Payment for the 2016 Bonds**

1. **Series 2016 Indigo Bonds.** The Series 2016 Indigo Bonds are payable from and secured by all revenues received by the District from loan payments made by the Indigo East District

pursuant to the Indigo East First Amended and Restated Loan Agreement, which payments shall be derived from Special Assessments levied and collected by Indigo East District on the Indigo District Lands benefited by the Indigo East Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Special Assessments, or from the issuance and sale of tax certificates with respect to such Special Assessments and all moneys on deposit in the Indigo Funds and Accounts established under the Indenture.

**2. Pledged Revenues Securing the Payment of the Series 2016 Indigo Bonds**

Payment of the principal of, premium, if any, and interest on the Series 2016 Indigo Bonds is separately secured by a pledge of and a first lien upon the Trust Estate of the Series 2016 Indigo Bonds. Each Trust Estate consists of the Pledged Funds and Accounts and the Pledged Revenues pledged to the Series 2016 Indigo Bonds, **but not** to the Series 2016 Candler Bonds. The Pledged Funds and Accounts consist of the Accounts (except for the corresponding Rebate Account) established under the Indenture and the Funds established by the Indenture for the Series 2016 Indigo Bonds.

The Pledged Revenues of the Series 2016 Indigo Bonds represent the payments for amounts loaned by the Bay Laurel Center District to the for the 2006 Indigo Project and payable from Indigo East District's collection of Series 2016 Indigo Assessments. The First Amended and Restated Loan Agreement provides that Indigo East District will make these payments as required directly to the Trustee in such amounts and at such times so as to provide sufficient funds to pay the principal of, premium, if any, and interest on the Series 2016 Indigo Bonds when due. To secure the obligation of the Indigo East District to make payments under the First Amended and Restated Loan Agreement, Indigo East District has granted to the Bay Laurel Center District a security interest in all "Pledged Revenues" (as defined in the Indenture). However, pursuant to the Indenture and the First Amended and Restated Loan Agreement, all of the Bay Laurel Center District's right, title, and interest (except for certain Unassigned Rights as that term is defined in the First Amended and Restated Loan Agreement) in the First Amended and Restated Loan Agreement, including the Bay Laurel Center District's right to receive payments and the security interest granted in the "Pledged Revenues," have been assigned and pledged to the Trustee for the benefit of the Series 2016 Indigo Bondholders. As defined in the Indenture, the term "Pledged Revenues" means with respect to the Indigo East District the net proceeds derived from the levy and collection of 2016 Indigo Assessments in respect of the portion of the Indigo Project financed with the proceeds of the Series 2016 Indigo Bonds, including the interest and penalties on such Series 2016 Indigo Assessments, pursuant to all applicable provisions of the Act, Chapter 170, Florida Statutes and Chapter 197, Florida Statutes (and any successor statutes thereto) and including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax certificates with respect to such assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser pursuant to the Property Appraiser and Tax Collector Agreement. However, "Pledged Revenues" does not include Maintenance Special Assessments levied by the Indigo East District as provided for in the Act for maintenance and operation purposes. In addition, until the land of the Indigo East District subject to its corresponding Series 2016 Indigo Assessments has been platted, the Indigo East District will collect the Series 2016 Indigo Assessments directly and not use the Uniform Method of Collection. **See "ENFORCEMENT OF ASSESSMENT COLLECTIONS."**

**3. Series 2016 Candler Bonds.** The Series 2016 Candler Bonds are payable from and secured by all revenues received by the District from loan payments made by the Candler Hills Community Development District pursuant to the Candler Hills First Amended and Restated Loan Agreement, which payments shall be derived from Special Assessments levied and collected by Candler Hills District on the Candler District Lands benefited by the Candler Hills Project, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Special Assessments, or from the issuance and sale of tax certificates with respect to such Special Assessments and all moneys on deposit in the Candler Funds and Accounts established under the Indenture.

**4. Pledged Revenues Securing the Payment of the Series 2016 Candler Bonds.**

Payment of the principal of, premium, if any, and interest on the Series 2016 Candler Bonds is separately secured by a pledge of and a first lien upon the Trust Estate of the Series 2016 Candler Bonds. Each Trust Estate consists of the Pledged Funds and Accounts and the Pledged Revenues pledged to the Series 2016 Candler Bonds, **but not** to the Series 2016 Indigo Bonds. The Pledged Funds and Accounts consist of the Accounts (except for the corresponding Rebate Account) established under the Indenture and the Funds established by the Indenture for the Series 2016 Candler Bonds.

The Pledged Revenues of the Series 2016 Candler Bonds represent the payments for amounts loaned by the Bay Laurel Center District to the for the 2006 Candler Project and payable from Candler Hills District's collection of Series 2016 Candler Assessments. The First Amended and Restated Loan Agreement provides that Candler Hills District will make these payments as required directly to the Trustee in such amounts and at such times so as to provide sufficient funds to pay the principal of, premium, if any, and interest on the Series 2016 Candler Bonds when due. To secure the obligation of the Candler Hills District to make payments under the First Amended and Restated Loan Agreement, Candler Hills District has granted to the Bay Laurel Center District a security interest in all "Pledged Revenues" (as defined in the Indenture). However, pursuant to the Indenture and the First Amended and Restated Loan Agreement, all of the Bay Laurel Center District's right, title, and interest (except for certain Unassigned Rights as that term is defined in the First Amended and Restated Loan Agreement) in the First Amended and Restated Loan Agreement, including the Bay Laurel Center District's right to receive payments and the security interest granted in the "Pledged Revenues," have been assigned and pledged to the Trustee for the benefit of the Series 2016 Candler Bondholders. As defined in the Indenture, the term "Pledged Revenues" means with respect to the Candler Hills District the net proceeds derived from the levy and collection of 2016 Candler Assessments in respect of the portion of the Candler Project financed with the proceeds of the Series 2016 Candler Bonds, including the interest and penalties on such Series 2016 Candler Assessments, pursuant to all applicable provisions of the Act, Chapter 170, Florida Statutes and Chapter 197, Florida Statutes (and any successor statutes thereto) and including, without limitation, any amount received from any foreclosure proceeding for the enforcement of collection of such assessments or from the issuance and sale of tax certificates with respect to such assessments, less (to the extent applicable) the fees and costs of collection thereof payable to the Tax Collector and less certain administrative costs payable to the Property Appraiser pursuant to the Property Appraiser and Tax Collector Agreement. However, "Pledged Revenues" does not include Maintenance Special Assessments levied by the Candler Hills District as provided for in the Act for maintenance and operation purposes. In addition, until the land of the Candler Hills District subject to its corresponding Series 2016 Candler Assessments has been platted, the Candler Hills District will collect the Series 2016 Candler Assessments directly and not use the Uniform Method of Collection. **See "ENFORCEMENT OF ASSESSMENT COLLECTIONS."**

THE BONDS OF EACH SERIES OF THE SERIES 2016 BONDS ARE LIMITED OBLIGATIONS OF THE BAY LAUREL CENTER DISTRICT AND PAYABLE SOLELY OUT OF THE PLEDGED REVENUES PLEDGED TO SUCH SERIES OF THE SERIES 2016 BONDS UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE BAY LAUREL CENTER DISTRICT, THE OTHER DISTRICTS, THE CITY OF OCALA, MARION COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF SUCH SERIES OF THE SERIES 2016 BONDS, EXCEPT THAT EACH OTHER DISTRICT IS OBLIGATED UNDER THE CORRESPONDING FIRST AMENDED AND RESTATED LOAN AGREEMENT TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY SUCH SERIES OF SERIES 2016 BONDS. THE SERIES 2016 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE BAY LAUREL CENTER DISTRICT OR THE OTHER DISTRICTS, MARION COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. SEE "SECURITY FOR AND SOURCES OF PAYMENT

OF EACH SERIES OF THE SERIES 2016 BONDS," AND "ENFORCEMENT OF ASSESSMENT COLLECTIONS" HEREIN.

All Series 2016 Assessments are required to be collected using the method afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes (the "Uniform Method"). **See** "ENFORCEMENT OF ASSESSMENT COLLECTIONS."

Each District is authorized by the Act and other applicable law to finance construction of the Series 2016 Project by levying the Series 2016 Assessments upon lands in the Districts specially benefited thereby. The Series 2016 Assessments are a non-ad valorem special assessment which may be imposed against the lands in the Other Districts upon the basis of a special benefit peculiar to such lands determined to result from the implementation of the Series 2006 Project and the refunding of the Series 2006 Bonds. Non-ad valorem special assessments are not based on millage and become a lien against the homestead as permitted by Section 4, Article X of the Florida State Constitution.

## **5. Limitation On Additional Bonds**

Pursuant to the Supplemental Indenture, the Bay Laurel Center District covenants and agrees not to issue additional Bonds or any other form of indebtedness secured by the Series 2016 Special Assessments; provided, however, that such covenant shall not prohibit the Bay Laurel Center District from issuing Bonds to refund the Series 2016 Bonds or from issuing Bonds for the purpose of renewing or replacing all or a portion of the Project. The Other Districts impose "Maintenance Assessments" on the properties subject to the Series 2016 Special Assessments.

WHILE NO FUTURE ADDITIONAL BONDS OTHER THAN AS DESCRIBED ABOVE WILL BE PAYABLE FROM OR SECURED BY THE SERIES 2016 SPECIAL ASSESSMENTS PLEDGED AS SECURITY FOR THE SERIES 2016 BONDS, THE COUNTY, THE SCHOOL BOARD OF MARION 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 2016 SPECIAL ASSESSMENTS SECURING THE SERIES 2016 BONDS. See "SECURITY FOR AND SOURCE OF PAYMENT OF SERIES 2016 BONDS - Enforcement and Collection of Series 2016 Special Assessments" herein.

## **6. Reserve Accounts.**

The Second Supplemental Trust Indenture establishes within the Reserve Fund, a Series 2016 Indigo Debt Service Reserve Account and a Series 2016 Candler Debt Service Reserve Account, each of which will be funded on the date of issue from Series 2016 Bond proceeds in an amount equal to the corresponding "Series 2016 Debt Service Reserve Requirement." "Series 2016 Debt Service Reserve Requirement" or "Debt Service Reserve Requirement" shall mean, with respect to the Series 2016 Indigo Bonds, \$ \_\_\_\_, and with respect to the Series 2016 Candler Bonds, 50% of the aggregate principal amount of the Outstanding Series 2016 Candler Bonds (initially \$\_\_\_\_). Notwithstanding the foregoing, the Debt Service Reserve Requirement for the Series 2016 Indigo Bonds and the Debt Service Reserve Requirement for the Series 2016 Candler Bonds shall not in the aggregate exceed, with respect to the Series 2016 Bonds, an amount equal to the lesser of (i) the maximum annual Debt Service Requirement for the Outstanding Series 2016 Bonds, (ii) 125% of the average annual Debt Service Requirement for Outstanding Series 2016 Bonds, and (iii) 10% of the original stated principal amount (within the meaning of the Code) of the Series 2016 Bonds. If at any time it is necessary to reduce the amounts in the Series 2016 Debt Service Reserve Accounts as a result of the immediately preceding calculation, each of such accounts will be reduced on a pro-rata basis.

AMOUNTS ON DEPOSIT IN THE DEBT SERVICE RESERVE ACCOUNT FOR ONE SERIES OF THE SERIES 2016 BONDS ARE NOT AVAILABLE FOR PAYMENT OF DEBT SERVICE OR OTHERWISE AS SECURITY FOR THE OTHER SERIES OF THE SERIES 2016 BONDS.

Amounts on deposit in the each Series of the Series 2016 Debt Service Reserve Account shall be used only for the purpose of making payments into the applicable Series of the Series 2016 Interest Account, the Series 2016 Principal Account and the Series 2016 Sinking Fund Account, to pay debt service on the Series of the Series 2016 Bonds, when due, with priority to that Series of the Series 2016 Interest Account, without distinction as to Series of the Series 2016 Bonds and without privilege or priority of one Series 2016 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose, except as provided below.

On each March 15 and September 15 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee, for each Series, shall determine the amount on deposit in that Series of the Series 2016 Debt Service Reserve Account and transfer any excess therein above the Debt Service Reserve Requirement for that Series of the Series 2016 Bonds to be deposited to that Series of the Series 2016 Bond Redemption Fund to be used for the Extraordinary Mandatory Redemption of that Series of the Series 2016 Bonds in accordance with (iv) under “DESCRIPTION OF THE SERIES 2016 BONDS – Redemption Provisions – *Extraordinary Mandatory Redemption in Whole or in Part.*”

### **Flow of Funds**

Pursuant to the Indenture, the District covenants to cause any Series 2016 Special Assessments collected or otherwise received by it to be deposited with the Trustee within five (5) Business Days after receipt thereof for deposit into the Series 2016 Revenue Account. Pursuant to the Indenture, the Trustee has covenanted to deposit Series 2016 Special Assessments (except for Prepayments of Series 2016 Special Assessments which shall be deposited in the Series 2016 Prepayment Account) in to the Series 2016 Revenue Account. Pursuant to the Supplemental Trust Indenture, the Trustee shall transfer from amounts on deposit in the Series 2016 Revenue Account the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the Business Day preceding each Interest Payment Date, commencing with May 1, 2017, to the Series 2016 Interest Account an amount equal to the interest on the Series 2016 Bonds becoming due on the next succeeding Interest Payment Date, less any amounts on deposit in the Series 2016 Interest Account not previously credited;

SECOND, no later than the Business Day next preceding each May 1, commencing May 1, 2017, to the Series 2016 Principal Subaccount of the Debt Service Fund, an amount from the Series 2016 Revenue Account equal to the principal amount of Series 2016 Bonds Outstanding maturing on such May 1, if any, less any amounts on deposit in the Series 2016 Principal Account not previously credited;

THIRD, no later than the Business Day next preceding each May 1, commencing May 1, 2017, to the Series 2016 Sinking Fund Account of the Debt Service Fund, an amount from the Series 2016 Revenue Account equal to the principal amount of Series 2016 Bonds subject to sinking fund redemption on such May 1, less any amount on deposit in the Series 2016 Sinking Fund Account not previously credited;

FOURTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2016 Bonds remain Outstanding, to the Series 2016 Debt Service Reserve Account, an amount from the Series 2016 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Series 2016 Debt Service Reserve Requirement; and

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

The Trustee shall within ten (10) Business Days after the last Interest Payment Date in any calendar year, at the written direction of the Issuer, withdraw any moneys held for the credit of the Series 2016 Revenue Account which are not otherwise required to be deposited as provided above and deposit such moneys as directed to the credit of the Series 2016 General Account as determined by the District.

Moneys in the Series 2016 General Account of the Series 2016 Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used in the following order of priority, to the extent that the need therefor arises:

FIRST, to make such deposits into the Series 2016 Rebate Fund, if any, as the District may direct in writing in accordance with the Arbitrage Rebate Agreement, such moneys thereupon to be used solely for the purposes specified in the Arbitrage Rebate Agreement. Any moneys so transferred from the Series 2016 General Account of the Series 2016 Bond Redemption Fund to the Series 2016 Rebate Fund shall thereupon be free from the lien and pledge of the Indenture;

SECOND, to be used to call for extraordinary mandatory redemption pursuant to (iii) of DESCRIPTION OF THE SERIES 2016 BONDS – Redemption Provisions – *Extraordinary Mandatory Redemption in Whole or in Part* an amount of Series 2016 Bonds equal to the amount of money transferred to the Series 2016 General Account of the Series 2016 Bond Redemption Fund pursuant to the aforesaid clauses or provisions, as appropriate, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such clauses or provisions, as appropriate; and

THIRD, the remainder to be utilized by the Trustee, at the written direction of a Responsible Officer, to call for redemption on each Interest Payment Date on which Series 2016 Bonds are subject to optional redemption such amount of Series 2016 Bonds as, with the redemption premium, may be practicable; provided, however, that not less than \$5,000 principal amount of Series 2016 Bonds shall be called for redemption at one time.

Moneys in the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund (including all earnings on investments held therein) shall be accumulated therein to be used, to the extent that the need therefor arises, to call for redemption pursuant to Section (i) and (iv) of DESCRIPTION OF THE SERIES 2016 BONDS – Redemption Provisions – *Extraordinary Mandatory Redemption in Whole or in Part* an amount of Series 2016 Bonds equal to the amount of money transferred to the Series 2016 Prepayment Account of the Series 2016 Bond Redemption Fund pursuant to the aforesaid provisions, for the purpose of such extraordinary mandatory redemption on the dates and at the prices provided in such provisions.

### **Investment Earnings**

The Trustee shall, as directed by the District in writing, invest moneys held in the Debt Service Fund and any Bond Redemption Fund only in Government Obligations and other Investment Securities as provided in the Indenture. See Appendix B hereto. The Trustee shall, as directed by the District in writing, invest moneys held in the Series 2016 Debt Service Reserve Account in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will

foreseeably be needed for purposes set forth in the Indenture. All securities securing investments shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, any interest and other income so received shall be deposited in the Series 2016 Revenue Account.

Absent specific instructions as aforesaid, all moneys in the Funds and Account (other than moneys in the Debt Service Fund and Bond Redemption Fund which shall be invested only as provided above) established under the Indenture shall be invested in Government Obligations. See Appendix B hereto. Subject to the obligation to comply with the provisions of the Internal Revenue Code, moneys in any of the Funds and Accounts established pursuant to the Indenture, when held by the Trustee, shall be immediately invested by the Trustee as provided in the Indenture, and thereafter shall be continuously invested and reinvested and deposited and redeposited by the Trustee in the highest yield investments that may be reasonably known to the Trustee, with a view to maximizing yield and minimizing the instances of uninvested funds, and subject to all written directions from the District. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale.

## **Redemption Provisions**

### *Optional Redemption*

The Series 2016 Bonds may, at the option of the District be called for redemption prior to maturity in whole or in part at any time on or after May 1, 2027, at a Redemption Price equal to 100% of the principal amount of Series 2016 Bonds to be redeemed plus accrued interest from the most recent Interest Payment Date to the date of redemption.

### *Extraordinary Mandatory Redemption in Whole or in Part*

The Series 2016 Indigo Bonds are subject to extraordinary mandatory redemption prior to maturity by the District in whole, on any date, or in part, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the Series 2016 Indigo Bonds to be redeemed, plus interest accrued to be redemption date, if and to the extent that any one or more of the following shall have occurred:

- (i) from Prepayment of Series 2016 Indigo Special Assessments deposited into the Series 2016 Indigo Prepayment Account within the Series 2016 Indigo Bond Redemption Fund; or.
- (ii) on the date on which the amount on deposit in the Series 2016 Indigo Debt Service Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2016 Indigo Bonds then Outstanding, including accrued interest thereon; or
- (iii) from Foreclosure Proceeds and any other amounts deposited by the District into the Series 2016 Indigo General Account; or.
- (iv) from funds in excess of the Debt Service Reserve Requirement transferred from the Series 2016 Indigo Debt Service Reserve Account to the Series 2016 Indigo Prepayment Account within the Series 2016 Indigo Bond Redemption Fund.



The Series 2016 Candler Bonds are subject to extraordinary mandatory redemption prior to maturity by the District in whole, on any date, or in part, on any Interest Payment Date, at the redemption price of 100% of the principal amount of the Series 2016 Candler Bonds to be redeemed, plus interest accrued to be redemption date, if and to the extent that any one or more of the following shall have occurred:

(i) from Prepayment of Series 2016 Candler Special Assessments deposited into the Series 2016 Candler Prepayment Account within the Series 2016 Candler Bond Redemption Fund; or.

(ii) on the date on which the amount on deposit in the Series 2016 Candler Debt Service Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2016 Candler Bonds then Outstanding, including accrued interest thereon; or

(iii) from Foreclosure Proceeds and any other amounts deposited by the District into the Series 2016 Candler General Account; or.

from funds in excess of the Debt Service Reserve Requirement transferred from the Series 2016 Candler Debt Service Reserve Account to the Series 2016 Candler Prepayment Account within the Series 2016 Candler Bond Redemption Fund.

*Mandatory Sinking Fund Redemption*

The Series 2016 Indigo Bonds maturing on May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2016 Sinking Fund Account established under the Indenture on May 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a Redemption Price of 100% of the principal amount thereof, together with accrued interest to the date of redemption.

| <u>Year</u> | <u>Principal</u> |
|-------------|------------------|
| 20__        | \$_____          |
| 20__        | _____            |
| 20__        | _____            |
| 20__ *      | _____            |

\* Maturity

*Mandatory Sinking Fund Redemption*

The Series 2016 Candler Bonds maturing on May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2016 Sinking Fund Account established under the Indenture on May 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a Redemption Price of 100% of the principal amount thereof, together with accrued interest to the date of redemption.

| <u>Year</u> | <u>Principal</u> |
|-------------|------------------|
| 20__        | \$_____          |
| 20__        | _____            |
| 20__        | _____            |
| 20__ *      | _____            |

\* Maturity

## **Notice of Redemption**

Notice of each redemption of Series 2016 Bonds is required to be mailed by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the redemption date to each registered owner of Series 2016 Bonds to be redeemed at the address of such registered Owner recorded on the bond register on the 5<sup>th</sup> day prior to such mailing. Failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Series 2016 Bonds for which notice was duly mailed.

Any notice of redemption given with respect to the Series 2016 Bonds may also state any conditions that must be satisfied for such Series 2016 Bonds to be redeemed on the date of redemption and that such notice shall be of no effect unless such conditions noted therein are met.

## **Effect of Notice of Redemption**

On the redemption date, the Series 2016 Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent and on such date interest shall cease to accrue, such Series 2016 Bonds shall cease to be entitled to any benefit under the Indenture and such Series 2016 Bonds shall not be deemed to be outstanding under the provisions of the Indenture and the registered owners of such Series 2016 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. If the amount of funds so deposited with the Trustee, or otherwise available, is insufficient to pay the redemption price and interest on all Series 2016 Bonds so called for redemption on such date, the Trustee shall redeem and pay on such date an amount of such Series 2016 Bonds for which such funds are sufficient, selecting the Series 2016 Bonds to be re redeemed by lot from among all such Series 2016 Bonds called for redemption on such date, and interest on any Series 2016 Bond not paid shall continue to accrue, as provided in the Indenture.

## **Book-Entry Only System**

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and the District does not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2016 Bond certificate will be issued for each maturity of the Series 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants". DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond (each a "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 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Series 2016 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC upon compliance with any applicable DTC rules and procedures. In that event, 2016 Bond certificates will be printed and delivered at the expense of the District.

So long as Cede & Co. is the registered owner of the Series 2016 Bonds, as nominee of DTC, reference herein to the Bondholders or Registered Owners of the Series 2016 Bonds will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the Series 2016 Bonds.

NEITHER THE BAY LAUREL CENTER 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 OR THE BENEFICIAL OWNERS OF THE SERIES 2016 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 2016 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 OFFICIAL STATEMENT.

## PLAN OF FINANCE

### General

The Developer has furnished the information appearing below under the captions **"The Developer"** and **"The Development."** Although believed to be reliable, neither the District, Disclosure Counsel, the Underwriter nor their respective counsel has independently verified the information provided by such parties.

### THE DEVELOPER

The information appearing below has been furnished by the Developer for use in this Limited Offering Memorandum.

The Developer is On Top of the World Communities, Inc., a Florida corporation, which is owned by trusts controlled by the Colen family. The Colen family has been developing real estate in Florida since 1947 and have developed in excess of 50,000 residential units. The two primary developments undertaken by the Developer are Kenneth City, Florida in Pinellas County, Florida and On Top of the World located in Marion County, Florida, in which the Districts are located (*see* "THE DEVELOPMENT" below).

The President of the Developer is Kenneth D. Colen, age 62, who has been with the Developer in various capacities since 1975. Mr. Colen is Vice Chair of the Colen Foundation, a charitable foundation dedicated to helping seniors live independently in their own homes, Vice Chair of the Horticultural Arts and Park Foundation, a charitable foundation committed to education, preservation of native plant habitats, and to the development of a horticultural garden, member of the Central Florida Community College Foundation, a charitable foundation in support of scholarships, grants and other fundraising activities for local community college, member of the Appleton Museum Citizens Advisory Council, Past Chairman and current member of the Marion County Planning Commission, and a past member of the Marion County Land Use Code Board and of Withlacoochee Regional Planning Council Citizen Advisory Committee. Mr. Colen is also a founder and former chairman of Friendship Community Bank. Mr. Colen received a Bachelor of Science Degree from the College of Resource Development of the University of Rhode Island. Mr. Colen is also licensed as a Class A General Contractor.

## THE DEVELOPMENT

The information in this section has been furnished by the Developer to provide prospective Owners with general information regarding the Development and more specific information regarding the sub-developments that are located within the Indigo East District and the Candler Hills District specifically.

### **The Bay Laurel Center District and the Other Districts**

The Bay Laurel Center District, the Indigo East District, and the Candler Hills District are each a unit of special purpose local government of the State of Florida created by and in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"). The Bay Laurel Center District was established pursuant to the Act by Marion County Ordinance 02-11, adopted by the Board of County Commissioners of Marion County, Florida on May 7, 2002 (the "the Bay Laurel Center District Ordinance"); the Indigo East District was established pursuant to the Act by Marion County Ordinance 02-26, adopted by the Board of County Commissioners of Marion County, Florida, on November 5, 2002 (the "Indigo East Ordinance"); and the Candler Hills District was established pursuant to the Act by Marion County Ordinance 02-27, adopted by the Board of County Commissioners of Marion County on November 5, 2002 (the "Candler Hills East Ordinance" and together with the Bay Laurel Center District Ordinance and the Indigo East Ordinance, the "Ordinance"). For more complete information about the Bay Laurel Center District, its Board of Supervisors and the Bay Laurel Center District Manager, see "THE DISTRICT" herein.

To facilitate the financing, acquisition, construction, operation and maintenance of certain public infrastructure facilities and services to serve the portion of the Circle Square Ranch Development (hereinafter defined) located within the boundaries of the Districts, the County, at the request of On Top of the World Communities, Inc. (the "Developer"), established the Districts. **The Districts have entered into an Interlocal Agreement dated as of May 19, 2005, recorded in the Public Records of Marion County, Florida (the "Interlocal Agreement"), pursuant to which each of the Other Districts have delegated to Bay Laurel Center District the power and authority to act on behalf of all the Districts to finance, acquire, construct, operate, and maintain the Project (as such term is further defined in the Interlocal Agreement) benefiting land within all of the Districts and to operate and maintain the Project (as defined in the Interlocal Agreement).**

The Bay Laurel Center District has entered into a separate First Amended First Amended and Restated Loan Agreement with each of the Other Districts, each dated as of \_\_\_\_\_, 2016 (each, a "First Amended and Restated Loan Agreement"), in order to enable Bay Laurel Center District to refund the Refunded Bonds on behalf of the Other Districts. The form of the First Amended and Restated Loan Agreement is attached hereto as Appendix A. In return, each such Other District has agreed to impose,

levy and collect special assessments on lands within such Other District specially benefiting from such portions of the Project (collectively, the “2016 Assessments”), and to pay such 2016 Assessments directly to the Trustee in amounts and at times sufficient to repay the respective Series of the Series 2016 Bonds, together with interest accrued thereon.

The Districts are located within a development of regional impact known as "On Top of the World" (the “OTOW DRI”) and more specifically, within an area of the OTOW DRI known as Circle Square Ranch (the "Master Development"). The land within both the Candler Hills East Community Development District and the Indigo East Community Development District comprises smaller sub-developments within the Master Development and are part of a Planned Unit Development (PUD) that was approved by the County on November 5, 2002 (the Candler Hills East and Indigo East sub-developments are collectively referred to as the “Development”). In conjunction with the Florida Department of Community Affairs and the Withlacoochee Regional Planning Council (WRPC), the Marion County Board of County Commissioners adopted a Development Order (“DO”) for development of the OTOW DRI on October 12, 1982, as affirmed and modified by Order of the Florida Land and Water Adjudicatory Commission issued December 5, 1983, Resolution Number 94-R-228 adopted by Marion County Board of County Commissioners on September 20, 1994, Resolution Number 96-R-144 adopted by Marion County Board of County Commissioners on June 4, 1996, and Resolution Number 2001-R-290 adopted by Marion County Board of County Commissioners on October 17, 2001, as further modified from time to time. The DO approved a mixed-use master-planned development, consisting of 13,300 acres with vested development rights for the construction of 32,400 residential units, 490,000 square feet of commercial space, and 250 hotel rooms within the OTOW DRI. In addition, the OTOW DRI has additional vested development rights for 6,882 residential units, 800,000 square feet of commercial space, and 700 acres of parks and recreational space. Of the 13,300 acres within the OTOW DRI subject to the DO, the Indigo East Community Development District comprises approximately 213.4 acres and is permitted for development of 650 residential units and a 3,500 square foot club house. The Candler Hills East Community Development District, on the other hand, comprises approximately 422.98 of the 13,300 acres within the OTOW DRI and is permitted for construction of 615 residential units and a 14,400+ square foot golf club house, golf cart and recreational buildings.

### **Indigo East District**

**General.** Indigo East is a community with 615 home sites located within a 213.434 acre sub-development of the Master Development and is intended to be a value added community for price conscious buyers. Homes range in size from 1,200 square feet to 2,000 square feet and lot sizes range in size from 5,632 square feet to 7,680 square feet. The neighborhood known as Indigo East was first opened for sales in September 2004. The premise behind the community was a well-constructed CBS home at a very affordable price point and in a home owner association offering limited amenities. In a phrase, Indigo East was targeted to the age qualified value buyer. During the 2004-06 construction boom, 194 homes in Phase 1 were sold.

In 2008 and later, while sales were stalled, the developer made the conscious decision to suspend marketing until the market strengthened and excess products in the market thinned down. Additionally, the Developer paid down the special assessment debt on 302 lots leaving 289 lots securing the 2016 Indigo East special assessment bonds. During the latter part of the Great Recession (beginning in 2008), the developer took the opportunity to reposition the development with five (5) updated energy efficient home plans, LED lighting throughout, new interiors designs, Florida Friendly landscaping packages, and Water Star compliant irrigation systems. The price point retained the appeal to the Boomer, value buyer with a starting price range of \$149,990 to \$215,990. The public reception was positive. Over the two day grand re-opening event, over 700 customers toured the model center, resulting in four sales.

When the product was relaunched on March 12, 2016 there were 121 home sites available. As of August 29<sup>th</sup>, 2016 there have been 45 homes sold. This equates to an approximate sales velocity of five new homes sold per month. Currently, 76 home sites remain, which includes the five model home lots, sales center and adjacent parking lot. Given our current active sales pace we estimate that the sell-out of this phase of Indigo East should occur around November 2017, or approximately 15 months from this date.

In addition to the new product offering, the developer expanded the existing 4,263 sq. ft. Indigo East recreation center by an additional 2,408 square feet. The restrooms, kitchen, and main lobby are being completely renovated. The swimming pool was also resurfaced. Landscaping and irrigation are also being updated. Of the 289 units currently securing the 2006 special assessment bonds 189 have been sold to end user with 181 actively being marketed. The following charts provide the current annual assessments and the proposed 2016 refunding special assessments.

| Product Type* | Total Units | Total Units Sold | 2006 par per Unit | 2016 par per Unit | Existing 2006 annual special assessment per unit | Estimated 2016 Annual assessment per unit | Estimated O &M | Estimated Total |
|---------------|-------------|------------------|-------------------|-------------------|--|---|----------------|-----------------|
| Single Family | 289         | 189              | 6,200             | 6,150             | \$510.00   | \$465.00                                  |                |                 |

\*The above exclude the 4% early payment discount and the 2% administrative fees.

### Series 2016 Indigo Special Assessments

The principal and annual debt service assessments for the Series 2016 Indigo Bonds are depicted in the table below. All assessments depicted herein are exclusive of the 6% gross up for early payment discounts and County collection costs.

### Indigo East District Value to Lien

Based upon information obtained from the Marion County Property Appraiser, the total assessed value for the parcels in the Series 2016 Indigo Special Assessment area is approximately \$22,220,614, which equates to an overall assessed value to lien ratio for the Series 2016 Indigo Special Assessment area of approximately 12 to 1. The information in the table below depicts the average assessed value to lien ratios for products with vertical and no vertical improvements located in the Series 2016 Indigo Special Assessment area.

| <u>Product Type</u> | <u>Assessable Units</u> | <u>Series 2016 Indigo Bonds Principal</u> | <u>Series 2016 Indigo Bonds Principal Per Unit</u> | <u>Average Assessed Value Per Unit</u> | <u>Average Assessed Value to Lien With Vertical</u> | <u>Average Assessed Value No Vertical</u> | <u>Average Assessed Value to Lien with No Vertical</u> |
|---------------------|-------------------------|---|--|--|---|---|--|
| SF                  | 289                     | \$1,930,000                               | \$6,200  | \$71,000                               | 11 to 1   | \$9,800                                   | 1.6 to 1   |

## Indigo East Collection History

The table below reflects historical levy and collections results within the Indigo East District with respect to the Series 2006 Indigo Special Assessments for the last three (3) fiscal years, as well as delinquencies and tax certificate sales for the last five (5) fiscal years. There may be slight differences between the delinquency and tax certificate amounts due to payment of delinquent taxes prior to the certificate sale.

| <u>Fiscal</u><br><u>Year</u> | <u>Gross</u><br><u>Amount</u><br><u>Levied</u> | <u>Net</u><br><u>Amount</u><br><u>Collected</u> | <u>%</u><br><u>Collected</u> | <u>Delinquent</u><br><u>as of 3/31</u> | <u>Tax</u><br><u>Certificates</u><br><u>Sold</u> |
|------------------------------|--|---|------------------------------|--|--|
| 2015                         | \$_____  | \$_____   | _____%                       | \$_____                                | \$0  |
| 2014                         | \$_____  | \$_____   | _____%                       | \$_____                                | \$0  |
| 2013                         | \$_____  | \$_____   | _____%                       | \$_____                                | \$0  |
| 2012                         | \$_____  | \$_____   | _____%                       | \$_____                                | \$0  |
| 2011                         | \$_____  | \$_____   | _____%                       | \$_____                                | \$0  |

Source: District Manager and Marion County Tax Collector.

**Indigo East District Anticipated Taxes, District Assessments/Fees and HOA Fees.** The ad valorem tax rate for property located within the City of Ocala, Marion County, Florida, is \_\_\_\_\_ mils. Accordingly, a tax parcel with a \$150,000 valuation, assuming a \$25,000.00 homestead exemption, would result in an ad valorem tax of \$\_\_\_\_\_ annually. In addition, it is anticipated that the Home Owners Association will impose a monthly fee of \$\_\_\_\_\_. The foregoing charges aggregate to \$\_\_\_\_\_ annually per residence (assuming such \$125,000 valuation). The foregoing aggregate is estimated to be \$\_\_\_\_\_ annually.

## Candler Hills East

**General.** Candler Hills East is a golf course community comprised of 615 detached single family homes with initial lot sizes ranging from 6,400 square feet to 10,240 square feet. The community is within minutes of multiple shopping plazas, medical facilities and hospitals, Ocala's famous thoroughbred horse-farms, Central Florida Community College and downtown Ocala. Current product offerings consist of luxury homes ranging in size from 1,800 sq. ft. to 3,000 sq. ft. and priced from \$180,000 to \$320,000. Standard features in Candler Hills East include brick paver driveways, ceramic tile baths, Whirlpool appliances, and numerous additional features. In addition, the Candler Hills community offers 24 hour a day gated security, a 25 acre nature and owl preserve, and residents of Candler Hills can participate in the "Gateway of Services" plan, a plan that offers access to amenities in other neighborhoods within the Master Development including two private golf courses, the health and recreation building with full gym, as well as the 6.5 million dollar Arbor Club, home to aquatic programs and meeting facilities. Also, projected for completion in 2016-07 and adjacent to Candler Hills will be Circle Square Commons, a multi-dimensional hub of activity designed to include a salon and day spa, entertainment complex with bowling alley, a 1,000-seat theatre for planned entertainment ventures, restaurants, various shops, culinary school, lifelong learning center and a satellite art museum. The center piece for this community is an 18-hole championship, semi-private golf course, and a golf clubhouse which houses the Candler Hills Restaurant, a full service restaurant facility that is open for breakfast, lunch and dinner. To accentuate the golf course, and as an added marketing incentive, many homes front the Candler Hills Golf Course. The Candler Hills East community will be a resort-style community with residential use and ownership restricted to persons fifty-five (55) years of age or older. Consequently, the Candler Hills East community is being marketed to active adult, retirement-oriented individuals. Candler Hills East is being developed over the course of six years, with completion estimated around 2009/2010.



The community of Candler Hills East opened in late 2004 with 615 home sites available for sale. Candler Hills continued to sell through the Great Recession, albeit at a very reduced rate. Sales returned to a more normalized pace in late 2012, after a new model center with updated designs was released. The majority of home sites were sold by 2015, with approximately 21 remnant lots remaining. Currently the portion of the community under the CDD is nearing sell-out as only three (3) home sites are still available. The focus for these remaining lots is to construct move-in ready homes for quick occupancy.

Candler Hills continues to be a very vibrant “estate” home community and leader in home sales. A new \$5.5M, 17,000 square foot resort-style recreation center exclusive to the community is under construction. This very grand building is focused toward the aspiring boomer clientele. This is currently anticipated to open in April 2017. This facility is in addition to the existing recreation facility and 18-hole, semi-private golf course. The balance of Candler Hills, not in the CDD, is selling at a very brisk pace of nearly six (6) homes per month. Homes range from 2,170 sq. ft. to over 3,000 sq. ft. The designs feature very bright and expansive living space as well as internal room connectivity for convenience living. All homes are built to Energy Star standards and feature LED lighting packages. Price points range from \$235,990 to \$385,990.

Currently there are 467 units securing the Candler Hills special assessments. 148 units have prepaid their assessments.

#### **Series 2016 Candler Special Assessments**

The principal and annual debt service assessments for the Series 2016 Candler Bonds are depicted in the table below. All assessments depicted herein are exclusive of the 6% gross up for early payment discounts and County collection costs.

| Product Type* | Total Units | Total Units Sold | 2006 par per Unit | 2016 par per Unit | Existing 2006 annual special assessment per unit | Estimated 2016 Annual assessment per unit | Estimated O &M | Estimated Total |
|---------------|-------------|------------------|-------------------|-------------------|--|---|----------------|-----------------|
| Single Family | 467         | 464              | 7,563             | 7,160             | \$610.00   | \$500.00                                  | \$178.00       | 678.00          |

\*The above exclude the 4% early payment discount and the 2% administrative fees.

#### **Candler Hills District Value to Lien**

Based upon information obtained from the Marion County Property Appraiser, the total assessed value for the parcels in the Series 2016 Candler Special Assessment area is approximately \$77,654,522, which equates to an overall assessed value to lien ratio for the Series 2016 Candler Special Assessment area of approximately 20 to 1. The information in the table below depicts the average assessed value to lien ratios for each of the product types located in the Series 2016 Candler Special Assessment area.

| <u>Product</u><br><u>Type</u> | <u>Assessable</u><br><u>Units</u> | <u>Units Sold</u><br><u>With</u><br><u>Vertical</u> | <u>Series</u><br><u>2016</u><br><u>Candler</u><br><u>Bonds</u><br><u>Principal</u> | <u>Series</u><br><u>2016</u><br><u>Candler</u><br><u>Bonds</u><br><u>Principal</u><br><u>Per Unit</u> | <u>Average</u><br><u>Assessed</u><br><u>Value to</u><br><u>Lien</u><br><u>Vertical</u> | <u>Average</u><br><u>Assessed</u><br><u>Value</u><br><u>No</u><br><u>Vertical</u> | <u>Assessed</u><br><u>Value</u><br><u>Value to</u><br><u>Lien</u><br><u>with No</u><br><u>Vertical</u> |
|-------------------------------|-----------------------------------|---|--|---|--|---|--|
| SF                            | 467                               | 464   | \$3,585,000  | \$7,334   | 20 to 1  | \$17,000  | 2.32 to 1  |

### **Candler Hills Collection History**

The table below reflects historical levy and collections results within the Candler District with respect to the Series 2006 Candler Special Assessments for the last three (3) fiscal years, as well as delinquencies and tax certificate sales for the last three (3) fiscal years. There may be slight differences between the delinquency and tax certificate amounts due to payment of delinquent taxes prior to the certificate sale.

| <u>Fiscal</u><br><u>Year</u> | <u>Gross</u><br><u>Amount</u><br><u>Levied</u> | <u>Net Amount</u><br><u>Collected</u> | <u>%</u><br><u>Collected</u> | <u>Delinquent</u><br><u>as of 3/31</u> | <u>Tax</u><br><u>Certificates</u><br><u>Sold</u> |
|------------------------------|--|---------------------------------------|------------------------------|--|--|
| 2015                         | \$336,651.00                                   | \$339,248.72,                         | 100.8%                       | \$3,567.26                             | \$0  |
| 2014                         | \$338,187.97                                   | \$331,851.56                          | 101.08%                      | \$4,515.38                             | \$0  |
| 2013                         | \$347,639.87                                   | \$354,692.26                          | 102.03%                      | \$4,137.36                             | \$0  |
| 2012                         |  |                                       |                              |  |  |
| 2011                         |  |                                       |                              |  |  |

Source: District Manager and Marion County Tax Collector.

### **Candler Hills District Anticipated Taxes, District Assessments/Fees and HOA Fees.**

The ad valorem tax rate for property located within the City of Ocala, Marion County, Florida, is \_\_\_\_\_ mils. Accordingly, a tax parcel with a \$150,000 valuation, assuming a \$25,000 homestead exemption, would result in an ad valorem tax of \$\_\_\_\_\_ annually. In addition, it is anticipated that the Home Owners Association will impose a monthly fee of \$\_\_\_\_\_, together with an annual operation and maintenance assessment of \$\_\_\_\_\_. The foregoing charges aggregate to \$\_\_\_\_\_ annually per residence.

Neither the District, Disclosure Counsel, nor the Underwriter has independently investigated or verified the property data in the table above and neither assumes responsibility for the accuracy or completeness of the information contained therein. The summary of real property taxes and tax certificates were obtained by the Underwriter from the Lee County Tax Collector and Property Appraiser.

Neither the District, Disclosure Counsel, nor the Underwriter can give any assurance to the Holders of the Series 2016 Bonds (1) that the past experience of the County with regard to tax or special assessment delinquencies as shown above is applicable in any way to the 2006 Special Assessments, (2) that future landowners and taxpayers in the District will pay such 2016 Special Assessments, (3) that a market may exist in the future for the aforementioned tax certificates in the event of sale of such certificates for taxable units within the Districts, and (4) that eventual sale of tax certificates for real property within a District, if any, will be for an amount sufficient to pay amounts due under the Indenture to discharge the Assessment lien and all other liens that are coequal therewith.

## **ENFORCEMENT OF ASSESSMENT COLLECTIONS**

### **Preliminary Supplemental Special Assessment Allocation Report**

Governmental Management Services – Central Florida, LLC has prepared a Preliminary Supplemental Special Assessment Allocation Report for each District (the "Allocation Report"), for the corresponding Series of the Series 2016 Bonds, which are included herein as Appendix D.

### **Enforcement and Collection of Series 2016 Special Assessments**

In the First Amended and Restated Loan Agreement, the Other Districts covenant if the owner of any lot or parcel of land shall be delinquent in the payment of any Series 2016 Special Assessment, then such Special Assessment shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deeds as regards such delinquent Series 2016 Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of law, then upon the delinquency of any Series 2016 Special Assessment the Other District shall, to the extent permitted by law, utilize any other method of enforcement, including, without limitation, declaring the entire unpaid balance of such Series 2016 Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law. The Other Districts also covenant in the First Amended and Restated Loan Agreement not to use the provisions of Chapter 173, Florida Statutes.

### **Re-Assessment**

Pursuant to the Indenture, if any Series 2016 Special Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if either of the Other Districts shall be satisfied that any such Series 2016 Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the such Other District shall have omitted to make such Series 2016 Special Assessment when it might have done so, the Other District shall either (i) take all necessary steps to cause a new Series 2016 Special 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 2016 Special Assessment from legally available moneys, which moneys shall be deposited into the Series 2016 Revenue Account. In case such second Series 2016 Special Assessment shall be annulled, the Other District shall obtain and make other Series 2016 Special Assessments until a valid Series 2016 Special Assessment shall be made.

### **Tax Collection Procedures**

The primary sources of payment for the Series 2016 Indigo Bonds are the Pledged Revenues derived by the Bay Laurel Center District through the First Amended and Restated Loan Agreement from the Series 2016 Special Assessments imposed on land specially benefitted by the Indigo Project. The primary sources of payment for the Series 2016 Candler Bonds are the Pledged Revenues derived by the Bay Laurel Center District through the First Amended and Restated Loan Agreement from the Series 2016 Special Assessments imposed on land specially benefitted by the Candler Project. The determination, order, levy, and collection of Series 2016 Special 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 2016 Special Assessments, during any year. Such delays in the collection of Series 2016 Special Assessments, or complete inability to collect Series 2016 Special 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 2016 Bonds. To the extent that landowners fail to pay the Series 2016 Special

Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2016 Bonds. The Act provides for various methods of collection of delinquent Series 2016 Special Assessments by reference to other provisions of the Florida Statutes. The information later herein under "Uniform Method Tax Collection Procedure" and "Foreclosure" sets forth 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.

Enforcement of the obligation to pay Series 2016 Special Assessments and the ability to foreclose the lien created by the failure to pay Series 2016 Special Assessments, or the ability of the Tax Collector to sell tax certificates and ultimately tax deeds, may not be readily available or may be limited as such enforcement may be dependent upon judicial action which is often subject to discretion and delay.

Pursuant to the Supplemental Indenture and the First Amended and Restated Loan Agreements, the Districts will covenant that Series 2016 Special Assessments levied on platted lots and pledged to secure the Series 2016 Bonds will be collected pursuant to the Uniform Method as described below. The Other Districts covenant to enter into a Property Appraiser and Tax Collector Agreement with the County in order to comply with such covenant.

The Supplemental Indenture further provides that notwithstanding the immediately preceding paragraph or any other provision in the Indenture to the contrary, upon the occurrence of an Event of Default, if the Trustee, acting at the direction of the Majority Owners of the Series 2016 Bonds, requests that the Other Districts not use the Uniform Method, but instead collect and enforce Series 2016 Special Assessments pursuant to another available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto, then the Other Districts shall collect and enforce said Series 2016 Special Assessments in the manner and pursuant to the method so requested by the Trustee.

Any Series 2016 Special Assessments that are not collected pursuant to the Uniform Method shall be billed directly to the applicable landowner and be payable not later than thirty (30) days prior to each Interest Payment Date.

### **Uniform Method Tax Collection Procedure**

The Florida Statutes provide that, subject to certain conditions, special assessments may be collected by using the Uniform Method provided for in Sections 197.3631, 197.3632, 197.3635, Florida Statutes. The Uniform Method of collection is available only in the event the Other Districts enter into a Property Appraiser and Tax Collection Agreement with the Tax Collector and Property Appraiser providing for the Series 2016 Special Assessments to be collected in this manner. Under the Uniform Method for collecting non-ad valorem assessments, the Tax Collector will list on the assessment roll for each of the relevant tax years any Series 2016 Special Assessments, will include in the notice of proposed property taxes the dollar amount of such Series 2016 Special Assessments, and will include on the tax notice issued pursuant to Section 197.322, Florida Statutes, the dollar amount of such Series 2016 Special Assessments. Under the Uniform Method, the Series 2016 Special Assessments will be collected together with County and other taxes. The Series 2016 Special Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provide that County 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 January 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, including the Series 2016 Special Assessments, being collected by the Uniform Method) are to be billed, and landowners in the Other Districts are required, subject to the next succeeding paragraph, 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 2016 Special Assessments. Upon any receipt of moneys by the Tax Collector from the Series 2016 Special Assessments, such moneys will

be delivered to the Other Districts, which will remit such Series 2016 Special Assessments to the Trustee for deposit as provided in the First Amended and Restated Loan Agreements and the Supplemental Indenture.

Subject to certain exceptions, all city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2016 Special Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment under Section 194, Part II, Florida Statutes and other applicable law. Section 194.171(3), Florida Statutes provides that before an action contesting a tax assessment may be brought, a taxpayer must pay to the Tax Collector the amount of the tax the taxpayer admits in good faith to be owing. Such payment by the taxpayer and the taxpayer's timely filing of an action contesting the tax suspends all proceedings for the collection of such contested tax prior to the final disposition of the action. Accordingly, a landowner that contests the levy or the amount of a particular tax assessment, which may possibly include non-ad valorem special assessments such as the Series 2016 Special Assessments collected by the Uniform Method, under the aforementioned circumstances may be permitted to pay only that amount that the landowner, in good faith, admits to be owing. In addition, Section 197.374, Florida Statutes provides that taxpayers appealing the assessed value or assigned classification of their property may make a partial payment of taxes before the delinquency date (typically April 1).

Under the Uniform Method, if the Series 2016 Special Assessments are paid during November when due or at any time within thirty (30) days after the mailing of the original tax notice or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in April. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the Series 2016 Special Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments such as the Series 2016 Special Assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than age 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead exemption under Section 196.075, Florida Statutes that are 65 years old or older may defer taxes and assessments in their entirety.

Collection of Delinquent Series 2016 Special Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Series 2016 Special Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowner may, prior to the sale of tax certificates, pay delinquent taxes and assessments plus an interest charge of 18% per annum on the amount of delinquent taxes. If these amounts are not paid, 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%). Generally, tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County (being the county in which

the assessed lands are located). During the pendency of any litigation arising from the contest of a landowner's tax assessment collected through the Uniform Method, which may possibly include non-ad valorem special assessments such as the Series 2016 Special Assessments, it is possible that the tax collector will not sell tax certificates with respect to such property. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The Tax Collector does not collect any money if tax certificates are 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 2016 Special Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property subject to the Series 2016 Special Assessments may affect the demand for certificates and the successful collection of the Series 2016 Special Assessments, which are the primary source of payment of the Series 2016 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 issuance of the tax certificate during which to act against the land that is the subject of the tax certificate. After an initial period ending two years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates, and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the County holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the County must apply for a tax deed two years after April 1 of the year of issuance. 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, 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.

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

## **Foreclosure**

If for any reason a District is unable, or elects not, to use the Uniform Method of collecting the 2016 Special Assessments, the District will, itself, directly collect the Series 2016 Special Assessments. 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 District 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. Any foreclosure proceedings to enforce payment of the 2016 Special Assessments may proceed under the provisions of Chapter 173, Florida Statutes, which provides that after the expiration of one year from the date any special assessment or installment thereof becomes due, the District may commence a foreclosure proceeding against the lands upon which the assessments are liens. Such a proceeding is in rem, meaning that it is brought against the land and not against the owner. Under certain circumstances, with respect to 2016 Special Assessments which a District has been collecting through the Uniform Method, the District may opt out of using the Uniform Method and utilize the foreclosure procedures described in this paragraph.

In general, after a District commences the suit, there is a period of notice to, and an opportunity for response by, affected persons. Ultimately a hearing will be held and, if the court decides in favor of the District, a judgment will be rendered in the amount of the Delinquent Assessments, which may include operation and maintenance assessments, and costs of the proceeding. The judgment would also direct sale of the land subject to the Delinquent Assessments by public bid to the highest bidder, with proceeds of the sale being applied to payment of the Delinquent Assessments. If no bidder bids at least the amount of the Delinquent Assessments and applicable costs, the District or a special purpose entity created by the District may obtain title to the land.

## DEBT SERVICE REQUIREMENTS

The following tables set forth the scheduled debt service on the Series 2016 Bonds:

**Series 2016 Indigo Bonds.** The Series 2016 Indigo Bonds, which are term Bonds, are subject to mandatory redemption by lot in part prior to their scheduled maturity from moneys in the Series 2016 Indigo Sinking Fund Account 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:

| Period Ending<br>November 1 | Series 2016 Indigo Bonds |                |                       |
|-----------------------------|--------------------------|----------------|-----------------------|
|                             | Principal                | Interest       | Total Debt<br>Service |
| 2016                        | -                        | \$_____        | \$_____               |
| 2016                        | \$_____                  | _____          | _____                 |
| 2017                        | _____                    | _____          | _____                 |
| 2018                        | _____                    | _____          | _____                 |
| 2019                        | _____                    | _____          | _____                 |
| 2020                        | _____                    | _____          | _____                 |
| 2021                        | _____                    | _____          | _____                 |
| 2022                        | _____                    | _____          | _____                 |
| 2023                        | _____                    | _____          | _____                 |
| 2024                        | _____                    | _____          | _____                 |
| 2025                        | _____                    | _____          | _____                 |
| 2026                        | _____                    | _____          | _____                 |
| 2027                        | _____                    | _____          | _____                 |
| 2028                        | _____                    | _____          | _____                 |
| 2029                        | _____                    | _____          | _____                 |
| 2030                        | _____                    | _____          | _____                 |
| 2031                        | _____                    | _____          | _____                 |
| 2032                        | _____                    | _____          | _____                 |
| 2033                        | _____                    | _____          | _____                 |
| 2034                        | _____                    | _____          | _____                 |
| 2035                        | _____                    | _____          | _____                 |
| <b>TOTAL</b>                | <b>\$_____</b>           | <b>\$_____</b> | <b>\$_____</b>        |

**Series 2016 Candler Bonds.** The Series 2016 Candler Bonds maturing on May 1, 20\_\_ are subject to mandatory redemption by lot in part prior to their scheduled maturity from moneys in the Series 2016 Candler Sinking Fund Account 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:

| Period Ending<br>November 1 | Series 2016 Candler Bonds |          |                       |
|-----------------------------|---------------------------|----------|-----------------------|
|                             | Principal                 | Interest | Total Debt<br>Service |
| 2016                        | -                         | \$_____  | \$_____               |
| 2016                        | \$_____                   | _____    | _____                 |
| 2017                        | _____                     | _____    | _____                 |
| 2018                        | _____                     | _____    | _____                 |
| 2019                        | _____                     | _____    | _____                 |
| 2020                        | _____                     | _____    | _____                 |



|              |                 |                 |                 |
|--------------|-----------------|-----------------|-----------------|
| 2021         | _____           | _____           | _____           |
| 2022         | _____           | _____           | _____           |
| 2023         | _____           | _____           | _____           |
| 2024         | _____           | _____           | _____           |
| 2025         | _____           | _____           | _____           |
| 2026         | _____           | _____           | _____           |
| 2027         | _____           | _____           | _____           |
| 2028         | _____           | _____           | _____           |
| 2029         | _____           | _____           | _____           |
| 2030         | _____           | _____           | _____           |
| 2031         | _____           | _____           | _____           |
| 2032         | _____           | _____           | _____           |
| 2033         | _____           | _____           | _____           |
| 2034         | _____           | _____           | _____           |
| 2035         | _____           | _____           | _____           |
| <b>TOTAL</b> | <b>\$</b> _____ | <b>\$</b> _____ | <b>\$</b> _____ |

The principal amounts shown above are subject to recalculation, as provided in the Second Supplemental Indenture, as a result of the redemption of Series 2016 Indigo Bonds or Series 2016 Candler Bonds, as the case may be, so as to reamortize the remaining outstanding principal balance of the Series 2016 Indigo Bonds or Series 2016 Candler Bonds, as applicable, in substantially level installments of principal and interest over the remaining term.

SERIES 2016 BONDS NOT TENDERED FOR PURCHASE ON A MANDATORY REDEMPTION DATE AND FOR WHICH THE PURCHASE PRICE IS HELD BY THE TRUSTEE SHALL BE DEEMED TENDERED FOR PURCHASE AND THEREAFTER, PAYMENT OF THE PURCHASE PRICE SHALL BE SECURED ONLY BY MONEYS HELD THEREFOR BY THE TRUSTEE.

## THE DISTRICT

### General

The Districts are local units of special purpose government, which were established pursuant to the Act.

### Legal Powers and Authority

The Districts are independent units of local government created by and established in accordance with the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of community development districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operations and maintenance of the major infrastructure for community development.

Among other provisions, the Act gives a District's Board of Supervisors the authority to (a) plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain: (i) water management and control for lands within the District and to connect any of such facilities with roads and bridges; (ii) water supply, sewer and waste-water management systems or any combination thereof and to construct and operate connecting intercept or outlet sewers and sewer mains and pipes and water mains conduits, or pipelines in, along, and under any street, alley, highway, or other public place or ways, and to dispose of any effluent, residue, or other byproducts of such system or sewer system; (iii) District roads equal to or exceeding the applicable specification of the County; (iv) street lights; (v)

landscaping; (vi) hardscape; and (vii) other improvements; (b) borrow money and issue bonds of the District; (c) impose and enforce special assessments liens as provided in the Act; and (d) exercise all other powers necessary, convenient, incidental or proper in connection with any of the powers or duties of the District stated in the Act.

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of bonds of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with such bonds, including the Series 2016 Bonds.

## **District Bonds**

### *Series 2006 Bonds*

In 2006, the District issued its \$5,340,000 Special Assessment Bonds, Series 2006 Indigo (the "Series 2006 Indigo Bonds") to provide funds for (i) the payment of a portion of the costs of the Indigo East Project, (ii) the payment of interest on the Series 2006 Indigo Bonds through at least November 1, 2016, (iii) the funding of the Series 2006 Indigo Debt Service Reserve Account and (iv) payment of all or a portion of the costs of issuance of the Series 2006 Indigo Bonds, and the District issued its \$5,675,000 Special Assessment Bonds, Series 2006 Candler (the "Series 2006 Candler Bonds" and, together with the Series 2006 Indigo Bonds, the "Series 2006 Bonds") to provide funds for (i) the payment of a portion of the costs of the Candler Hills Project, (ii) the payment of interest on the Series 2006 Candler Bonds through at least November 1, 2016, (iii) the funding of the Series 2006 Candler Debt Service Reserve Account, and (iv) payment of all or a portion of the costs of issuance of the Series 2006 Candler Bonds.

## **DESCRIPTION OF THE SERIES 2016 BONDS**

### **General Description**

The Series 2016 Bonds are issuable as fully registered bonds, without coupons, in denominations of \$5,000 or any multiple thereof.

The Series 2016 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 May 1, 2017 (each, an "Interest Payment Date") and shall be computed on the basis of a 360-day year of twelve 30-day months. The Series 2016 Bonds will mature on May 1 of such years, in such amounts and at such rates as set forth on the inside cover page of this Official Statement.

Each Series 2016 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 2016 Bond has been paid, in which event such Series 2016 Bond shall bear interest from its date of authentication; (ii) is prior to the first Interest Payment Date for the Series 2016 Bonds, in which event, such Series 2016 Bond shall bear interest from its date; or (iii) is between a Record Date and the next succeeding Interest Payment Date, in which event, such Series 2016 Bond shall bear interest from such Interest Payment Date.

The Series 2016 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 2016 Bonds and, so long as the Series 2016 Bonds are held in book-entry-only form, Cede & Co., will be considered the registered owner for all purposes hereof. See "DESCRIPTION OF THE SERIES 2016

BONDS – Book-Entry Only System" below for more information about DTC and its book-entry only system.

### **Purpose of Each Series of the Series 2016 Bonds**

The proceeds of the Series 2016 Bonds, together with Prior Indenture Funds, will be applied to (a) refund the Series 2006 Indigo Bonds and the Series 2006 Candler Bonds (collectively, the "Refunded Bonds"); (b) make a deposit to the Debt Service Reserve Account for each Series of the Series 2016 Bonds in an amount equal to the corresponding Debt Service Reserve Requirement; and (c) pay costs of issuance of each Series of the Series 2016 Bonds.

### **Funds and Accounts**

The Supplemental Indenture requires that the Trustee establish the following funds and accounts: within the Acquisition and Construction Fund, a "Series 2016 Acquisition and Construction Account" and within such account a "Series 2016 Costs of Issuance Subaccount;" within the Revenue Fund, a "Series 2016 Revenue Account;" within the Debt Service Fund, a "Series 2016 Principal Account," a "Series 2016 Interest Account," and a "Series 2016 Sinking Fund Account;" within the Debt Service Reserve Fund, a "Series 2016 Debt Service Reserve Account;" and a Series 2016 Bonds Redemption Fund and therein a "Series 2016 General Account," and a "Series 2016 Prepayment Account."

### **Investment Earnings**

The Trustee shall, as directed by the District in writing, invest moneys held in the Debt Service Fund and any Bond Redemption Fund only in Government Obligations and other Investment Securities as provided in the Indenture. See Appendix B hereto. The Trustee shall, as directed by the District in writing, invest moneys held in the Series 2016 Debt Service Reserve Account in Investment Securities. All deposits in time accounts shall be subject to withdrawal without penalty and all investments shall mature or be subject to redemption by the holder without penalty and all investments shall mature or be subject to redemption by the holder without penalty, not later than the date when the amounts will foreseeably be needed for purposes set forth in the Indenture. All securities securing investments shall be deposited with a Federal Reserve Bank, with the trust department of the Trustee, as authorized by law with respect to trust funds in the State, or with a bank or trust company having a combined net capital and surplus of not less than \$50,000,000. The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any Fund or Account and any profit or loss resulting from the sale of securities shall be added or charged to the Fund or Account for which such investments are made; provided, however, that if the amount in any Fund or Account equals or exceeds the amount required to be on deposit therein, any interest and other income so received shall be deposited in the Series 2016 Revenue Account.

Absent specific instructions as aforesaid, all moneys in the Funds and Account (other than moneys in the Debt Service Fund and Bond Redemption Fund which shall be invested only as provided above) established under the Indenture shall be invested in Government Obligations. See Appendix B hereto. Subject to the obligation to comply with the provisions of the Internal Revenue Code, moneys in any of the Funds and Accounts established pursuant to the Indenture, when held by the Trustee, shall be immediately invested by the Trustee as provided in the Indenture, and thereafter shall be continuously invested and reinvested and deposited and redeposited by the Trustee in the highest yield investments that may be reasonably known to the Trustee, with a view to maximizing yield and minimizing the instances of uninvested funds, and subject to all written directions from the District. The Trustee shall not be liable or responsible for any loss or entitled to any gain resulting from any investment or sale.

## **THE SERIES 2016 SPECIAL ASSESSMENTS**

The following information appearing below under the caption "THE SERIES 2016 SPECIAL ASSESSMENTS " has been furnished by the District or the District Manager or was obtained from publicly available sources for inclusion in this Official Statement and, although believed to be reliable, such information has not been independently verified by the Underwriter or Disclosure Counsel.

### **Enforcement and Collection of Series 2016 Special Assessments**

In the First Amended and Restated Loan Agreement, the Other Districts covenant if the owner of any lot or parcel of land shall be delinquent in the payment of any Series 2016 Special Assessment, then such Special Assessment shall be enforced pursuant to the provisions of Chapter 197, Florida Statutes, or any successor statute thereto, including but not limited to the sale of tax certificates and tax deeds as regards such delinquent Series 2016 Special Assessment. In the event the provisions of Chapter 197, Florida Statutes, and any provisions of the Act with respect to such sale are inapplicable by operation of law, then upon the delinquency of any Series 2016 Special Assessment the Other District shall, to the extent permitted by law, utilize any other method of enforcement, including, without limitation, declaring the entire unpaid balance of such Series 2016 Special Assessment to be in default and, at its own expense, cause such delinquent property to be foreclosed, pursuant to the provisions of Section 170.10, Florida Statutes, in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate and Sections 190.026 and 170.10, Florida Statutes, or otherwise as provided by law. The Other Districts also covenant in the First Amended and Restated Loan Agreement not to use the provisions of Chapter 173, Florida Statutes.

### **Re-Assessment**

Pursuant to the Indenture, if any Series 2016 Special Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if either of the Other Districts shall be satisfied that any such Series 2016 Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the such Other District shall have omitted to make such Series 2016 Special Assessment when it might have done so, the Other District shall either (i) take all necessary steps to cause a new Series 2016 Special 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 2016 Special Assessment from legally available moneys, which moneys shall be deposited into the Series 2016 Revenue Account. In case such second Series 2016 Special Assessment shall be annulled, the Other District shall obtain and make other Series 2016 Special Assessments until a valid Series 2016 Special Assessment shall be made.

### **Tax Collection Procedures**

The primary sources of payment for the Series 2016 Indigo Bonds are the Pledged Revenues derived by the Bay Laurel Center District through the First Amended and Restated Loan Agreement from the Series 2016 Special Assessments imposed on land specially benefitted by the Indigo Project. The primary sources of payment for the Series 2016 Candler Bonds are the Pledged Revenues derived by the Bay Laurel Center District through the First Amended and Restated Loan Agreement from the Series 2016 Special Assessments imposed on land specially benefitted by the Candler Project. The determination, order, levy, and collection of Series 2016 Special 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 2016 Special Assessments, during any year. Such delays in the collection of Series 2016 Special Assessments, or complete inability to collect Series 2016 Special 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 2016 Bonds. To the extent that landowners fail to pay the Series 2016 Special Assessments, delay payments, or are unable to pay the same, the successful pursuance of collection

procedures available to the District is essential to continued payment of principal of and interest on the Series 2016 Bonds. The Act provides for various methods of collection of delinquent Series 2016 Special Assessments by reference to other provisions of the Florida Statutes. The information later herein under "Uniform Method Tax Collection Procedure" and "Foreclosure" sets forth 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.

Enforcement of the obligation to pay Series 2016 Special Assessments and the ability to foreclose the lien created by the failure to pay Series 2016 Special Assessments, or the ability of the Tax Collector to sell tax certificates and ultimately tax deeds, may not be readily available or may be limited as such enforcement may be dependent upon judicial action which is often subject to discretion and delay.

Pursuant to the Supplemental Indenture and the First Amended and Restated Loan Agreements, the Districts will covenant that Series 2016 Special Assessments levied on platted lots and pledged to secure the Series 2016 Bonds will be collected pursuant to the Uniform Method as described below. The Other Districts covenant to enter into a Property Appraiser and Tax Collector Agreement with the County in order to comply with such covenant.

The Supplemental Indenture further provides that notwithstanding the immediately preceding paragraph or any other provision in the Indenture to the contrary, upon the occurrence of an Event of Default, if the Trustee, acting at the direction of the Majority Owners of the Series 2016 Bonds, requests that the Other Districts not use the Uniform Method, but instead collect and enforce Series 2016 Special Assessments pursuant to another available method under the Act, Chapter 170, Florida Statutes, or Chapter 197, Florida Statutes, or any successor statutes thereto, then the Other Districts shall collect and enforce said Series 2016 Special Assessments in the manner and pursuant to the method so requested by the Trustee.

Any Series 2016 Special Assessments that are not collected pursuant to the Uniform Method shall be billed directly to the applicable landowner and be payable not later than thirty (30) days prior to each Interest Payment Date.

### **Uniform Method Tax Collection Procedure**

The Florida Statutes provide that, subject to certain conditions, special assessments may be collected by using the Uniform Method provided for in Sections 197.3631, 197.3632, 197.3635, Florida Statutes. The Uniform Method of collection is available only in the event the Other Districts enter into a Property Appraiser and Tax Collection Agreement with the Tax Collector and Property Appraiser providing for the Series 2016 Special Assessments to be collected in this manner. Under the Uniform Method for collecting non-ad valorem assessments, the Tax Collector will list on the assessment roll for each of the relevant tax years any Series 2016 Special Assessments, will include in the notice of proposed property taxes the dollar amount of such Series 2016 Special Assessments, and will include on the tax notice issued pursuant to Section 197.322, Florida Statutes, the dollar amount of such Series 2016 Special Assessments. Under the Uniform Method, the Series 2016 Special Assessments will be collected together with County and other taxes. The Series 2016 Special Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provide that County 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 January 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, including the Series 2016 Special Assessments, being collected by the Uniform Method) are to be billed, and landowners in the Other Districts are required, subject to the next succeeding paragraph, 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 2016 Special Assessments. Upon any receipt of moneys by the Tax Collector from the Series 2016 Special Assessments, such moneys will be delivered to the Other Districts, which will remit such Series 2016 Special Assessments to the Trustee

for deposit as provided in the First Amended and Restated Loan Agreements and the Supplemental Indenture.

Subject to certain exceptions, all city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2016 Special Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment under Section 194, Part II, Florida Statutes and other applicable law. Section 194.171(3), Florida Statutes provides that before an action contesting a tax assessment may be brought, a taxpayer must pay to the Tax Collector the amount of the tax the taxpayer admits in good faith to be owing. Such payment by the taxpayer and the taxpayer's timely filing of an action contesting the tax suspends all proceedings for the collection of such contested tax prior to the final disposition of the action. Accordingly, a landowner that contests the levy or the amount of a particular tax assessment, which may possibly include non-ad valorem special assessments such as the Series 2016 Special Assessments collected by the Uniform Method, under the aforescribed circumstances may be permitted to pay only that amount that the landowner, in good faith, admits to be owing. In addition, Section 197.374, Florida Statutes provides that taxpayers appealing the assessed value or assigned classification of their property may make a partial payment of taxes before the delinquency date (typically April 1).

Under the Uniform Method, if the Series 2016 Special Assessments are paid during November when due or at any time within thirty (30) days after the mailing of the original tax notice or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in April. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the Series 2016 Special Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments such as the Series 2016 Special Assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than age 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead exemption under Section 196.075, Florida Statutes that are 65 years old or older may defer taxes and assessments in their entirety.

Collection of Delinquent Series 2016 Special Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Series 2016 Special Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowner may, prior to the sale of tax certificates, pay delinquent taxes and assessments plus an interest charge of 18% per annum on the amount of delinquent taxes. If these amounts are not paid, 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%). Generally, tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County (being the county in which the assessed lands are located). During the pendency of any litigation arising from the contest of a

landowner's tax assessment collected through the Uniform Method, which may possibly include non-ad valorem special assessments such as the Series 2016 Special Assessments, it is possible that the tax collector will not sell tax certificates with respect to such property. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The Tax Collector does not collect any money if tax certificates are 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 2016 Special Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property subject to the Series 2016 Special Assessments may affect the demand for certificates and the successful collection of the Series 2016 Special Assessments, which are the primary source of payment of the Series 2016 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 issuance of the tax certificate during which to act against the land that is the subject of the tax certificate. After an initial period ending two years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates, and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the County holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the County must apply for a tax deed two years after April 1 of the year of issuance. 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, 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.

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

## **Foreclosure**

If for any reason a District is unable, or elects not, to use the Uniform Method of collecting the 2016 Special Assessments, the District will, itself, directly collect the Series 2016 Special Assessments. 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 District 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. Any foreclosure proceedings to enforce payment of the 2016 Special Assessments may proceed under the provisions of Chapter 173, Florida Statutes, which provides that after the expiration of one year from the date any special assessment or installment thereof becomes due, the District may commence a foreclosure proceeding against the lands upon which the assessments are liens. Such a proceeding is in rem, meaning that it is brought against the land and not against the owner. Under certain circumstances, with respect to 2016 Special Assessments which a District has been collecting through the Uniform Method, the District may opt out of using the Uniform Method and utilize the foreclosure procedures described in this paragraph.

In general, after a District commences the suit, there is a period of notice to, and an opportunity for response by, affected persons. Ultimately a hearing will be held and, if the court decides in favor of the District, a judgment will be rendered in the amount of the Delinquent Assessments, which may include operation and maintenance assessments, and costs of the proceeding. The judgment would also direct sale of the land subject to the Delinquent Assessments by public bid to the highest bidder, with proceeds of the sale being applied to payment of the Delinquent Assessments. If no bidder bids at least the amount of the Delinquent Assessments and applicable costs, the District or a special purpose entity created by the District may obtain title to the land.

## **BOND OWNERS' RISKS**

There are certain risks inherent in an investment in bonds secured by special non-ad valorem assessments issued by a public authority or governmental body in the State of Florida. Certain of these risks are described in the preceding section entitled "ENFORCEMENT OF ASSESSMENT COLLECTIONS." Certain additional risks are associated with the Series 2016 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2016 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the Series 2016 Bonds.



1. Repayment of the Series 2016 Bonds is entirely dependent upon the ability of each Other District to impose, levy and collect the 2016 Assessments in an amount and at a time sufficient to repay the Loan in order for the Bay Laurel Center District to pay current Debt Service on the Series 2016 Bonds. The 2016 Assessments do not constitute a personal indebtedness of the owners of the land subject thereto, but are secured by a lien on such land. The Developer expects to proceed in its normal course of business to sell to builders and parcel developers lands in the Other Districts owned by it and to be served by the Project that will be sold to the general public. There is no assurance that the existing or future owners of lands subject to the 2016 Assessments will be able to pay the 2016 Assessments or that they will pay such 2016 Assessments even though financially able to do so. The assessment of the benefits to be received by the land within the Other Districts as a result of the implementation and development of the Project is not indicative of the realizable or market value of the land, which value may be actually higher or lower than the assessment of benefits. To the extent that the realizable or market value of the land specially benefited by the Project is lower than the assessment of benefits, the ability of a Other District to collect delinquent 2016 Assessments, if any, as a result of foreclosure actions could be adversely impacted and, provided such delinquencies are significant, the ability of the Other District to make the full or punctual repayment of the Loan and therefore of the Bay Laurel District to make the full or punctual payment of the debt service requirements on the Series 2016 Bonds could be adversely impacted.

2. Receipt of the 2016 Assessments is entirely dependent upon their timely payment by the Developer or builders that purchase lots or parcels from the Developer and, ultimately, individual owners of real property within the Other Districts subject to the Assessments. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other existing or subsequent significant owner of property within the Other Districts, there could be delays in the payment of debt service requirements on the Series 2016 Bonds. As such, bankruptcy of a major landowner could negatively impact the ability of the Other Districts to foreclose on property or the ability of the County to sell tax certificates in relation to such property. In addition, the remedies available to the Owners of Series 2016 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture, the corresponding First Amended and Restated Loan Agreement and the Series 2016 Bonds, including without limitation, enforcement of the obligation to pay Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds (including the approving opinion of Bond Counsel) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the Series 2016 Bonds could have a material adverse impact on the interest of the Owners thereof.

3. The District has not granted, and may not grant under Florida law a mortgage or security interest in any portion of the Districts. The Series 2016 Bonds are payable solely from, and secured solely by, the Pledged Revenues.

4. The Development may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors. In addition, the Development is subject to comprehensive federal, state and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required public improvements, and construction of residential units in the Development in accordance with applicable zoning, land use and environmental regulations for the Development. Failure to obtain approvals in a timely manner could delay or adversely affect the Development, which may negatively impact the desire or ability of the Developer or builders with whom it has entered into contractual arrangements to pursue development of the Development as contemplated.

5. The Indenture does not provide for any adjustment to the interest rate(s) borne by the Series 2016 Bonds in the event of a change in the tax exempt status of the Series 2016 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 2016 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 2016 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 2016 Bonds.

6. The willingness and/or ability to pay the 2016 Assessments of an owner of land within an Other District subject to the 2016 Assessments could be affected by the existence of other taxes and assessments imposed upon the property by the Other Districts, the County or other taxing authorities, including Other Districts. **The lien in favor of other 2016 Assessments for capital or operation and maintenance purposes imposed by any of the Other Districts on lands subject to the 2016 Assessments is co-equal with the lien of the 2016 Assessments and the lien of State, county, city and school board taxes and assessments.** Tax increases or the imposition of new taxes or non-ad valorem assessments by public entities whose boundaries overlap those of the Other Districts may render landowners unwilling or unable to make Assessment payments; such failure to pay could adversely affect the ability of the Other Districts to make full or punctual repayment of the Loan and therefore of the Bay Laurel Center District to make full or punctual payment of debt service requirements on the Series 2016 Bonds.

5. The Series 2016 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2016 Bonds in the event an Owner thereof determines to solicit purchasers of the Series 2016 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2016 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2016 Bonds, depending on the progress of the Development, existing market conditions and other factors.

6. The Other Districts may issue bonds other than under the Supplemental Trust Indenture for purposes permitted by the Act which are secured by special assessments levied on the lands in the Other District subject to the 2016 Assessments.

7. The obligation of the Developer and other landowners to pay the 2016 Assessments securing the Series 2016 Bonds is the same as that of any other landowner in the Development. Neither the Developer nor any other landowner within the Development is a guarantor of, or has any personal liability for, payment of such 2016 Assessments. In the event of the failure of the Developer or any other landowner in the Development to pay the 2016 Assessments imposed on the specially benefited lands owned by them, the levying District=s recourse is limited solely to exercising remedies against the specially benefited lands for which payment of 2016 Assessments have not been made. See "SECURITY FOR AND SOURCE OF PAYMENT OF EACH SERIES OF THE SERIES 2016 BONDS" and "OWNERS= RISKS -- Item No. 2."

8. The interest rate borne by the 2016 Bonds is, in general, higher than interest rates borne by other bonds of political subdivisions that do not involve the same degree of risk as the investment in the 2016 Bonds. This is because the 2016 Indigo Bonds have not been subject to a credit rating by any credit agency. These higher interest rates are intended to compensate investors in the 2016 Bonds for the risk inherent in the purchase of the 2016 Bonds. However, such higher interest rates, in and of themselves, increase the amount of the 2016 Assessments that the Other Districts must levy in order to

provide for payments of debt service on the 2016 Bonds, and, in turn, may increase the burden upon the owners of lands within the Other Districts.

9. The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by the community development districts.

On May 30, 2013, the IRS delivered to Village Center Community Development District, a Florida special district established under the Act ("Village Center CDD") a private ruling, called a technical advice memorandum (the "Villages TAM"), in connection with the examination by the IRS of bonds issued by the Village Center CDD. The Villages TAM concluded that, despite having certain eminent domain powers, the Village Center CDD is not a political subdivision permitted to issue bonds, the interest on which is exempt from federal income tax pursuant to Section 103(a) of the Code based on a number of facts including that its governing board is elected by a small group of landowners, and that it "was organized and operated to perpetuate private control and avoid indefinitely responsibility to a public electorate, either directly or through another elected state or local governmental body."

The Villages TAM, as a private, non-precedential, ruling, binds only the IRS and the Village Center CDD, and only in connection with the Village Center CDD bonds under examination and addressed in the Villages TAM. Moreover, the cited legal basis for the Villages TAM is extremely limited, and, therefore, the value of the Villages TAM as guidance is also limited. Nonetheless, the breadth and force of the language used in the Villages TAM may reflect the disfavor of the IRS toward governmental entities with governing boards elected by landowners, and this position may lead the enforcement branch of the IRS to select bonds of other Districts with landowner-controlled boards for examination. The Department of the Treasury in its 2013-2014 Priority Guidance Plan, released August 9, 2013 (the "Treasury Priority Guidance Plan") has further stated its intention to provide future guidance on the definition of political subdivision under Code section 103 for purposes of the tax-exempt, tax credit, and direct pay bond provisions, which reflects a potential change in the Department of Treasury's interpretation under current law. The National Association of Bond Lawyers ("NABL") has submitted a memorandum requesting guidance on whether an District with a limited number of property owners, electors or taxpayers is a political subdivision for purposes of section 103 of the Internal Revenue Code as the result of the TAM, stating that NABL is concerned that the Internal Revenue Service's position in the TAM is contrary to established legal authority regarding the requirements for a District to qualify as a political subdivision. In May, 2016, the IRS closed its audit of the Village Center CDD.

Although the TAM is addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, the IRS may commence additional audits of bonds issued by other community development districts on the same basis and may take the position that similar community development districts are not political subdivisions for purposes of Section 103(a) of the Code on this basis. We note that there are legally significant differences between Village Center CDD and the District. Unlike Village Center CDD, the District was formed with the intent that it would contain a sufficient number of residents to allow for a transition to control by a resident electorate. Moreover, the Board of the District is currently controlled by qualified electors. However, it cannot be known whether such facts would be determinative of, or may influence the outcome of any audit by the IRS, examining whether the District is a political subdivision for purposes of Section 103(a) of the Code. Further, there can be no assurance that an audit by the IRS of the Series 2016 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law.

On May 7, 2016 the IRS issued proposed regulations to define "political subdivision" which proposed regulations require public control of the entity. The proposed regulations recognize that these rules may negatively impact development districts like the Districts, stating:

*Some observers have suggested that, despite private control, development districts should be political subdivisions during an initial development period in which one or two private*

*developers elect the district's governing body and no other governmental control exists. The Treasury Department and IRS recognize that the governmental control requirement may present challenges for such development districts. In these circumstances, the Treasury Department and IRS are concerned about the potential for excessive private control by individual developers, the attendant impact of excessive issuance of tax-exempt bonds, and inappropriate private benefits from this Federal subsidy. The Treasury Department and IRS seek public comment on whether it is necessary or appropriate to permit such districts to be political subdivisions during an initial development period; how such relief might be structured; what specific safeguards might be included in the recommended relief to protect against potential abuse; and whether the proposed prospective effective dates and transition periods in §1.103-1(d) of the Proposed Regulations provide sufficient relief.*

The Bay Laurel Center District continues to be controlled by the Developer, however the District is issuing the Series 2016 Bonds on behalf of the Other Districts, both of which are controlled by the residents. If the IRS was to successfully take the position that the Bay Laurel Center District was not a political subdivision and therefore could not issue tax exempt bonds, the Series 2016 Bonds could be deemed taxable from date of issuance.

Owners of the Series 2016 Bonds are advised that, if the IRS does audit the Series 2016 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 2016 Bonds may have limited rights to participate in such procedure. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2016 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the Service. Further, an adverse determination by the Service with respect to the tax-exempt status of interest on the Series 2016 Bonds would adversely affect the availability of any secondary market for the Series 2016 Bonds. Should interest on the Series 2016 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2016 Bonds be required to pay income taxes on the interest received on such Series 2016 Bonds and related penalties, but because the interest rate on such Series 2016 Bonds will not be adequate to compensate Owners of the Series 2016 Bonds for the income taxes due on such interest, the value of the Series 2016 Bonds may decline.

Various other 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 2016 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 2016 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 2016 Bonds.

10. The Other Districts are required to comply with statutory procedures in levying the 2016 Assessments. Failure of the Other Districts to follow these procedures could result in the 2016 Assessments not being levied or potential future challenges to such levy. District Counsel has, however, rendered a legal opinion as to the levy process and the enforceability of the 2016 Assessments. See “SECURITY FOR AND SOURCE OF PAYMENT OF EACH SERIES OF THE SERIES 2016 BONDS” herein.

11. While the Bay Laurel Center District has represented to the Underwriter that it has selected its manager, counsel, engineer, corporate trustee and other professionals with the appropriate

due diligence and care, and while the foregoing professionals have each represented in their respective areas as having the requisite expertise to accurately and timely perform the duties assigned to them in their respective roles, the Underwriter does not guarantee any portion of the performance of these professionals. Failure on the part of any one of these professionals to perform their obligations could result in a delay in payment on the Series 2016 Bonds, and in the worst possible situation, the non-payment of the Series 2016 Bonds.

12. Although the Developer has obtained vested development rights with regard to the development vis-à-vis the designation of the Development as a DRI and the promulgation of development orders by the County, the extent to which development rights are “vested” is qualified to some extent by applicable Florida Statutes, local land development ordinances, and judicial decisions. Consequently, development rights which have otherwise vested are subject to the authority of the County to defer exercise of development rights in certain circumstances where the County can show that such deferral is (1) necessary to the public health, safety and welfare and is otherwise authorized by law, (2) necessary as a consequence of substantial changes in the conditions underlying the initial approval of the development order which have subsequently occurred, or (3) necessary because the development order was based on substantial misinformation provided by the Developer. Any changes in the development rights afforded to the Developer as a result of any of the aforementioned circumstances or similar circumstances could affect the construction of the development and consequently the ability to pay debt service on the Series 2016 Bonds.

13. 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; the applicable courts have held that the special assessment liens (like those of the Series 2016 Special Assessments) are superior to those of the commercial mortgage lenders.

This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2016 Bonds and prospective purchasers are advised to read this Limited Offering Memorandum (inclusive of appendices) in its entirety for a more complete description of investment considerations relating to the Series 2016 Bonds.

## **SUITABILITY FOR INVESTMENT**

Investment in the Series 2016 Bonds poses certain economic risks. The Series 2016 Bonds are not credit enhanced. 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 Official Statement. Prospective investors in the Series 2016 Bonds are invited to visit the Districts and to request from the Districts’ 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 official statement 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 Districts. 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 2016 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to:

George S. Flint  
Government Management Services – Central Florida, LLC  
135 West Central Blvd., Suite 320  
Orlando, Florida 32801  
Ph: (407) 841-5524 (office)

## TAX MATTERS

### Federal Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which may apply to the Series 2106 Bonds, including investment restrictions, a requirement of periodic payments of arbitrage profits to the United States, requirements regarding the use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to use its best efforts to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2106 Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2106 Bonds to be included in gross income retroactive to the date of issuance of the Series 2106 Bonds.

Subject to the condition that the District comply with the pertinent requirements of the Code, under existing law, in the opinion of Bond Counsel, interest on the Series 2106 Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations, but is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed with respect to such corporations. ***Reference is made to a proposed form of the Bond Counsel opinion attached hereto as Appendix c for the complete text thereof.***

In rendering the opinion, Bond Counsel will rely upon certificates of the District with respect to certain material facts relating to the property financed with the proceeds of the Series 2106 Bonds and the application of the proceeds of the Series 2106 Bonds.

The Code contains numerous provisions which could affect the economic value of the Series 2106 Bonds to certain owners of the Series 2106 Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the Series 2106 Bonds. Prospective owners of the Series 2106 Bonds; however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

The Series 2106 Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest on indebtedness incurred or continued to purchase or carry the Series 2106 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the Series 2106 Bonds, will not be deductible for federal income tax purposes.

Insurance companies (other than life insurance companies) are required for taxable years beginning after 1986 to reduce the amount of their deductible underwriting losses by 15% of the amount of tax-exempt interest received or accrued on certain obligations, including the Series 2106 Bonds, acquired after August 7, 1986. If the amount of this reduction exceeds the amount otherwise deductible as losses incurred, such excess may be includable in income. Life insurance companies are subject to similar provisions under which taxable income is increased by reason of receipt or accrual of tax-exempt interest, such as interest on the Series 2106 Bonds.

Interest on the Series 2106 Bonds must be included in the "adjusted current earnings" of corporations (other than S corporations, regulated investment companies, real estate investment trusts, and REMICs), and the alternative minimum taxable income of such corporations must be increased by 75% of the excess of adjusted current earnings over alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses).

Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits in gross income by reason of the receipt or accrual of interest on tax-exempt obligations, such as the Series 2106 Bonds.

For foreign corporations that operate branches in the United States, Section 884 of the Code imposes a branch level tax on certain earnings and profits in tax years beginning after 1986. Interest on tax-exempt obligations, such as the Series 2106 Bonds, may be included in the determination of such domestic branches' taxable base on which this tax is imposed.

Passive investment income, including interest on the Series 2106 Bonds, may be subject to federal income taxation under Section 1375 of the Code for S corporations that have subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the S corporation consists of passive investment income.

## **Florida Tax Matters**

It is also the opinion of Bond Counsel that, under existing law, the Series 2106 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by "corporations," as defined by Chapter 220, Florida Statutes, as amended, including organizations, associations, legal entities and artificial persons described therein.

## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2016 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2016 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2016 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2016 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

## **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. The District has previously been in default as to payment of principal and interest on its Non-Refunded Bonds. See, "THE DISTRICT – District Bonds" herein.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

As of the delivery date of the Series 2016 Bonds, Causey Demgen & Moore P.C., certified public accountants (the "Verification Agent") will verify the mathematical accuracy of the computations contained in schedules provided by FMSbonds, Inc., to determine that the cash deposit to be held in the Escrow Deposit Fund will be sufficient to pay, on May 1, 2017, the principal of and interest on the Refunded Bonds.

## **VALIDATION**

Bonds issued pursuant to the Master Indenture were validated by a Final Judgment of the Circuit Court in and for Marion County. The period during which an appeal can be taken has expired with no appeal being filed.

Section 75.09, Florida Statutes, as amended, provides that a final judgment validating bonds and taxes, assessments or revenues pledged for the payment thereof, from which no appeal is taken or from which an appeal is taken and the judgment is affirmed, is forever conclusive as to all matters adjudicated against a plaintiff and all parties affected thereby, including all property owners and taxpayers and all others having or claiming any right, title or interest in property to be affected by the issuance of said bonds, certificates or other obligations or to be affected in any way thereby, and the validity of said bonds, certificates or other obligations or of any taxes, assessments or revenues pledged for the payment thereof, or of the proceedings authorizing the issuance thereof, including any remedies provided for their collection, shall never be called in question in any court by any person or party. The scope of judicial review, however, focuses on whether: (1) a public body has the authority to incur the obligation; (2) the purpose of the obligation is legal; and (3) the proceedings authorizing the obligation were proper. A final judgment validating bonds does not preclude a party from challenging the validity of such bonds or certificates on constitutional grounds.

## **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 2016 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 of the District, nor the title of the present members of the Board of Supervisors has been challenged.

From time to time, the District expects to experience routine litigation and claims incidental to the conduct of its affairs. In the opinion of and to the knowledge of Counsel to the District, after due inquiry there are no actions presently pending or threatened, the adverse outcome of which would have a material adverse effect on the availability of the Pledged Revenues or the ability of the District to pay the Series 2016 Bonds from the Pledged Revenues.

## **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 Certificate (the "Disclosure Agreement"), the form of which is attached hereto as Appendix F.

Pursuant to the Disclosure Agreement, the District has covenanted for the benefit of Owners to provide certain financial information and operating data relating to the District and the Series 2016 Bonds in each year (the "District Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant by the District shall only apply so long as the Series 2016 Bonds remain outstanding under the Indenture.

The District Annual Report will be filed by the District with the Municipal Security Rulemaking Board's Electronic Municipal Markets Access ("EMMA") repository described in the form of the Disclosure Agreement attached hereto as Appendix F. Notices of any material events will also be filed by the District with EMMA. In accordance with the SEC Rule and pursuant to the Disclosure Agreement, the District has appointed \_\_\_\_\_, as the dissemination agent for all of the foregoing disclosure materials. The specific nature of the information to be contained in the District Annual Report and the notices of material events are described in Appendix F. The Disclosure Agreement will be executed by the District at the time of issuance of the Series 2016 Bonds. The foregoing covenants have been made in order to assist the Underwriter in complying with the SEC Rule.



The District and the Other Districts previously entered into continuing disclosure undertakings in connection with the issuance of its Series 2006 Bonds (the "Prior Undertakings"). During the past five (5) years, the District and the Other Districts have timely filed their Annual Reports and Audited Financial Statements in accordance with the Prior Undertakings.

## **UNDERWRITING**

The Underwriter has agreed pursuant to a contract entered into with the District, subject to certain conditions, to purchase the Series 2016 Indigo Bonds from the District at an aggregate purchase price of \$\_\_\_\_\_ (representing (i) the aggregate par amount of the Series 2016 Indigo Bonds of \$1,930,000, minus a net original issue discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_). The Underwriter has agreed pursuant to a contract entered into with the District, subject to certain conditions, to purchase the Series 2016 Candler Bonds from the District at an aggregate purchase price of \$\_\_\_\_\_ (representing (i) the aggregate par amount of the Series 2016 Indigo Bonds of \$3,585,000, minus a net original issue discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_). See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all the Series 2016 Bonds if any are purchased.

The Underwriter intends to offer the Series 2016 Bonds at the offering prices set forth on the cover page of this Official Statement, which may subsequently change without prior notice. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing the Series 2016 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 Underwriter.

## **LEGAL MATTERS**

The Series 2016 Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Greenberg Traurig, P.A., Tallahassee, Florida, Bond Counsel, as to the validity of the Series 2016 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, Gerald Cohen, Esq., Largo, Florida, its special counsel, Donald A. Pickworth, Esq., Naples, Florida, or the Trustee by its counsel, Holland & Knight LLP, Orlando, Florida.

## **AGREEMENT BY THE STATE**

Under the Act, the State pledges to the holders of any bonds issued thereunder, including the Series 2016 Bonds, that it will not limit or alter the rights of the District 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 has covenanted in the Continuing Disclosure Agreement set forth in APPENDIX F hereto to provide its annual audited financial statements to the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access repository as described in APPENDIX F. The audited financial statements for the fiscal year ended September 30, 2015 is attached hereto as APPENDIX E. Such statements speak only as of September 30, 2015. The consent of the District's auditor to include in this Official Statement the aforementioned report 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 Official Statement or the information presented herein.

### **CONTINGENT AND OTHER FEES**

The District has retained Bond Counsel, Disclosure Counsel, District Counsel, the Assessment Consultant, Special Counsel, the Underwriter and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2016 Bonds. Except for the payment of fees to District Counsel and the Assessment Consultant, the payment of the fees of the other professionals retained by the District is each contingent upon the issuance of the Series 2016 Bonds.

### **SERIES 2016 CANDLER BONDS' RATING**

Standard & Poor's Rating Services has assigned a rating of "\_\_\_\_" to the Series 2016 Candler Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from such rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2016 Candler Bonds.

### **SERIES 2016 CANDLER BONDS' NOT RATED**

No bond rating for the Series 2016 Indigo Bonds was requested and therefore the Series 2016 Indigo Bonds are not rated

### **EXPERTS**

Governmental Management Services – Central Florida, LLC has prepared the Preliminary Special Assessment Allocation Report set forth in Appendix D hereto and such appendix should be read in its entirety for complete information with respect to the subjects discussed therein.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of Series 2106 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2106 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors, whether enacted before or after such delivery.

### **ACCURACY AND COMPLETENESS OF LIMITED OFFERING MEMORANDUM**

Any statements made in this Official Statement 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 Official Statement 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 2016 Bonds.

The information and expression of opinion herein are subject to change without notice and neither the delivery of this Official Statement 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 or the Other Districts from the date hereof. However, certain parties to the transaction will, on the closing date of the

Series 2016 Bonds, deliver certificates to the effect that nothing has come to their attention that would lead them to believe that applicable portions of the Official Statement 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 Official Statement 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 Official Statement to the date of closing of the Series 2016 Bonds that there has been no material adverse change in the information provided.

This Official Statement 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 Official Statement and must be read in their entirety together with all foregoing statements.

#### **CERTIFICATE CONCERNING LIMITED OFFERING MEMORANDUM**

We, the undersigned Chairman and Secretary of the Bay Laurel Center Community Development District, **DO HEREBY CERTIFY** that (i) we have reviewed this Limited Offering Memorandum and that to the best of the knowledge and belief of each of us the statements herein are true and correct; (ii) nothing has come to the attention of either of us that would lead either of us to believe that 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.

**IN WITNESS WHEREOF**, we have hereunto set our hands and the seal of the District this \_\_\_\_ day of \_\_\_\_\_, 2016.

**Bay Laurel Center Community Development District**

\_\_\_\_\_  
**Chairman**

**( S E A L )**

\_\_\_\_\_  
**Secretary**

## **APPENDIX A**

### **Form of First Amended First Amended and Restated Loan Agreement**

## **APPENDIX B**

### **Master Trust Indenture and Form of Second Supplemental Trust Indenture**

## **APPENDIX C**

### **Form of Opinion of Bond Counsel**

## **APPENDIX D**

### **Preliminary Supplemental Special Assessment Allocation Report**

## **APPENDIX E**

### **Audited Financial Statements of the Districts for Fiscal Year Ended September 30, 2015**



## **APPENDIX F**

### **Form of Continuing Disclosure Agreement**