

In the opinion of Bond Counsel, assuming compliance with existing statutes, regulations, rulings and court decisions, interest on the 2005 Bonds is excluded from gross income for federal income tax purposes. However, see "LEGAL MATTERS—Tax Exemption" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of the 2005 Bonds. Bond Counsel is further of the opinion that the 2005 Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in Chapter 220.



**TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT  
COLLIER COUNTY, FLORIDA**

**\$10,740,000**  
**Capital Improvement Revenue Bonds**  
**Series 2005A**

**\$10,985,000**  
**Capital Improvement Revenue Bonds**  
**Series 2005B**

**Dated: November 30, 2005**

**Due: May 1 as shown below**

The Tuscany Reserve Community Development District (Collier County, Florida) Capital Improvement Revenue Bonds, Series 2005A and Series 2005B (collectively, the "2005 Bonds") will be issued as fully registered securities in the name of Cede & Co., as Bondholder and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book entry form only through DTC Participants (defined herein). The 2005 Bonds will be issued in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof, and this offering will initially be sold only to accredited investors within the meaning of the rules of the Florida Department of Financial Services and Chapter 189, Florida Statutes, as amended, in minimum increments of \$100,000 and any multiple of \$5,000 in excess thereof. Interest on the 2005 Bonds is payable on May 1, 2006, and on each May 1 and November 1 thereafter until maturity or earlier redemption. Principal of and interest on the 2005 Bonds will be paid by the Paying Agent (as defined herein) to DTC, or its nominee, and then by DTC through DTC Participants to the beneficial owners thereof. Wachovia Bank, National Association, Miami, Florida, will serve as Trustee, Registrar and Paying Agent for the 2005 Bonds.

The 2005A Bonds are subject to mandatory redemption, extraordinary mandatory redemption, and optional redemption. The 2005B Bonds are subject to extraordinary mandatory redemption and to mandatory redemption upon maturity, each as described herein under the caption "SECURITIES BEING OFFERED – Redemption Provisions."

The 2005 Bonds are being issued for the purpose of (i) financing the Cost of acquiring, constructing and equipping the 2005 Project; (ii) paying certain costs associated with the issuance of the 2005 Bonds; (iii) making a deposit into the 2005 Reserve Accounts for the benefit of all of the 2005 Bonds; and (iv) paying a portion of the interest to become due on the 2005 Bonds.

**THE 2005 BONDS ARE BEING OFFERED FOR SALE INITIALLY ONLY TO ACCREDITED INVESTORS. NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2005 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE DISTRICT WOULD HAVE BEEN SUCCESSFUL IN OBTAINING AN INVESTMENT GRADE RATING FOR THE 2005 BONDS HAD APPLICATION BEEN MADE. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY ONE OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, AND/OR INTEREST ON THE 2005 BONDS. SEE "RISK FACTORS", "SECURITY FOR THE 2005 BONDS" AND "SUITABILITY FOR INVESTMENT" HEREIN FOR A SUMMARY OF CERTAIN OF THESE RISKS. EACH PROSPECTIVE INVESTOR IS EXPECTED TO CONDUCT ITS OWN INVESTIGATION INTO THE DISTRICT, THE SOURCES OF PAYMENT AND THE RISKS OF AN INVESTMENT IN THE 2005 BONDS, AND TO EVALUATE INDEPENDENTLY THE MERITS AND RISKS AND CONSEQUENCES OF SUCH AN INVESTMENT.**

MATURITIES, AMOUNTS, INTEREST RATES, AND YIELDS		CUSIP*
\$10,740,000	5.550% Term Bonds maturing May 1, 2036 — 5.550% Yield	90068Y AB 1
\$10,985,000	5.250% Term Bonds maturing May 1, 2016 — 5.250% Yield	90068Y AA 3

THE 2005 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE AMOUNTS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE 2005 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OR THE NON-AD VALOREM SPECIAL ASSESSMENT POWER OF THE DISTRICT OR OTHER GOVERNMENTAL BODY TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2005 BONDS. THE 2005 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, COLLIER COUNTY, FLORIDA, THE STATE OF FLORIDA, OR ANY OTHER POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The 2005 Bonds are offered when, as, and if issued to and accepted by the Underwriter, subject to the opinion on certain legal matters relating to their issuance by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the District by Goodlette Coleman & Johnson, P.A., Naples, Florida, District Counsel, and for the Underwriter by Greenberg Traurig, P.A., Tallahassee, Florida, Underwriter's Counsel. It is expected that the 2005 Bonds will be available for delivery to DTC in New York, New York on or about November 30, 2005.

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

**Banc of America Securities LLC**

Dated: November 17, 2005

\* 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 Limited Offering Memorandum.

**TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT  
COLLIER COUNTY, FLORIDA**

**BOARD OF SUPERVISORS**

David Salko	Chairman
Wendy Beville	Vice Chairman
David Hutcheson	Assistant Secretary
Wendy Wilcox	Assistant Secretary
Clement Ross	Assistant Secretary

**DISTRICT MANAGER**

Government Management Services – South Florida, LLC  
Ft. Lauderdale, Florida

**DISTRICT COUNSEL**

Goodlette Coleman & Johnson, P.A.  
Naples, Florida

**BOND COUNSEL**

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

**FINANCIAL ADVISOR**

Fishkind & Associates, Inc.  
Orlando, Florida

**DISTRICT ENGINEERS**

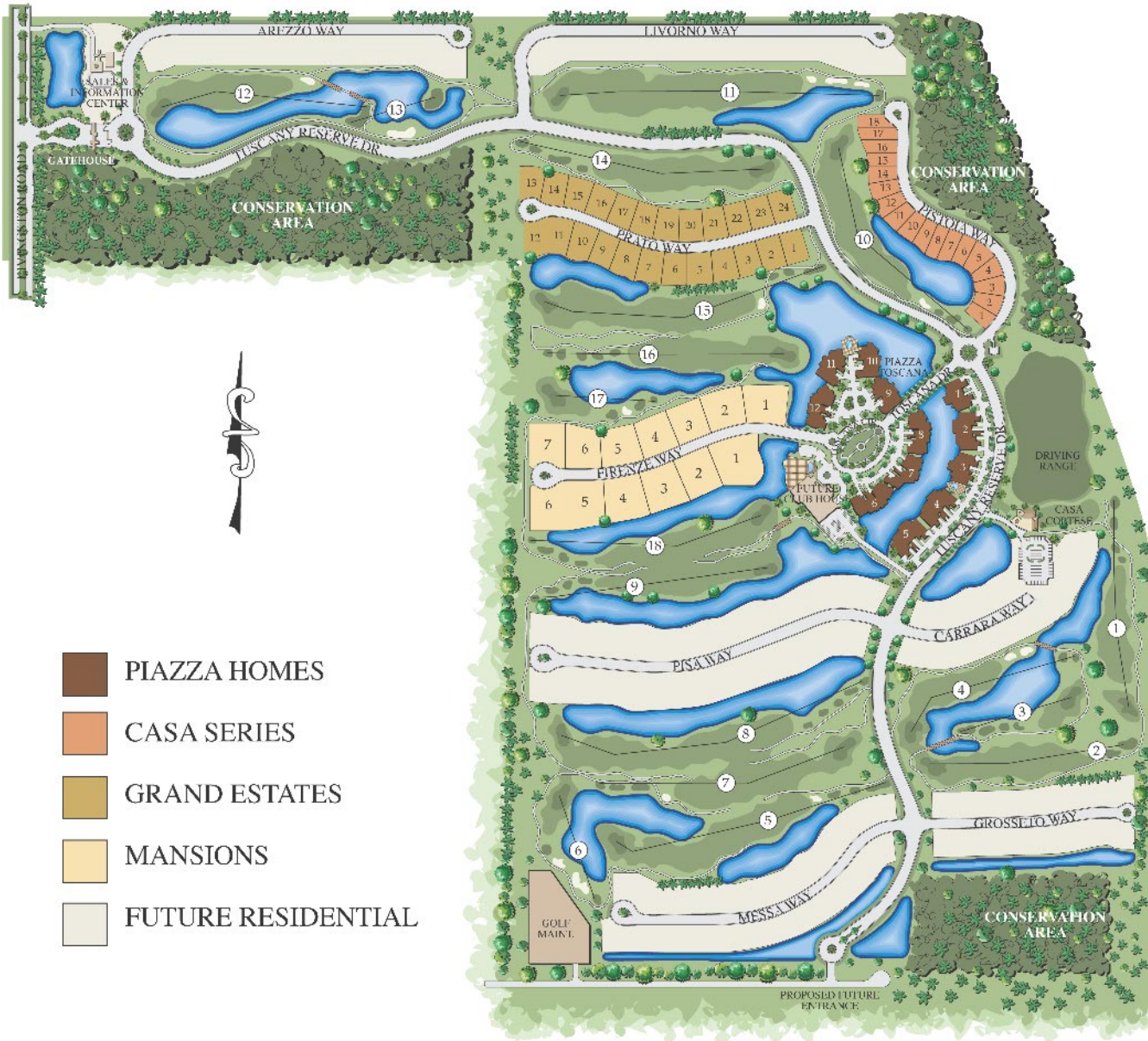
Heidt and Associates, Inc.  
Fort Myers, Florida

**TRUSTEE**

Wachovia Bank, National Association  
Miami, Florida



TUSCANY RESERVE<sup>SM</sup>  
NAPLES





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## **REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM**

No dealer, broker, salesman or other person has been authorized by the District, Collier County, the State of Florida or the Underwriter to give any information or to make any representations other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2005 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 Engineer, the State of Florida, the Financial Advisor, the Developer, Developer's Counsel, Bond Counsel and other sources that are believed by the Underwriter to be reliable. The District, the Developer, the District Engineer, and the Financial Advisor will all, at closing, deliver certificates certifying that the information each supplied does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change with respect to the matters described herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2005 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 2005 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THESE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

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**LIMITED OFFERING MEMORANDUM**

*Relating to*

**TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT  
Collier County, Florida**

**\$10,740,000**  
**Capital Improvement Revenue Bonds**  
**Series 2005A**

**\$10,985,000**  
**Capital Improvement Revenue Bonds**  
**Series 2005B**

**INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information concerning the Tuscany Reserve Community Development District (the “District”), in connection with the offering and issuance of its \$10,740,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005A (the “2005A Bonds”) and its \$10,985,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005B (the “2005B Bonds”) (the 2005A Bonds and the 2005B Bonds are collectively referred to as the “2005 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. Capitalized terms, if not otherwise defined, have the respective meanings set forth for such terms in **Appendix A—“Form of the Master Trust Indenture and the First Supplemental Trust Indenture.”**

**The Issuer**

The District is a community development district located in unincorporated Collier County, Florida (the “County”) presently consisting of approximately 461.3 acres. The District is an independent special district and body politic of the State of Florida formed to construct, operate, and maintain the necessary infrastructure within the District. The community within the District, when completed, will consist of residential properties and an 18-hole championship golf course with a 33,000 square feet clubhouse complex. Additional amenities will include a Tuscan style town square, over 61 acres of natural preserves and 60 acres of lakes, including waterfalls and streams. A more complete discussion of the District is included herein under the captions “**THE DISTRICT**” and “**PLAN OF FINANCE—The Development,**” respectively.

**Security for the 2005 Bonds**

The District’s 2005 Bonds and the interest and redemption premium, if any, payable thereon are limited obligations of the District (see “**Limited Obligations**” below) and are payable only from and are secured only by the proceeds of special assessments (the “2005 Assessments”) upon property specially benefited by the 2005 Project, as defined hereinafter

(such proceeds hereinafter referred to as the “2005 Pledged Revenues”), all as more fully described under the caption “**SECURITIES BEING OFFERED.**”

### **Purpose of the 2005 Bonds**

The 2005 Bonds are being issued for the purpose of (i) financing the Cost of acquiring, constructing and equipping the 2005 Project; (ii) paying certain costs associated with the issuance of the 2005 Bonds; (iii) making a deposit into the 2005 Reserve Accounts for the benefit of all of the 2005 Bonds; and (iv) paying a portion of the interest to become due on the 2005 Bonds.

### **Features of the 2005 Bonds**

#### **1. *Redemption.***

The 2005A Bonds are subject to optional redemption beginning May 1, 2015, to mandatory redemption beginning May 1, 2007, and to extraordinary mandatory redemption, each as more fully described under the caption “**SECURITIES BEING OFFERED—Redemption Provisions.**”

The 2005B Bonds are not subject to optional redemption but are subject to mandatory redemption beginning May 1, 2016 and to extraordinary mandatory redemption, as more fully described under the caption “**SECURITIES BEING OFFERED—Redemption Provisions.**”

#### **2. *Denominations and Interest Payment Dates.***

The 2005 Bonds will be issued as fully registered bonds in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof, and this offering will initially be limited by the Underwriter to accredited investors within the meaning of the rules of the Florida Department of Financial Services and Chapter 189, Florida Statutes, as amended, in minimum increments of \$100,000 and integral multiples of \$5,000 in excess thereof (see “**MISCELLANEOUS—Suitability For Investment**”). When issued, the 2005 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 2005 Bonds is payable on each May 1 and November 1 (each an “Interest Payment Date”), commencing May 1, 2006.

#### **3. *Manner of Making Payment.***

So long as the 2005 Bonds remain in book-entry-only form, payment of principal, premium, if any, and interest on the 2005 Bonds will be mailed or delivered by check or draft of Wachovia Bank, National Association, Miami, Florida, as Trustee, Registrar and Paying Agent, to Cede & Co., as registered owner of the 2005 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 2005 Bonds remain in book-entry-only form, transfers of beneficial ownership interests in the 2005 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 2005 Bonds, except in the event that use of the book-entry system for the 2005 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:

Banc of America Securities LLC, Naples, Florida—Underwriter;

Wachovia Bank, National Association, Miami, Florida—Trustee, Registrar and Paying Agent;

Nabors, Giblin & Nickerson, Tampa, Florida—Bond Counsel;

Goodlette Coleman & Johnson, P.A., Naples, Florida—District Counsel;

Greenberg Traurig, P.A., Tallahassee, Florida—Underwriter’s Counsel;

Holland & Knight LLP, Miami, Florida—Trustee’s Counsel;

Fishkind & Associates, Inc., Orlando, Florida—Financial Advisor;

Heidt and Associates, Inc., Fort Myers, Florida—District Engineer;

Governmental Management Services – South Florida, LLC, Ft. Lauderdale, Florida—District Manager;

AJC Associates, Naples, Florida – Collection Agent.

#### **Terms of the Offering**

##### **1. Authority for the 2005 Bonds.**

The 2005 Bonds, when, as, or if issued, will be issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190 and Section 190.014, Florida Statutes (2005) and other applicable provisions of law (the “Act”), Resolution No. 2006-03 adopted by the Board of Supervisors on October 13, 2005 (the “Bond Resolution”) and a Master Trust Indenture dated as of November 1, 2005 (the “Master Indenture”), between the District and the Trustee, as amended and supplemented by a First Supplemental Trust Indenture, dated as of November 1, 2005 (the “Supplemental Indenture”), between the District and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the “Indenture”).

## **2. Satisfaction of Conditions.**

The 2005 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 2005 Bonds will be available for delivery to DTC in New York, New York, on or about November 30, 2005.

## **Risk Factors**

The 2005 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 2005 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 Indenture (attached as **Appendix A**) and other documents are qualified in their entirety by reference to the forms thereof.

## **Additional Information**

Prior to delivery of the 2005 Bonds, copies of the documents described herein may be obtained by contacting Banc of America Securities LLC, Attn: William J. Reagan, Principal, Tax-Exempt Real Estate Securities, 4501 Tamiami Trail North, Suite 400, Naples, Florida 34103, telephone number (239) 659-2268. Subsequent to delivery of the 2005 Bonds, copies of documents may be obtained, after paying the costs of copying, from the Trustee by contacting Vivian Cerecedo, Wachovia Bank, National Association, 200 South Biscayne Boulevard, Miami, Florida 33131, telephone number (305)789-4682.

## **THE ISSUER AND THE DISTRICT**

### **General**

The District currently encompasses approximately 461.3 acres located within Collier County, Florida. It is located in the area known as North Naples, Florida. The northern property line of the District is the county line of Lee and Collier counties. The main entrance to the community is located on Livingston Road. The subject property, which was initially approved in January 2000, is the Ronto-Livingston DRI, which was approved for 1,380 housing units, 344 single-family homes, and 1,036 multi-family units, for a gross density of approximately 2.98 units per acre. Subsequently, the property was redesigned and re-permitted as the Tuscany Reserve PUD, approved in June 2003. The subject property has also been approved for an 18-hole golf course. This DRI was approved on January 25, 2000. The subject property was

appraised by Joseph J. Blake and Associates, Inc., of Miami, Florida. The estimated retrospective market value of the fee simple estate of the subject property, as of January 1, 2001, was \$28,300,000. The District was established to provide public improvements and to deliver community development systems, facilities and services in the area of the District thereby providing a solution to the County's planning, management and financing needs for delivery of capital infrastructure within that portion of Collier County encompassed by the District. A site map showing the location of the District is included in **Appendix B—“Amended District Engineer’s Report.”**

### **Legal Powers and Authority**

The District is an independent unit of special single-purpose local government of the State of Florida created by law and established on August 5, 2002, by County Ordinance #02-42, pursuant to the Act. The Act was enacted in 1980 to provide a uniform method the establishment, operation, and termination of independent districts to manage and finance basic community development systems, facilities and services, including capital infrastructure required for community developments throughout the State of Florida. The charter of the District (also herein referred to as the “Issuer”), included in the Act, provides legal authority for community development districts (such as the Issuer) to finance the acquisition, construction, operation, and maintenance of the major infrastructure for community development.

The Act provides that community development districts have the power to issue general obligation, revenue, and non-ad valorem special assessment 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 taxes on all the taxable 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, special assessments and ad valorem taxes 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 streetlights, 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, through its County Commissioners and its departments of government.

The Act exempts all Issuer property 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 Issuer to pursue any remedy for enforcement of any lien or pledge of the Issuer in connection with such bonds, including the 2005 Bonds.

The Issuer will maintain various portions of the 2005 Project and will impose maintenance assessments in connection therewith on lands in Tuscan Reserve (the "Development"). See "**PLAN OF FINANCE – District Infrastructure and the 2005 Project**" and "**Appendix B – Amended Engineer's Report**" herein.

### **Board of Supervisors**

The Act provides for a five-member Board of Supervisors to serve as the governing body of the District. Members of the Board of Supervisors must be residents of the State and citizens of the United States. Initially, the Board members are designated and appointed in the formative petition establishing the District. Thereafter the owners of property within the District elect the Board members on an at-large basis. Ownership of land within the District initially entitles each landowner to cast one (1) vote per acre of land owned by him and located within the District (with fractions thereof rounded upward to the nearest whole number) for each person to be elected. All Board members serve until expiration of their terms and until their successors are chosen and qualified. If, during the term of office a vacancy occurs, the remaining members of the Board fill the vacancy by an appointment for the remainder of the unexpired term. Commencing six years after the initial appointment of Board members, once the District reaches 250 qualified electors, the election and membership of the Board of Supervisors begins to be transitioned to qualified electors when the position of two Board members whose terms are expiring is filled by qualified electors of the District, elected by the qualified electors of the District. A qualified elector is a registered voter who is a resident of the District and the State and a citizen of the United States.

At the first election where any Board members are elected by qualified electors, two Board members must be qualified electors and a third remaining Board member whose term is expiring will be elected by landowners. One of the Board members elected by the qualified electors shall serve a two year term and the other a four year term, and the remaining Board member whose term is expiring shall be elected for a four year term by the landowners and is not required to be a qualified elector. Thereafter, as terms expire, all Board members must be qualified electors and will be elected by qualified electors and serve staggered terms. Notwithstanding any of the foregoing, if at any time the Board of Supervisors proposes to exercise its ad valorem taxing power, prior to the exercise of such power, it must call an election at which all members of the Board of Supervisors will be elected by qualified electors of the District. Elections subsequent to such decision will be held in a manner such that the Board

members will serve four year terms with staggered expiration dates in the manner set forth in the Act.

The current members of the Board of Supervisors, all of whom are employees of the Developer, the term of each member, and their occupations are as follows:

<i>Supervisor</i>	<i>Occupation</i>	<i>Term Expires</i>
David Salko, Chairman	Director, Planning and Landscaping, WCI Communities, Inc.	11/08
Wendy Beville, Vice Chairman	Vice President, Market Research, WCI Communities, Inc.	11/08
David Hutcheson, Asst. Secretary	Project Manager, Business Development, WCI Communities, Inc.	11/06
Wendy Wilcox, Asst. Secretary	Membership Director, WCI Communities, Inc.	11/06
Clement Ross, Asst. Secretary	Assistant Property Manager, WCI Communities, Inc.	11/06

The Act provides that it is not an impermissible conflict of interest under Florida law governing public officials for such persons to serve as members of the Board of Supervisors.

A majority of the Supervisors constitutes a quorum for the purposes of conducting the business of the Issuer and exercising its powers and for all other purposes. Action taken by the Issuer shall be upon a vote of the majority of the Supervisors present unless general law or a rule of the Issuer requires a greater number. All meetings of the Board are open to the public under Florida’s “sunshine” or open meetings 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 2005 Bonds.

**The District Manager and Other Consultants**

The chief administrative official of a community development district is the district manager. 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 Issuer has retained Governmental Management Services - South Florida, LLC, to serve as District Manager. Governmental Management Services is actively involved in the management of community development districts throughout the State of Florida. The District Manager's office is located at 4802 West Commercial Blvd, Ft. Lauderdale, Florida 33319, telephone number (954)733-9953.

The District Manager's typical responsibilities can briefly be summarized as overseeing directly and coordinating the planning, financing, purchasing, staffing, reporting and governmental liaison for each district. The District Manager is responsible for the administration of the bond funds at the district level, which includes requisitioning moneys to pay construction contracts and the related accounting and reporting that is required by the various bond documents.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, Goodlette, Coleman & Johnson, P.A., Naples, Florida, is serving as Counsel to the Issuer; Heidt and Associates, Inc., Ft. Myers, Florida, is serving as District Engineer to the Issuer; Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is serving as Bond Counsel; Fishkind & Associates, Inc., Orlando, Florida, is serving as Financial Advisor to the Issuer, and Banc of America Securities LLC has been selected by the District to serve as Underwriter.

## **Debt**

The District does not have any existing debt.

## **SECURITIES BEING OFFERED**

### **Purpose**

**1. General.** The 2005 Bonds are being issued for the purpose of (i) financing the Cost of acquiring, constructing and equipping the 2005 Project; (ii) paying certain costs associated with the issuance of the 2005 Bonds; (iii) making a deposit into the 2005 Reserve Accounts for the benefit of all of the 2005 Bonds; and (iv) paying a portion of the interest to become due on the 2005 Bonds.

The 2005 Bonds are the first Series of Bonds issued under a resolution authorizing bonds not to exceed \$55,000,000. The 2005 Bonds are being issued in fully registered form in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof, and this offering will initially be limited to accredited investors within the meaning of the rules of the Florida Department of Financial Services and Chapter 189, Florida Statutes in minimum increments of \$100,000 and integral multiples of \$5,000 in excess thereof (see "**MISCELLANEOUS—Suitability For Investment**").

**2. Sources and Uses of Funds.** The proceeds from the sale of the 2005 Bonds are expected to be applied as follows:



	2005 Bond Proceeds
<b>SOURCES:</b>	
Par amount of 2005 Bonds	\$21,725,000.00
<b>TOTAL ESTIMATED SOURCES</b>	<b>\$21,725,000.00</b>
<b>USES:</b>	
Deposit to the 2005 Acquisition & Construction Account	\$18,604,415.42
Deposit to the 2005A Capitalized Interest Account	\$503,158.56
Deposit to the 2005B Capitalized Interest Account	\$514,636.57
Deposit to the 2005A Reserve Account	\$737,198.75
Deposit to the 2005B Reserve Account	\$889,715.70
Deposit to the 2005 Cost of Issuance Account <sup>(1)</sup>	\$475,875.00
<b>TOTAL ESTIMATED USES</b>	<b>\$21,725,000.00</b>

(1) Includes, among other things, Underwriter's Discount, Bond Counsel fees, Underwriter's Counsel fees, Financial Advisor fees, Trustee, Registrar and Paying Agent fees and printing costs.

**3. Investments.** Moneys held for the credit of the Funds and Accounts established by the Indenture and held as security for the 2005 Bonds must, as nearly as practicable, be continuously invested and reinvested in Investment Obligations (see **Appendix "A"** for a definition of Investment Obligations). The Investment Obligations in which such moneys are invested must mature, or be subject to redemption by the Trustee at the option of the Trustee, no later than the dates on which such moneys will be needed.

### **Security and Source of Repayment for the 2005 Bonds**

**1. Pledged Revenues Securing the 2005 Bonds.** The 2005 Bonds are payable from and secured by the proceeds of the 2005 Pledged Revenues levied and to be collected by the District pursuant to Chapter 190, 197, or 170, Florida Statutes, as amended (see "**PLAN OF FINANCE—The 2005 Assessments**") and by the Funds and Accounts (except for the Rebate Fund) established by the Indenture (the "2005 Pledged Funds," and, collectively with the 2005 Pledged Revenues, the "2005 Trust Estate").

**2. Priority of Payment to Other Obligations of the District.** The District has issued no other obligations secured by or payable from the 2005 Trust Estate; however, the lien in favor of the 2005 Assessments overlaps and is co-equal with the lien in favor of other assessments that have been or could be imposed by the District, the County or other units of local government having assessment powers within the District. The lien in favor of the 2005 Assessments is also co-equal with the lien in favor of County taxes. See "**PLAN OF FINANCE—The 2005 Assessments—Collection and Enforcement Procedures.**"

**3. Additional Parity Obligations.** The District has covenanted in the Indenture that so long as the 2005 Bonds issued thereunder remain Outstanding, it will not cause or permit to be caused any lien, charge or claim against the 2005 Trust Estate equal or prior to the lien of the Indenture, provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the 2005 Trust Estate pledged to the 2005 Bonds, but

only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2005 Trust Estate equal or prior to the lien of the Supplemental Indenture securing the 2005 Bonds. ALTHOUGH THE LIEN AND THE PROCEEDS OF ASSESSMENTS SECURING THE 2005 BONDS ARE PLEDGED EXCLUSIVELY TO THE 2005 BONDS THE LIEN OF THE ASSESSMENTS MAY BE ON THE SAME PROPERTY AS, AND THEREFORE OVERLAP AND BE CO-EQUAL WITH, THE LIEN OF OTHER ASSESSMENTS, INCLUDING AD VALOREM TAXES, WHICH HAVE BEEN OR MAY BE IMPOSED BY THE DISTRICT, COLLIER COUNTY, FLORIDA OR OTHER UNITS OF LOCAL GOVERNMENT HAVING ASSESSMENT POWERS WITHIN THE DISTRICT AND WILL ALSO BE CO-EQUAL WITH LIENS OF THE COUNTY AND THE SCHOOL DISTRICT. (see “**PLAN OF FINANCE—The 2005 Assessments—Collection and Enforcement Procedures**”).

**4. Deferred Obligations.** For purposes of the Indenture, “Deferred Costs” mean the Costs of the Capital Improvement Program which do not comprise the 2005 Project and which are requisitioned in accordance with the Master Indenture from the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account.

A written Improvement Completion and Acquisition Agreement to be entered into between the Issuer and the Developer will provide for the Issuer to acquire certain components of the 2005 Project from the Developer or take assignments of certain contracts and complete certain components of the 2005 Project rather than the Developer. To the extent the cost of the applicable 2005 Project component exceeds the amount paid by the Issuer therefor, the Developer will be entitled to receive “Deferred Costs” from the Issuer. The Indenture provides, generally, for amounts to be applied to pay any unpaid Deferred Costs from (i) amounts remaining in the applicable subaccounts of the Series 2005 Acquisition and Construction Account of the Acquisition and Construction Fund after the Date of Completion of the 2005 Project, (ii) earnings on the Series 2005A Reserve Account and Series 2005B Reserve Account, if there is no deficiency therein, after November 1, 2006 and the Completion Date of the 2005 Project, (iii) earnings on the 2005A Sinking Fund Account, the 2005B Principal Account and the 2005 Redemption Account and the Subaccounts therein, after the Date of Completion, (iv) amounts on deposit in the Series 2005A Reserve Account in excess of the Series 2005A Reserve Requirement, (v) amounts on deposit in the Series 2005B Reserve Account in excess of the Series 2005B Reserve Requirement, and (vi) balances on deposit in the 2005 Revenue Account on or after each November 2. The Improvement Completion and Acquisition Agreement will also obligate the Developer to complete and convey the 2005 Project to the Issuer, and/or fund any shortfalls in amounts available to the Issuer to complete the 2005 Project, regardless of whether the proceeds of the Series 2005 Bonds or a Series of additional Bonds are sufficient or available to pay the Cost of the 2005 Project. See “**SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2005 BONDS—2005 Reserve Account**” and “**APPENDIX A—Form of the Master Indenture and First Supplemental Indenture.**”

**5. 2005 Reserve Account.** The Indenture establishes within the Reserve Fund the 2005A Reserve Account and the 2005B Reserve Account.

The 2005A Reserve Account Requirement shall mean the lesser of: (A) on the date of initial issuance, (i) Maximum Annual Debt Service Requirement for all Outstanding 2005A Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005A Bonds, or (iii) 10% of the proceeds of the 2005A Bonds, in each case calculated as of the date of original issuance thereof, and (B) at any time after the date of initial issuance, shall mean the 2005A Reserve Account Percentage time the Deemed Outstanding principal amount of the 2005A Bonds, as of the time of any such calculation.

The 2005B Reserve Account Requirement shall mean (A) on the date of initial issuance of the 2005B Bonds, the result of subtracting (X) the 2005A Reserve Account Requirement, from (Y) the lesser of (i) Maximum Annual Debt Service Requirement for all Outstanding 2005 Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005 Bonds, or (iii) 10% of the proceeds of the 2005 Bonds, and (B) at any time after the date of initial issuance, shall mean the Initial 2005B Reserve Account Percentage times the Deemed Outstanding principal amount of the 2005B Bonds, as of the time of any such calculation.

Deemed Outstanding shall mean (i) in the case of the 2005A Bonds, the aggregate Outstanding principal amount of 2005A Bonds, reduced by the result of dividing (x) the amount on deposit in the 2005A Prepayment Subaccount in the 2005 Redemption Account by (y) 1- the 2005A Reserve Percentage and (ii) in the case of the 2005B Bonds, the aggregate Outstanding principal amount of 2005B Bonds, reduced by the result of dividing (x) the amount of 2005B Bonds, reduced by the result of dividing (x) the amount on deposit in the 2005B Prepayment Subaccount in the 2005 Redemption Account by (y) 1- the Initial 2005B Reserve Percentage.

Simultaneously with deposit by the Trustee of 2005A Prepayment Principal into the 2005A Prepayment Subaccount, the Trustee is hereby authorized and directed to recalculate the 2005A Reserve Account Requirement and to transfer any resulting excess on deposit in the 2005A Reserve Account the Deferred Costs Subaccount in the 2005A Acquisition and Construction Account to be used to pay Deferred Costs until the Deferred Costs Date of Completion and then into the 2005A Prepayment Subaccount in the Redemption Fund to be used for the extraordinary mandatory redemption of 2005A Bonds.

On the earliest date on which there is on deposit in the 2005A Reserve Account sufficient monies, after taking into account any Deferred Costs and after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2005A Bonds, together with accrued interest and redemption premium, if any, on such 2005A Bonds to the earliest date of redemption permitted in the Indenture then the Trustee shall transfer the amount on deposit in the 2005A Reserve Account into the 2005A Prepayment Subaccount in the 2005A Redemption Account to pay and redeem all of the Outstanding 2005A Bonds on the earliest date permitted for redemption in the Indenture.

Simultaneously with the deposit of any amounts into the 2005B Prepayment Subaccount, the Trustee is hereby authorized and directed to recalculate the 2005B Reserve Account Requirement and to transfer any resulting excess on deposit in the 2005B Reserve Account into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account to be used to pay Deferred Costs until the Deferred Costs Date of Completion and then into the 2005B

Prepayment Account in the Redemption Fund and applied to the extraordinary redemption of 2005B Bonds.

On the earliest date on which there is on deposit in the 2005B Reserve Account, sufficient monies, after taking into account any Deferred Costs and after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2005B Bonds, together with accrued interest and redemption premium, if any, on such 2005B Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the 2005B Reserve Account into the 2005B Prepayment Subaccount in the 2005B Redemption Account to pay and redeem all of the Outstanding 2005B Bonds on the earliest date permitted for redemption therein and herein.

Amounts on deposit in the 2005A Reserve Account and the 2005B Reserve Account are held for the benefit of all of the 2005 Bonds without priority of 2005 Bonds and without distinction as to 2005 Bonds, amounts on deposit in either of such Reserve Accounts maybe used to pay debt service on either Series of Bonds, provided that the Reserve Account corresponding to a Series of Bonds shall be applied to the payment of debt service on the corresponding Series of Bonds prior to its application to the other Series of Bonds. Amounts on deposit in the 2005A Reserve Account and 2005B Reserve Account shall be used only for the purpose of making payments into the 2005 Interest Account, the 2005A Sinking Fund Account and the 2005B Principal Account to pay debt service on the 2005 Bonds, when due, without distinction as to Series of 2005 Bonds and without privilege or priority of one 2005 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Accounts shall consist only of cash and 2005 Investment Obligations.

**6. *Flow of Funds.*** The Master Indenture establishes an Acquisition and Construction Fund, a Revenue Fund, a Debt Service Fund, a Reserve Fund, and a Rebate Fund, and provides for the establishment of a Series Acquisition and Construction Account, a Series Cost of Issuance Account, a Series Revenue Account, a Series Debt Service Account and, within that account, a Series Interest Account, a Series Principal Account, a Series Redemption Account and, within that account, a Prepayment Subaccount and an Optional Redemption Subaccount, a Series Reserve Account, and a Series Rebate Account. The Supplemental Indenture creates within the Acquisition and Construction Fund (a) a 2005 Acquisition and Construction Account and therein, a General Subaccount and a Deferred Costs Subaccount, (b) a 2005 Costs of Issuance Account; (c) a 2005A Capitalized Interest Account, (d) a 2005B Capitalized Interest Account; within the Debt Service Fund (a) a 2005 Debt Service Account and within that account (i) a 2005A Sinking Fund Account, (ii) a 2005B Principal Account, (iii) a 2005A Interest Account, (iv) a 2005B Interest Account, and (b) a 2005 Redemption Account, and within that account (i) a 2005A Prepayment Subaccount, (ii) a 2005B Prepayment Subaccount and (iii) an Optional Redemption Subaccount; within the Reserve Fund (a) 2005A Reserve Account, and (b) a 2005B Reserve Account, which shall be held jointly for the benefit of all of the 2005 Bonds, without distinction as to Series of 2005 Bonds and without privilege or priority of one Series of 2005 Bonds over another; within the Revenue Fund a 2005 Revenue Account; and within the Rebate Account a 2005 Rebate Account.

Any balance remaining in the 2005 Acquisition and Construction Account after the Date of Completion and after retaining the amount, if any, of all remaining unpaid Costs of the 2005 Project (hereinafter defined) set forth in the Engineers' Certificate establishing such Date of Completion, shall be deposited, until the Deferred Costs Date of Completion, into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and after the Deferred Costs Date of Completion, into the 2005B Prepayment Account in the 2005 Redemption Account and applied to the extraordinary mandatory redemption of the 2005B Bonds, until the 2005B Bonds are no longer Outstanding and then into the 2005A Prepayment Account in the 2005 Redemption Account and applied to the extraordinary mandatory redemption of the 2005A Bonds, all as more fully described under the caption **"SECURITIES BEING OFFERED – Redemption Provisions – Extraordinary Mandatory Redemption."**

The District shall deposit 2005 Assessment Revenues with the Trustee immediately upon receipt, together with a written accounting setting forth the amounts of such 2005 Assessment Revenues, into the following Funds and Accounts:

(i) 2005A Assessment Principal shall be deposited into the 2005A Sinking Fund Account, and 2005B Assessment Principal shall be deposited into the 2005B Principal Account;

(ii) 2005A Prepayment Principal shall be deposited into the 2005A Prepayment Subaccount in the 2005 Redemption Account, and 2005B Prepayment Principal shall be deposited into the 2005B Prepayment Subaccount in the 2005 Redemption Account;

(iii) 2005A Delinquent Assessment Principal shall first be applied to restore the amount of any withdrawal from the 2005A Reserve Account to pay the principal of 2005 Bonds, and the balance, if any, shall be deposited into the 2005A Sinking Fund Account and 2005B Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2005B Reserve Account to pay the principal of 2005 Bonds, and the balance, if any, shall be deposited into the 2005B Principal Account;

(iv) Delinquent Assessment Interest shall first be applied to restore the amount of any withdrawal from the 2005A Reserve Account or the 2005B Reserve Account to pay the interest on 2005 Bonds and the balance, if any, deposited into the 2005 Revenue Account;

(v) All other 2005 Assessment Revenues shall be deposited into the 2005 Revenue Account.

Moneys other than the 2005 Assessment Revenues shall, at the written direction of the District, be deposited into the Optional Redemption Subaccount of the 2005 Redemption Account and used to pay the principal of and premium, if any, on 2005 Bonds called or to be called for optional redemption at the written direction of the District in accordance with the provisions for optional redemption of 2005 Bonds as set forth in the form of 2005 Bonds attached as an exhibit to the Supplemental Indenture.

On the forty-fifth (45<sup>th</sup>) day preceding each Redemption Date (or if such forty-fifth (45<sup>th</sup>) day is not a Business Day, on the Business Day next preceding such forty-fifth (45<sup>th</sup>) day), the Trustee shall determine the amount on deposit in the 2005A Prepayment Subaccount or the 2005B Prepayment Subaccount of the 2005 Redemption Account, respectively, and, if the balance therein is greater than zero, shall transfer from the 2005 Revenue Account for deposit into such Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of the corresponding Series of 2005 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Subaccount in accordance with the provisions for extraordinary redemption of such Series of 2005 Bonds set forth in the respective form of 2005 Bond attached to the Supplemental Indenture and Article III of the Master Indenture.

On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the 2005A Capitalized Interest Account to the 2005A Interest Account the lesser of (x) the amount of interest coming due on the 2005A Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the 2005A Capitalized Interest Account, and shall transfer from the 2005B Capitalized Interest Account to the 2005B Interest Account the lesser of (x) the amount of interest coming due on the 2005B Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the 2005B Capitalized Interest Account. Following the foregoing transfers, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the 2005 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority: (i) from the 2005 Revenue Account to the 2005A Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2005A Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the 2005A Capitalized Interest Account in accordance with Section 403(c) of the Supplemental Indenture and less any other amount already on deposit in the 2005A Interest Account not previously credited and from the 2005 Revenue Account to the 2005B Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2005B Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the 2005B Capitalized Interest Account in accordance with Section 403(c) of the Supplemental Indenture and less any other amount already on deposit in the 2005B Interest Account not previously credited; (ii) to the 2005A Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all 2005A Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the 2005A Sinking Fund Account not previously credited and to the 2005B Principal Account, the amount, if any, equal to the difference between the principal amount of all 2005B Bonds maturing on such date and the amount already on deposit in the 2005B Principal Account not previously credited; (iii) to the 2005A Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2005A Reserve Account Requirement with respect to the 2005A Bonds and to the 2005B Reserve Account, the amount, if any, which is necessary to make the amount on

deposit therein equal to the 2005B Reserve Account Requirement with respect to the 2005B Bonds; and (iv) the balance shall be retained in the 2005 Revenue Account.

On or after each November 2, the balance on deposit in the 2005 Revenue Account shall until the Deferred Costs Date of Completion be transferred into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, after the Deferred Costs Date of Completion, shall, at the written direction of the District be transferred to the District to be used for any lawful District purpose.

Moneys held for the credit of the 2005 Accounts shall be invested as follows: (i) moneys held for the credit of a 2005 Acquisition and Construction Account, the 2005 Revenue Account, and the 2005 Debt Service Account shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in 2005 Investment Obligations as directed in writing by an Authorized Officer, which Investment Obligations shall mature, or shall be subject to redemption by the owner thereof at the option of such owner, not later than the respective dates, as estimated by an Authorized Officer, when moneys held for the credit of each such 2005 Account will be required for the purposes intended; (ii) moneys held for the credit of a 2005 Reserve Account shall be continuously invested and reinvested by the Trustee in 2005 Investment Obligations as directed in writing by an Authorized Officer; (iii) 2005 Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as follows: (1) earnings on investments in the 2005 Acquisition and Construction Account and the subaccounts therein, and the 2005 Interest Account shall be deposited, as realized, to the credit of such 2005 Account or subaccount and used for the purposes of such Account or subaccount; (2) earnings on investments in the 2005A Sinking Fund Account, the 2005B Principal Account and the 2005 Redemption Account shall be deposited, as realized, to the credit of the General Subaccount in the 2005 Acquisition and Construction Account until the Date of Completion, and then, until the Deferred Costs Date of Completion, into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and, then, into the 2005 Revenue Account and used for the purpose of such Account; (3) earnings on investments in the 2005 Reserve Account shall be held in the respective Reserve Account if there is a deficiency therein and, if there is no deficiency, then earnings on the 2005A Reserve Account shall be deposited into the 2005A Capitalized Interest Account through November 1, 2006 and earnings on the 2005B Reserve Account shall be deposited into the 2005B Capitalized Interest Account through November 1, 2006, and, thereafter until the Date of Completion of the 2005 Project into the General Subaccount in the Acquisition and Construction Account until the Completion Date of the 2005 Project, and, then, until the Deferred Costs Date of Completion, earnings on both 2005 Reserve Accounts shall be deposited to the credit of the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and, thereafter, into the 2005 Revenue Account and used for the purpose of such Account.

The District shall authorize the withdrawal, from time to time, from the 2005 Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent, when due.

Subject to the provisions of the Master Indenture, if (i) the amount on deposit in the 2005 Series Interest Account, 2005 Series Principal Account, and 2005 Series Redemption Account in each Bond Year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installment required to be paid into the 2005 Series Redemption Account in such Bond Year, and (ii) any amounts remain in the Series Revenue Account, then, such amounts shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser, or, if such commissions, fees, costs, or other charges have been paid by the District, then such amounts shall be applied to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amount has been withdrawn and paid for such expenses of collection, any amounts remain in the 2005 Series Revenue Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District. After making the payments provided for in this subsection (ii), the balance, if any, remaining in the 2005 Series Revenue Account shall be retained therein, or, at the written direction of an Authorized Officer to the Trustee, transferred into the 2005 Series Redemption Account.

### ***7. Limited Obligations.***

The 2005 Bonds shall be limited and special obligations of the District payable solely from the 2005 Trust Estate and shall be a valid claim of the Owners thereof only against the 2005 Trust Estate. The 2005 Bonds shall not constitute a general obligation or indebtedness of the District, the County, the State of Florida or any political subdivision thereof, within the meaning of the Constitution and laws of Florida. The 2005 Bonds shall not constitute either a pledge of the full faith and credit of the District, the County, the State of Florida or any political subdivision thereof, or a Lien upon any property of the District, the State of Florida or any political subdivision thereof, other than as provided by the Indenture. The 2005 Bonds shall not, directly or indirectly, obligate the District, the County, the State of Florida or any political subdivision thereof, to levy any form of taxation therefor or to make any appropriations for their payment. No Owner or any other Person shall have the right to compel the exercise of any ad valorem taxing power of the District or of any ad valorem taxing power or non-ad valorem special assessment power of any other public authority or governmental body politic to pay the principal of, or interest, and premium, if any, on the 2005 Bonds.

## **Redemption Provisions**

### ***1. Optional Redemption.***

The 2005A Bonds may, at the option of the District, be called for redemption as a whole, at any time, or in part on any Interest Payment Date, on or after May 1, 2015 (less than all 2005A Bonds to be selected by lot), at the Redemption Prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest from the most recent Interest Payment Date to the redemption date. The 2005B Bonds are not subject to optional redemption.



<i>Redemption Periods (Dates Inclusive)</i>	<i>Redemption Prices</i>
May 1, 2015 through April 30, 2016	101%
May 1, 2016 and thereafter	100%

## ***2. Mandatory Redemption.***

The 2005A Bonds maturing on May 1, 2036 are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the 2005A 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:

<i>Year</i>	<i>Principal Amount</i>	<i>Year</i>	<i>Principal Amount</i>
2007	\$140,000	2022	\$330,000
2008	150,000	2023	345,000
2009	160,000	2024	365,000
2010	170,000	2025	390,000
2011	180,000	2026	410,000
2012	190,000	2027	435,000
2013	200,000	2028	460,000
2014	210,000	2029	485,000
2015	225,000	2030	510,000
2016	235,000	2031	540,000
2017	250,000	2032	575,000
2018	265,000	2033	605,000
2019	280,000	2034	640,000
2020	295,000	2035	675,000
2021	310,000	2036*	715,000

\*maturity

The principal amounts shown above are subject to recalculation, as provided in the Supplemental Indenture, as a result of the redemption of 2005A Bonds so as to reamortize the remaining Outstanding principal balance of the 2005A Bonds in substantially level installments of principal and interest over the remaining term.

The 2005B Bonds are not subject to mandatory redemption prior to their scheduled maturity.

2005 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.

**3. *Extraordinary Mandatory Redemption.***

(a) The 2005A Bonds are subject to Extraordinary Mandatory Redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(i) on or after the Date of Completion of the 2005 Project (as such terms are defined in the Indenture) and after the Deferred Costs Date of Completion (as defined in the Indenture), by application of moneys transferred from the 2005 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the 2005A Prepayment Subaccount of the 2005 Redemption Account in accordance with the terms of the Indenture; or

(ii) from Prepayments of 2005A Assessments (as defined in the Indenture) deposited into the 2005A Prepayment Subaccount of the 2005 Redemption Account; or

(iii) from amounts transferred into the 2005A Prepayment Subaccount in the 2005 Redemption Account resulting from a reduction in the 2005A Reserve Account Requirement as provided for in the Indenture, and on the date on which the amount on deposit in the 2005A Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2005A Bonds then Outstanding, including accrued interest thereon.

(b) The 2005B Bonds are subject to Extraordinary Mandatory Redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(i) on or after the Date of Completion of the 2005 Project (as such terms are defined in the Indenture) and after the Deferred Costs Date of Completion (as defined in the Indenture), if any, by application of moneys transferred from the 2005 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the 2005B Prepayment Subaccount of the 2005 Redemption Account in accordance with the terms of the Indenture; or

(ii) from Prepayments of 2005B Assessments (as defined in the Indenture) deposited into the 2005B Prepayment Subaccount of the 2005 Redemption Account; or

(iii) from amounts transferred into the 2005B Prepayment Subaccount in the 2005 Redemption Account resulting from a reduction in the 2005B Reserve Account Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in

the 2005B Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2005B Bonds then Outstanding, including accrued interest thereon.

It is anticipated that upon the sale of parcels within the Project by the Developer, that a portion of the 2005B Assessment will be prepaid by the Developer. Nevertheless, and notwithstanding its presently expressed intent, the Developer is not required contractually or otherwise to make any prepayment of the Assessments encumbering any parcel of real property in the District. In the event the Developer decides that it is in its best interest to prepay a portion of the 2005B Assessment, the amount prepaid will be solely at the Developer's discretion.

#### ***4. Redemption of Portion of 2005 Bonds.***

If less than all of the 2005 Bonds of a Series shall be called for redemption, the particular 2005 Bonds or portions of 2005 Bonds of a Series to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

#### ***5. Notice of Redemption.***

The District shall establish each redemption date, other than in the case of a mandatory redemption, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty-fifth (45<sup>th</sup>) day next preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date.

#### ***6. Failure to Provide Notice of Redemption.***

Failure to give notice by mailing to the Owner of any 2005 Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings of the redemption of any other 2005 Bond.

#### ***7. Effect of Notice of Redemption.***

On the date designated for redemption of any 2005 Bonds, notice having been filed and mailed in the manner provided in the Indenture, the 2005 Bonds called for redemption will be due and payable at the redemption price provided for the redemption of such 2005 Bonds on such date and, moneys for payment of the redemption price being held in a separate account by the Paying Agent in trust for the Owners of the 2005 Bonds to be redeemed, interest on the 2005

Bonds called for redemption will cease to accrue, such 2005 Bonds will cease to be entitled to any benefit under the Indenture, and the Owners of such 2005 Bonds will have no rights in respect thereof, except to receive payment of the redemption price thereof, and interest, if any, accrued thereon to the redemption date, and such 2005 Bonds shall no longer be deemed to be Outstanding.

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

The following information appearing under this heading is based upon information furnished by DTC for inclusion in this Limited Offering Memorandum and neither the District nor the Underwriter have independently verified such information or make any representation as to the accuracy or the completeness thereof. The procedures utilized and services offered by DTC are a matter of agreement between DTC and its participants. There can be no assurances that the procedures described herein will always be executed or that such procedures will not be modified from time to time.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2005 Bonds. The 2005 Bonds will be issued as fully-registered bonds 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 2005 Bond will be issued for each series of the 2005 Bonds in the aggregate principal amount of such issue, 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over one hundred (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, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, and also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC

Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the 2005 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2005 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2005 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2005 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 2005 Bonds, except in the event that use of the book-entry system for the 2005 Bonds is discontinued.

To facilitate subsequent transfers, all 2005 Bonds deposited by Direct Participants with DTC are registered in the name of the DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of 2005 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2005 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2005 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 the 2005 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the 2005 Bonds may wish to ascertain that the nominee holding the 2005 Bonds for their benefit has agreed to obtain and transmit notice to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2005 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2005 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 2005 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The Redemption price and principal and interest payments on the 2005 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption price and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2005 Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, 2005 Bond certificates are required to be printed and delivered.

Subject to the policies and procedures of DTC (or any successor securities depository), the District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event 2005 Bond certificates will be printed and delivered.

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2005 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE 2005 BONDS OR REGISTERED OWNERS OF THE 2005 BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2005 BONDS.**

The District can make no assurances that DTC will distribute payments of principal of, redemption price, if any, or interest on the 2005 Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the 2005 Bonds or redemption notices to the Beneficial Owners of such 2005 Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Limited Offering Memorandum. The District is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the 2005 Bonds or any error or delay relating thereto.

The rights of holders of beneficial interests in the 2005 Bonds and the manner of transferring or pledging those interests is subject to applicable state law. Holders of beneficial

interests in the 2005 Bonds may want to discuss the manner of transferring or pledging their interest in the 2005 Bonds with their legal advisors.

NEITHER THE DISTRICT NOR THE TRUSTEE SHALL HAVE ANY OBLIGATION WITH RESPECT TO ANY DEPOSITORY PARTICIPANT OR BENEFICIAL OWNER OF THE 2005 BONDS DURING SUCH TIME AS THE 2005 BONDS ARE REGISTERED IN THE NAME OF A SECURITIES DEPOSITORY PURSUANT TO A BOOK-ENTRY ONLY SYSTEM OF REGISTRATION.

### **Method of Computing Interest; Saturdays, Sundays and Holidays**

Interest payable on the 2005 Bonds will be calculated based on a 360-day year comprised of twelve 30-day months. If the date of maturity of interest on or principal of the 2005 Bonds or the date fixed for redemption of 2005 Bonds falls on a day other than a Business Day, then payment of such interest or principal and any redemption premium need not be mailed by the Paying Agent on such date, but may be mailed on the next succeeding Business Day on which the Paying Agent is open for business with the same force and effect as if mailed on the date of maturity or the date fixed for redemption, and no interest will accrue for the period after such maturity date. The Indenture defines “Business Day” as any day excluding Saturday, Sunday, or any other day on which banks in the cities in which the designated corporate trust office of the Trustee or the Paying Agent are located are authorized or required by law or other governmental action to close and on which the Trustee or Paying Agent, or both, is closed.

## **PLAN OF FINANCE**

### **General**

The Developer has furnished the information appearing below under the caption “The Developer.” The information provided below under the captions “The Development” and “The 2005 Project” has been provided by the Developer and by Heidt and Associates, Inc., in its capacity as District Engineer. Fishkind & Associates, Inc. has provided the information provided below under the caption “**Methodology**,” in its capacity as Financial Advisor. Although believed to be reliable, neither the Issuer, the Underwriter nor their counsels have independently verified the information provided by such parties. As noted below under “**RISK FACTORS**” the Developer is not a guarantor of payment of the 2005 Assessments, and the 2005 Assessments do not constitute a personal indebtedness of the Developer or any other landowner in the District, but are secured solely by a lien on the lands in the Development subject to the 2005 Assessments.

The land and units in the Development subject to the 2005 Assessments as a result of the 2005 Project are described herein under the caption “Special Assessment Methodology” below.

### **The Developer**

WCI Communities, Inc. (the “Developer”) is a Delaware corporation presently involved in the development of the Development and other residential communities in Florida, New York,

New Jersey, Connecticut, Virginia, and Maryland. The Developer is listed on the New York Stock Exchange (Symbol: WCI). The Developer is subject to the informational requirements of the Securities Exchange Act of 1934 and files reports, proxies statements, and other information with the Securities and Exchange Commission (“SEC”). Such reports, proxy statements and other information filed by WCI Communities, Inc. may be inspected and copied at the Public Reference Section of the SEC at 450 Fifth Street, N.W., Judiciary Plaza, Washington D.C. 20549-114. Information on the operations of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Reports, proxy and information statements and other information filed electronically by WCI Communities, Inc. are available at the SEC’s website at <http://www.sec.gov>.

The Developer has been creating master planned communities since 1946. Florida based WCI Communities, Inc. caters to primary, retirement, and second-home buyers in Florida, New York, New Jersey, Connecticut, Virginia, and Maryland. The company offers traditional and tower home choices with prices from the mid-\$100,000 to more than \$10 million featuring a wide array of recreational amenities. In addition to homebuilding, WCI Communities, Inc. generates revenues from its Prudential Florida WCI Realty Division, its mortgage and title businesses, and its amenities, as well as through land sales and joint ventures. The company currently owns and controls developable land of over 17,000 acres.

The Developer anticipates that it will build and sell the attached villa condominiums and the villas in the Development as well as a portion of the grand estate homes. The Developer expects to sell one-acre custom mansion home sites and the remaining grand estate home sites to home buyers, on which custom homes will be constructed by the Developer or one of a select group of area custom home builders selected by the buyer. A small number of mansion and grand estate home sites will be or have already been sold to such custom home builders who will construct “spec homes” thereon for sale to the general public. Presently, there are no mortgages on the property owned by the Developer in the Development. The Developer has funded, and is expected to continue to fund, public infrastructure needed for the Development that is not financed by the Issuer, as well as subdivision-specific infrastructure and recreational amenities for the Development, as more fully described below under the caption “**DISTRICT INFRASTRUCTURE AND THE 2005 PROJECT.**” The Developer has disclosed that it has filed a civil action in Lee County Circuit Court against a former employee, employed as Director of Engineering at the Development. The suit alleges that the employee, after leaving the company, improperly accepted payment from a vendor retained by the Developer to perform land development work at the Development. The vendor is not a defendant in the suit.

## **The Development**

### **1. General**

The Development is the Developer’s latest luxury residential community in the Naples, Florida marketplace and is located within the District. For more information regarding the Issuer and the District, see “**THE ISSUER AND THE DISTRICT**” herein. The Development contains approximately 461.3 acres located in the northwestern portion of Collier County,



Florida. For economic information on Collier County, please see the website of the Economic Development Council of Collier County, [www.enaplesflorida.com](http://www.enaplesflorida.com).

The Development is generally bordered to the north by an existing residential development of Vasari, on the east by Interstate 75, on the west by Livingston Road and the residential development of Mediterra, on the south by Veteran's Memorial Boulevard and the residential development of The Strand. The Development is approximately 15 miles south of the Southwest Florida Regional International Airport, 8 miles due east of the Gulf of Mexico and its beaches, and 15 miles northeast of the downtown commercial area of Naples.

The Development is a master planned residential community and is expected to include approximately 309 homes, consisting of 62 attached villa condominium homes, 177 villa homes, 57 grand estates homes, and 13 one-acre custom mansion homes. The Developer anticipates that it will build and sell the attached villa condominiums and the villas. The Developer anticipates that it will build and sell a portion of the grand estate homes and the one-acre custom mansion homes. The Developer expects to sell the remaining grand estate and one-acre custom mansion home sites to home buyers or custom home builders, on which custom homes will be constructed by the Developer or one of a select group of area custom home builders selected by the buyer.

The undeveloped land along with an existing approved PUD/ DRI comprising the Development, was acquired by the Developer in multiple transactions in December 2000 and early 2001 for a total purchase price of \$28.3 million. The Developer subsequently redesigned the community and secured the County's approval of the Tuscany Reserve PUD in June 2003. However, site development permits allowed construction of the Development's initial water management system to commence in March 2002. The Developer acquired an additional 3.4 acres of land in March 2003 adjoining the Development to provide for a larger golf and property maintenance facility, but is not within the boundaries of the District and not part of the 2005 Project. The Developer expects to expend in excess of \$150 million for the land, amenities and site development, which includes the 2005 Project. As of June 30, 2005, the Developer has expended over \$120 million of these costs. All single-family lots within the District are to be platted and recorded in the County Public Records. To date, there is one plat of record, titled "Tuscany Reserve", which has 107 single family lots. The multi-family residential product will be recorded in one or more condominium plat(s), with the initial condominium plat, titled "Toscana I at Tuscany Reserve, a condominium," containing 18 units, having already been recorded in the County Public Records.

The Developer has completed major site infrastructure including 7,200 lineal feet of main road, utilities, drainage and landscape (Tuscany Reserve Drive), main entrance with privacy gatehouse, 2 ½ miles of landscape buffers, including the terraced landscape berm along the I-75 boundary and 60 acres of water management lake system. Additionally, the Developer has completed neighborhood infrastructure, including pavement, drainage, utilities and landscape necessary to serve 18 attached villa condominiums, 18 villas, 24 grand estate homes and 13 mansion home sites had been completed. In addition, the Developer has also completed the golf studio with its practice range and greens as well as the Greg Norman - Pete Dye designed 18-hole championship golf course.

The table below shows the four different product types to be offered by the Developer, available floor plans, living area, lot size, unit count and target home/lot and lot prices, all of which are subject to change.

Product	Floor Plans	Ave. SF of Home (Living Area)	Typical Home Site Size (w x d)	Targeted Home/Lot Price*	Proposed Average Home Site Price	Unit Count
Mansion Homes	Custom	Starting at 6,000	200' x 225'	>\$3 million	\$1.6 to \$2.3 million	13
Estate Homes	4 plans	5,599 to 6,446	125' x 175'	\$3,265,000 & up	Included	57
Villas	10 plans	2,911 to 4,357	70' x 150'	\$1,710,000 & up	Included	177
Attached Villa Condominiums	6 plans	2,349 to 4,345	Attached villa condominium	\$1,695,000 & up	Included	62
Total Residential						309

Source: The Developer

The Developer commenced sales in the Development in 2003 from an on-site sales office located at the Livingston Road entrance to the Development. The Developer has completed fifteen decorated model homes for its attached villa condominium, villa and grand estate products which are located within the applicable residential neighborhood. The following table illustrates the closing and sales activity in the Development since the spring of 2003. The sales contracts relating to the units shown below as being sold as of October 12, 2005 contain various contingencies and conditions to closing and there can be no assurance that all such contracts will result in closings.

Product	Total Unit Count	Closed as of 10/12/05	Sales as of 10/12/05
Mansion Homes	13	2	0
Estate Homes	57	4	1
Villas	177	0	5
Attached Villa Condominiums	62	1	0
Totals	309	7	6

Source: The Developer

The Developer anticipates that the balance of the residential units in the Development will be closed over an estimated 10 to 15 year period. Based on this estimate, annual residential closings within the Development are anticipated to range between 20 to 30 per year, declining over time as the Development approaches sellout and product choices become more limited. This anticipated absorption rate is based upon estimates and assumptions made by the Developer that are inherently uncertain, though considered reasonable by the Developer, and are subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond the control of the Developer. As a result, there can be no assurance such absorption rate will occur or be realized in the time frames anticipated.

## **2. Amenities**

### Golf Course.

Within the District, the Development will include an 18-hole Greg Norman – Pete Dye designed championship golf course with a clubhouse facility of approximately 33,000 square feet, which is planned to include formal and casual gourmet restaurants, grille and lounge facilities, pro shop, fitness/spa facilities, locker rooms and an outdoor swimming pool. The Tuscany Reserve Club will be a private equity membership club.

Construction of the golf course began in early 2003. The first 9 holes of the 18-hole championship course became available for the members to play in February, 2005. The remaining 9 holes became available to members in May 2005. The clubhouse is expected to be available for members in early 2007.

The cost of membership is included in the purchase of a home or home site and there is a requirement for residents of the Development to become members of the club. Annual dues are currently \$10,000 for a family membership and are expected to increase annually. Full equity memberships will be limited to 309 memberships. In addition up to 23 non-equity charter memberships are available. It is planned that the entire golf club and clubhouse will be owned and operated by the Developer until the date for turnover to equity members.

### Other Amenities.

In addition to on-site amenities, residents of the Development have public access to the Delnor–Wiggins State Park and Vanderbilt Beach on the Gulf of Mexico, which are only 8 miles west of the Development. Wiggins Bay, with its marinas and deep water access to the gulf, is approximately 8-1/2 miles west of the Development.

The Development will also feature a Tuscany style town square as the focal point and center of the community.

### Commercial Development.

There will be no commercial development within the District's boundaries. There are numerous upscale malls and shops, including the Waterside Shops, anchored by Saks Fifth Avenue which is located approximately 11 miles southwest of the Development on US 41-Tamiami Trail, and Coastland Center Mall, with four department stores, lies a few more miles to the south. The neighborhood supermarkets are all within just a few miles and include Albertsons and Publix. Naples offers many cultural opportunities to its residents and visitors including the Philharmonic Center for the Arts, the Naples Museum of Art, The Sugden Performing Arts Theater, along with numerous fine art galleries. Additionally, in southern Lee County, there are two new regional retail shopping malls under construction with late 2005/early 2006 openings announced. These malls are 10 and 13 miles north of the Development, respectively.

### **3. Sales and Marketing**

The Developer is currently responsible for the marketing of the Development. An in-house marketing staff is responsible for the design and development of most of the Developer's marketing materials and advertising messages, including newspaper and magazine print, direct mail and bill boards. The marketing program reaches prospective purchasers, locally, regionally and nationally through advertisements placed in demographic specific periodicals and other media. In addition, the WCI Communities, Inc. website ([www.wcicomunities.com](http://www.wcicomunities.com)) displays a comprehensive review of each of the communities developed by the Developer, including locations, promotions, amenities, calendar of activities, lifestyle, testimonials, product floor plans, elevations, pricing and photos of the community, as well as information concerning the Developer.

As noted above, sales in the Development are conducted from an on-site sales center which opened in the spring of 2003 and is located 16980 Livingston Road at the entrance to the Development. The Developer has completed 4 decorated model homes for its villa and grand estate home products and 11 decorated attached villa condominium models, all located within the applicable residential neighborhoods.

### **4. Competition**

Between January 1, 2000 and September 7, 2005, approximately 3,888 units valued at more than \$1 million have closed in Collier County. The following chart represents a breakdown of real estate sales over \$1 million in Collier County from January 2000 through September 7, 2005.

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**Real Estate Sales in Collier County, Florida, Over \$1 Million  
January 1, 2000 through September 7, 2005**

Value of Unit	# of Units
\$1MM - \$1.99MM	2,606
\$2MM - \$2.99MM	721
\$3MM - \$3.99MM	254
\$4MM - \$4.99MM	148
\$5MM and above	159
TOTAL	3,888

Source: The Developer

Provided below are five communities in Collier County that may be in competition with the Development. The Developer believes the Tuscany Reserve golf club and the other features of the Development distinguish the Development from these other communities. Market sales information provided by the Developer is included below. Other information is sourced from internal “comps” analysis of web sites and public records from Collier County.

*Mediterra.*

Mediterra is a Bonita Bay Group planned community of 1,697 acres, and is located on Livingston Road just west of the Development. The development is expected to have up to 950 residential units, 36 holes of golf on two Tom Fazio – designed courses, a 25,000 square foot clubhouse, tennis facility, parks, walking trails and beach club. This community is the only competitor to Tuscany Reserve which also has a community development district. The golf club membership offers 36 total golf holes and is expected to have 550 total equity memberships. The current initial membership fee is \$185,000 and annual dues are \$9,400. The gated community has more than 25 residential neighborhoods and advertises villa product priced from \$1 million, home sites start at \$275,000, and single family homes are priced from \$1,600,000 to over \$7 million. Information on the community is available at [www.mediterranaples.com](http://www.mediterranaples.com). There have been 31 single family residential closings in the community for the five year period from 1/1/00 through 12/31/04, inclusive of new lot/house packages and resales. These closings had an average sales price of \$2.131 million and sales price ranged from \$706,000 to \$4.4 million. Additionally, 25 4-plex condos closed during the period. The Multi-family closings had an average sales price of \$614,377, with a range of \$480,000 to \$828,250. For the same period there were 147 lot sales, with an average price of \$449,409 and a range from \$124,400 to \$1,300,000.

*Grey Oaks.*

The Halstatt Partnership (the Barron Collier and Collier Enterprises) planned community of 1,601 acres is a PUD located on the east and west sides of Airport Road and north and south

sides of Golden Gate Parkway. The overall approval includes Grey Oaks, Estuary at Grey Oaks, the Naples Grand Golf Club, and over 120 acres of commercial lands. The community is approved to have up to 2,700 residential units and 1.3 million square feet of office/retail commercial uses, including a hotel and golf courses. The specific Grey Oaks community is approximately 1,006 acres. The community has two 18-hole golf courses, designed by Clifton, Ezell & Clifton, a 62,000 square foot clubhouse, and 8 tennis courts. The golf club is bundled with the Estuary course and offers 54 total golf holes and is expected to have 999 equity memberships; with a current initial membership fee of \$150,000 and annual dues of \$8,900. The gated community offers several different residential products, including multi-family coach homes, single family estate and custom homes. Information on the community is available at [www.greyoaks.com](http://www.greyoaks.com). Single family residential closings in the community for the five year period from 1/1/00 through 12/31/04, inclusive of new lot/house packages and resales, total 67. The average sales price was \$1.86 million and sales prices ranged from \$518,900 to \$4.39 million. Additionally, for the same period, the multi-family sales have totaled 25 units with an average price of \$982,763, ranging from a low of \$109,785 up to \$1.7 million. For the same period lot sales have totaled 73, with an average price of \$558,566 and a range from \$118,000 to \$1,095,000.

#### *Estuary at Grey Oaks.*

This is a gated residential community of 350 acres, located on northwest corner of Airport Road at Golden Gate Parkway in Naples and is approved to have up to 180 residential units. The community has a Bob Cupp designed golf course and a 19,000 square foot clubhouse. The golf club is bundled with the Grey Oaks two courses, offering 54 total golf holes and is expected to have 999 equity memberships. The current initial membership fee is \$150,000 and annual dues are \$8,900. The gated community offers seven different residential neighborhoods, including courtyard single family and custom homes with product prices ranging from - \$1,600,000 to over \$7 million. Home site pricing starts at \$700,000. Information on the community is available at [www.greyoaks.com](http://www.greyoaks.com). Residential closings in the community for the five year period from 1/1/00 through 12/31/04, inclusive of new lot/house packages and resales: have totaled 13 closings, with an average sales price of \$2.495 million with a sales price range of \$875,000 to \$5.02 million. For the same period lot sales have totaled 7, with an average price of \$1.34 million and a range from \$915,000 to \$1.815 million.

#### *Quail West.*

Quail West is a 540-unit residential community of 1,180 acres, straddling the Lee and Collier County line, east of I-75. The community has a two 18-hole Arthur Hill signature designed courses, a 70,000 square foot clubhouse and spa, and offers only large custom estate residential products. The golf club is expected to have 550 equity memberships, with a current initial membership fee of \$175,000 and annual dues of \$9,500. Information on the community is available at [www.quailwest.com](http://www.quailwest.com). There have been 28 residential closings in the community for the five year period from 1/1/00 through 12/31/04, inclusive of new lot/house packages and resales. The average sales price was \$1.466 million and sales prices range from \$630,000 to \$3.7

million. For the same period lot sales have totaled 42, with an average price of \$379,000 and a range from \$210,000 to \$648,000.

Collier's Reserve.

A 228-unit residential community of 488 acres, Collier's Reserve is in north Collier County near US 41 and Immokalee Road and straddles the Cocohatchee River. The community has an 18-hole Arthur Hills signature designed course, clubhouse and spa, 4 Hartru tennis courts, a separate river front "boathouse" dining facility, and offers only large custom estate residential products. The golf club is expected to have 300 equity memberships, with a current initial membership fee of \$85,000 and annual dues of \$8,687. Information on the community is available at [www.colliersreserve.com](http://www.colliersreserve.com). Residential closings in the community for the five year period from 1/1/00 through 12/31/04, inclusive of new lot/house packages and resales, have totaled 11, with an average sales price of \$1.23 million and sales price range of \$759,000 to \$2.3 million. For the same period lot sales have totaled 18, with an average price of \$270,000 and a range from \$180,000 to \$490,000.

**5. Property Taxes, Assessments, Fee, Homeowner's Association and Other Fees**

It is currently anticipated that in addition to the 2005 Assessments each homeowner will pay the following taxes, assessments and fees on an ongoing basis as a result of ownership of a single- or multi-family home within the Development: Collier County ad valorem property taxes on an annual basis, and Tuscan Reserve Community Association (the master property owner's association for the Development) fees on a monthly or quarterly basis. The foregoing indicates the taxes, fees and assessments of which the Issuer is aware, but there is no guaranty that no other fees and assessments are or may be imposed on land in the District.

Assuming a \$1.815 million villa home with a \$25,000 homestead exemption (\$1,790,000 taxable value), based on the millage rates applicable during the 2004 fiscal year (12.8115 mills for homes in the County according to the Collier County Property Appraiser), the estimated annual cost of the taxes, fees and assessments in the Development to a homeowner with a home at the above value is as follows:

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Estimated Average Annual Taxes, Assessments and Fees

County Ad Valorem Property Taxes	\$22,933.00 <sup>(1)</sup>
Issuer O&M Assessments	316.36 <sup>(2)</sup>
2005 Assessments (estimated)	2,128.00 <sup>(3)</sup>
Tuscany Reserve Community Assoc. Assessments	7,817.00 <sup>(2)</sup>
Tuscany Reserve Golf Club Assessments	10,000.00 <sup>(4)</sup>
Collier County Trash/Waste Assessments	<u>200.00</u> <sup>(1)</sup>
Total	<u>\$43,394.36</u>

<sup>(1)</sup>Source: Collier County Property Appraiser.

<sup>(2)</sup>Source: Developer. This amount is estimated and represents an assumed assessment levied by the Issuer to fund its operation and maintenance budget. The Issuer does not represent that actual operation and maintenance assessments will be consistent with this assumption. This amount does not include the 2005 Assessments for debt service on the 2005 Bonds.

<sup>(3)</sup>Source: Assessment Methodology Report for Villas and Condominiums - Grand Estates' estimated annual assessments are \$4,043 and Mansion estimated annual assessments are \$4,468 (see Appendix "C").

<sup>(4)</sup>Source: The Developer.

**6. Educational Facilities**

Laurel Oak Elementary and North Naples Middle School are public schools located approximately six miles and one mile respectively from the Development. The local high school is Gulf Coast High School, located approximately 7 miles away from the Development. The private Royal Palm Academy offers programs from kindergarten through 8<sup>th</sup> grade and is located 1 mile south on Livingston Road. The private Community School, offering programs from kindergarten through grade 12, is located 7 miles to the south on Livingston Road. The Campus of the Florida Gulf Coast University is 12 miles north from the Development.

**7. Utilities**

Electric utilities are provided to the Development by the Florida Power & Light and cable service is provided to the Development by Comcast. Telephone service is provided by Sprint and natural gas by TECO Gas. Potable water and sanitary sewer service to the Development will be provided by Collier County.

**District Infrastructure and the 2005 Project**

**1. General**

The information in this section is qualified in its entirety by reference to the Amended Engineer's Report, which is attached hereto as Exhibit B. The estimated construction costs within the District are broken down in the Amended Engineer's Report into 2 separate components: (1) the infrastructure and facilities completed as of May 31, 2005, and (2) the remaining infrastructure, which consists of the balance of the proposed infrastructure within the District that is not a part of the 2005 Project, defined hereinafter.



## 2. Completed Infrastructure

The existing infrastructure within the District (the “Completed Infrastructure”) consists of (1) utilities, (2) roadway-front entry construction, (3) conservation areas and wetland mitigation, (4) offsite road improvements, (5) perimeter buffers and landscaping, and (6) the water management system, all as described with greater detail in **Appendix B—“Amended Engineer’s Report”** and the Tuscany Reserve site map of completed infrastructure improvements attached thereto. The Completed Infrastructure (also referred to herein as the “2005 Project”) consists of certain portions of the District infrastructure that have previously been completed by the Developer and conveyed to the Issuer and additional portions of the District infrastructure that will be conveyed to the Issuer from time to time as same are certified as complete by Issuer’s professional staff.

## 3. Remaining Infrastructure

The infrastructure that remains to be constructed within the District (the “Remaining Infrastructure”) consists of (1) specific utilities, including potable water, sanitary sewer, irrigation distribution and street drainage for specific residential neighborhoods included in Phase 1B (Block “B”), Phase 1C (Block “A”), and Phase 2 (Blocks “F”, “G”, “H”, and “I”); (2) utilities, potable water, sanitary sewer, irrigation distribution and street drainage and south entry way improvements at Veteran’s Memorial Parkway entrance included in Tuscany Reserve Drive, Phase 2 (approximately 2100 lineal feet); (3) offsite road improvements including 1,500 lineal feet of 2 lane roadway, utilities, and drainage improvements for Veteran’s Memorial Parkway, Phase 2; (4) perimeter landscape buffers and walls adjacent to the southern boundary of the District and Phase 2 residential neighborhoods; and (5) completion of permitting and construction of ASR/production irrigation wells system to augment existing irrigation supply.

## 4. Opinion of Probable Costs

The total estimated cost of the infrastructure within the District, including Completed Infrastructure and Remaining Infrastructure, exclusive of financing costs and inflation, is approximately \$22 million. Construction of the District infrastructure commenced in March, 2002. As of June 30, 2005 approximately 81% of the total District Infrastructure was complete and all of the infrastructure within the District is expected to be complete by December, 2010.

The Completed Infrastructure is expected to cost approximately \$18,600,000 which will be paid from the proceeds of the 2005 Bonds. The Remaining Infrastructure, which is not a part of the 2005 Project, is expected to cost \$3,485,030. The following chart shows the total cost of the District Infrastructure. For more details, see **Appendix B—“Amended Engineer’s Report”** attached hereto.

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## Total District Cost

<b>Infrastructure (Cost in thousands of dollars)</b>			
<b>Item</b>	<b>Completed Infrastructure</b>	<b>Remaining Infrastructure</b>	<b>Combined Total</b>
Roadway/Entry	\$ 831.56	\$ --	\$ 831.56
Utilities	2,356.72	2,613.69	4,970.41
Earthwork	--	--	--
Water Management	10,460.54	--	10,460.54
Wetland Mitigation	612.30	--	612.30
Perimeter Walls, Landscaping & Berms	2,724.36	100.00	2,824.36
Offsite Improvements	797.12	166.50	963.62
Professional Fees & Permitting	818.72	288.02	1,106.74
10% Contingency	--	316.82	316.82
<b>Total Infrastructure</b>	<b>\$18,601.32</b>	<b>\$3,485.03</b>	<b>\$22,086.34</b>

Source: Amended Engineer's Report (Appendix B hereto)

Notes:

- (1) Earthwork cost is combined with Water Management Cost
- (2) Offsite Improvements consist of Veteran's Memorial Parkway
- (3) Professional fees, under Remaining Infrastructure, is estimated at 10% of hardcost.

### 5. Improvement Completion and Acquisition Agreement

Pursuant to the Improvement Completion and Acquisition Agreement between the Developer and the Issuer (the "Acquisition Agreement"), the Developer will agree to construct and equip a portion of the 2005 Project and sell, convey, dedicate, or otherwise make available that portion of the 2005 Project to the District. The amount to be paid to the Developer must be approved by the District Manager and the value must be confirmed by the District Engineer. The Issuer will apply proceeds of the 2005 Bonds to purchase the Completed Infrastructure comprising the 2005 Project. The cost of the 2005 Project will be paid, in part, by the Deferred Costs. Completion of the Remaining Infrastructure is expected by December, 2010. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE SERIES 2005 BONDS – 'Deferred Obligations' and 'Additional Bonds and Refunding Bonds'" herein.

### 6. Permitting

The District Engineer will certify at closing that all permits necessary to complete the 2005 Project have either been obtained or, in its expert opinion, will be obtained and that there is no reason to believe that the necessary permits cannot be obtained for the entire Development. The District Engineer will further certify at closing that it has no knowledge of any pending government action that would lead to a building moratorium for the 2005 Project.

## **7. Ownership and Value of Land Within the District**

The approximately 461.3 acres within the District are owned by the Developer, except for lots that have been sold to individuals. The District property was appraised by Joseph J. Blake and Associates, Inc., of Miami, Florida. The estimated retrospective market value of the fee simple estate of the subject property, as of January 1, 2001, was \$28,300,000.

The total cost of infrastructure for the Development is expected to be approximately \$22,086,340. At the present time, the Developer has expended approximately \$18,601,320 on the 2005 Project improvements to the Development, including roadway/entry, utilities, water management (including earthwork), wetland mitigation, perimeter walls, landscaping, and berms, professional fees and permitting. To the extent the Bond proceeds are insufficient to pay for the infrastructure costs, the Developer will pay the remaining infrastructure costs, or the cost will be financed by the Issuer through the issuance of Additional Bonds.

### **The 2005 Assessments**

The information appearing below under the caption “*Methodology*” has been provided by Fishkind & Associates, Inc., in its capacity as Financial Advisor to the District. The information is included herein in reliance upon the expertise of such firm and although believed by the Underwriter to be reliable, has not been independently verified by the Underwriter or its counsel. No person other than the Financial Advisor makes any representation or warranty as to the accuracy or completeness of such information.

#### **1. General.**

Chapter 170, Florida Statutes, as amended, as authorized for use by Chapter 190, Florida Statutes, as amended, provides that payment of the 2005 Assessments is secured by a lien on the real property in the District coequal with all State, County, District, and municipal taxes, superior in dignity to all other liens, titles, and claims on such real property. The District covenants in the Indenture to assess, levy, collect, or cause to be collected the 2005 Assessments and to transfer the proceeds of such 2005 Assessments to the Trustee within one day of receipt thereof by the District.

#### **2. Collection.**

The District will use the uniform method for levy, collection, and enforcement of non-ad valorem assessments set forth in Section 197.3632, Florida Statutes, as amended, pursuant to which the District must certify to the Tax Collector a non-ad valorem assessment roll by September 15 of each year. Under the uniform method of collection, the Tax Collector will include on the tax notice issued pursuant to Section 197.3635, Florida Statutes, as amended, the dollar amount of the 2005 Assessments so certified. The District further intends to ensure that a written agreement with the Tax Collector is entered into and maintained in accordance with Section 197.3632(2), Florida Statutes, as amended, in order to permit the 2005 Assessments to be billed and collected by the Tax Collector pursuant to Section 197.3632, Florida Statutes, as amended. See “**Collection and Enforcement Procedures**” below. The terms of such agreements are typically for one year, automatically renewable for successive annual periods.

The Assessment Resolution levying the 2005 Assessments has been adopted and adjusted by the District. The collection method permits up to a 4% discount for early payment of assessments and the assessment amounts. The Tax Collector and Property Appraiser each charge for billing and collecting the 2005 Assessments.

Simultaneously with the delivery of the 2005 Bonds, it is anticipated that the District will enter into a Collection Agreement with AJC Associates of Naples, Florida, to act as collection agent (the "Collection Agent") to monitor payments of the Assessments. Pursuant to the Collection Agreement, the District has recorded a Declaration of Consent to Jurisdiction of the Tuscany Reserve Community Development District and the Imposition of Special Assessments with the Collier County Clerk's Office evidencing the requirements of payment of assessments including any prepayment of assessments on properties subject to assessments. The Collection Agent will be authorized to release the applicable lien upon receipt of each assessment. The Collection Agreement establishes procedures for the Collection Agent to monitor the status of properties subject to an Assessment and requires the Collection Agent to assure delivery of the payment to the Trustee.

### **3. Methodology.**

The Financial Advisor to the Issuer, Fishkind & Associates, Inc., has prepared an Adopted Assessment Methodology Report dated October 30, 2002, and a Supplemental Assessment Report dated November 17, 2005, which will be collectively included herein as Appendix C (the "Assessment Methodology Report"). The Assessment Methodology Report sets forth a master assessment methodology (the "Methodology") for allocating the special benefit to certain lands in the Development as a result of the 2005 Project.

The Methodology provides for the 2005 Assessments to be initially allocated to all developable acres in the Development on an equal acreage basis. As these lands are platted and subdivided, the 2005 Assessments are further allocated to these developed properties on a per unit basis in accordance with the Methodology. However, the debt per acre on the land that remains unplatted is not allowed to increase above a specific ceiling level, which is established when the 2005 Bonds are issued. (See **APPENDIX C – ASSESSMENT METHODOLOGY REPORT – "True Up Mechanism"**). If the effect of a plat causes the debt per remaining unplatted acre to increase above the established ceiling level, the Developer would be required to make a debt reduction payment to cause the remaining debt per unplatted acre to be no more than the established ceiling level.

Based upon the land use plan created by the Developer, the District Engineer has generated a Capital Improvement Program ("CIP") for the portion of the infrastructure that the District will provide. The 2005 Bonds will fund the portion of the CIP constituting the 2005 Project, and the balance of the CIP will be funded through a future series of bonds or alternately by contributions from the Developer.

In allocating the special assessment costs to property within the District benefited by the CIP, the Assessment Methodology establishes two functional categories: (i) roadways and related appurtenances, and (ii) all other facilities and services.

For roadways and related appurtenances the Methodology utilizes estimates of trip generation rates by land use type as developed by the Institute of Transportation Engineers. The Developer has defined the land uses for the property within the District (the “Development Program”). (See Table 1 of the Preliminary Supplemental Assessment Methodology). Each land use type has an associated rate of generating trips onto the District’s roadways. Thus, the total volume of traffic to be accommodated on the roadways can be estimated and costs allocated on the basis of trips. Table 4 of the Preliminary Supplement Assessment Methodology allocates the roadway debt to the Development Program based on standardized trips.

The balance of the CIP provides a variety of benefits to the District property, including primarily storm water management and security in the form of the perimeter wall and berm. The benefits from these facilities are allocated on the basis of equivalent residential units or ERUs. The standard is the Mansion Homes lot at 1 ERU. Each of the other land uses in the District is assigned an ERU equivalency to the Mansion Homes lot based on relative size of the land associated with that particular type of land use. Table 4 of the Preliminary Supplemental Assessment Methodology allocates the other improvements cost allocation based on an ERU factor, with mansion homes having an ERU factor per unit of 1.00, grand estate homes having an ERU factor per unit of 0.49, villas having an ERU factor per unit of 0.25, and attached villa condominiums having an ERU factor per unit of 0.17.

The 2005 Project has been completed and the platting of home sites has started within the District. The 2005 Assessments will be assigned to condominium units that have received a certificate of occupancy (“CO”) and to single-family properties as they are platted. Therefore, at the time a unit is platted or alternatively receives a CO, that unit will be assigned a Series 2005A and 2005B debt allocation. At the time that a unit is sold and closed to an end user, the Series 2005B Paydown amount (shown in Table 9 of the Preliminary Supplemental Assessment Methodology) must be paid. In the “completed development state” all of the single-family units have been platted and all of the condominium units have received a CO. At that point, the total par value of the 2005 Bonds have been assigned as specific assessments against each of the development units within the Development Program.

The District does not anticipate issuing bonds which would require an annual debt service assessment to exceed the amounts indicated below:

<b><u>Product</u></b>	<b><u>Units <sup>(1)</sup></u></b>	<b><u>Annual Assessment Per Unit</u></b>	<b><u>Tax Bill Annual Assessment Per Unit</u></b>
Mansion Homes	13	\$4,133	\$4,468
Grand Estate Homes	57	\$3,740	\$4,043
Villas	177	\$1,968	\$2,128
Attached Villa	62	\$1,968	\$2,128
Condominiums			

Source: Supplemental Assessment Methodology Report, Table 8

(1) Unit mix is subject to change based on marketing and other factors.

#### **4. *Prepayment.***

Pursuant to the terms of applicable state law, the owner of property subject to 2005 Assessments may pay the entire balance of the Assessment remaining due, without interest, within thirty days after the 2005 Project has been completed and the Board of Supervisors has adopted a resolution accepting the 2005 Project as provided by Florida Statutes, Section 170.09, as amended. This prepayment right under Section 170.09, Florida Statutes, will be waived on behalf of the Developer and future landowners in the District. The Assessment Resolutions levying the 2005 Assessments provide that the owner of any property subject to the 2005 Assessments may, after the 30-day period described above, (i) pay the remaining unpaid balance, plus certain interest to accrue, at any time and (ii) pay a portion of the remaining unpaid balance, but only one time. The 2005A Bonds and 2005B Bonds will be subject to extraordinary mandatory redemption, in whole on any date or in part on any Interest Payment Date at a redemption price of 100% of the principal amount of thereof, without premium, together with accrued interest to the redemption date, from amounts deposited into the 2005A Prepayment Subaccount and 2005B Prepayment Subaccount, respectively, of the 2005 Redemption Account representing such prepayments (see **“SECURITIES BEING OFFERED—Redemption Provisions—Extraordinary Mandatory Redemption”** herein).

It is presently anticipated that on or before the date of issuance of the 2005 Bonds, the Developer will prepay a portion of the 2005 Assessments in the approximate amount of \$550,000 levied on 8 platted residential lots in the Development that are expected to be delivered as of December 31, 2005, in consideration for the Developer’s contribution to the Issuer of at least an equivalent dollar amount of the 2005 Project. Accordingly, these residential units will not be subject to the 2005B Assessments securing the 2005B Bonds, although they will remain subject to the 2005A Assessments securing the 2005A Bonds.

#### **5. *Collection and Enforcement Procedures.***

The primary sources of payment for the 2005 Bonds are the 2005 Assessments imposed on lands within the District subject to assessment pursuant to the Assessment Resolutions. To the extent that landowners fail to pay such 2005 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 2005 Bonds. The Act provides for various methods of collection of assessments, including delinquent assessments, by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of special assessment payment and collection procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes.

The District will levy 2005 Assessments that will be payable in no more than 30 annual installments, plus the capitalized interest period. Pursuant to Florida law, the District has scheduled all public hearings and taken all other steps necessary to use the uniform method of collecting and enforcing non-ad valorem assessments by the Tax Collector. Unless the District is using the uniform method of collecting the 2005 Assessments provided by Chapter 197, Florida Statutes, as amended, the District must collect delinquent assessments in accordance with Section 170.10, Florida Statutes, as amended, by instituting the necessary legal proceedings to enforce payment through foreclosure of the lien on the property or, alternatively, pursuant to

Chapter 173, Florida Statutes, as amended. Once the District begins utilizing the uniform method of collection, the District intends annually to take such further actions as are required to effectuate the collections of 2005 Assessments under the uniform method of collection provided by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, as amended.

The determination, order, levy and collection of 2005 Assessments must be done in compliance with procedural requirements and guidelines provided by law. All taxes and non-ad valorem special assessments shown on the tax notice must be paid in whole, as the Tax Collector cannot accept partial payments. Failure by the District, the Tax Collector or the Property Appraiser to comply with such requirements could result in delays in the collection of, or the complete inability to collect, annual installments of 2005 Assessments during any year pursuant to the uniform method. Such delays in the collection of, or complete inability to collect, annual installments of 2005 Assessments pursuant to the uniform method could have a material adverse effect on the ability of the District to make full or punctual payment of debt service on the 2005 Bonds (see “**RISK FACTORS**” herein).

Taxes for each year and non-ad valorem assessments billed by the Tax Collector on the tax notice are payable during the period commencing November 1 of such year and ending March 31 of the following year. If the amounts on the tax notice (including the annual installments of 2005 Assessments) are paid during the November following the billing or during the succeeding three months, the taxpayer is granted a discount equal to four percent (4%) in November and decreasing one percent (1%) per month to one percent (1%) in February. All unpaid levies become delinquent on April 1 of the year following the November in which they are billed. Commencing in April, a one percent (1%) per month penalty accrues on the unpaid tax notice. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Collection of delinquent taxes is, in essence, based upon the sale by the Tax Collector of “tax certificates” on the assessed parcel and the remittance to the District of the proceeds of such sale. In the event of a delinquency in the payment of taxes or non-ad valorem special assessments, the landowner may, prior to the sale of tax certificates, pay delinquent taxes plus an interest charge of up to eighteen percent (18%) per annum on the amount of delinquent taxes. If the landowner does not act, the Tax Collector is required to sell a tax certificate to the person who pays the levies owing and interest and penalties thereon and certain costs, and who accepts the lowest interest rate (not to exceed 18% per annum) to be borne by the certificate. If there are no bidders, the County is to hold, but not pay for, tax certificates with respect to the property, bearing interest at the maximum legal rate of interest. 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 eighteen percent (18%) per annum and a fee. The demand for such certificates is dependent upon various factors which include the interest (and the rate thereof) which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates (which may be subject to “tax deed” sale after 2 years at the demand of the certificate owner). The underlying market value of the property in the District should determine the demand for such property and the expectation of successful collection of delinquent annual installments of 2005 Assessments thereon which are the primary source of payment of the 2005 Bonds.

Any tax certificate in the hands of a person other than the County may be redeemed and canceled by anyone prior to the time a tax deed is issued or the property is placed on the list of lands available for sale. The person effecting such redemption must pay the face amount of the certificate and interest at the rate borne by the certificate plus costs and other charges. Regardless of the interest rate actually borne by the certificates, persons redeeming tax sale certificates must pay a minimum interest rate of five percent (5%), unless the rate borne by the certificates is zero percent (0%). 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 below.

The private holder of a tax certificate that has not been redeemed has seven years from the date of issuance of the tax certificate in which to act against the property. After an initial period of two years from April 1 of the year of issuance of the tax certificate has passed, during which time action against the land is held in abeyance to allow for sales and redemptions of tax sales certificates, such holders may apply for a tax deed. The applicant is required to pay the Tax Collector all amounts required to redeem all other outstanding tax certificates covering the land, any omitted taxes or delinquent taxes, current taxes, if due, and interest. 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, and charges for cost of sale, redemption of other tax sales certificates on the land, and the amounts paid by such holder in applying for the tax deed, plus interest thereon. In the case of homestead property, the minimum bid must include, in addition to the amount of money required for the opening bid on non-homestead property, an amount equal to one-half of the 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 bidders, 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 sale 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 he or she is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the property and then to the former title holder of the property (less service charges), lien holders of record, mortgagees of record, vendees of recorded contracts for deeds, other lien holders and persons to whom the land was assessed on the tax roll for the year in which the land was last assessed, all as their interests may appear.

If the County holds a tax certificate and has not succeeded in selling it, the County may apply for a tax deed after the County's ownership of such certificate for two years. The County pays costs and fees to the Tax Collector but not any amount to redeem other outstanding certificates covering the land. The public bidding on non-homestead property must start at a minimum bid equal to the value of all outstanding certificates, plus omitted years taxes, delinquent taxes, interest and all costs and fees paid by the County. The minimum bid on homestead property must also include an amount equal to one-half of the latest assessed value of



the homestead. If there are no bidders, the County may purchase the land for the opening minimum bid. After ninety days, any person or governmental unit may purchase the land without further notice or advertising by paying the opening minimum bid to the County. Levies accruing after the date of public sale do not require repetition of this process, but are added to the required minimum bid. Three years after the date the land was offered for public sale, unsold lands escheat to the county in which they are located and all tax certificates and liens against the property will be canceled and the clerk will execute a tax deed vesting title in the Board of County Commissioners, with no liability to the County.

As reported for the years 1999–2003, the following table indicates the amount of County, special district, and municipal ad valorem property related revenue levied and collected:

	1999 (000's)	2000 (000's)	2001 (000's)	2002 (000's)	2003 (000's)
Total Tax Levy	\$365,312,572	\$412,278,744	\$484,784,426	\$559,647,578	\$639,306,061
Deductions <sup>(1)</sup>	(20,376,065)	(22,946,579)	(26,631,653)	(31,197,733)	(35,586,548)
Additions <sup>(2)</sup>	382,444	475,464	500,812	531,187	549,442
Net Taxes Collected	\$345,318,951	\$389,807,629	\$458,653,585	\$528,981,032	\$604,268,955
Percent of Total Taxes Collected + Discounts To Tax Levy	94.53%	94.55%	94.61%	94.52%	94.52%

Source: Office of the Collier County Tax Collector 2004 Annual Report

(1) Includes adjustment to tax roll, discounts allowed, county certificates held, warrants issued, and fees deducted.

(2) Includes penalties collected and additions to tax roll.

Neither the District 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 Collier County Tax Collector and Property Appraiser.

Neither the District nor the Underwriter can give any assurance to the owners of the 2005 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 2005 Assessments, (2) that future landowners and taxpayers in the District will pay such 2005 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 District, and (4) that eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Indenture to discharge the Assessment lien and all other liens that are coequal therewith.

**DEBT SERVICE SCHEDULE**

	Series 2005A Bonds		Series 2005B Bonds		Total of Principal and Interest**
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Both Bonds</u>
05/01/2006	--	\$250,018.25	--	\$241,898.85	\$491,917.10
11/01/2006	--	298,035.00	--	288,356.25	586,391.25
05/01/2007	\$140,000.00	298,035.00	--	288,356.25	726,391.25
11/01/2007	--	294,150.00	--	288,356.25	582,506.25
05/01/2008	150,000.00	294,150.00	--	288,356.25	732,506.25
11/01/2008	--	289,987.50	--	288,356.25	578,343.75
05/01/2009	160,000.00	289,987.50	--	288,356.25	738,343.75
11/01/2009	--	285,547.50	--	288,356.25	573,903.75
05/01/2010	170,000.00	285,547.50	--	288,356.25	743,903.75
11/01/2010	--	280,830.00	--	288,356.25	569,186.25
05/01/2011	180,000.00	280,830.00	--	288,356.25	749,186.25
11/01/2011	--	275,835.00	--	288,356.25	564,191.25
05/01/2012	190,000.00	275,835.00	--	288,356.25	754,191.25
11/01/2012	--	270,562.50	--	288,356.25	558,918.75
05/01/2013	200,000.00	270,562.50	--	288,356.25	758,918.75
11/01/2013	--	265,012.50	--	288,356.25	553,368.75
05/01/2014	210,000.00	265,012.50	--	288,356.25	763,368.75
11/01/2014	--	259,185.00	--	288,356.25	547,541.25
05/01/2015	225,000.00	259,185.00	--	288,356.25	772,541.25
11/01/2015	--	252,941.25	--	288,356.25	541,297.50
05/01/2016	235,000.00	252,941.25	\$10,985,000.00	288,356.25	11,761,297.50
11/01/2016	--	246,420.00	--	--	242,420.00
05/01/2017	250,000.00	246,420.00	--	--	496,420.00
11/01/2017	--	239,482.50	--	--	239,482.50
05/01/2018	265,000.00	239,482.50	--	--	504,482.50
11/01/2018	--	232,128.75	--	--	232,128.75
05/01/2019	280,000.00	232,128.75	--	--	512,128.75
11/01/2019	--	224,358.75	--	--	224,358.75
05/01/2020	295,000.00	224,358.75	--	--	519,358.75
11/01/2020	--	216,172.50	--	--	216,172.50
05/01/2021	310,000.00	216,172.50	--	--	526,172.50
11/01/2021	--	207,570.00	--	--	207,570.00
05/01/2022	330,000.00	207,570.00	--	--	537,570.00
11/01/2022	--	198,412.50	--	--	198,412.50
05/01/2023	345,000.00	198,412.50	--	--	543,412.50
11/01/2023	--	188,838.75	--	--	188,838.75
05/01/2024	365,000.00	188,838.75	--	--	553,838.75
11/01/2024	--	178,710.00	--	--	178,710.00
05/01/2025	390,000.00	178,710.00	--	--	568,710.00
11/01/2025	--	167,887.50	--	--	167,887.50
05/01/2026	410,000.00	167,887.50	--	--	577,887.50
11/01/2026	--	156,510.00	--	--	156,510.00
05/01/2027	435,000.00	156,510.00	--	--	591,510.00

11/01/2027	--	144,438.75	--	--	144,438.75
05/01/2028	460,000.00	144,438.75	--	--	604,438.75
11/01/2028	--	131,673.75	--	--	131,673.75
05/01/2029	485,000.00	131,673.75	--	--	616,673.75
11/01/2029	--	118,215.00	--	--	118,215.00
05/01/2030	510,000.00	118,215.00	--	--	628,215.00
11/01/2030	--	104,062.50	--	--	104,062.50
05/01/2031	540,000.00	104,062.50	--	--	644,062.50
11/01/2031	--	89,077.50	--	--	89,077.50
05/01/2032	575,000.00	89,077.50	--	--	664,077.50
11/01/2032	--	73,121.25	--	--	73,121.25
05/01/2033	605,000.00	73,121.25	--	--	678,121.25
11/01/2033	--	56,332.50	--	--	56,332.50
05/01/2034	640,000.00	56,332.50	--	--	696,332.50
11/01/2034	--	38,572.50	--	--	38,572.50
05/01/2035	675,000.00	38,572.50	--	--	713,572.50
11/01/2035	--	19,841.25	--	--	19,841.25
05/01/2036*	715,000.00	19,841.25	--	--	734,841.25
<b>Totals</b>	<b>\$10,740,000</b>	<b>\$11,857,843.25</b>	<b>\$10,985,000</b>	<b>\$6,009,023.85</b>	<b>\$39,591,867.10</b>

Note: Annual debt service totals are based on 5/1 and 11/1 payments in each year.

\* Maturity

\*\* Totals are subject to change due to reamortizations resulting from prepayments of assessments.

## RISK FACTORS

In analyzing the 2005 Bonds, prospective purchasers should carefully consider the following risk factors, among others, that may adversely affect the security for the 2005 Bonds. This caption does not purport to summarize all risks that may be associated with purchasing or owning the 2005 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 2005 Bonds.

1. There has been an appraisal on the property within the District; however, the Appraisal is dated January 1, 2001, and therefore is not current and may not represent the current value of the property. Each investor should independently determine that the property encumbered by the assessments is sufficiently valuable to insure the repayment of the assessments.

2. The 2005 Assessments have been levied on all real property in the District, much of which is owned by the Developer. Until further sales and development of property in the District occurs, payment of the 2005 Assessments is in large part dependent upon their timely payment by the Developer. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer, or any other subsequent significant owner of property within the District, there could be delays or a diminution in the payment of debt service on the 2005 Bonds as such bankruptcy could negatively impact the ability of the District to foreclose the Assessment

Lien and to sell the encumbered property. In such event, the interests of the owners of the 2005 Bonds would be adversely affected.

3. Unpaid 2005 Assessments do not constitute a personal indebtedness of the owners of the specially benefited land within the District, but only constitute a lien upon the specially benefited land. There is no assurance that the property owners will be able to pay the 2005 Assessments or that they will pay such 2005 Assessments even though financially able to do so. Failure by owners of the specially benefited land to pay the 2005 Assessments when due or the inability of the District to foreclose the Assessment Lien and sell the encumbered property for amounts sufficient to cover delinquent 2005 Assessments levied against such land may result in the inability of the District to make full or punctual payment of debt service on the 2005 Bonds.

4. The remedies available to the Trustee and the owners of the 2005 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 federal, state and local law and in the Indenture and the 2005 Bonds, including, without limitation, the imposition of the 2005 Assessments and the issuance of the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2005 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery and by principles of equity. The inability, either partially or fully, to enforce remedies available respecting the 2005 Bonds could have a material adverse impact on the interest of the owners thereof.

5. No application for a rating on the 2005 Bonds has been made. Nor is there any reason to believe that the District would have been successful in obtaining an investment grade rating for the 2005 Bonds had application been made.

6. The District and the 2005 Project may be affected by changes in general economic conditions, fluctuations in the real estate market, and other factors. In addition, the proposed 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, both public and private, and construction of the 2005 Project in accordance with applicable zoning, land use, and environmental regulations for the development. Although the Engineers believe that all permits and approvals are capable of being obtained, in the event that those permits or approvals are not forthcoming or are significantly delayed, the ability of the District to complete the 2005 Project and the Developer to develop the community would be significantly impaired or frustrated.

7. Although the maturity of the 2005 Bonds may be accelerated in the event of a default as described in the Indenture, the assessments that are the source of repayment of the 2005 Bonds cannot be accelerated and therefore the ability of the maturity of the 2005 Bonds to be accelerated is not practically available. It should also be noted that although the Indenture obligates the District to replenish the Reserve Account to an amount equal to the Reserve

Account Requirement in the event amounts on deposit therein are withdrawn to pay debt service on the Series 2005 Bonds, the District does not have a designated revenue source for replenishing this account. Moreover, the District may not re-assess real property then burdened by the Special Assessments to fund deficiencies in the Reserve Account.

8. Unless the District utilizes the uniform method of collecting assessments it cannot make use of the collection remedies, including the sale of tax certificates, provided by Chapter 197, Florida Statutes. Once the District utilizes the uniform method of collection, the assessments will be included on the tax bill with many other taxes. Many county, school district, and special district taxes and special assessments, and voter approved ad valorem taxes levied to pay principal of and interest on bonds, including the 2005 Assessments levied by the District, are payable at one time. If a taxpayer does not make complete payment, such taxpayer cannot designate specific tax bill line items as deemed paid in full. The Tax Collector will not accept partial payment and any partial payment is returned to the taxpayer. Therefore, any failure to pay any one line item, whether it be the Special Assessments or some other line item, will cause the Special Assessments to not be collected to that extent, which could have a significant adverse impact on the District's ability to make full or punctual payment of debt service on the 2005 Bonds.

9. Although the Indenture obligates the District to replenish the 2005A Reserve Account and the 2005B Reserve Account to an amount equal to the 2005 Reserve Account Requirement in the event amounts on deposit therein are withdrawn to pay debt service on the Series 2005 Bonds, the District does not have a designated revenue source for replenishing this account. The District may not re-assess real property then burdened by the Special Assessments to fund deficiencies in the Series 2005 Debt Service Reserve Account.

## **LEGAL MATTERS**

### **Validation**

The Bonds, of which the 2005 Bonds are the first Series, were validated by a Final Judgment of the Twentieth Judicial Circuit Court in and for Collier County, Florida, issued October 28, 2002, and the period during which an appeal could be taken from that judgment expired with no appeal having been 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.

### **Enforceability of Remedies**

The remedies available to the owners of 2005 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 Trust Indenture may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2005 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.

### **Litigation**

According to the District Counsel, there is no litigation of any nature now pending or threatened with regards to the District restraining or enjoining the issuance, sale, execution or delivery of the 2005 Bonds, or in any way contesting or affecting the validity of the 2005 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2005 Bonds, or the existence or powers of the District.

### **Legal Proceedings**

All legal matters related to the authorization, issuance, sale, and delivery of the 2005 Bonds will be passed upon by Nabors, Giblin & Nickerson, P.A. of Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the District by its counsel, Goodlette Coleman & Johnson, P.A. of Naples, Florida; certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, P.A., of Tallahassee, Florida.

### **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 is not and has never been in default as to principal and interest on its bonds or other debt obligations.

## **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 2005 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 2005 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 2005 Bonds to be included in gross income retroactive to the date of issuance of the 2005 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 2005 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 D** 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 2005 Bonds and the application of the proceeds of the 2005 Bonds.

The Code contains numerous provisions which could affect the economic value of the 2005 Bonds to certain owners of the 2005 Bonds. The following is a brief summary of some of the significant provisions that may be applicable to particular owners of the 2005 Bonds. Prospective owners of the 2005 Bonds, however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

The 2005 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 2005 Bonds or, in the case of banks and certain other financial institutions, interest expense allocable to interest on the 2005 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 2005 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 2005 Bonds.

Interest on the 2005 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 2005 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 2005 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 2005 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 2005 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.

## **MISCELLANEOUS**

### **Suitability For Investment**

While the 2005 Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Underwriter will initially offer the 2005 Bonds only to accredited investors within the meaning of the rules of the Florida Department of Banking and Finance and Chapter 189, Florida Statutes. This investor limitation on the initial offering does not denote restrictions on transfer in any secondary market for the 2005 Bonds. Prospective investors in the 2005 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the 2005 Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Each prospective investor will be given access to such additional information, including the benefit of a site visit of the District and the opportunity to ask questions of representatives of the Developer, as such investor deems necessary in order to make an informed decision with respect to the purchase of the 2005 Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to: William J. Reagan, Banc of America Securities LLC, 4501 Tamiami Trail North, Suite 400, Naples, Florida 34103, telephone (239) 659-2208.



## **Ratings**

No application for a rating on the 2005 Bonds has been made. Nor is there any reason to believe that the District would have been successful in obtaining an investment grade rating for the 2005 Bonds had application been made.

## **Continuing Disclosure**

The Securities and Exchange Commission (the “Commission”) under Rule 15c2-12 (the “Rule”) of the Securities and Exchange Act of 1934, as amended, prohibits underwriters from purchasing or selling municipal securities unless such underwriters have reasonably determined that the “issuer” and any “obligated persons” with respect thereto have undertaken to provide continuing disclosure with respect to its securities. In the Indenture, in its agreement with the Underwriters, and in a Continuing Disclosure Agreement (the form of which is attached as Appendix E), the District has covenanted to deliver to each nationally recognized municipal securities information repository (“NRMSIR”) and to the appropriate Florida information depository, if any, certain financial information and operating data relating to the District and the Developer (“Annual Information”), on or before March 31 of each year commencing March 31, 2006 (the Developer has agreed to provide quarterly information), and to provide timely notices to the Municipal Securities Rulemaking Board (the “MSRB”) and to the appropriate Florida information depository, if any, of the occurrence of any of certain significant events with respect to the 2005 Bonds.

The District is also required to provide, in a timely manner, to the MSRB and to the appropriate Florida information depository, if any, any failure on the part of the District or other “obligated person” to provide such information.

The District’s undertaking to conform to the requirements of the Rule in no way creates new contractual or other rights for the original purchasers of the 2005 Bonds or any other purchaser or owner of the 2005 Bonds, or any broker, dealer, or other persons. The sole remedy in the event of any actual or alleged failure by the District to comply with the Rule shall be an action for the specific performance of the District’s obligations and not for money damages. Any failure by the District to comply with any provision of such undertaking shall not constitute an event of default with respect to the 2005 Bonds.

In addition, the District is required to file certain information, including audited annual financial statements, with the Department of Community Affairs of Florida, and to maintain records open to the public for examination and copying under state public records laws. Also, copies of audited annual financial statements and certain other information are required to be filed with the Trustee. Public records of the District may be examined during normal business hours at the offices of Governmental Management Services – South Florida LLC, 4802 West Commercial Boulevard, Ft. Lauderdale, Florida 33319, telephone (954) 733-9953, and the District will furnish copies of any public records of the District to any Owner or person claiming a beneficial ownership interest in the 2005 Bonds, upon written request of such Owner or person specifying the particular records to be copied and payment of the District’s reasonable copying charges then in effect and mailing or other delivery costs.

## **Underwriting**

The Underwriter will, pursuant to a Bond Purchase Agreement to be entered into with the District, agree, subject to the satisfaction of certain conditions, to arrange for the subscription and purchase of the 2005 Bonds from the District in a limited offering transaction on November 30, 2005 or such later date as the District and the Underwriter may agree (the “Closing Date”) at an issue price of 100% less underwriting discount of \$325,875.00. See “**SECURITIES BEING OFFERED—Purpose—Sources and Uses of Funds.**” The Underwriter will be entitled to be released and discharged from its obligations under the 2005 Bond Purchase Agreement in certain circumstances prior to payment to the District.

The Underwriter intends to initially offer the 2005 Bonds only to accredited investors at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the 2005 Bonds to certain dealers (including dealers depositing the 2005 Bonds into investment trusts) at prices lower than the public offering price. The Financial Advisor, Fishkind & Associates, Inc., will not participate in the Underwriting, although it will be delivering a certificate at closing of the 2005 Bonds.

## **Accuracy and Completeness of Limited Offering Memorandum**

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the 2005 Bonds.

The information and expression of opinion herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District from the date hereof. However, certain parties to the transaction will, at the closing of the 2005 Bonds, deliver certificates certifying from the date of the Limited Offering Memorandum to the date of closing of the 2005 Bonds that there has been no material adverse change in the information provided.

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

## **Certificate Concerning Limited Offering Memorandum**

We, the undersigned Chairman and Secretary of the Tuscan Reserve 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 17th day of November, 2005.

**Tuscany Reserve Community Development District**

By: \_\_\_\_\_  
**Chairman**

**( S E A L )**

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

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This Table of Contents is incorporated herein for ease of reference only as shall not be deemed a part of the Master Trust Indenture.

**MASTER TRUST INDENTURE**

**TUSCANY RESERVE  
COMMUNITY DEVELOPMENT DISTRICT**

**TO**

**WACHOVIA BANK, NATIONAL ASSOCIATION, AS TRUSTEE**

**Dated as of January 1, 2003**

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in serving the District's goal of properly managing the acquisition, construction, and operation of portions of the infrastructure within the boundaries of the District:

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

**GRANTING CLAUSES**

That the District, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds (hereafter defined) by the Owners (hereafter defined), and of the sum of ten dollars (\$10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the District herein set forth: (i) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series, Additional Bonds of such Series and other obligations issued expressly on parity therewith and for no other Series;

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

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds of a Series, without preference of any Bond of such Series over any other Bond of such Series, (b) for enforcement of the payment of the Bonds of a Series, in accordance with their terms and the terms of this Master Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds, and all other sums payable hereunder, under the Supplemental Indenture authorizing such Series of Bonds or on the Bonds

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**APPENDIX A - Form of Requisition  
MASTER TRUST INDENTURE**

**THIS IS A MASTER TRUST INDENTURE**, dated as of January 1, 2003, by and between **TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and Wachovia Bank, National Association, as trustee (the "Trustee") a national banking association existing under the laws of the United States and having the authority to exercise corporate trust powers, with its designated corporate trust office located in Miami, Florida and its designated office and post office address located at 200 South Biscayne Boulevard, 14th Floor, Miami, Florida 33131, Attention: Corporate Trust Department.

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

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

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

**WHEREAS**, the District has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects (hereafter defined) is and will be necessary and desirable

of such Series, and (c) for the enforcement of and compliance with the obligations, covenants and conditions of this Master Indenture except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (hereafter defined) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Master Indenture, all as herein set forth.

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

**ARTICLE I  
DEFINITIONS**

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

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

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

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

"**Accreted Value**" shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital

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

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

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

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

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

**"Amortization Installments"** shall mean the moneys required to be deposited in the Series Redemption Account within the Debt Service Fund for the purpose of redeeming and paying when due any Term Bonds, the specific amounts and dates of such deposits to be set forth in a Supplemental Indenture.

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

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

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

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

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

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

**"Consulting Engineers"** shall mean the engineer, engineering firm or corporation having a favorable repute for skill and experience as a consulting engineer employed by the District in the capacity of consulting engineer.

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

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

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

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

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referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Investment Obligations**" shall have the meaning ascribed in the Supplemental Indenture with respect to each Series of Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"Supplemental Indenture"** shall mean an indenture supplemental hereto authorizing the issuance of a Series of Bonds hereunder and establishing the terms thereof and the security therefor and shall also mean any indenture supplemental hereto entered into for the purpose of amending the terms and provisions hereof with respect to all Bonds in accordance with Article XI hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 102. Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Owner," "person," "Paying Agent," and "Bond Registrar" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

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

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

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

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surveys, and studies, and the costs of printing the Bonds and preliminary and final disclosure documents.

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

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

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

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

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

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

for each such Series of Bonds issued hereunder;

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

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

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

**Section 503. Acquisition and Construction Fund.**

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

- (i) the amount set forth in the Supplemental Indenture relating to such Series of Bonds;
- (ii) payments made to the District from the sale, lease or other disposition of the Series Project or any portion thereof;
- (iii) the balance of insurance proceeds with respect to the loss or destruction of the Series Project or any portion thereof; and
- (iv) such other amounts as may be provided in a Supplemental Indenture.

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

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

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

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

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

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

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

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

- (i) a Series Interest Account,
- (ii) a Series Principal Account, and

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

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

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

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

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

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

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

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

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

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

(iv) in each Bond Year in which Capital Appreciation Bonds of such Series mature to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Maturity Amount payable with respect to the Capital Appreciation Bonds of such Series maturing on such Interest Payment Date;

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

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

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

(b) **Disposition of Remaining Amounts on Deposit in Series Revenue Account.** The District shall authorize the withdrawal, from time to time, from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond Registrar, and Paying Agent, when due. Subject to the provisions of Section 604 hereof, if (x) the amount on deposit in the Series Interest Account, Series Principal Account, and Series Redemption Account in each Bond Year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installment required to be paid into the Series Redemption Account in such Bond Year, and if the Debt Service Reserve Account

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balance in the Series Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

#### **Section 506. Optional Redemption.**

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

(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds, the Trustee shall transfer into such Accounts from the related Series Revenue Account sufficient moneys to pay such accrued interest. In the event that there are insufficient moneys on deposit in the related Series Principal Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction

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is fully funded, then (y) any amounts remaining in the Series Revenue Account shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser, or, if such commissions, fees, costs, or other charges have been paid by the District, then such amounts shall be applied to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amount has been withdrawn and paid for such expenses of collection, any amounts remain in the Series Revenue Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District. After making the payments provided for in this subsection (b), the balance, if any, remaining in the Series Revenue Account shall be retained therein, or, at the written direction of an Authorized Officer to the Trustee, transferred into the Series Redemption Account.

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

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

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

(f) **Payment to District.** When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture required to be paid have been paid as certified to the Trustee in writing by an Authorized Officer, the Trustee shall pay any

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of the District, transfer moneys into such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer to the Trustee by the District accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (ii) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (ii) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the District in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. If any Bonds are purchased pursuant to this Subsection (b), the principal amount of the Bonds so purchased shall be credited as follows:

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

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1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District.

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

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

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

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

**Section 812. Delinquent Assessments, Benefit Special Assessments or Maintenance Special Assessments.** If the owner of any lot or parcel of land shall be delinquent in the payment of any

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power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Fund. Not less than ten (10) days prior to the filing of any foreclosure action as herein provided, the District shall cause written notice thereof to be mailed to the Trustee and any designated agents of the Owners of the related Series of Bonds or as provided in the Supplemental Indenture relating to such Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to the Trustee and any designated agent of the Owners of the related Series of Bonds. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the related Series of Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Owners of at least fifteen percent (15%) in aggregate principal amount of the Outstanding Bonds of such Series.

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

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

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

Upon the date of issuance of each Series of Bonds, all conditions, acts and things required by law and this Master Indenture and any Supplemental Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds shall exist, have happened and have

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

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

**Section 814. Sale of Tax Deed or Foreclosure of Assessment, Benefit Special Assessment or Maintenance Special Assessment Liens.** If any property shall be offered for sale for the nonpayment of any Assessment, Benefit Special Assessment or Maintenance Special Assessment which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount equal to the full amount due on the Assessment or Maintenance Special Assessment (principal, interest, penalties and costs, plus attorneys' fees, if any), the property shall then be purchased by the District for an amount equal to the balance due on the Assessment or Maintenance Special Assessment (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments, Benefit Special Assessments or Maintenance Special Assessments were pledged. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the

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been performed and upon issuance the issue of such Series of Bonds shall be within every debt and other limit prescribed by the laws of the State of Florida applicable to the District.

## ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

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

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

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

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and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or

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

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

**Section 904. Enforcement of Remedies.** Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee or, if the Trustee

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without any discrimination or preference except as to any difference in the foregoing rates of interest.

(b) If the aggregate principal amount of all the Bonds of a Series shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied first to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then to the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other installment of interest, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds of such Series.

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

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

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

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

**Section 905. Pro Rata Application of Funds Among Owners of a Series of Bonds.**

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

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

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

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

**Third:** to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds of such Series which shall have become due (other than Bonds of such Series called for redemption for the payment of which sufficient moneys are held pursuant to this Master Indenture), in the order of their due dates, with interest upon the Bonds of such Series at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Bonds of such Series due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Bonds of such Series entitled thereto

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

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

**Section 908. No Remedy Exclusive.** No remedy conferred upon the Trustee or the Owners is intended to be exclusive of any other remedy herein or in any Supplemental Indenture provided, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder.

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

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

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

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

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

**Section 1001. Execution of Instruments by Owners and Proof of Ownership of Bonds.**

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

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

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

**ARTICLE XI  
SUPPLEMENTAL INDENTURES**

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

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

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

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

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

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

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

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

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

Whenever, at any time within one (1) year after the date of the first mailing of such notice, there shall be delivered to the District an instrument or instruments in writing purporting to be executed by the Owners of the requisite principal amount of the Bonds of such Series Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body and the Trustee may approve such Supplemental Indenture and cause it to be executed, in substantially such form, without liability or responsibility to any Owner.

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

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

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

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

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

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

**Section 1102. Supplemental Indentures With Owner Consent.** Subject to the provisions contained in this Section, and not otherwise, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding,

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

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

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

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

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

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

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ARTICLE XII  
DEFEASANCE

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

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

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All Outstanding Bonds of any particular maturity or Series shall prior

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and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) As to any Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a) or (b) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds and obligations under any Letter of Credit Agreement and any Liquidity Agreement pursuant to the provisions of this Section, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture or under any Letter of Credit Agreement or any Liquidity Agreement.

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

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit

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

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of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

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

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

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

ARTICLE XIII  
MISCELLANEOUS PROVISIONS

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

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to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

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

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

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

To the District, addressed to:

District Manager  
Tuscany Reserve Community Development District  
10300 N.W. 11th Manor  
Coral Springs, Florida 33071

To the Trustee, addressed to:

Wachovia Bank, National Association  
200 South Biscayne Boulevard, 14th Floor  
Miami, Florida 33131  
Attention: Corporate Trust Department

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

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

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

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

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

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

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

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

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

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

SEAL

**TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT**

ATTEST:

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

\_\_\_\_\_  
Secretary

SEAL

**WACHOVIA BANK, NATIONAL ASSOCIATION, as Trustee**

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

**EXHIBIT A**

**FORM OF REQUISITION**

The undersigned, an Authorized Officer of Tuscany Reserve Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to Wachovia Bank, National Association, as trustee (the "Trustee"), dated as of January 1, 2003 (the "Master Indenture"), as amended and supplemented by the [ ] Supplemental Indenture from the District to the Trustee, dated as of [ ] (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

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

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

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

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

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

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

**TUSCANY RESERVE  
COMMUNITY DEVELOPMENT DISTRICT**

By:

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

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

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

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

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**FIRST SUPPLEMENTAL TRUST INDENTURE**
  
  
**TUSCANY RESERVE**
  
  
**COMMUNITY DEVELOPMENT DISTRICT**
  
  
**TO**
  
  
**WACHOVIA BANK, NATIONAL ASSOCIATION,**
  
  
**AS TRUSTEE**
  
  
  
  
**Dated as of November 1, 2005**


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**FIRST SUPPLEMENTAL TRUST INDENTURE**

**THIS FIRST SUPPLEMENTAL TRUST INDENTURE** (the "First Supplemental Indenture") dated as of November 1, 2005, from **TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **WACHOVIA BANK, NATIONAL ASSOCIATION**, as Trustee (the "Trustee"), a national banking association, and authorized to accept and execute trusts of the character herein set out, with its designated corporate trust office and post office address located at 200 South Biscayne Boulevard, 14th Floor, Miami, Florida 33131, Attention: Corporate Trust Department.

**WHEREAS**, the District has entered into a Master Trust Indenture, dated as of November 1, 2005 (the "Master Indenture") with the Trustee to secure the issuance of its Tuscany Reserve Community Development District Capital Improvement Revenue Bonds (the "Bonds"), issuable in one or more series from time to time; and

**WHEREAS**, pursuant to Resolution 2002-15, adopted by the Governing Body on September 12, 2002 (as amended and supplemented by the Award Resolution hereinafter defined, the "Bond Resolution"), the District authorized the issuance, sale and delivery of not to exceed \$55,000,000 of its Tuscany Reserve Community Development District Capital Improvement Revenue Bonds (the "Bonds"), to be issued in one or more Series of Bonds as authorized under the Master Indenture, which Bonds were validated by final judgment of the Circuit Court of Collier County, Florida on October 28, 2002; and

**WHEREAS**, the Governing Body of the District duly adopted Resolution No. 2002-13, on September 12, 2002 providing for the acquisition and construction of a capital improvement program contained in the report of the consulting engineer (the "Capital Improvement Program"), providing estimated Costs of the Capital Improvement Program, defining assessable property to be benefited by the Capital Improvement Program, defining the portion of the cost of the Capital Improvement Program with respect to which Assessments will be imposed and the manner in which such assessments shall be levied against such benefited property within the District, directing the preparation of an assessment roll, and, stating the intent of the District to issue bonds of the District secured by assessments to finance the costs of

the acquisition and construction of the Capital Improvement Program (the "Preliminary Assessment Resolution") and the Governing Body of the District duly adopted Resolution No. 2004-4, on August 12, 2004, following a public hearing conducted in accordance with the Act, to fix and establish the assessments and the benefited property (collectively, the "Assessment Resolution"); and

WHEREAS, the District has determined that it is necessary and desirable at this time to proceed with the acquisition, construction, installation and equipping of additional components of the Capital Improvement Program identified on Exhibit A hereto (the "2005 Project"); and

WHEREAS, pursuant to Resolution No 2006-03, adopted by the Governing Body of the District on October 13, 2005 (the "Award Resolution"), the District has authorized the issuance, sale and delivery of not to exceed \$23,000,000 of its Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005 (the "2005 Bonds"), which are issued hereunder in the aggregate principal amount of \$21,725,000, to be further designated "\$10,740,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005A" (the "2005A Bonds") and \$10,985,000 of its Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005B (the "2005B Bonds") as an issue of Bonds under the Master Indenture, and has authorized the execution and delivery of the Master Indenture and this First Supplemental Indenture to secure the issuance of the 2005 Bonds and to set forth the terms of the 2005 Bonds; and

WHEREAS, the District will apply the proceeds of the 2005 Bonds to: (i) finance the Cost of acquiring, constructing and equipping assessable improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A hereto, the "2005 Project"); (ii) pay certain costs associated with the issuance of the 2005 Bonds; (iii) make a deposit into the related Series Reserve Accounts for the benefit of all of the 2005 Bonds; and (iv) pay a portion of the interest to become due on the 2005 Bonds; and

WHEREAS, the 2005 Bonds will be payable from and secured by Assessments imposed, levied and collected by the District with respect to property specially benefited by the 2005 Project (the "2005 Assessments"), which, together with the 2005 Pledged Funds will comprise the 2005 Trust

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

IN TRUST NEVERTHELESS, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the 2005 Bonds issued or to be issued under and secured by this First Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any one 2005 Bond over any other 2005 Bond by reason of priority in their issue, sale or execution;

PROVIDED FURTHER HOWEVER, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the 2005 Bonds or any 2005 Bond of a particular maturity issued, secured and Outstanding under this First Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the 2005 Bonds and this First Supplemental Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this First Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Master Indenture and this First Supplemental Indenture, then upon such final payments, this First Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all 2005 Bonds or any 2005 Bond of a particular maturity, otherwise this First Supplemental Indenture shall remain in full force and effect;

THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2005 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property pledged to the payment thereof are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as in the Master Indenture (except as amended directly or by implication by this First Supplemental Indenture), including this First Supplemental Indenture, expressed, and the District has agreed and covenanted, and does hereby

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Estate, which shall constitute a "Series Trust Estate" as defined in the Master Indenture; and

WHEREAS, the execution and delivery of the 2005 Bonds and of this First Supplemental Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the 2005 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this First Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the 2005 Trust Estate have been done;

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

That the District, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the 2005 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to further secure the payment of the principal and Redemption Price of, and interest on, all 2005 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder, and such other payments due under any Letter of Credit Agreement or Liquidity Agreement (as defined in the Master Indenture), and to further secure the observance and performance by the District of all the covenants, expressed or implied in the Master Indenture, in this First Supplemental Indenture and in the 2005 Bonds: (a) has executed and delivered this First Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture the revenues derived by the District from the 2005 Assessments (the "2005 Pledged Revenues") and the Funds and Accounts (except for the 2005 Rebate Account) established hereby (the "2005 Pledged Funds and Accounts") which shall comprise a part of the Trust Estate securing the 2005 Bonds (the "2005 Trust Estate");

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agree and covenant, with the Trustee and with the respective Owners, from time to time, of the 2005 Bonds, as follows:

#### ARTICLE I DEFINITIONS

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

**"Acquisition Agreement"** shall mean the Improvement Completion and Acquisition Agreement between WCI Communities Inc., a Delaware corporation and the District.

**"Bond Depository"** shall mean the securities depository from time to time under Section 201 hereof, which may be the District.

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

**"Capital Improvement Program"** shall mean the program of assessable capital improvements established by the District in the Assessment Proceedings, a portion of which is comprised of the 2005 Project.

**"Deemed Outstanding"** shall mean, (i) in the case of the 2005A Bonds, the aggregate Outstanding principal amount of 2005A Bonds, reduced by the result of dividing (x) the amount on deposit in the 2005A Prepayment Subaccount in the 2005 Redemption Account by (y) 1- the 2005A Reserve Percentage and (ii) in the case of the 2005B Bonds, the aggregate Outstanding principal amount of 2005B Bonds, reduced by the result of dividing (x) the amount on deposit in the 2005B Prepayment Subaccount in the 2005 Redemption Account by (y) 1- the Initial 2005B Reserve Percentage.

**"Deferred Costs"** shall mean Costs of the Capital Improvement Program which have not been paid from the General Subaccount in the 2005 Acquisition and Construction Account and which are identified by the District to the Trustee in writing as having been advanced under the

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Acquisition Agreement or any other contract or agreement pursuant to which the District may become obligated to pay for Costs of the Capital Improvement Program from the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account.

**"Deferred Costs Date of Completion"** shall mean the Date of Completion of the Capital Improvement Program, as evidenced by a certificate of the Consulting Engineer establishing the Date of Completion of a Series Project, as defined in the Master Indenture, accompanied by the certificate of an Authorized Officer directed to the Trustee, on which the Trustee may conclusively rely, stating that there remain no unpaid Deferred Costs.

**"Delinquent Assessment Interest"** shall mean 2005 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Assessment Interest has, or would have, become delinquent under State law applicable thereto.

**"Delinquent Assessment Principal"** shall mean 2005A Assessment Principal or 2005B Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such 2005A Assessment Principal or 2005B Assessment Principal has, or would have, become delinquent under State law applicable thereto.

**"Developer"** shall mean, WCI Communities, Inc., a Delaware corporation.

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

**"Funding Agreement"** shall mean the Agreement between the Developer and the District pursuant to which the Developer has agreed to advance funds to pay a portion of the Costs of the Capital Improvement Program under the terms and provisions contained therein.

**"Interest Payment Date"** shall mean each May 1 and November 1, commencing May 1, 2006.

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

**"Redemption Date"** shall mean each Interest Payment Date.

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(viii) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851 (a) of the Code) that is a money market fund that is rated in the highest rating category by both Moody's and S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P;

(ix) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market daily with Collateral, as hereinafter defined, with a domestic or foreign bank or Corporation (other than life or property casualty insurance company) the long-term debt of which, or, in the case of a mono-line financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's provided that the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's falls below "AA" or "Aa3", respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within ten days of receipt of publication of such downgrade, either (A) maintain Collateral at levels sufficient to maintain an "AA: rated investment from S&P and an "Aa" rated investment from Moody's or (B) repurchase all Collateral and terminate the repurchase agreement. Further, if the provider's rating by either S&P or Moody's falls below "A" or "A3", respectively, the provider must at the direction of the District to the Trustee, within ten (10) calendar days, either (1) maintain Collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (2) repurchase all Collateral and terminate the repurchase agreement without penalty. In the event the repurchase agreement provider has not satisfied the above conditions within ten (10) days of the date such conditions apply, then the repurchase agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall withdraw the entire amount invested plus accrued interest within two (2) Business Days. For the purposes herein, "Collateral" shall mean obligation of the United States of America (the "U.S."), agencies of the U.S., the Fannie Mae, or the Federal Home Loan Mortgage Corporation. Obligations of such entities can be in the form of collateralized mortgage obligations ("CMO's"). Any repurchase agreement entered into pursuant to this Indenture shall contain the following additional provisions:

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**"2005 Assessment Interest"** shall mean the interest on the 2005 Assessments which is pledged to the 2005 Bonds.

**"2005 Assessment Proceedings"** shall mean the proceedings of the District with respect to the establishment, levy and collection of the 2005 Assessments, including, but not limited to Resolutions No. 2002-13, 2003-1 2004-4, and 2005-7 adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the 2005 Assessments.

**"2005 Assessment Revenues"** shall mean all revenues derived by the District from the 2005 Assessments.

**"2005 Bonds"** shall mean collectively, the Series 2005A Bonds and the Series 2005B Bonds.

**"2005 Investment Obligations"** shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

- (i) Government Obligations;
- (ii) obligations of the Government National Mortgage Association (including participation certificates issued by such Association);
- (iii) obligations of the Fannie Mae (including participation certificates issued by such Association);
- (iv) obligations of Federal Home Loan Banks;
- (v) deposits, Federal funds or bankers' acceptances (with term to maturity of 270 days or less) of any bank which has an unsecured, uninsured and unguaranteed obligation rated in one of the top two rating categories by both Moody's and S & P;
- (vi) commercial paper rated in the top two rating category by both Moody's and S&P;
- (vii) obligations of any state of the United States or political subdivision thereof or constituted authority thereof the interest on which is exempt from federal income taxation under Section 103 of the Code and rated in one of the top two rating categories by both Moody's and S&P;

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(a) Failure to maintain the requisite Collateral percentage will require the District of the Trustee to liquidate the Collateral as provided above;

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

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

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

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

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

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

(h) The term of the repurchase agreement shall be no longer than one year, or, if payable upon demand, five years;

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(i) The interest with respect to the repurchase transaction shall be payable no less frequently than semi-annually;

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

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

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

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

(x) any other investment approved in writing by the Owners of a majority in aggregate principal amount of the Bonds; and

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

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Service Requirement for all Outstanding 2005 Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005 Bonds, or (iii) 10% of the proceeds of the 2005 Bonds calculated as of the date of original issuance thereof.

**"2005A Assessment Principal"** shall mean the principal amount of 2005 Assessments received by the District which represent a proportionate amount of the principal of and Amortization Installments of the 2005A Bonds, other than applicable Delinquent Assessment Principal and 2005A Prepayment Principal.

**"2005A Bonds"** shall mean \$10,740,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005A.

**"2005A Prepayment Principal"** shall mean the excess amount of 2005A Assessment Principal received by the District over the 2005A Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term 2005A Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

**"2005A Reserve Account Percentage"** shall mean: the result of dividing (x) the 2005A Reserve Account Requirement on the date of initial issuance and delivery of the 2005A Bonds (\$737,198.75), by (y) the initial Outstanding aggregate principal amount of the 2005A Bonds, which equals 6.864%.

**"2005A Reserve Account Requirement"** shall mean the lesser of: (A) on the date of initial issuance, (i) Maximum Annual Debt Service Requirement for all Outstanding 2005A Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005A Bonds, or (iii) 10% of the proceeds of the 2005A Bonds, in each case calculated as of the date of original issuance thereof, and (B) at anytime after the date of initial issuance, shall mean the 2005A Reserve Account Percentage times the Deemed Outstanding principal amount of the 2005A Bonds, as of the time of any such calculation.

**"2005B Assessment Principal"** shall mean the principal amount of 2005 Assessments received by the District which represent a proportionate amount of the principal of and Amortization Installments of the 2005B

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least 2 national rating agencies with a minimum rating of A2, AA or AA by Moody's, S&P or Fitch, respectively (if the term of such agreement is more than 365 days) or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

(a) interest in paid at least semiannually at a fixed rate (subject to adjustments for yield restriction required by the Code) during the entire term of the agreement, consistent with the Interest Payment Dates;

(b) moneys invested thereunder may be withdrawn without penalty, premium, or charge upon not more than two days' notice.

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

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

(e) in the event of a suspension, withdrawal, or downgrade below the minimum rating specified above, within 10 days, the investment agreement provider will either (I) deliver to the Trustee collateral (level and type of collateral to meet published ratings agencies guidelines for an investment grade) or (II) repay the principal of an accrued but unpaid interest on the investment; and

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

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

**"2005 Pledged Revenues"** shall mean the 2005 Assessments.

**"2005 Reserve Account Requirement"** shall mean on the date of initial issuance of the 2005 Bonds, the lesser of: (i) Maximum Annual Debt

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Bonds, other than applicable Delinquent Assessment Principal and 2005B Prepayment Principal.

**"2005B Bonds"** shall mean \$10,985,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005B.

**"2005B Prepayment Principal"** shall mean the excess amount of 2005B Assessment Principal received by the District over the 2005B Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term 2005B Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

**"2005B Reserve Account Percentage"** shall mean the result of dividing (x) the 2005B Reserve Account Requirement on the date of initial issuance and delivery of the 2005B Bonds (\$889,715.70), by (y) the initial Outstanding aggregate principal amount of the 2005B Bonds, which equals 8.099 %.

**"2005B Reserve Account Requirement"** shall mean (A) on the date of initial issuance of the 2005B Bonds, the result of subtracting (X) the 2005A Reserve Account Requirement, from (Y) the lesser of (i) Maximum Annual Debt Service Requirement for all Outstanding 2005 Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005 Bonds, or (iii) 10% of the proceeds of the 2005 Bonds, and (B) at anytime after the date of initial issuance, shall mean the Initial 2005B Reserve Account Percentage times the Deemed Outstanding principal amount of the 2005B Bonds, as of the time of any such calculation.

## ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF 2005 BONDS

**Section 201. Authorization of 2005 Bonds; Book-Entry Only Form** The 2005 Bonds are hereby authorized to be issued in two Series in the aggregate principal amount of \$21,725,000 for the purposes enumerated in the recitals hereto to be designated "Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005A" in the initial principal amount of \$10,740,000 and "Tuscany Reserve

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Community Development District Capital Improvement Revenue Bonds, Series 2005B" in the initial principal amount of \$10,985,000. The 2005 Bonds shall be substantially in the form set forth as Exhibit B to this First Supplemental Indenture. Each 2005A Bond shall bear the designation "2005AR" and each 2005B Bond shall bear the designation "2005BR" and shall be numbered consecutively from 1 upwards.

The 2005 Bonds shall be initially issued in the form of a separate single certificated fully registered 2005 Bond for each Series and maturity thereof. Upon initial issuance, the ownership of each such 2005 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding 2005 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to 2005 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any indirect Bond Participant. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the 2005 Bonds, (ii) the delivery to any Bond Participant or any other person other than an Owner, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the 2005 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than an Owner, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the 2005 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2005 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such 2005 Bond for the purpose of payment of principal, premium and interest with respect to such 2005 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2005 Bond, for the purpose of registering transfers with respect to such 2005 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the 2005 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective

date of authentication. Each 2005 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 2005 Bond has been paid, in which event such 2005 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2005 Bonds, in which event, such 2005 Bond shall bear interest from its date. Interest on the 2005 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2006, and shall be computed on the basis of a 360-day year of twelve 30-day months.

**Section 204. Paying Agent.** The 2005 Bonds shall be issued in Authorized Denominations; provided, however, that the 2005 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000.

**Section 205. Paying Agent.** The District appoints the Trustee as Paying Agent for the 2005 Bonds.

**Section 206. Bond Registrar.** The District appoints the Trustee as Bond Registrar for the 2005 Bonds.

**Section 207. Conditions Precedent to Issuance of 2005 Bonds.** In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the 2005 Bonds, all the 2005 Bonds shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of:

- (a) Certified copies of the Assessment Proceedings;
- (b) Executed copies of the Master Indenture and this First Supplemental Indenture;
- (c) A Bond Counsel opinion to the effect that: (i) the District has the right and power under the Act as amended to the date of such opinion to authorize, execute and deliver the Master Indenture and this First Supplemental Indenture, and the Master Indenture and this First Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their respective terms; (ii) the Master Indenture, as amended and supplemented by this First

attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the 2005 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Bond Registrar, shall receive a certificated 2005 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in this First Supplemental Indenture shall refer to such new Nominee of DTC; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee, Bond Registrar and the Paying Agent.

Upon receipt by the Trustee or the District of written notice from DTC: (i) confirming that DTC has received written notice from the District to the effect that a continuation of the requirement that all of the Outstanding 2005 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the beneficial owners of the 2005 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute Bond Depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the 2005 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the 2005 Bonds shall designate, in accordance with the provisions hereof.

**Section 202. Terms** The 2005 Bonds shall be Term Bonds, shall be issued in two series, shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the dates set forth below:

Series	Principal Amount	Maturity Date	Interest Rate	CUSIP
2005A	\$10,740,000	May 1, 2036	5.550%	9006SYAB1
2005B	\$10,985,000	May 1, 2016	5.250%	90068YAA3

**Section 203. Denominations.** Each 2005 Bond shall be dated the date of its initial issuance and delivery. Each 2005 Bond also shall bear its

Supplemental Indenture, creates the valid pledge which it purports to create of the 2005 Trust Estate in the manner and to the extent provided in the Master Indenture and this First Supplemental Indenture; and (iii) the 2005 Bonds are valid, binding, special obligations of the District, enforceable in accordance with their terms and the terms of the Master Indenture and this First Supplemental Indenture, subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally and entitled to the benefits of the Act as amended to the date of such opinion, and the 2005 Bonds have been duly and validly authorized and issued in accordance with law and the Master Indenture and this First Supplemental Indenture;

- (d) The District Counsel opinion required by the Master Indenture;
- (e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the 2005 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this First Supplemental Indenture;
- (f) An Engineers' Certificate or Engineers' Certificates which set forth the estimated Cost of the 2005 Project;
- (g) A certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal.

### ARTICLE III REDEMPTION OF 2005 BONDS

**Section 301. Bonds Subject to Redemption.** The 2005 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit B to this First Supplemental Indenture. Interest on 2005 Bonds which are called for redemption shall be paid on the Redemption Date from the respective 2005 Interest Account corresponding to the 2005 Bonds to be called or from the 2005 Revenue Account to the extent monies in the corresponding 2005 Interest Account are insufficient for such purpose.

**Section 302. Priority of Redemption from Excess Acquisition and Construction Account Proceeds** Excess moneys on deposit in the General Subaccount in the 2005 Acquisition and Construction Account which are to be deposited into a 2005 Prepayment Subaccount in the 2005 Redemption Account in accordance with Section 403(c) hereof shall be deposited, until the Deferred Costs Date of Completion, into the Deferred

Costs Subaccount in the 2005 Acquisition and Construction Account, and after the Deferred Costs Date of Completion, into the 2005B Prepayment Account in the 2005 Redemption Account and applied to the extraordinary mandatory redemption of 2005B Bonds, until the 2005B Bonds are no longer Outstanding and then into the 2005A Prepayment Account in the 2005 Redemption Account and applied to the extraordinary mandatory redemption of 2005A Bonds.

**ARTICLE IV  
DEPOSIT OF 2005 BOND PROCEEDS AND APPLICATION  
THEREOF; ESTABLISHMENT OF ACCOUNTS AND OPERATION  
THEREOF**

**Section 401. Establishment of Accounts** There are hereby established, the following Funds and Accounts.

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee the following accounts:

(i) a 2005 Acquisition and Construction Account, and therein, a General Subaccount and a Deferred Costs Subaccount;

(ii) a 2005 Costs of Issuance Account; and

(iii) a 2005A Capitalized Interest Account and a 2005B Capitalized Interest Account.

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a 2005 Debt Service Account and therein a 2005A Sinking Fund Account, a 2005B Principal Account and a 2005A Interest Account and a 2005B Interest Account; and (ii) a 2005 Redemption Account, and, therein a 2005A Prepayment Subaccount, a 2005B Prepayment Subaccount and an Optional Redemption Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a 2005A Reserve Account and a 2005B Reserve Account, which shall be jointly held for the benefit of all of the 2005 Bonds, without distinction as to Series of 2005 Bonds and without privilege or priority of one Series of 2005 Bonds over another;

(d) There is hereby established within the Revenue Fund held by the Trustee a 2005 Revenue Account; and

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(c) After the Deferred Costs Date of Completion, any balance remaining in the Deferred Costs Subaccount and after retaining the amount, if any, of all remaining unpaid Deferred Costs set forth in the Engineers' Certificate establishing such Date of Completion, shall be applied in accordance with Section 302 hereof to the Extraordinary Mandatory Redemption of the 2005 Bonds in the manner prescribed in the form of 2005 Bond set forth as Exhibit B hereto.

(d) Amounts on deposit in the 2005A Capitalized Interest Account shall, until November 1, 2006, be transferred into the 2005A Interest Account and applied to the payment of interest first coming due on the 2005A Bonds. On November 2, 2006, any excess remaining in the 2005A Capitalized Interest Account shall be transferred into the General Subaccount in the 2005 Acquisition and Construction Account and used for the purposes thereof. Amounts on deposit in the 2005B Capitalized Interest Account shall be transferred into the 2005B Interest Account and applied to the payment of interest first coming due on the 2005B Bonds, until the amounts on deposit therein are fully expended.

**Section 404. Costs of Issuance Account.** The amount deposited in the 2005 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the 2005 Bonds. At the written direction of an Authorized Officer, any amounts deposited in the 2005 Costs of Issuance Account which are not needed to pay such costs shall be transferred over and deposited into the General Subaccount in the 2005 Acquisition and Construction Account and used for the purposes permitted therefor.

**Section 405. 2005A Reserve Account and 2005B Reserve Account.** Amounts on deposit in the 2005A Reserve Account shall be used only for the purpose of making payments into the 2005A Interest Account and the 2005A Sinking Fund Account to pay Debt Service on the 2005A Bonds, when due, without distinction as to 2005A Bonds and without privilege or priority of one 2005A Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Account shall consist only of cash and Investment Obligations.

Anything herein or in the Master Indenture to the contrary notwithstanding, the Trustee is hereby authorized and directed to recalculate the 2005A Reserve Account Requirement on each May 2 or November 2 (or on the first Business day following such May 2 or November 2) and to transfer

(e) There is hereby established within the Rebate Fund held by the Trustee a 2005 Rebate Account.

**Section 402. Use of 2005 Bond Proceeds.** The net proceeds of sale of the 2005 Bonds, \$21,399,125.00, shall as soon as practicable upon the delivery thereof to the Trustee by the District pursuant to Section 207 of the Master Indenture, be applied as follows:

(a) \$737,198.75, representing the 2005A Reserve Account Requirement shall be deposited to the credit of the 2005A Reserve Account and \$889,715.70, representing the 2005B Reserve Account Requirement shall be deposited to the credit of the 2005B Reserve Account;

(b) \$150,000, representing the costs of issuance relating to the 2005 Bonds shall be deposited to the credit of the 2005 Costs of Issuance Account;

(c) \$503,158.56 shall be deposited to the 2005A Capitalized Interest Account and \$514,636.57 shall be deposited to the 2005B Capitalized Interest Account; and

(d) \$18,604,415.42 shall be deposited to the credit of the General Subaccount in the 2005 Acquisition and Construction Account.

**Section 403. Acquisition and Construction Account and 2005 Capitalized Interest Accounts.** (a) Amounts on deposit in the General Subaccount in the 2005 Acquisition and Construction Account shall be applied to pay the Costs of the 2005 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture.

(b) Anything herein or in the Master Indenture to the contrary notwithstanding, until the Deferred Costs Date of Completion: (i) the Trustee shall not close the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account; and (ii) the Trustee shall deposit into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account the amounts transferred pursuant to Sections 405 and 408 hereof which amounts shall be held separate and apart from other amounts on deposit in the 2005 Acquisition and Construction Account, including amounts on deposit in the General Subaccount, and shall be used solely to pay Deferred Costs. Deferred Costs shall be paid upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and pursuant to the Acquisition Agreement at the written direction of the District. The District will provide the Trustee on each May 1 and November 1 in writing with the amount of all accrued and unpaid Deferred Costs.

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any resulting excess on deposit in the 2005A Reserve Account into the Deferred Costs Subaccount in the 2005A Acquisition and Construction Account to be used to pay Deferred Costs until the Deferred Costs Date of Completion and then into the 2005A Prepayment Account in the Redemption Fund and applied to the extraordinary redemption of 2005A Bonds.

On the earliest date on which there is on deposit in the 2005A Reserve Account, sufficient monies, after taking into account any Deferred Costs and after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2005A Bonds, together with accrued interest and redemption premium, if any, on such 2005A Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the 2005A Reserve Account into the 2005A Prepayment Subaccount in the 2005A Redemption Account to pay and redeem all of the Outstanding 2005A Bonds on the earliest date permitted for redemption therein and herein.

Amounts on deposit in the 2005B Reserve Account shall be used only for the purpose of making payments into the 2005B Interest Account and the 2005B Principal Account to pay Debt Service on the 2005B Bonds, when due, without distinction as to 2005B Bonds and without privilege or priority of one 2005B Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Account shall consist only of cash and Investment Obligations.

Anything herein or in the Master Indenture to the contrary notwithstanding, simultaneously with the deposit of any amounts into the 2005B Prepayment Subaccount, the Trustee is hereby authorized and directed to recalculate the 2005B Reserve Account Requirement and to transfer any resulting excess on deposit in the 2005B Reserve Account into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account to be used to pay Deferred Costs until the Deferred Costs Date of Completion and then into the 2005B Prepayment Account in the Redemption Fund and applied to the extraordinary redemption of 2005B Bonds.

On the earliest date on which there is on deposit in the 2005B Reserve Account, sufficient monies, after taking into account any Deferred Costs and after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2005B Bonds, together with accrued interest and redemption premium, if any, on such 2005B Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the 2005B Reserve Account into the 2005B Prepayment

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Subaccount in the 2005B Redemption Account to pay and redeem all of the Outstanding 2005B Bonds on the earliest date permitted for redemption therein and herein.

Notwithstanding the foregoing, amounts on deposit in the 2005A Reserve Account and the 2005B Reserve Account are held for the benefit of all of the 2005 Bonds without priority of 2005 Bonds and without distinction as to 2005 Bonds, amounts on deposit in either of such Reserve Accounts may be used to pay debt service on either Series of Bonds, provided that the Reserve Account corresponding to a Series of Bonds shall be applied to the payment of debt service on the corresponding Series of Bonds prior to its application to the other Series of Bonds.

**Section 406. Amortization Installments.** (a) The Amortization Installments are established for the 2005 Bonds shall be as set forth in the forms of Bonds attached hereto.

(b) Upon any redemption of 2005A Bonds (other than 2005A Bonds redeemed in accordance with scheduled Amortization Installments and other than 2005A Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section 506(b) of the Master Indenture), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so as to amortize the Outstanding 2005A Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the 2005A Bonds.

(c) No Amortization Installments are established for the 2005B Bonds. Accordingly, all redemptions of the 2005B Bonds shall reduce the amount coming due on the maturity date thereof.

**Section 407. Tax Covenants and Rebate Accounts.** The District shall comply with the Tax Regulatory Covenants set forth as Exhibit C to this First Supplemental Indenture, as amended and supplemented from time to time in accordance with their terms.

**Section 408. Establishment of 2005 Revenue Account in Revenue Fund; Application of Revenues and Investment Earnings.**

(a) The Trustee is hereby authorized and directed to establish within the Revenue Fund a 2005 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein by this Section 408 or by any other provision of the Master Indenture or this Supplemental

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provisions for optional redemption of 2005 Bonds as set forth in the form of 2005 Bonds attached hereto.

(c) On the forty-fifth (45<sup>th</sup>) day preceding each Redemption Date (or if such forty-fifth (45<sup>th</sup>) day is not a Business Day, on the Business Day next preceding such forty-fifth (45<sup>th</sup>) day), the Trustee shall determine the amount on deposit in the 2005A Prepayment Subaccount or the 2005B Prepayment Subaccount of the 2005 Redemption Account, respectively, and, if the balance therein is greater than zero, shall transfer from the 2005 Revenue Account for deposit into such Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of the corresponding Series of 2005 Bonds on the next succeeding Redemption Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Subaccount in accordance with the provisions for extraordinary redemption of such Series of 2005 Bonds set forth in the respective form of 2005 Bond attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On May 1 and November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall first transfer from the 2005A Capitalized Interest Account to the 2005A Interest Account the lesser of (x) the amount of interest coming due on the 2005A Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the 2005A Capitalized Interest Account, and shall transfer from the 2005B Capitalized Interest Account to the 2005B Interest Account the lesser of (x) the amount of interest coming due on the 2005B Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the 2005B Capitalized Interest Account. Following the foregoing transfers, on such May 1 or November 1 (or if such May 1 or November 1 is not a Business Day, on the Business Day preceding such May 1 or November 1), the Trustee shall then transfer amounts on deposit in the 2005 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

**FIRST**, from the 2005 Revenue Account to the 2005A Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2005A Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the 2005A Capitalized Interest Account in accordance with Section 403(c) hereof and less any other amount already on deposit in the 2005A Interest Account not previously credited and from the

Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The 2005 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

(b) The District shall deposit 2005 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such 2005 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

(i) 2005A Assessment Principal, which shall be deposited into the 2005A Sinking Fund Account and 2005B Assessment Principal, which shall be deposited into the 2005B Principal Account;

(ii) 2005A Prepayment Principal, which shall be deposited into the 2005A Prepayment Subaccount in the Redemption Account and 2005B Prepayment Principal, which shall be deposited into the 2005B Prepayment Subaccount in the Redemption Account;

(iii) 2005A Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2005A Reserve Account to pay the principal of 2005 Bonds, and, the balance, if any, shall be deposited into the 2005A Sinking Fund Account and 2005B Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2005B Reserve Account to pay the principal of 2005 Bonds, and, the balance, if any, shall be deposited into the 2005B Principal Account;

(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2005A Reserve Account or the 2005B Reserve Account to pay the interest on 2005 Bonds, and, the balance, if any, deposited into the 2005 Revenue Account; and

(v) all other 2005 Assessment Revenues, which shall be deposited into the 2005 Revenue Account.

Moneys other than 2005 Assessment Revenues, shall, at the written direction of the District be deposited into the Optional Redemption Subaccount of the 2005 Redemption Account and used to pay the principal of and premium, if any, on 2005 Bonds called or to be called for optional redemption at the written direction of the District in accordance with the

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2005 Revenue Account to the 2005B Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2005B Bonds then Outstanding on such May 1 or November 1, less any amount transferred from the 2005B Capitalized Interest Account in accordance with Section 403(c) hereof and less any other amount already on deposit in the 2005B Interest Account not previously credited;

**SECOND**, to the 2005A Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all 2005A Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the 2005A Sinking Fund Account not previously credited and to the 2005B Principal Account, the amount, if any, equal to the difference between the principal amount of all 2005B Bonds maturing on such date and the amount already on deposit in the 2005B Principal Account not previously credited;

**THIRD**, to the 2005A Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2005A Reserve Account Requirement with respect to the 2005A Bonds and to the 2005B Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2005B Reserve Account Requirement with respect to the 2005B Bonds; and

**FOURTH**, the balance shall be retained in the 2005 Revenue Account.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2005 Revenue Account to the Rebate Account established for the 2005 Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants.

(f) On or after each November 2, the balance on deposit in the 2005 Revenue Account shall until the Deferred Costs Date of Completion be transferred into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, after the Deferred Costs Date of Completion, shall, at the written direction of the District be transferred to the District to be used for any lawful District purpose; provided, however, that on the date of such proposed transfer the amount on deposit in each of the 2005A Reserve Account and the 2005B Reserve Account in the Debt Service Reserve Fund

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shall be equal to the corresponding Reserve Account Requirement, and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Master Indenture or hereunder relating to any of the 2005 Bonds, including the payment of Trustee's fees and expenses the due.

(g) Anything herein or in the Master Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the 2005 Bonds shall be invested only in 2005 Investment Obligations, and further, earnings on the 2005 Acquisition and Construction Account and the subaccounts therein, the 2005A Interest Account, the 2005A Capitalized Interest Account, the 2005B Interest Account and the 2005B Capitalized Interest Account shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Account or subaccount. Earnings on investments in the 2005A Sinking Fund Account, the 2005B Principal Account and the 2005 Redemption Account and the Subaccounts therein shall be deposited, as realized, to the credit of the General Subaccount in the 2005 Acquisition and Construction Account until the Date of Completion, and then, until the Deferred Costs Date of Completion, into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and, then, into the 2005 Revenue Account and used for the purpose of such Account.

Earnings on investments in the 2005A Reserve Account and the 2005B Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the 2005A Reserve Account or the 2005B Reserve Account as of the most recent date on which amounts on deposit in such Reserve Account were valued by the Trustee, and if no withdrawals have been made from such Reserve Account since such date which have created a deficiency, then earnings on the 2005A Reserve Account shall be deposited into the 2005A Capitalized Interest Account through November 1, 2006 and earnings on the 2005B Reserve Account shall be deposited into the 2005B Capitalized Interest Account through November 1, 2006, and, thereafter until the Date of Completion of the 2005 Project into the General Subaccount in the Acquisition and Construction Account until the Completion Date of the 2005 Project, and, then, until the Deferred Costs Date of Completion, earnings on both 2005 Reserve Accounts shall be deposited to the credit of the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and, thereafter, into the 2005 Revenue Account and used for the purpose of such Account; and

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#### ARTICLE VI ADDITIONAL BONDS

**Section 601. No Parity Bonds.** The District covenants and agrees that so long as there are any 2005 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the 2005 Trust Estate; provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the 2005 Trust Estate pledged to the 2005 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2005 Trust Estate equal or prior to the lien of this Supplemental Indenture securing the 2005 Bonds. Each bond, note or other obligation issued pursuant to the authority of the preceding sentence shall conspicuously state on the face thereof that such obligation is, and such obligation shall be, subordinate and inferior in right of lien and payment to the lien of the Master Indenture and this First Supplemental Indenture on such 2005 Trust Estate and the rights and remedies of the holders of such subordinate debt to payment and upon default thereon and under any instrument securing such subordinate debt shall not be subject to action for collection or acceleration thereof except upon the exercise of and subject to the first and prior rights of the Trustee and Owners of the 2005 Bonds to payment and the control of remedies and acceleration granted hereunder and under the Master Indenture.

#### ARTICLE VII MISCELLANEOUS

**Section 701. Confirmation of Master Indenture.** As supplemented by this First Supplemental Indenture, the Master Indenture is in all respects ratified and confirmed, and this First Supplemental Indenture shall be read, taken and construed as a part of the Master Indenture so that all of the rights, remedies, terms, conditions, covenants and agreements of the Master Indenture, except insofar as modified herein, shall apply and remain in full force and effect with respect to this First Supplemental Indenture and to the 2005 Bonds issued hereunder.

**Section 702. Continuing Disclosure Agreement.** Contemporaneously with the execution and delivery hereof, the District has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934. The District covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement; however, as set forth therein, failure to so comply shall not constitute an

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(ii) if as of the last date on which amounts on deposit in the 2005A Reserve Account or the 2005B Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 of the Master Indenture), or if after such date withdrawals have been made from the 2005A Reserve Account or the 2005B Reserve Account and have created such a deficiency, then earnings on investments in the 2005A Reserve Account and the 2005B Reserve Account shall be deposited into the 2005 Reserve Account in which there exists a deficiency until the amount on deposit therein is equal to the corresponding Reserve Account Requirement, and then earnings on the 2005A Reserve Account shall be deposited into the 2005A Capitalized Interest Account through November 1, 2006 and earnings on the 2005B Reserve Account shall be deposited into the 2005B Capitalized Interest Account through November 1, 2006, and, thereafter until the Date of Completion of the 2005 Project into the General Subaccount in the Acquisition and Construction Account until the Completion Date of the 2005 Project, and, then, until the Deferred Costs Date of Completion, earnings on both 2005 Reserve Accounts shall be deposited to the credit of the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and, thereafter, into the 2005 Revenue Account and used for the purpose of such Account.

#### ARTICLE V CONCERNING THE TRUSTEE

**Section 501. Acceptance by Trustee.** The Trustee accepts the trusts declared and provided in this First Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture.

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

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

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Event of Default hereunder, but, instead shall be enforceable by mandamus, injunction or any other means of specific performance.

**Section 703. Additional Covenant Regarding Assessments.** In addition, and not in limitation of, the covenants contained elsewhere in this Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the 2005 Assessments, including the Supplemental Assessment Methodology Report, dated November 17, 2005, as supplemented, prepared by Fishkind & Associates, Inc. (the "Report"), and to levy the 2005 Assessments and required payments set forth in Section 5.0 of the Report, in such manner as will generate funds sufficient to pay the principal of and interest on the 2005 Bonds, when due.

**Section 704. Collection of Assessments.** Anything herein or in the Master Indenture to the contrary notwithstanding, the District shall not be required to employ the Uniform Method to collect the 2005A Assessments with respect to any tax parcel which has not been platted for its intended use and issued a separate tax parcel identification number prior to the date on which a tax roll is required to be certified to the Tax Collector, nor shall the 2005B Assessments be required to be collected utilizing the Uniform Method of Collection.

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

**EXHIBIT A  
Description of 2005 Project**

SEAL TUSCANY RESERVE  
COMMUNITY  
DEVELOPMENT DISTRICT

Attest:

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

SEAL WACHOVIA BANK,  
NATIONAL ASSOCIATION  
as Trustee

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

**EXHIBIT B  
FORM OF 2005 BONDS  
[TEXT OF 2005A BOND FACE]**

No. 2005RA- \$

United States of America  
State of Florida

**TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT  
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 2005A**

Interest Rate	Maturity Date	Dated Date	CUSIP
5.550%	May 1, 2036	November 30, 2005	90068YAB1

Registered Owner: CEDE & CO.

Principal Amount:

TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on May 1, 2006, until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually

paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of this Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wachovia Bank, National Association, located in Miami, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"). Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular record date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the 2005 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the District designated "Capital Improvement Revenue Bonds, Series 2005A" in the aggregate principal amount of \$10,740,000 (the "2005A Bonds") and "Capital Improvement Revenue Bonds, Series 2005B" in the aggregate principal amount of \$10,985,000 (the "2005B Bonds") (the "2005A Bonds," and the "2005B Bonds" together with any other Bonds issued under and governed by the terms of, the Master Indenture, are hereinafter collectively referred to as the "Bonds"), under a Master Trust Indenture, dated as of November 1, 2005 (the "Master Indenture"), between the District and Wachovia Bank, National Association, located in Miami, Florida, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Indenture, dated as of November 1, 2005 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The 2005 Bonds are issued in an aggregate principal amount of \$21,725,000 to (i) finance the Cost

of acquiring, constructing and equipping assessable improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A to the Supplemental Indenture, the "2005 Project"); (ii) pay certain costs associated with the issuance of the 2005 Bonds; (iii) make a deposit into the related Series Reserve Accounts for the benefit of all of the 2005 Bonds; and (iv) pay a portion of the interest to become due on the 2005 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS BOND AND THE SERIES OF WHICH IT IS A PART AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE 2005 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2005 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2005 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2005 PLEDGED REVENUES AND THE 2005 PLEDGED FUNDS PLEDGED TO THE 2005 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

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

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**[FORM OF CERTIFICATE OF AUTHENTICATION FOR 2005A BONDS]**

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

**WACHOVIA BANK,  
NATIONAL ASSOCIATION, as Trustee**

Date of Authentication: By: Vice President

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THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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

Attest: **TUSCANY RESERVE  
COMMUNITY DEVELOPMENT  
DISTRICT**

Secretary By: Chairman, Board of Supervisors

[Official Seal]

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**[TEXT OF 2005A BOND]**

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes (2005), and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments (as defined in the Indenture), the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The 2005 Bonds are equally and ratably secured by the 2005 Trust Estate, without preference or priority of one 2005 Bond over another. The Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on a parity with the 2005 Bonds as to the lien and pledge of the Trust Estate.

The 2005 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"); provided, however, that the 2005 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Miami, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Miami, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or

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other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The 2005A Bonds are subject to redemption prior to maturity at the option of the District in whole or in part at any time on or after May 1, 2015 at the Redemption Prices (expressed as percentages of the principal amount of the 2005 Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

<u>Redemption Periods (Dates Inclusive)</u>	<u>Redemption Prices</u>
May 1, 2015 through April 30, 2016	101%
May 1, 2016 and thereafter	100

The 2005A Bonds are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the 2005A Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

May 1 of the Year	Amortization Installment	May 1 of the Year	Amortization Installment
2007	140,000	2022	330,000
2008	150,000	2023	345,000
2009	160,000	2024	365,000
2010	170,000	2025	390,000
2011	180,000	2026	410,000
2012	190,000	2027	435,000
2013	200,000	2028	460,000
2014	210,000	2029	485,000
2015	225,000	2030	510,000
2016	235,000	2031	540,000
2017	250,000	2032	575,000
2018	265,000	2033	605,000
2019	280,000	2034	640,000
2020	295,000	2035	675,000
2021	310,000	2036	715,000 *

\* Maturity

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Notice of each redemption of 2005 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of 2005 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the 2005 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such 2005 Bonds or such portions thereof on such date, interest on such 2005 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2005 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such 2005 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the 2005 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

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

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for six (6) years after the date when such Bond has become due and payable, either at its

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As more particularly set forth in the Master Indenture and Supplemental Indenture, any 2005A Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of 2005A Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of 2005A Bonds so as to reamortize the remaining Outstanding principal balance of the 2005A Bonds as set forth in the Supplemental Indenture.

The 2005A Bonds are subject to Extraordinary Mandatory Redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the 2005 Project (as such terms are defined in the Indenture) and after Deferred Costs Date of Completion (as defined in the Indenture), by application of moneys transferred from the 2005 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the 2005A Prepayment Subaccount of the 2005 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments of 2005A Assessments (as defined in the Indenture) deposited into the 2005A Prepayment Subaccount of the 2005 Redemption Account; or

(c) after payment of any accrued but unpaid Deferred Costs (as defined in the Indenture), from amounts transferred to the 2005A Prepayment Subaccount of the 2005 Redemption Account resulting from a reduction in the 2005A Reserve Account Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the 2005A Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2005A Bonds then Outstanding, including accrued interest thereon.

If less than all of the 2005 Bonds of a Series shall be called for redemption, the particular 2005 Bonds or portions of 2005 Bonds of a Series to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

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stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities (as defined in the Indenture) sufficient to pay the principal or redemption price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the 2005 Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

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

**CERTIFICATE OF VALIDATION**

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Collier County, Florida, rendered on October 28, 2002.

Chairman

[FORM OF BOND COUNSEL OPINION]

[FORM OF ABBREVIATIONS FOR 2005A BONDS]

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

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TEN COM as tenants in common

TEN ENT as tenants by the entireties

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

UNIFORM TRANSFER MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
under Uniform Transfer to Minors Act \_\_\_\_\_ (Cust.)  
(Minor) (State)

Additional abbreviations may also be used

though not in the above list.

[FORM OF ASSIGNMENT FOR 2005A BONDS]

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_ within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

Dated:

Social Security Number or Employer

Identification Number of Transferee:

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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

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[TEXT OF 2005B BOND FACE]

No. 2005RB-1 §

United States of America  
State of Florida  
TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT  
CAPITAL IMPROVEMENT REVENUE BOND, SERIES 2005B

Interest Rate	Maturity Date	Dated Date	CUSIP
5.250%	May 1, 2016	November 30, 2005	90068YAA3

Registered Owner: CEDE & CO.

Principal Amount:

TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on May 1, 2006, until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or, if such day is not a Business Day on the Business

Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of this Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wachovia Bank, National Association, located in Miami, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"). Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular record date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the 2005 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the District designated "Capital Improvement Revenue Bonds, Series 2005A" in the aggregate principal amount of \$10,740,000 (the "2005A Bonds") and "Capital Improvement Revenue Bonds, Series 2005B" in the aggregate principal amount of \$10,985,000 (the "2005B Bonds") (the "2005A Bonds," and the "2005B Bonds" together with any other Bonds issued under and governed by the terms of, the Master Indenture, are hereinafter collectively referred to as the "Bonds"), under a Master Trust Indenture, dated as of November 1, 2005 (the "Master Indenture"), between the District and Wachovia Bank, National Association, located in Miami, Florida, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Indenture, dated as of November 1, 2005 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The 2005 Bonds are issued in an aggregate principal amount of \$21,725,000 to: (i) finance the Cost of acquiring, constructing and equipping assessable improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A to the Supplemental Indenture, the "2005 Project"); (ii) pay certain costs associated with the issuance of the 2005 Bonds; (iii) make a deposit into the related Series Reserve Accounts for the benefit of all of the

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2005 Bonds; and (iv) pay a portion of the interest to become due on the 2005 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS BOND AND THE SERIES OF WHICH IT IS A PART AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE 2005 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2005 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2005 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2005 PLEDGED REVENUES AND THE 2005 PLEDGED FUNDS PLEDGED TO THE 2005 BONDS, ALL AS PROVIDED HEREIN, IN THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

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

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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**[FORM OF CERTIFICATE OF AUTHENTICATION FOR 2005B BONDS]**

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

**WACHOVIA BANK,  
NATIONAL ASSOCIATION, as Trustee**

Date of Authentication: By: Vice President

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

Attest: **TUSCANY RESERVE  
COMMUNITY DEVELOPMENT  
DISTRICT**

Secretary By: Chairman, Board of Supervisors

[Official Seal]

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**[TEXT OF 2005B BOND]**

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes (2005), and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments (as defined in the Indenture), the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the Owners of the Bonds, and, by the acceptance of this Bond, the Owner hereof assents to all of the provisions of the Indenture. The 2005 Bonds are equally and ratably secured by the 2005 Trust Estate, without preference or priority of one 2005 Bond over another. The Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on a parity with the 2005 Bonds as to the lien and pledge of the Trust Estate.

The 2005 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"); provided, however, that the 2005 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Miami, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Miami, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or

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other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The 2005B Bonds are not subject to optional redemption.

The 2005B Bonds are subject to Extraordinary Mandatory Redemption prior to maturity, in whole on any date or in part on any Quarterly Redemption Date (as defined in the Supplemental Indenture), in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the 2005 Project (as such terms are defined in the Indenture), after the Deferred Costs Date of Completion (as defined in the Indenture), if any, by application of moneys transferred from the 2005 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the 2005B Prepayment Subaccount of the 2005 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments of 2005B Assessments (as defined in the Indenture) deposited into the 2005B Prepayment Subaccount of the 2005 Redemption Account; or

(c) from amounts transferred to the 2005B Prepayment Subaccount of the 2005 Redemption Account resulting from a reduction in the 2005B Reserve Account Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the 2005B Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2005B Bonds then Outstanding, including accrued interest thereon.

If less than all of the 2005 Bonds of a Series shall be called for redemption, the particular 2005 Bonds or portions of 2005 Bonds of a Series to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of 2005 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of 2005 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. On the date

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be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities (as defined in the Indenture) sufficient to pay the principal or redemption price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the 2005 Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

This Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

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

**CERTIFICATE OF VALIDATION**

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Collier County, Florida, rendered on October 28, 2002.

Chairman

**[FORM OF BOND COUNSEL OPINION]**

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designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the 2005 Bonds or such portions thereof so called for redemption shall become due and payable at the Redemption Price provided for the redemption of such 2005 Bonds or such portions thereof on such date, interest on such 2005 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2005 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such 2005 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the 2005 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

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

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for six (6) years after the date when such Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall

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**[FORM OF ABBREVIATIONS FOR 2005B BONDS]**

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

TEN COM as tenants in common

TEN ENT as tenants by the entireties

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

UNIFORM TRANSFER MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
under Uniform Transfer to Minors Act \_\_\_\_\_ (Cust)  
(Minor)

(State)

Additional abbreviations may also be used

though not in the above list.

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[FORM OF ASSIGNMENT FOR 2005B BONDS]

EXHIBIT C

For value received, the undersigned hereby sells, assigns and transfers unto

TO FIRST SUPPLEMENTAL TRUST INDENTURE

TAX REGULATORY COVENANTS

\_\_\_\_\_ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

These Tax Regulatory Covenants are intended to set forth certain duties and requirements necessary for compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent necessary to preserve the tax-exempt treatment of interest on the Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005A and Series 2005B (the "Bonds").

- Dated:
Social Security Number or Employer
Identification Number of Transferee:
Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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

The Bonds will be issued pursuant to a Master Trust Indenture, dated as of November 1, 2005 (the "Master Indenture"), from Tuscany Reserve Community Development District (the "District") and Wachovia Bank, National Association, Miami, Florida, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Indenture, dated as of November 1, 2005 (the "Supplemental Indenture") (the Master Indenture, as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture").

SECTION 1. TAX COVENANTS. Pursuant to the Indenture, the District has made certain covenants designed to assure that the interest with respect to the Bonds is and shall remain excludable from gross income for purposes of federal income taxation.

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to be necessary or appropriate to assure that interest on the Bonds will be excludable from gross income for purposes of federal income taxation. To that end, the District shall comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds.

"Investment Property" means any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(b) of the Regulations.

SECTION 2. DEFINITIONS. Capitalized terms used herein, not otherwise defined herein, shall have the same meanings set forth in the Indenture and in the District's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Bonds.

"Issue Date" means November 30, 2005.

"Bond Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the District.

"Net Proceeds" means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

"Bond Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date.

"Nonpurpose Investment" shall have the meaning ascribed to such term in Section 148(b)(2) of the Code and shall include any Investment Property in which Gross Proceeds are invested which is not acquired to carry out the governmental purpose of the Bonds, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Bonds, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund.

"Code" means the Internal Revenue Code of 1986, as amended.

"Nonpurpose Payments" shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

"Computation Date" means each date selected by the District as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

"Nonpurpose Receipts" shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Pledged Moneys" means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Bonds (or to reimburse a municipal bond insurer) or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Bonds (or to reimburse a municipal bond insurer) if the District encounters financial difficulties.

"Final Computation Date" means the date the Bonds are discharged.

"Gross Proceeds" means, with respect to the Bonds:

"Pre-Issuance Accrued Interest" means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

- (1) amounts constituting Sale Proceeds of the Bonds.
(2) amounts constituting Investment Proceeds of the Bonds.
(3) amounts constituting Transferred Proceeds of the Bonds.
(4) other amounts constituting Replacement Proceeds of the Bonds, including Pledged Moneys.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Bonds.

"Qualified Administrative Costs" means reasonable, direct administrative costs, other than carrying costs, such as separately stated

brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the District treats as a Qualified Administrative Cost does not exceed the lesser of (a) \$25,000, or (b) .2% of the "computational base," and (2) the District does not treat as Qualified Administrative Costs more than \$75,000 in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, "computational base" shall mean the amount the District reasonably expects to be deposited in the guaranteed investment contract over the term of the contract or for investments other than guaranteed investment contracts, the amount of Gross Proceeds initially invested.

"Rebatable Arbitrage" means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

"Rebate Fund" means the Rebate Fund established pursuant to the Indenture and described in Section 3 hereof.

"Regulations" means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

"Replacement Proceeds" means amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Bonds were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on the Bonds if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

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(a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;

(b) a fixed rate investment may be valued at its present value on such date; and

(c) an investment may be valued at its Fair Market Value on such date.

(2) Special Rules. Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

"Yield on the Bonds" or "Bond Yield" means, for all Computation Dates, the Yield expected as of the date hereof on the Bonds over the term of such Bonds computed by:

(i) using as the purchase price of the Bonds, the amount at which such Bonds were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(ii) assuming that all of the Bonds will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

"Yield" means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation.

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"Sale Proceeds" means any amounts actually or constructively received by the District from the sale of the Bonds, including amounts used to pay underwriter's discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"Tax-Exempt Investment" means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of these Covenants, a tax-exempt mutual fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable taxable year; having only one class of stock authorized and outstanding; investing all of its assets in tax exempt obligations to the extent practicable; and having at least 98% of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax exempt obligations or (2) the weighted average value of its assets represented by investments in tax exempt obligations.

"Transferred Proceeds" shall have the meaning provided therefor in Section 1.148-9 of the Regulations.

"Universal Cap" means the value of all then outstanding Bonds.

"Value" (of a Bond) means with respect to a Bond issued with not more than two percent original issue discount or original issue premium, the outstanding principal amount, plus accrued unpaid interest; for any other Bond, its present value.

"Value" (of an Investment) shall have the following meaning in the following circumstances:

(1) General Rules. Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Bonds on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded monthly. For this purpose the purchase price of a Nonpurpose Investment or a Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of these Covenants, as of the date that it becomes allocated to Gross Proceeds of the Bonds.

### SECTION 3. REBATE REQUIREMENTS.

(a) The District shall pay to the United States Government at the times and in the amounts determined hereunder, the Rebateable Arbitrage. For purposes of determining the Rebateable Arbitrage, the District shall make such calculations or cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate.

(b) pursuant to the Indenture, there has been established a fund separate from any other fund or account established and maintained under the Indenture designated the "Rebate Fund." The District or its designated agent shall administer the Rebate Fund and continuously invest all amounts held in the Rebate Fund in Governmental Obligations (as defined in the Indenture) or Tax-Exempt Investments.

(c) Within 30 days after any Computation Date, the District shall calculate or cause to be calculated the Rebateable Arbitrage or any penalty due pursuant to Section 3(f) hereof. Immediately following such calculations, but in no event later than 60 days following the Computation Date (90 days in the case of any penalty payment due pursuant to Section 3(f) hereof), the District shall remit an amount which when added to the future value of previous rebate payments shall not be less than 90% (100% with respect to the Computation Date on the final repayment or retirement of the Bonds) of the Rebateable Arbitrage or 100% of any penalty due pursuant to Section 3(f) hereof as of the applicable Computation Date.

Each payment shall be accompanied by Internal Revenue Service Form 8038-T.

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(d) The obligation to pay Rebatale Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Bonds if (i) Gross Proceeds are expended for the governmental purpose of the Bonds by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Bonds and (ii) the requirement to pay Rebatale Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Bonds is met. For purposes of the preceding sentence, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (as defined in Section 1.148-1 of the Regulations and meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then Rebatale Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Bonds shall not be treated as an expenditure of such Gross Proceeds.

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, then the requirements described herein relating to the calculation of Rebatale Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six month period. Any other amounts not described in this Section 3(d) which constitute proceeds of the Bonds, other than a bona fide debt service fund, will be subject to rebate.

(e) As an alternative to Section 3(d) above, the obligation of the District to pay Rebatale Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Bonds if (i) the rebate requirement is met for all proceeds of the Bonds other than Gross Proceeds (as defined in Section 3(d) hereof) and (ii) the Gross Proceeds are expended for the governmental purposes of the issue within the periods set forth below:

(iv) at least 100% of such Available Construction Proceeds are spent within the 2-year period beginning on the Issue Date.

For purposes of this Section 3(f), the term Available Construction Proceeds means the Net Proceeds of the Bonds, increased by earnings on the Net Proceeds and earnings on all of the foregoing earnings, and reduced by the amount of the Net Proceeds used to pay issuance costs (including bond insurance premium). Notwithstanding the foregoing, Available Construction Proceeds shall not include amounts earned on the Reserve Account after the earlier of the close of the two-year period beginning on the Issue Date or the date construction is substantially completed. Any amounts which constitute proceeds of the Bonds other than Available Construction Proceeds and amounts on deposit in a bona fide debt service fund will be subject to rebate.

As set forth in Section 148(f)(4)(C)(iii) of the Code, for purposes of the expenditure requirements set forth in this Section 3(f), 100% of Available Construction Proceeds of the Bonds shall be treated as expended for the governmental purposes of the issue within the 2-year period beginning on the Issue Date if such requirement is met within the 3-year period beginning on the Issue Date and such requirement would have been met within such 2-year period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Bonds). Use of available construction proceeds to redeem the Bonds shall not be treated as an expenditure of such proceeds.

Any failure to satisfy the final spending requirement shall be disregarded if the District exercises due diligence to complete the project financed by the Bonds and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Bonds or (ii) \$250,000.

For purposes of Section 148(f)(4)(C)(vii) of the Code, in the event the District fails to meet the expenditure requirements referred to above, the District may elect to pay, in lieu of the Rebatale Arbitrage otherwise required to be paid with respect to such Gross Proceeds, a penalty with respect to the close of each 6-month period after the Issue Date equal to 1.5% of the amount of the Available Construction Proceeds of the Bonds which, as of the close of such period, are not spent as required by the expenditure provisions set forth above. The penalty referred to above shall cease to apply only after the Bonds (including any refunding bonds issued with respect thereto) are no longer outstanding. The District makes no election in regard to the above-described penalty.

(i) at least 15% of such Gross Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 60% of such Gross Proceeds are spent within the 1-year period beginning on the Issue Date; and

(iii) at least 100% of such Gross Proceeds are spent within the 18-month period beginning on the Issue Date.

As set forth in Section 1.148-7(d)(2) of the Regulations, for purposes of the expenditure requirements set forth in this Section 3(e), 100% of the Gross Proceeds of the Bonds shall be treated as expended for the governmental purposes of the issue within the 18-month period beginning on the Issue Date if such requirement is met within the 30-month period beginning on the Issue Date and such requirement would have been met within such 18-month period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Bonds). If Gross Proceeds are in fact expended by such dates, then Rebatale Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Any failure to satisfy the final spending requirement shall be disregarded if the District exercises due diligence to complete the project financed by the Bonds and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Bonds or (ii) \$250,000. Use of Gross Proceeds to redeem the Bonds shall not be treated as an expenditure of such Gross Proceeds. For purposes of this Section 3(e), "Gross Proceeds" shall be modified as described in Section 3(d) above.

(f) As an alternative to Sections 3(d) and (e) above, the obligation to pay Rebatale Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Bonds if the Available Construction Proceeds (as defined in Section 148(f)(4)(c)(vi) of the Code and described below) are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 10% of such Available Construction Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 45% of such Available Construction Proceeds are spent within the 1-year period beginning on the Issue Date;

(iii) at least 75% of such Available Construction Proceeds are spent within the eighteen-month period beginning on the Issue Date; and

In order to qualify for the exemption from the obligation to pay Rebatale Arbitrage to the United States pursuant to this Section 3(f), at least 75% of the Available Construction Proceeds must be used for construction expenditures (as defined in Section 1.148-7(g) of the Regulations) with respect to property which is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code. The term "construction" includes reconstruction and rehabilitation of existing property and rules similar to the rules of Section 142(b)(1)(B) of the Code shall apply. If only a portion of an issue is to be used for construction expenditures, such portion and the other portion of such issue may, at the election of the issuer, be treated as separate issues for purposes of this Section 3(f) (although the remaining portion may not be entitled to the benefits of Section 3(d) hereof). The District does not elect to treat any portion of the Bonds as a separate issue.

(g) The District shall keep proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds. Such records shall, at a minimum, be adequate to enable the District or its consultants to make the calculations for payment of Rebatale Arbitrage as required by this Arbitrage Rebate Statement. The records required to be maintained under this Section 3(g) shall be retained by the District until six years after the retirement of the last obligation of the Bonds or for such other period as the United States Treasury may by regulations otherwise provide. Such records shall at least specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price (including the amount of accrued interest to be stated separately), (ii) identifying information, including par amount, coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, (v) the dates of acquisition and disposition or maturity, (vi) the amount of original issue discount or premium (if any), (vii) the frequency of periodic payments (and actual dates and amounts of receipts), (viii) the period of compounding, (ix) the transaction costs (e.g., commissions) incurred in acquiring, carrying or disposing of the Nonpurpose Investments, and (x) market price data sufficient to establish that the purchase price (disposition price) was not greater than (less than) the arm's-length price (see Section 4 below) on the date of acquisition

(disposition) or, if earlier, on the date of a binding contract to acquire (dispose of) such Nonpurpose Investment.

**SECTION 4. MARKET PRICE RULES.** Except as provided below, the District agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to these Covenants shall be made to the extent permitted by law. In this regard, the District agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Account) for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) Established securities markets. Except as otherwise provided below, any market especially established to provide a security or obligation to an issuer of municipal obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) Arm's-length price. Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in an arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The District makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

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(2) At least one of the three bids described in paragraph (c) (i)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

(3) If the District uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) Guaranteed investment contracts. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) Other Nonpurpose Investments. If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the District compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the District from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

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(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the District or any other person (whether or not in connection with the bond issue), and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the District reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the District's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the District must meet all of the following requirements:

(1) The District receives at least three bids from providers that the District solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

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(d) The District shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Bond is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the District for the investments, including a record of any administrative costs paid by the District and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

**SECTION 5. MODIFICATION UPON RECEIPT OF BOND COUNSEL OPINION.** Notwithstanding any provision of these Covenants, if the District shall receive an opinion of Bond Counsel that any specified action required under these Covenants is no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of interest with respect to the Bonds, the District may conclusively rely on such opinion in complying with the requirements of these Covenants and the covenants herein shall be deemed to be modified to that extent. These Covenants shall be amended or modified by the parties hereto in any manner which is necessary to comply with such regulations as may be promulgated by the United States Treasury Department from time to time.

**SECTION 6. ACCOUNTING FOR GROSS PROCEEDS.** In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the District must adopt reasonable and consistently applied

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methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the District agrees to comply.

#### SECTION 7. ADMINISTRATIVE COSTS OF INVESTMENTS.

Except as otherwise provided in this Section 7, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the District such as employee salaries and office expenses and costs associated with computing Rebutable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

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Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

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## APPENDIX I

### ALLOCATION AND ACCOUNTING RULES

(a) General Rule. Any issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) Allocation of Gross Proceeds to an Issue. Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) Allocation of Gross Proceeds to Investments. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) Allocation of Gross Proceeds to Expenditures. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) Commingled Funds. Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not

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(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital

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expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

**EXHIBIT D**  
**SCHEDULE OF DEFERRED COSTS**

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**Tuscany Reserve Community Development District  
Amended Engineers Report**

***September 14, 2005***

*by*

**HEIDT & ASSOCIATES, INC.  
3800 Colonial Blvd., Suite 200  
Fort Myers, Florida 33912**

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# **Tuscany Reserve Community Development District Amended Engineers Report September 14, 2005**

## **Introduction**

This Amendment to the Engineer's Report is to provide supplemental information and update the status of the infrastructure facilities of the Tuscany Reserve Community Development District (TRCDD or District). Additionally, the amendment serves to clarify items previously considered in the original Engineer Report and add additional improvements not originally included in the report the District now wishes to construct.

The original Engineer's Report was approved by the TRCDD Board of Supervisors September 12, 2002 meeting. There have been no other amendments to this report until now. Since then, construction of a substantial portion of the District infrastructure has been completed along with other community infrastructure and facilities.

The District is currently considering issuing Special Assessment Bonds, Series 2005 to finance the completed and proposed infrastructure. In support of this bond issue, this Amendment is specifically intended to provide the status of the infrastructure construction, the estimated cost for completed infrastructure and the estimated cost to complete the balance of the District's infrastructure.

## **Existing District Infrastructure**

Land development activities commenced in 2002 and have continued until the present time at the Tuscany Reserve community. The entire property is under various stages of construction of community infrastructure. Generally, the progress of construction is from the northwest to the northeast across the site towards the south. This includes the construction of the following facilities which are to be District owned or financed:

- Master Storm water system, including lakes, culverts and control structures
- Master Potable Water System\*
- Master Sanitary Sewer System\*
- Master Irrigation Supply and Distribution System
- Master Road Drainage Systems

- Perimeter Landscape Buffers and Walls (Includes only west side of I-75 berm)
- Main Entry @ Livingston Road
- Offsite Road –Veteran’s Memorial Parkway
- Conservation/Preserve Areas

\*In the case of the potable water and sanitary sewer systems the District owns the facilities on an interim basis, transferring the infrastructure to Collier County to own, operate, and maintain.

Additional infrastructure or facilities which are part of the community, but are not District infrastructure have been constructed /completed. These items are developer funded and include the following:

- Phase 1 interior roads, sidewalks, curbing, pavers, fountains, street lighting, streetscape landscaping, irrigation and decorative lighting.
- Neighborhood entry features and landscape
- Private residences
- Temporary Sales Office and site facilities
- Access control and gatehouse
- 18 hole golf course, practice facility
- Golf Maintenance facility

Permits for all the District’s infrastructure facilities have been issued by the following governmental agencies (except for the infrastructure within Phase 2 areas of the community, including the neighborhoods of Blocks “F”, “G”, “H” and “I”; the southerly 2100+/- feet of Tuscany Reserve Drive; and the south landscape buffer, these permits are anticipated to be acquired in the normal and routine fashion):

- Collier County
- South Florida Water Management District
- Florida Dept. of Environmental Protection

All single family lots within the Tuscany Reserve Community Development District are to be platted and recorded in the Public Records of Collier County. To date there is one plat of record, titled “*Tuscany Reserve*” ( PB 39, page 88-95), which has 107 single family lots. The multi-family residential product will be recorded in one or more condominium plat(s), with the initial condominium plat, titled *Toscana I at Tuscany Reserve, a condominium*, containing 18 units, being recorded at OR Book 3780, page 356.

## Completed Infrastructure Improvements

The completed infrastructure improvements are shown on Exhibit # 1. This exhibit reflects the portion of the infrastructure systems, which have been completed in relation to the total required systems. The intent of the design and the construction of the infrastructure is to provide integrated systems that are completed in phases.

In general the infrastructure facilities completed are as follows:

1. **Utilities:** Potable water, sanitary sewer, irrigation distribution and street drainage for: a) for Tuscany Reserve Drive, from the main entry on Livingston Road, extending for approximately 7400 lineal feet, b) residential neighborhoods of Blocks "C", "D", "E", and "M", approximately 5900 lineal feet, c) Veteran's Memorial Blvd., from Livingston Road for approximately 3000 lineal feet to the golf maint. facility entrance and d) the irrigation supply, wells and master pumping systems.
2. **Roadway-Front Entry:** Although not specifically itemized as District infrastructure in the original Engineer's Report, its inclusion now is consistent with the types of facilities the District intends to own and finance. It consists of the main entry at Livingston Road, up to the privacy control gate, inclusive of median opening, turn lanes on Livingston Road, paver roadway improvements, entrance landscape and hardscape features, monument signage.
3. **Conservation Areas- Wetland Mitigation:** all three of the conservation areas in the community have been cleared of exotic vegetation and are under periodic maintenance and permit monitoring requirements. The three areas are under a Conservation Easement, recorded at Official Record Book 3080, page 3245 in the Collier County Public Records
4. **Offsite Road Improvements:** Veteran's Memorial Parkway has been constructed as a 2 lane roadway from the Livingston Road intersection extending east approximately 3000 feet, to the entrance to the golf maint. facility.
5. **Perimeter Buffers and Landscaping:** a) the north landscape buffer, b) the east landscape buffer, berms and walls, adjacent to I-75 and c) the westerly landscape buffer adjacent to the FPL easement. The further clarify original Engineer's Report, it is the intent of the District to own and finance those portions of the following buffers: a) all or 100% of the landscape buffer that is vegetative and does not have a solid or masonry wall and b)

only the external portion of the landscape buffers with solid and or masonry walls. Examples of the former are the north and westerly buffers and the easterly/I-75 landscape buffer is an example of the latter. It is also the intent of the District to own the signage on the I-75 berm.

6. **Water Management System:** a) all the required lakes (# 1 – 15) have been excavated, impermeable liners installed and completed per approved plans, b) all control structures and c) all interconnecting drainage culverts.

## **Opinion of Estimated Construction Costs:**

The opinion of estimated construction cost for the District has been separated into two components. First, infrastructure and facilities completed as of May 31, 2005 and second, the balance of the proposed District infrastructure required to complete the entire system. Exhibit –1A represents this remaining infrastructure.

Table 1 shows the separate costs of the various infrastructure components. The costs expended to date for completed infrastructure as reported by the developer, have been taken into account in the preparation of this Table 1. The estimated costs for the remaining District infrastructure is based upon preliminary engineered drawings, quantity take offs and current unit pricings for the required infrastructure.

The balance of proposed District Infrastructure includes the following:

1. **Phase 1B (Block "B") and 1C (Block "A")** residential neighborhoods, specifically utilities: potable water, sanitary sewer, irrigation distribution and street drainage.
2. **Phase 2 (Blocks "F", "G", "H", and "I")** residential neighborhoods, specifically utilities: potable water, sanitary sewer, irrigation distribution and street drainage.
3. **Tuscany Reserve Drive, Phase 2** (approximately 2100 lineal feet): a) utilities: potable water, sanitary sewer, irrigation distribution and street drainage and b) south entry way improvements at Veteran's Memorial Parkway entrance.



**4. Offsite Road Improvements:** Veteran's Memorial Parkway, Phase 2, approximately 1500 lineal feet of 2 lane roadway, utilities and drainage improvements.

**5. Perimeter Landscape Buffers/ Walls:** adjacent to southern boundary and Phase 2 residential neighborhoods.

**6. Utilities- Irrigation ASR Supply:** completion of permitting and construction ASR/production irrigation wells system to augment the existing irrigation supply. The ASR system was not included in the original engineers report however. it has since been determined this is the best way to store irrigation water during the rainy season for use during the dry season. The District will construct and maintain this system.

## **Summary and Conclusion**

The status of the construction of the infrastructure facilities is based on reports and materials furnished by the developer and the District's Engineers monitoring and inspections of the community. Portions of the infrastructure systems, consisting of potable water and sanitary sewer utilities, have been certified as complete by the developer's engineer, conveyed to and accepted by the District. The remaining portions of completed infrastructure, as identified in this report will be acquired by the District following the issuance of the Series 2005 bonds.

All permits necessary to complete the 2005 Project have either been obtained or, in our expert opinion, will be obtained and that there is no reason to believe that the necessary permits cannot be obtained for the entire Development. We have no knowledge of any pending government action that would lead to a building moratorium for the 2005 Project.

It is our opinion that the Opinion of Estimated Construction Cost presented herein is reasonable and adequate for the District's purposes to acquire and / or construct the proposed infrastructure systems. Further, that the proposed infrastructure systems will provide benefit to all lands within the District and these benefits will exceed in value the costs set forth herein. All the proposed District infrastructure systems identified in this report are consistent with and authorized pursuant to Chapter 190.012, Florida Statutes.

**Table 1**

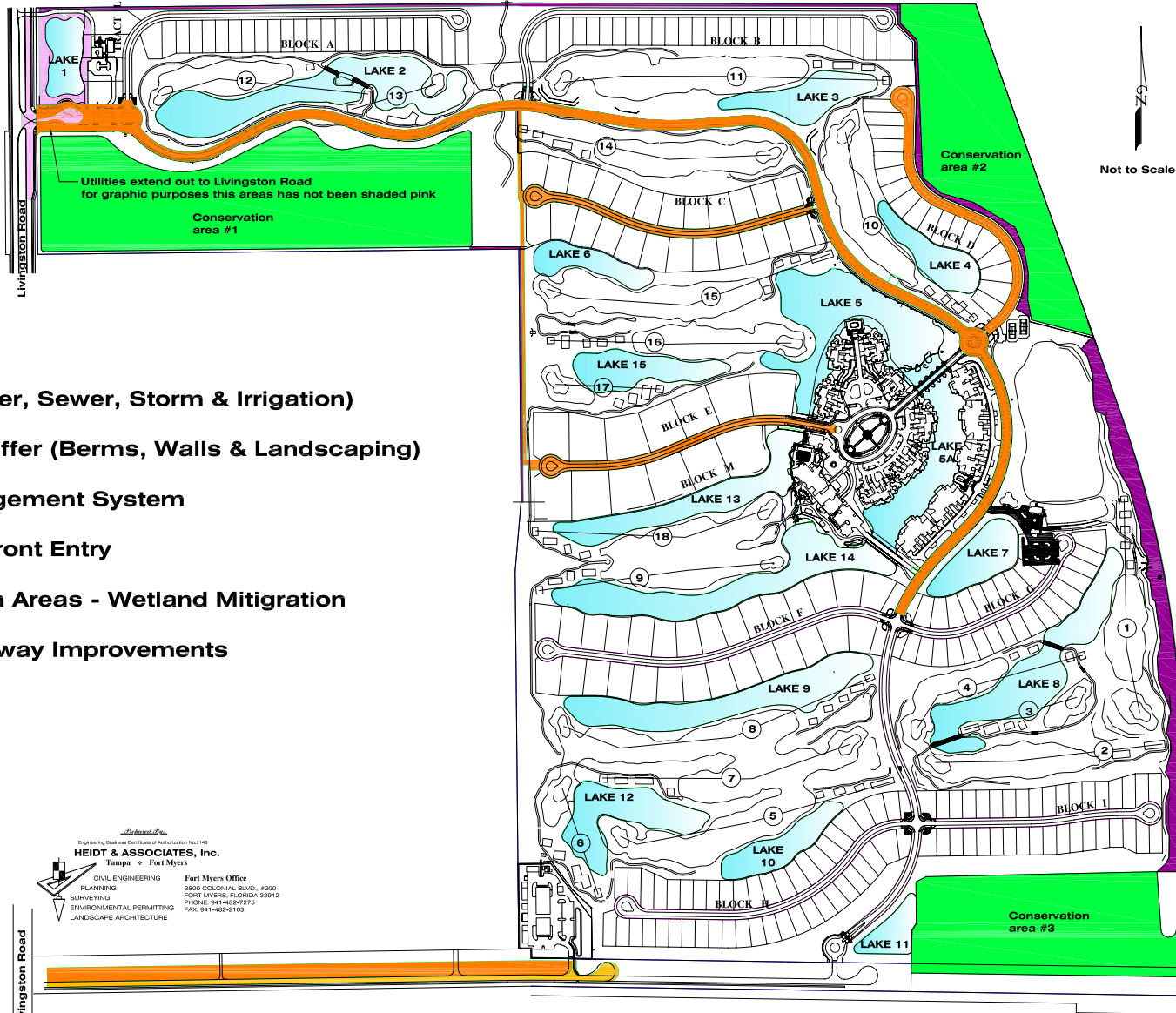
**INFRASTRUCTURE  
(COST IN THOUSANDS OF DOLLARS)  
COMPLETED                      REMAINING**

<b>ITEM</b>	<b>INFRASTRUCTURE COMPLETED</b>	<b>INFRASTRUCTURE REMAINING</b>	<b>COMBINED TOTAL</b>
<b>ROADWAY-ENTRY</b>	\$ 831.56	\$ -	\$ 831.56
<b>UTILITIES</b>	\$ 2,356.72	\$ 2,613.69	\$ 4,970.41
<b>EARTHWORK</b>	\$ -	\$ -	\$ -
<b>WATER MANAGEMENT</b>	\$ 10,460.54	\$ -	\$ 10,460.54
<b>WETLAND MITIGATION</b>	\$ 612.30	\$ -	\$ 612.30
<b>PERIMETER WALLS, LANDSCAPING &amp; BERMS</b>	\$ 2,724.36	\$ 100.00	\$ 2,824.36
<b>OFFSITE IMPROVEMENTS</b>	\$ 797.12	\$ 166.50	\$ 963.62
<b>PROFESSIONAL FEES &amp; PERMITTING</b>	\$ 818.72	\$ 288.02	\$ 1,106.74
<b>10% CONTINGENCY</b>	\$ -	\$ 316.82	\$ 316.82
<b>TOTAL INFRASTRUCTURE</b>	\$ 18,601.32	\$ 3,485.03	\$ 22,086.34

Notes:

1. Earthwork cost is combined with Water Management Cost
2. Offsite Improvements consist of Veteran's Memorial Parkway
3. Professional Fees , under Remaining Infrastructure is estimated at 10% of hardcost.

# TUSCANY RESERVE

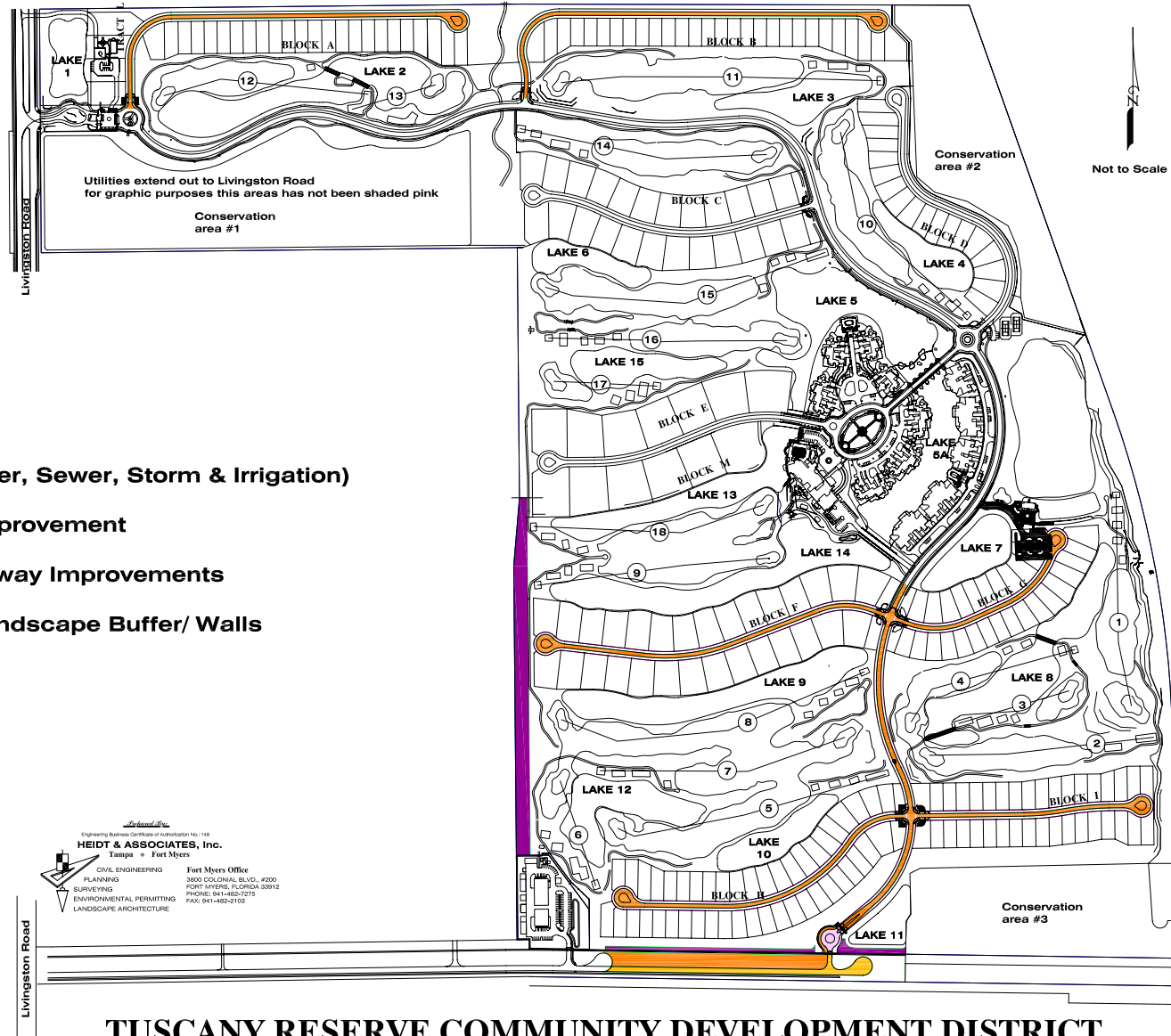


- Utilities (Water, Sewer, Storm & Irrigation)
- Perimeter Buffer (Berms, Walls & Landscaping)
- Water Management System
- Roadway - Front Entry
- Conservation Areas - Wetland Mitigation
- Offsite Roadway Improvements


  
 Engineering (Professional Seal) and Architecture (No. 143)
   
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 ENVIRONMENTAL PERMITTING      FAX: 941-485-2103
   
 LANDSCAPE ARCHITECTURE

## TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT COMPLETED INFRASTRUCTURE IMPROVEMENTS EXHIBIT - 1

# TUSCANY RESERVE



- Utilities (Water, Sewer, Storm & Irrigation)
- Entry way improvement
- Off site roadway Improvements
- Perimeter Landscape Buffer/ Walls

## TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT REMAINING INFRASTRUCTURE IMPROVEMENTS EXHIBIT - 1A

**ADOPTED  
ASSESSMENT  
METHODOLOGY  
TUSCANY RESERVE  
COMMUNITY DEVELOPMENT  
DISTRICT**

**October 30, 2002**

**Prepared for**

**Board of Supervisors  
Tuscany Reserve Community Development District**

**Prepared by**

**Fishkind & Associates, Inc.  
11869 High Tech Avenue  
Orlando, Florida 32817  
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**ASSESSMENT METHODOLOGY  
TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT**

**October 30, 2002**

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**1.0 Introduction**

1.1 Purpose

This report provides a methodology for allocating the debt incurred by the Tuscany Reserve Community Development District to provide infrastructure improvements to properties in the District. It is the District's debt-funded infrastructure improvements that will allow the development of property in the District. By making development of properties within the District possible, the District creates benefits to these properties. The methodology described here allocates the District's debt to properties based upon the benefits each receives from the infrastructure program. In this case the properties receiving benefit include 100% of the developable land that lies within the District. This report is designed to conform to the requirements of Chapters 190 and 170, F.S. with respect to special assessments and is consistent with our understanding of the case law on this subject.

1.2 Background

Collier County established the Tuscany Reserve Community Development District in Ordinance 2002-42 to provide infrastructure for portions of the Tuscany Reserve Development Project (the "Development" or the "Project"). The County has already approved the land use plan for the Project. The current development program for the Development consists of a 461-acre luxury, gated, community centered around a Tuscan-style town square and featuring a private, championship 18-hole golf course.

Table 1 below summarizes the development program. As Table 1 shows, 133.1 acres are planned for development with 309 dwelling units. The balance of the land will be used for the golf course, water management, open space, road rights of way, and the clubhouse complex.

**TABLE 1. TUSCANY RESERVE  
DEVELOPMENT PROGRAM**

Land Use Program	Units	Acreage
Residential		
Single-family	247	118.1
Multifamily	62	15.0
	=====	=====
Subtotal	309	133.1
Village Center Clubhouse		3.90
Lake area		60.40
Golf Course/Open Space		168.30
Conservation & Preserve		61.10
Tuscany Reserve Boulevard		12.60
FP&L Easement		6.80
Golf Maintenance		3.10
Livingston Road ROW		12.00
		=====
Subtotal		328.20
Total		461.30

Table 2 provides additional details on the residential portion of the development program. Lot sizes vary from over one acre per unit for the Grand Estate Lots to approximately six units per acre for the condominiums.

**Table 2. Residential Development Program**

Category	Total Units	Acreage/Unit
Estate Homes	57	0.50
Villas	177	0.26
Grand Estate Lots	13	1.03
Condominium	62	0.17
Golf Course	0	
	=====	
Total	309	

Source: WCI Communities, Inc.



### 1.3 Requirements of a Valid Assessment Methodology

Valid special assessments under Florida law require two things. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments. Second, the assessments must be fairly and reasonably allocated to the properties being assessed.

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, such as the District's Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that mathematical perfection is probably impossible, but if reasonable people disagree the assessment will be upheld. Only if the Board were to act in an arbitrary, capricious or grossly unfair fashion would its assessment methods be overturned.

### 1.4 Special Benefits and General Benefits

Improvements undertaken by the District create both: (1) special benefits to properties within its borders and (2) general benefits to properties outside the District. However, as discussed below, these general benefits are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District. The capital improvement program of the District ("CIP") enables properties within its boundaries to be developed. Without the District's CIP there would be no infrastructure to support development of land in the District. Furthermore, the development approval for the Development requires many of these improvements. Without the improvements to be undertaken with the CIP development of property in the District would be prohibited by law.

There is no doubt that the general public, and property owners outside the District, will benefit from the provision of District infrastructure. However, these general benefits to properties outside the District are incidental to the District's infrastructure program, which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's improvement program to obtain, or to maintain, their development entitlements. This fact alone clearly distinguishes the special benefits which District properties receive from the CIP compared to general benefits to properties outside of the District's boundaries, which may be expanded from time to time.

### 1.5 Special Benefits Exceed the Costs Allocated to Pay for Them

In the case of Tuscany Reserve the value of the special benefits provided by the District's improvement program are greater than the costs associated with providing these same benefits. The District Engineer and

Financial Advisor estimate that the District's portion of the capital improvement program, that is necessary to support full development of property within the District, will cost \$49,060,000 on a fully financed basis. The Financial Advisor estimates that the net sell out value of the land within the District will exceed the cost of the land and the financed cost of the infrastructure after the improvements are completed. It is the District's improvement program, among other things, that makes it possible to develop and sell the land within its boundaries.

## **2.0 Assessment Methodology**

### **2.1 Overview**

As noted above, the assessment methodology is a process by which the District will allocate the costs associated with its improvement program to properties within the District benefiting from the improvements. The allocation is based upon the benefits that each property receives. At the outset, the District has based its improvement program on the land uses the developer plans for the Development. However, until plats are filed the precise land uses are unknown. Therefore, the District initially will impose assessments on a per acre basis across all land in the District. Subsequently, when plats are processed and the exact land uses are known, the District will assign assessments to the platted properties using the methodology described below.

The numerical analysis provided below is illustrative of the assessment methodology. Since actual costs may vary from the estimates, the actual figures may change, as additional information becomes available. However, the information provided here is the best available at this time.

However, there is one important proviso. The debt per acre on the land that remains unplatted is not allowed to increase above the ceiling level. The ceiling level is established whenever a series of bonds is issued. For example, if the District issues its Series 2002 Bonds in the amount of \$100, and if the District had 100 acres of unplatted developable land, the debt per undeveloped acre would equal \$1. At the time each plat is presented to the District, the District would use the assessment methodology to assign more specific amounts of debt to the plat based on its land use(s). As long as the debt per unplatted acre remains below the ceiling level of \$1 after the effect of the plat is accounted for no further action is necessary. However, if the effect of the plat was to cause the debt per remaining unplatted acre to increase above \$1, the developer would have to make a debt reduction payment to cause the remaining debt per unplatted acre to be no more than \$1. A new ceiling level of debt per unplatted acre is determined every time new bonds are issued.

## 2.2 The District's Capital Improvement Plan and the District Engineer's Estimate of Cost

Based upon the land use plan created by the developer (summarized in Tables 1 and 2), the District Engineer has generated a capital improvement program (CIP) for the portion of the infrastructure that the District will provide. The cost estimates are summarized in Table 3 below. The Engineer estimates a total project cost of \$37,613,000 without inflation. Since the CIP will be constructed over a 6-year period, inflation will affect the cost estimate. The Financial Advisor has determined that an inflation allowance of 4% per year is appropriate based on pricing behavior over the last ten years. Therefore, the total cost of the CIP including inflation is projected at \$39,074,405.

**Table 3. District Engineer's Estimated Costs for The District's Capital Improvement Program (\$000s)**

DESCRIPTION	Total	2002	2003	2004	2005	2006	2007
Offsite roadways	\$2,000	\$1,000	\$1,000	\$0	\$0	\$0	\$0
Utilities	\$5,022	\$979	\$1,889	\$1,435	\$415	\$17	\$287
Earthwork	\$2,096	\$527	\$736	\$591	\$177	\$5	\$60
Water Management	\$11,000	\$4,218	\$4,975	\$1,485	\$203	\$7	\$112
Wetland Mitigation	\$1,135	\$950	\$185	\$0	\$0	\$0	\$0
Perimeter Wall & Berms	\$9,000	\$4,252	\$2,913	\$1,275	\$330	\$230	\$0
Offsite Improvements	\$750	\$750	\$0	\$0	\$0	\$0	\$0
Professional Fees & Permitting	\$3,191	\$750	\$1,114	\$924	\$228	\$10	\$165
Contingency @10%	\$3,419	\$1,343	\$1,281	\$571	\$135	\$27	\$62
	=====	=====	=====	=====	=====	=====	=====
Total	\$37,613	\$14,769	\$14,093	\$6,280	\$1,488	\$296	\$687
Inflation @ 4%		1.00	1.04	1.08	1.12	1.17	1.22
Total Inflated	\$39,074	\$14,769	\$14,657	\$6,793	\$1,674	\$346	\$836

Source: District Engineer's Report, September 3, 2002

## 2.3 Financing Plan

Based on the District Engineer's report summarized above, the Financial Advisor has designed a financing program to provide the construction funds needed for the CIP. As shown in Table 3, the District Engineer has

designed a seven-year CIP for the District. Federal tax laws require that bond proceeds be expended within a three-year period barring special circumstances which the District will not qualify for.<sup>1</sup> This means that the financing must be structured into two bond issues.

Table 4 presents the funding program for the District's CIP. The Series 2002 Bonds total \$45,730,000 to fund the first phase of the CIP. The Series 2005 Bonds fund the balance of the program. The financing program anticipates a total debt issuance of \$49,060,000 to fund the entire CIP estimated at \$39,074,405.

**Table 4. Bond Financing Program**

Category	Total	Series 2002	Series 2005
Construction Fund	\$39,074,405	\$36,218,463	\$2,855,942
Debt Service Reserve	\$3,953,569	\$3,685,216	\$268,353
Capitalized Interest	\$4,801,650	\$4,801,650	\$0
Cost of Issuance	\$400,000	\$250,000	\$150,000
Underwriter's Discount	\$834,020	\$777,410	\$56,610
Rounding	(\$3,644)	-\$2,739	-\$905
	=====	=====	=====
Total	\$49,060,000	\$45,730,000	\$3,330,000
Allocated Totals			
Roads	\$3,136,488	\$3,136,488	\$0
Other Facilities	\$45,923,512	\$42,593,512	\$3,330,000
	=====	=====	=====
Total	\$49,060,000	\$45,730,000	\$3,330,000

<sup>1</sup> The tax code provides for extensions for projects like power plants or dams that cannot be constructed in logical phases.

The estimated construction cost is for the CIP, as identified by the District Engineer, plus an allowance for inflation. In the bond sizing the construction amount is gross funded. The debt service reserve account is set initially at the lesser of maximum annual debt service, 10% of the proceeds of the bonds, or 125% of average annual debt service. The bond sizing includes capitalized interest for the Series 2002 Bonds only. This allows for the lag between when improvements are under construction and when they are completed and generating benefits. Since the Series 2005 Bonds will be paydown or "B" type bonds, no capitalized interest was included in their sizing.

Under the cost of issuance we estimated the underwriter's discount at 1.7%, the prevailing market rate. This allowance pays the underwriter for taking the risks involved in purchasing the District's bonds. Finally, the balance of the cost of issuance pays for the trustee, financial advisor, district counsel and other costs associated with issuing the District's bonds.

Table 4 also shows the distribution of bonded debt to fund the CIP into two functional categories: (a) offsite roadways and (b) other facilities. As discussed below, these categories are used to allocate the debt associated with funding the CIP to the properties within the District that receive special benefits from the infrastructure and facilities funded by the District.

#### 2.4 Allocation to Benefiting Properties – Methodology Overview

The discussion offered below illustrates the process by which the Tuscan Reserve CDD will allocate debt incurred to support its CIP. As described above, until such time as plats are recorded, the specific land uses in the District are indeterminable. Therefore, at the outset, the District's debt will be allocated on an acreage basis across all benefited acres in the District. As platting occurs, the District will more finely articulate the allocation of debt to benefiting properties, according to the methodology discussed below.

As noted above, as long as two basic principles are adhered to, Florida law allows the District Board great latitude in determining the appropriate methodology to allocate the costs of its CIP to benefiting properties in the District. The two principles are as follows.

- (1) The properties being assessed must receive a special benefit from the CIP.
- (2) The assessments allocated to each property must be fairly and reasonably apportioned among the benefiting properties.

In allocating special assessment costs to benefiting property Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units, dwelling units, acreage, and value. Based upon the District Engineer's cost estimates, and his analysis of the physical properties of the project and its CIP, we have categorized the benefits flowing from the CIP into two functional categories.

- Offsite roadways and related appurtenances
- All other facilities and services

First, offsite roadways and related items, such as street lights and landscaping, are designed to accommodate the estimated traffic generated by the land use program for the development. There are a variety of equitable methods for allocating the costs associated with these improvements to the benefiting properties. The most widely used methodology utilizes estimates for trip generation rates by land use type as developed by the Institute of Transportation Engineers.<sup>2</sup> Each land use has an associated rate of generating trips onto the District's offsite roadways. Thus, the total volume of traffic to be accommodated on the offsite roadways can be estimated and costs allocated on the basis of trips. This is most appropriate in the context of the development program for the District.

The balance of the CIP provides a variety of benefits to District property including primarily stormwater management (ie. drainage) and security in the form of the perimeter wall and berm. The benefits from these facilities are most equitably allocated on the basis of equivalent residential units or ERUs. The standard is the Grand Estate Lot at 1 ERU. Each of the other land uses in the District is assigned an ERU equivalency to the Lot based on relative size of the land associated with each type of land use. For example, as shown in Table 2 the average Lot is 1.03 acres. The average Estate Home lot is 0.5 acres, so the Estate is assigned an ERU value of 0.486 (0.5 / 1.03). Each of the other land uses is examined and assigned an ERU value in a similar fashion.

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<sup>2</sup> Institute of Transportation Engineers (1997), Trip Generation 6<sup>th</sup> Edition, Washington, D.C.: Institute of Transportation Engineers.

## 2.5 Timing of Infrastructure Improvements and the Systems Approach

The District's infrastructure program will be funded and installed in two phases, as shown above in Table 4. Although this infrastructure will be constructed over time in phases, it is actually designed for and will operate as consistent system serving all of the developable property in the District. For example, the roadway system will be constructed in the initial phase. However, the entire system will benefit all the developable property in the District. Improvements built in phase 1 will benefit properties developed in phase 1 and in future phases. Likewise, properties developed in phase 1 will benefit from perimeter wall and berms constructed in phase 2.

As a result, the most equitable way in which to allocate the benefits of these systems of master infrastructure improvements is on a systems basis. In other words the benefits from the system are examined on a total systems basis and the properties that receive these benefits are also viewed on a total basis. Thus, if the cost of an infrastructure system totals \$10 in all four phases, and if these costs were allocable equally to 10 acres of property, the allocation would be \$1 per acre.

The reality is that the costs are not proportionately distributed across all phases of the construction program. Furthermore, the benefiting properties will not all be developed in an equal proportionate fashion. The costs are unevenly divided over time and the development program is not evenly distributed either. Thus, if the costs of the CIP were allocated strictly on a phase-by-phase basis only to those properties developed during that phase, the cost per acre or per equivalent unit would vary significantly across the four phases. This would be patently inequitable.

Therefore, the most equitable methodology is to utilize the systems approach. As discussed below, the benefits flowing from the District's CIP are viewed on a systems basis and are allocated systematically to all benefiting properties regardless of their phasing. In this way similar properties receiving similar benefits will be allocated the same amount of debt.

## 2.6 Illustrative Application of the Assessment Methodology

As noted previously, the methodology is really a process by which the District will allocate debt equitably to properties, as they are platted. The example provided below is illustrative in that no plats are processed at this time.

Table 5 outlines the allocation of the costs to properties in the District for offsite roadways and related services. As noted above in Table 4, the cost

to the District for the offsite roadways and related facilities is \$3,136,488. These costs are allocated based upon trip generation rates for each land.

**TABLE 5. COST ALLOCATION TO BENEFITING PROPERTIES FOR OFFSITE ROADWAYS AND RELATED IMPROVEMENTS**

Category	Units	Trip Rate	Trips	% Trips	Par
Estate Homes	57	9.57	545.49	19%	\$601,808
Villas	177	6.59	1166.43	41%	\$1,286,856
Lots	13	9.57	124.41	4%	\$137,255
Condominium	62	5.86	363.32	13%	\$400,830
Golf Course	18	35.74	643.32	23%	\$709,739
	=====		=====	=====	=====
Total	327		2,843	100%	\$3,136,488

Table 6 displays the allocation of costs for the District's other infrastructure facilities. As noted above, the benefits from these facilities are measured on the basis ERUs.

**TABLE 6. COST ALLOCATION TO BENEFITING PROPERTIES FOR OTHER DISTRICT FACILITIES**

Category	Units	Land/Unit	ERU/Unit	ERUs	%ERU	Par
Estate Homes	57	0.50	0.486	27.71	28%	\$12,896,899
Villas	177	0.26	0.249	44.05	45%	\$20,504,712
Lots	13	1.03	1.000	13.00	13%	\$6,050,876
Condominium	62	0.17	0.161	10.00	10%	\$4,655,761
Golf Course	1	3.90	3.900	3.90	4%	\$1,815,263
				=====	=====	=====
Total				99	100%	\$45,923,512

Table 7 brings these cost allocations together. Summing the allocations for the two components of the CIP provides the total costs. These are also broken down by cost per unit. As each plat is presented to the District, the figures in Table 7 are used to assign a portion of the costs for the master improvements contained in the CIP to that plat and to its land uses.



**TABLE 7. TOTAL COST ALLOCATION TO BENEFITING PROPERTIES**

Category	Units	Total Debt	Debt/Unit
Estate Homes	57	\$13,498,708	\$236,819
Villas	177	\$21,791,569	\$123,116
Lots	13	\$6,188,131	\$476,010
Condominium	62	\$5,056,592	\$81,558
Golf Course	0	\$2,525,001	\$2,525,001
	=====	=====	
Total	309	\$49,060,000	

2.7 True Up Mechanism

Although the District does not process plats or distribute new tax identification numbers when subdivisions are made, it does have an important role to play during the course of platting. Whenever a subdivision is processed, the District must allocate a portion of its debt to the newly subdivided property according to the methodology outlined above. In addition, the District must also prevent any buildup of debt on land not yet subdivided. Otherwise, the land could be fully subdivided without all of the debt being allocated.

To preclude this, a test is conducted every time a plat is processed. As long as the plat does not cause the debt on the remaining land to increase above the ceiling level then no further action is necessary. However, if the plat does cause the debt on the remaining land to increase, then a debt reduction payment will be necessary.

The ceiling level of debt is established at the time each series of bonds is issued. For example, the District presently plans to issue \$49,060,000 in Series 2002 Bonds to fund the first phase of its CIP. There are 461.30 total acres of land in the District, none of which is yet developed. Therefore, the ceiling level of debt for the Series 2002 Bonds is \$106,352 per acre. Until additional bonds are issued, this ceiling level stays in effect.

Every time a plat is processed, the District will check to determine the debt per remaining undeveloped acre of land. If the plat does not cause the debt per remaining acre to increase above the ceiling level, then no further action is necessary. Otherwise, a debt reduction payment must be made to bring the debt per undeveloped acre down to the ceiling level.

As future series of bonds are issued, a new ceiling level of debt is established. The total amount of debt is divided by the then undeveloped acres to establish the new ceiling level.

2.8 Tax Roll

As described above, the debt associated with the District's CIP will be initially distributed evenly across the benefiting acreage in the District. Table 8 below presents the initial tax roll for the District.

**Table 8. Tax Roll**

Parcel	Folio Number	Acreage	Debt
1	177240007	387.57	\$41,218,695
2	147400000	73.73	\$7,841,305
		=====	=====
Total		461.3	\$49,060,000

**SUPPLEMENTAL  
ASSESSMENT REPORT  
FOR THE  
SERIES 2005 BONDS:  
TUSCANY RESERVE  
COMMUNITY DEVELOPMENT  
DISTRICT**

**FINAL NUMBERS**

**November 17, 2005**

**Prepared for**

**Board of Supervisors  
Tuscany Reserve Community Development District**

**Prepared by**

**Fishkind & Associates, Inc.  
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**SUPPLEMENTAL ASSESSMENT REPORT  
TUSCANY RESERVE COMMUNITY DEVELOPMENT DISTRICT  
SERIES 2005A & 2005B BONDS**

**FINAL NUMBERS**

**November 17, 2005**

---

**1.0 Introduction**

**1.1 Purpose**

This Supplemental Assessment Report (“Supplement” or “Supplemental Report”) demonstrates the application of the Adopted Master Assessment Methodology (“Methodology”) for the Tuscany Reserve Community Development District (“District”) as it relates to its Series 2005 Bonds (hereinafter defined). The Methodology has two stated goals: (1) to estimate the special benefits provided to properties within the District which result from the installation of the Capital Improvement Program (“CIP”) and (2) to equitably allocate the costs incurred by the District to provide these special benefits.

It is the District’s adopted CIP that will allow for the development of property within the District. The CIP confers special benefits to the properties within the District. This Supplemental Report equitably allocates the costs incurred by the District to provide the benefits of the CIP to certain properties within the District. These benefits include the benefits conferred by the Series 2005 Project (hereinafter defined) and the benefits conferred through the completion of the CIP.

This is the District’s first Supplemental Assessment Report. This Supplement describes the Series 2005 Bonds and the assessments required to repay those Bonds. The Series 2005 Bonds will fund a portion of the District’s CIP, also described as the “Series 2005 Project” or “2005 Project”. The balance of the CIP will be funded through a future series of bonds or alternately by contributions from the Master Developer. The Series 2005 Bonds will be repaid from the proceeds of an assessment levied by the District’s Board of Supervisors. The levy will take the form of non-ad valorem special assessments that will be liens against properties within the boundary of the District that receive special benefits from the

Series 2005 Project. The algorithms and logic used in this report are the same algorithms and logic found in the Methodology (October 30, 2002).

## **1.2 Background**

Collier County established the District with Ordinance 2002-42 to provide infrastructure for portions of the Tuscan Reserve community. The County has approved the land use plan for the District. Current plans for the community consists of a 461-acre luxury, gated, community featuring a Tuscan-style town square and featuring a private, championship golf course.

## **1.3 Special Benefits and General Benefits**

Improvements undertaken by the District create both special benefits and general benefits. However, these general benefits to the public at large are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District. It is the District's CIP that enables properties within the District's boundaries to be developed. Without the District's CIP there would be no infrastructure to support development of land within the District. Without these improvements development of property in the District would be prohibited by law.

There is no doubt that the general public, and property owners outside the District, will benefit from the provision of District infrastructure. However, these are incidental to the District's CIP which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's CIP to obtain, or to maintain, their development entitlements. This fact alone clearly distinguishes the special benefits which District properties receive compared to those properties lying outside of the District's boundaries.

At this time the Financial Advisor ("FA") can not calculate the exact amount of benefit conferred to the specially benefited properties, but it is our opinion that the benefits will exceed the costs of the financed CIP.

Within the District the benefits conferred to the specially benefited properties are derived from the completion of the CIP. It is anticipated that the CIP will be financed through a combination of the Series 2005 Bonds and either a future series of bonds or Future Developer Contributions.

## **1.4 Requirements of a Valid Assessment Methodology**

Valid special assessments under Florida law have two requirements. First, the properties assessed must receive a special benefit from the

improvements paid for via the assessments. Second, the assessments must be fairly and reasonably allocated to the properties being assessed.

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, such as the District's Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that the mathematical perfection of calculated special benefit is probably impossible. Only if the District's Board was to act in an arbitrary, capricious, or grossly unfair fashion would its assessment methods be overturned.

## **2.0 The Series 2005 Bonds**

### **2.1 Development Program**

WCI Communities the "Master Developer" of the property within the District has defined the land uses for the property. These land uses are defined as the development program ("Development Program"). The Development Program is detailed in Table 1 (Appendix). This Development Program may change from time to time as market conditions may necessitate.

### **2.2 Capital Improvement Program and the Series 2005 Project**

The District Engineer has identified certain infrastructure that may be provided by the District and has provided a cost estimate for the District's CIP. The CIP consists of on-site and off-site roadway improvements, potable water and waste water utilities, storm water management facilities, wetland mitigation, entry features, and perimeter buffer improvements and landscaping. Details of the CIP can be found in the Engineer's Report for the Tuscany Reserve Community Development District dated September 2002.

The Engineer has provided an Amended Engineers Report (August 2, 2005) in which the estimated costs of the CIP have been updated. Table 2 of the Supplemental Assessment Report summarizes the current cost estimates. The Series 2005 Project consists of a number of infrastructure projects that have been completed and the District will now issue bonds to acquire the facilities that comprise the Series 2005 Project. The Future Infrastructure will be funded through a future bond issue or alternatively through contributions by the Master Developer. Table 2 shows a summary of the Series 2005 Project costs and the cost estimate of the infrastructure that is necessary to complete the CIP.

## **2.3 Series 2005 Project Finance Plan**

The District intends to finance the Series 2005 Project by issuing its Special Assessment Bonds Series 2005A and Special Assessment Bonds Series 2005B, collectively the (“Series 2005 Bonds”). The Series 2005A Bonds are due May 1, 2036. They carry a coupon of 5.55%. Interest is capitalized through November 1, 2006 and the first sinking fund installment is May 1, 2007. The uses of funds for the Series 2005A Bond include a construction fund to finance a portion of the 2005 Project, a debt service reserve fund, a capitalized interest fund, issuance costs, and an underwriter's discount.

The Series 2005B Bonds will finance the balance of the Series 2005 Project not financed by the Series 2005A Bonds. The Series 2005B Bonds are structured as a 10-year balloon term bond due May 1, 2016. Interest is capitalized on the Series 2005B Bonds through November 1, 2006. The preliminary coupon of the Series 2005B Bonds is 5.25%. The uses of funds of the Series 2005B Bond include a construction fund, a debt service reserve fund, a capitalized interest fund, issuance costs, an underwriter's discount and rounding.

While the Series 2005 Bonds are funding a portion of the CIP, the balance of the CIP will be funded through either a future series of bonds or alternatively through contributions made by the Master Developer. Table 3 summarizes the components of the Series 2005A & 2005B Bonds and a Future Bond series.

## **3.0 Assessment Methodology**

### **3.1 Structure**

The assessment methodology is a process by which the District will allocate the costs associated with its CIP to properties within the District benefiting from the improvements. The allocation is based upon the benefits that each property receives. From the outset, the District has based its CIP on the land uses the developer plans for the Development. However, until plats are filed the precise land uses are unknown. Therefore, the District initially will impose assessments on a per acre basis across all land in the District. Subsequently, when plats are processed and the exact land uses are known, the District will assign assessments to the platted properties using the methodology described herein.



### **3.2 Capital Improvement Program as a System of Improvements**

The District is undertaking the responsibility of providing the infrastructure outlined in the CIP to the Tuscany Reserve community. The Methodology considers the CIP as a system of improvements. As designed, the CIP is an integrated set of facilities. Each infrastructure facility works as a system to provide special and peculiar benefits to the lands within the District. The water management lakes and structures work as a system. The water management system provides stormwater protection not for just a single home but for the entire Development Program. This logic can also be used when considering the Development water and sewer system, offsite transportation, and the perimeter improvements. Each facility has been designed as an integrated system to provide special and peculiar benefits to all of the developable lands within the District.

The CIP is considered a multi-year construction program. As a practicality, most multi-year improvement programs are constructed in phases. These phases are usually devised so that the management and financing of the construction are performed in coordination with the sales program for the community. Under such a phasing plan, each part of the CIP is designed to be functional and confer special benefits to the landowners prior to the subsequent phases being in place. Therefore, each phase of a multi-phase capital improvement program can be financed independently of the other phases.

### **3.3 Benefit Allocation**

In allocating special assessment costs to benefiting property Florida governments have used a variety of methods including, but not limited to, front footage, area, trip rates, equivalent residential units, dwelling units, acreage, and value. Based upon the District Engineer's cost estimates, and his analysis of the physical properties of the project and the CIP, we have categorized the benefits flowing from the CIP into two functional categories.

- Roadways and related appurtenances
- All other facilities and services

Roadways and related items, such as street lights and landscaping, are designed to accommodate the estimated traffic generated by the land use program for the development. There are a variety of equitable methods for allocating the costs associated with these improvements to the benefiting properties. The most widely used methodology utilizes estimates for trip generation rates by land use type as developed by the

Institute of Transportation Engineers.<sup>1</sup> Each land use has an associated rate of generating trips onto the District's roadways. Thus, the total volume of traffic to be accommodated on the roadways can be estimated and costs allocated on the basis of trips. This is most appropriate in the context of the Development Program for the District. Table 4 shows the Roadway Debt allocation to the Development Program based on standardized trips.

The balance of the CIP provides a variety of benefits to District property including primarily storm water management and security in the form of the perimeter wall and berm. The benefits from these facilities are most equitably allocated on the basis of equivalent residential units or ERUs. The standard is the Mansion Lot at 1 ERU. Each of the other land uses in the District is assigned an ERU equivalency to the Mansion Lot based on relative size of the land associated with each type of land use. For example, as shown in Table 2 the average Lot is 1.03 acres. The average Grand Estate Home lot is 0.5 acres, so the Grand Estate Home is assigned an ERU value of 0.486 ( $0.5 / 1.03$ ). Each of the other land uses is examined and assigned an ERU value in a similar fashion. Table 5 shows the allocation of the "Other" facilities based on ERUs. Table 6 aggregates the Roadway and Other debt allocations and calculates a per unit Total Debt Allocation.

### **3.4 Assignment of Assessments**

It is useful to consider three distinct states or conditions of development within a community. The initial condition is the "undeveloped state". The second condition is "on-going development". And the third condition is the "completed development state".

The District is currently in the on-going development state. The installation of infrastructure has begun and the Development Program has started to take shape. Indeed, the Series 2005 Project has been completed and the platting of home sites has started. For Condominium units it is appropriate to define a unit upon it receiving a certificate of occupancy ("CO"). Following the Methodology, it is appropriate to assign an allocation of debt to platted properties or properties that have received a CO. Therefore, at the time a unit receives a plat or alternatively a CO, that unit will be assigned a Series 2005A and 2005B debt allocation as denoted in Table 7.

The Series 2005A Debt Allocation denoted in Table 7 can be amortized through the payment of 30 annual assessments. The anticipated annual

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<sup>1</sup> Institute of Transportation Engineers (1997), Trip Generation 6<sup>th</sup> Edition, Washington, D.C.: Institute of Transportation Engineers.

assessments for each unit within the Development Program are shown on Table 8.

At the time that a unit is sold and closed to an end user the Series 2005B Paydown must be paid. These paydown amounts are shown in Table 9.

In the “completed development state” all of the Single Family units have been platted and all of the Condominium units have received a CO. At this point, the total par value of the Series 2005A and 2005B Bonds have been assigned as specific assessments against each of the development units within the Development Program.

#### **4.0 Assessment Determination**

##### **4.1 Special and Peculiar Benefit to the Property**

This discussion is covered in the Adopted Master Assessment Methodology dated October 30, 2002.

##### **4.2 Reasonable and Fair Apportionment of the Duty to Pay**

This discussion is covered in the Adopted Master Assessment Methodology dated October 30, 2002.

#### **5.0 True-Up Mechanism**

Although the District does not process plats or distribute new tax identification numbers when subdivisions are made, it does have an important role to play during the course of platting. Whenever a subdivision is processed or when Condominium buildings receive a CO, the District must allocate a portion of its debt to the newly subdivided property according to the Methodology outlined above. In addition, the District must also prevent any buildup of debt on land not yet subdivided. Otherwise, the land could be fully subdivided without all of the debt being allocated.

To preclude this, a test is conducted every time a plat is processed. As long as the plat does not cause the debt on the remaining land to increase above the ceiling level then no further action is necessary. However, if the plat does cause the debt on the remaining land to increase, then a debt reduction payment will be necessary.

The ceiling level of debt for the Series 2005 Bonds calculated as the total par debt of the Series 2005 Bonds, \$21,725,000, divided by 133.1, which is the net developable acreage within the District. This yields a ceiling of \$163,223 per acre.

Therefore, every time a plat is processed, the District will check to determine the debt per remaining undeveloped acre of land. If the plat does not cause the debt per remaining acre to increase above the ceiling level, then no further action is necessary. Otherwise, a debt reduction payment must be made to bring the debt per undeveloped acre down to the ceiling level.

## **5.1 Assessment Roll**

Exhibit A shows the assessments as they are assigned to the platted units in the District.

## APPENDIX

**TABLE 1  
TUSCANY RESERVE CDD  
DEVELOPMENT PROGRAM  
SERIES 2005 BONDS  
SUPPLEMENTAL ASSESSMENT REPORT**

Vertical Development Program

<u>Product</u>	<u>Units (1)</u>
Grand Estate Homes	57
Villas	177
Mansion Lots	13
Condominiums	62
Total Residential Units	309

(1) Unit mix is subject to change based on marketing and other factors.

**TABLE 2**  
**TUSCANY RESERVE CDD**  
**UPDATED CAPITAL IMPROVEMENT PROGRAM**  
**SERIES 2005 BONDS**  
**SUPPLEMENTAL ASSESSMENT REPORT**

<u>Facility</u>	<u>Series 2005</u> <u>Project</u>	<u>Future</u> <u>Infrastructure</u>	<u>Total CIP</u>
Roadway and Entry Improvements	\$ 831,560	\$ -	\$ 831,560
Utilities	\$ 2,356,720	\$ 2,613,690	\$ 4,970,410
Water Management	\$ 10,460,540	\$ -	\$ 10,460,540
Wetland Mitigation	\$ 612,300	\$ -	\$ 612,300
Perimeter Walls, Landscaping & Berms	\$ 2,724,360	\$ 100,000	\$ 2,824,360
Off-site Improvements	\$ 797,120	\$ 166,500	\$ 963,620
Professional Fees & Permitting	\$ 818,720	\$ 288,020	\$ 1,106,740
Contingency	\$ -	\$ 316,820	\$ 316,820
<b>Total Infrastructure Costs</b>	<b>\$ 18,601,320</b>	<b>\$ 3,485,030</b>	<b>\$ 22,086,350</b>

Cost Estimates provided by Heidt & Associates, Inc.

**TABLE 3**  
**TUSCANY RESERVE CDD**  
**FINANCING PROGRAM PAR BOND ESTIMATES**  
**SERIES 2005 BONDS**  
**SUPPLEMENTAL ASSESSMENT REPORT**

	<u>Par Bonds Series</u> <u>2005A</u>	<u>Par Bonds Series</u> <u>2005B</u>	<u>Par Bonds Future "B"</u> <u>Series</u>	<u>Total Financing</u> <u>Program</u>
Construction Fund	\$ 9,264,388	\$ 9,336,932	\$ 3,485,030	\$ <b>22,086,350</b>
Debt Service Reserve	\$ 737,199	\$ 889,716	\$ 713,236	\$ <b>2,340,150</b>
Capitalized Interest	\$ 503,159	\$ 514,637	\$ 130,621	\$ <b>1,148,417</b>
Cost of Issuance	\$ 74,154	\$ 75,846	\$ 116,000	\$ <b>266,000</b>
Underwriter's Discount	\$ 161,100	\$ 164,775	\$ 67,875	\$ <b>393,750</b>
Rounding	\$ -	\$ 3,095	\$ 3,238	\$ <b>6,333</b>
Total Par Debt	\$ <b>10,740,000</b>	\$ <b>10,985,000</b>	\$ <b>4,516,000</b>	\$ <b>26,241,000</b>



**TABLE 4  
TUSCANY RESERVE CDD  
DEBT ALLOCATION  
ROADWAYS AND RELATED IMPROVEMENTS  
SERIES 2005 BONDS  
SUPPLEMENTAL ASSESSMENT REPORT**

Roadway cost allocation	\$	1,918,859
Roadway debt allocation	\$	2,279,814

<u>Product</u>	<u>Units (1)</u>	<u>Trip Rate</u>	<u>Total Trips</u>	<u>Par Debt Assessment/ Product (2)</u>	<u>Par Debt Assessment/ Unit</u>
Grand Estate Homes	57	9.57	545	\$ 565,370	\$ 9,919
Villas	177	6.59	1,166	\$ 1,208,939	\$ 6,830
Mansion Lots	13	9.57	124	\$ 128,944	\$ 9,919
Condominiums	<u>62</u>	5.86	<u>363</u>	<u>\$ 376,561</u>	<u>\$ 6,074</u>
<b>Totals</b>	309		<b>2,200</b>	<b>\$ 2,279,814</b>	

(1) Unit mix is subject to change based on marketing and other factors.

(2) Shown to aggregate assessments to the original par, not to assign debt to a particular Product category.

**TABLE 5  
TUSCANY RESERVE CDD  
DEBT ALLOCATION  
OTHER DISTRICT IMPROVEMENTS  
SERIES 2005 BONDS  
SUPPLEMENTAL ASSESSMENT REPORT**

Other Improvements cost allocation     \$     20,167,491  
Other Improvements debt allocation     \$     23,961,186

<u>Product</u>	<u>Units (1)</u>	<u>ERU Factor/Unit</u>	<u>Total ERUs</u>	<u>Par Debt Assessment/ Product (2)</u>	<u>Par Debt Assessment/ Unit</u>
Grand Estate Homes	57	0.49	27.67	\$ 6,936,453.03	\$ 121,692
Villas	177	0.25	44.68	\$ 11,200,546.25	\$ 63,280
Mansion Lots	13	1.00	13.00	\$ 3,258,916.00	\$ 250,686
Condominiums	<u>62</u>	0.17	<u>10.23</u>	<u>\$ 2,565,270.70</u>	\$ 41,375
<b>Totals</b>	<b>309</b>		<b>96</b>	<b>\$ 23,961,186</b>	

(1) Unit mix is subject to change based on marketing and other factors.

(2) Shown to aggregate assessments to the original par, not to assign debt to a particular Product category.

**TABLE 6**  
**TUSCANY RESERVE CDD**  
**TOTAL FINANCING PROGRAM DEBT ALLOCATION**  
**SERIES 2005 BONDS**  
**SUPPLEMENTAL ASSESSMENT REPORT**

<u>Product</u>	<u>Units (1)</u>	<u>Total Roadway Debt</u>	<u>Total "Other" Debt</u>	<u>Total Debt Allocation/Unit</u>
Grand Estate Homes	57	\$ 565,369.83	\$ 6,936,453	\$ 131,610.93
Villas	177	\$ 1,208,939.36	\$ 11,200,546	\$ 70,110.09
Mansion Lots	13	\$ 128,944.00	\$ 3,258,916	\$ 260,604.62
Condominiums	62	\$ 376,560.83	\$ 2,565,271	\$ 47,448.90
<b>Totals</b>		<b>\$ 2,279,814</b>	<b>\$ 23,961,186</b>	
<b>Total Projected Financing Program Debt</b>		<b>\$ 26,241,000</b>		

(1) Unit mix is subject to change based on marketing and other factors.

**TABLE 7**  
**TUSCANY RESERVE CDD**  
**DEBT ALLOCATION**  
**SERIES 2005 BONDS**  
**SUPPLEMENTAL ASSESSMENT REPORT**

<u>Product</u>	<u>Units (1)</u>	<u>Total Debt</u> <u>Allocation/Unit</u>	<u>Series 2005A Debt</u> <u>Allocation/Unit</u>	<u>Series 2005B Debt</u> <u>Allocation/Unit</u>	<u>Future Series Debt</u> <u>Allocation/Unit</u>
Grand Estate Homes	57	\$ 131,611	\$ 54,473	\$ 55,367.41	\$ 21,770.62
Villas	177	\$ 70,110	\$ 28,671	\$ 29,621.94	\$ 11,816.78
Mansion Lots	13	\$ 260,605	\$ 60,199	\$ 109,366.71	\$ 91,038.82
Condominiums	62	\$ 47,449	\$ 28,671	\$ 18,777.53	\$ (0.00)
<b>Totals</b>					

(1) Unit mix is subject to change based on marketing and other factors.

**TABLE 8**  
**TUSCANY RESERVE CDD**  
**SERIES 2005A ANNUAL ASSESSMENTS**  
**SERIES 2005 BONDS**  
**SUPPLEMENTAL ASSESSMENT REPORT**

<u>Product</u>	<u>Units (1)</u>	<u>Annual Assessment/ Unit</u>	<u>Tax Bill Annual Assessment/ Unit (2)</u>	<u>Annual Debt Service Generated (3)</u>
Grand Estate Homes	57	\$ 3,740	\$ 4,043	\$ 213,167
Villas	177	\$ 1,968	\$ 2,128	\$ 348,407
Mansion Lots	13	\$ 4,133	\$ 4,468	\$ 53,728
Condominiums	<u>62</u>	\$ 1,968	\$ 2,128	\$ <u>122,041</u>
	309			\$ <b>737,342</b>

(1) Unit mix is subject to change based on marketing and other factors.

(2) Includes a 4% allowance for early payment discounts and a 3.5% allowance for collection fees paid to Collier County.

(3) Annual Debt Service Generated is sufficient to meet maximum annual debt service of the Sereis 2005A Bonds.

**TABLE 9**  
**TUSCANY RESERVE CDD**  
**SERIES 2005B PAY-DOWNS**  
**SERIES 2005 BONDS**  
**SUPPLEMENTAL ASSESSMENT REPORT**

<u>Product</u>	<u>Units (1)</u>	<u>Series 2005B</u> <u>Debt Allocation</u> <u>Unit</u>	<u>Series 2005B Pay</u> <u>Down/Unit</u>	<u>Series 2005B Debt</u> <u>Service Reserve</u> <u>Release/Unit</u>
Grand Estate Homes	57	\$ 55,367.41	\$ 50,882.99	4,484.41
Villas	177	\$ 29,621.94	\$ 27,222.75	2,399.19
Mansion Lots	13	\$ 109,366.71	\$ 100,508.69	8,858.01
Condominiums	62	\$ 18,777.53	\$ 17,256.67	1,520.86
<b>Totals</b>				

(1) Unit mix is subject to change based on marketing and other factors.

**FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A.,  
WITH RESPECT TO THE SERIES 2005 BONDS**

Upon delivery of the Series 2005 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2005 Bonds in substantially the following form:

Board of Supervisors  
Tuscany Reserve Community  
Development District

Re: \$21,725,000 Tuscany Reserve Community Development  
District Capital Improvement Revenue Bonds, Series 2005

We have served as bond counsel in connection with the issuance by the Tuscany Reserve Community Development District (the "District"), a community development district established and existing pursuant to Chapter 190, Florida Statutes, as amended (the "Act"), of its \$21,725,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005 (the "Series 2005 Bonds"), further designated as \$10,740,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005A and \$10,985,000 Tuscany Reserve Community Development District Capital Improvement Revenue Bonds, Series 2005B. The Series 2005 Bonds are being issued under and pursuant to the Constitution and laws of the State of Florida, a Master Trust Indenture (the "Master Indenture"), dated as of November 1, 2005 and a First Trust Indenture, dated as of November 1, 2005 (collectively, the Master Indenture as amended and supplemented by the First Indenture is hereinafter referred to as the "Indenture"), each from the District to Wachovia Bank, National Association, Miami, Florida, as trustee (the "Trustee") and resolutions adopted by the Board of Supervisors of the District on September 12, 2002 and October 13, 2005 (collectively, the "Bond Resolution"). The Series 2005 Bonds are issued to: (i) finance the Cost of acquiring certain assessable improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A to the Supplemental Indenture, the "2005 Project"); (ii) pay certain costs associated with the issuance of the 2005 Bond; (iii) make a deposit into the 2005A and 2005B Reserve Accounts for the benefit of all of the 2005 Bond; and (iv) pay a portion of the interest to become due on the 2005 Bond. The Series 2005 Bonds are a portion of the

Bonds validated by final judgment of the Circuit Court of Collier County, Florida, rendered on October 28, 2002, the appeal period for which has expired with no appeal having been taken. The Series 2005 Bonds are payable from and secured by Assessments (as defined in the Indenture) on property within the District specially benefited by the assessable improvements financed with the proceeds of the Series 2005 Bonds and also by the Series 2005 Pledged Revenues and Series 2005 Pledged Funds comprising the Series 2005 Trust Estate. We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. Unless the context indicates otherwise, all terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.

The Series 2005 Bonds recite that neither the Series 2005 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of the State of Florida. The Series 2005 Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided in the Indenture authorizing the issuance of the Series 2005 Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay debt service or to pay any other amounts required to be paid pursuant to the Indenture or the Series 2005 Bonds. Rather, debt service and any other amounts required to be paid pursuant to the Indenture or the Series 2005 Bonds, shall be payable solely from, and shall be secured solely by the Series 2005 Pledged Revenues, together with the Series 2005 Pledged Funds comprising the Series 2005 Trust Estate pledged to the Series 2005 Bonds, all as provided in the Series 2005 Bonds and in the Indenture.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

On the basis of our review, we are of the opinion that:

1. The District has been duly established and validly exists as a community development district under the Act.
2. The District has the right and power under the Act to authorize, execute and deliver the Indenture, and the Indenture has been duly and lawfully authorized, executed and delivered by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Series 2005 Trust Estate, including the 2005 Assessments, in the manner and to the extent provided in the Indenture.



3. The Series 2005 Bonds are the valid, binding, special obligations of the District, enforceable in accordance with their terms and with the terms of the Indenture and are entitled to the benefits of the Indenture and the Act as amended to the date hereof, and the Series 2005 Bonds have been duly and validly authorized and issued in accordance with law and the Indenture.

4. The Series 2005 Bonds and interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

5. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2005 Bonds is (a) excluded from gross income for federal income tax purposes, and, (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2005 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2005 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2005 Bonds. The District has covenanted to comply with all such requirements. Ownership of the Series 2005 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2005 Bonds.

The opinions expressed above as to enforceability may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

Except as may expressly be set forth in an opinion delivered by us to the underwriters of the Series 2005 Bonds on the date hereof (upon which only they may rely), (1) we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Limited Offering Memorandum or other offering material relating to the Series 2005 Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with laws of the State of Florida or the United States with regard to the sale or distribution of the Series 2005 Bonds and we express no opinion relating thereto.

We have examined the form of the Series 2005 Bonds and, in our opinion, the form of the Series 2005 Bonds is regular and proper.

Very truly yours,  
NABORS, GIBLIN & NICKERSON, P.A.

**CONTINUING DISCLOSURE AGREEMENT**

**THIS CONTINUING DISCLOSURE AGREEMENT** (the "Disclosure Agreement") is executed by and between Tuscany Reserve Community Development District (the "Issuer") and WCI Communities, Inc., a Delaware corporation (the "Developer") in connection with the issuance of the Issuer's \$10,740,000 Tuscany Reserve Community Development District (Collier County, Florida) Capital Improvement Revenue Bonds, Series 2005A (the "2005A Bonds") and the Issuer's \$10,985,000 Tuscany Reserve Community Development District (Collier County, Florida) Capital Improvement Revenue Bonds, Series 2005B (the "2005B Bonds") (the 2005A Bonds and the 2005B Bonds are hereinafter collectively referred to as the "2005 Bonds"). The 2005 Bonds are being issued pursuant to a Master Trust Indenture dated as of November 1, 2005, and a First Supplemental Trust Indenture, dated as of November 1, 2005 (collectively, the Master Trust Indenture and the First Supplemental Trust Indenture, the "Indenture"), between the Issuer and Wachovia Bank, National Association, Miami, Florida (the "Trustee"). Capitalized terms not defined herein shall have the meaning ascribed thereto in the Indenture. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer and the Developer agree as follows:

**SECTION 1. PURPOSE OF DISCLOSURE AGREEMENT.** This Disclosure Agreement is being executed and delivered in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"), and is for the benefit of the holders and beneficial owners of the Bonds.

**SECTION 2. APPOINTMENT OF DISSEMINATION AGENT.** The Issuer and the Developer hereby appoint the Issuer as the dissemination agent (the "Dissemination Agent") hereunder. The Issuer hereby accepts its appointment as Dissemination Agent and all of the obligations and responsibilities related thereto as described herein. The Issuer may, upon the giving of ten (10) days written notice to the Developer, appoint another Person to serve as Dissemination Agent hereunder. Any such Person appointed by the Issuer as Dissemination Agent hereunder shall acknowledge its duties set forth herein by a written acceptance delivered to the Issuer and the Developer.

**SECTION 3. PROVISION OF DEVELOPER'S ANNUAL INFORMATION.** So long as the Developer is the owner of at least 20% of the Project Lands (as defined in this Section 3) or it is obligated to pay at least 20% of the Assessments (an "Obligated Party"), the Developer shall provide the following information to the Dissemination Agent and to Banc of America Securities LLC within thirty (30) days after the end of each calendar quarter of each year (unless specifically provided herein), commencing March 31, 2006, and the Dissemination Agent shall, within fifteen (15) days of its receipt thereof, provide such information to all of the nationally recognized municipal securities information repositories described in Section 8 hereby (the "NRMSIRs"), and to any state information depository that is established within the State of Florida (the "SID").

(A) if the Developer is required to file its audited financial statements with the Securities and Exchange Commission (the "SEC"), the Developer shall provide its audited

financial statements for the most recent fiscal year for which audited financial statements have been completed, within ten (10) Business Days after filing the same with the SEC;

(B) additional information relating to the Developer or the Development, as follows:

1. For all Project Lands:

a. Single Family lots

(1) Estimation of total number of lots expected to be included within the Development upon full build-out

(2) Number of lots sold/parcels (closed) to persons or entities in the business of building or developing homes (hereinafter referred to as "Builders")

(3) Number of lots sold (closed) to persons or entities that are not Builders (hereinafter referred to as "Non-Builders")

(4) Number of homes (whether or not occupied) for which certificates of completion or certificates of occupancy have been issued (hereinafter referred to as "Completed Homes")

(5) Number of Completed Homes owned by Non-Builders

(6) Number of Completed Homes for sale by Builders (based upon survey of Builders active within the Development)

b. Multi-Family Units

(1) Estimation of total number of units expected to be included within the Development upon full build-out

(2) Number of acres sold (closed) to Builders

(3) Number of units sold to Non-Builders

(4) Number of units for which certificates of completion or certificates of occupancy have been issued (hereinafter referred to as "Completed Units") which are occupied;

(5) Number of Completed Units for sale by Builders (based upon survey of builders active within the Development)

(6) Number of Completed Units for sale by Non-Builders

c. Commercial Space

- (1) Estimation of total numbers of acres of commercial (that is, non residential) land expected to be included within the Development upon full build-out
- (2) Acreage of commercial land sold (closed) by the Developer
- (3) Acreage of commercial land under agreement (sold but not closed) for sale by the Developer

2. Materially adverse changes or determinations in permits/approvals for the Development that necessitate changes in the Developer's land use plan.

For purposes of this Disclosure Agreement, the term "Project Lands" means the lands within the District that are benefited by the 2005 Project and are subject to the Lien of the Assessments.

**SECTION 4. PROVISIONS OF ISSUER'S ANNUAL INFORMATION.** The Issuer shall provide the following information to the Dissemination Agent on or before March 31 of each year, commencing March 31, 2006 and the Dissemination Agent shall, within fifteen (15) days of its receipt thereof, provide such information to all of the NRMSIRs and to the SID:

(A) audited financial statements of the Issuer for the most recent fiscal year for which audited financial statements have been completed, prepared in accordance with Generally Accepted Governmental Accounting Principles, as modified by applicable State of Florida requirements and the governmental accounting standards promulgated by the Government Accounting Standards Board; and

(B) additional financial information and operating data relating to the Issuer and the Development, as follows:

1. the amount of Series Assessments to be levied on the Project Lands, as certified by the Issuer to the Tax Collector, during such Fiscal Year.
2. the amount of revenues collected in respect of Series Assessments levied on the Project Lands for the immediately preceding Fiscal Year.
3. the amount of delinquent Series Assessments in respect of Series Assessments during such Year, if available.
4. the dollar amount of tax certificates in respect of Series Assessments during such Year, if available.
5. debt service schedule for the remaining term of the Bonds.

6. percentage of Series 2005 Project that has been completed with proceeds of the Bonds as of such Fiscal Year.
7. materially adverse changes or determinations in permits/approvals relating to the Series 2005 Project.

**SECTION 5. DEVELOPER'S OBLIGATION TO REPORT SIGNIFICANT EVENTS.** So long as the Developer is an Obligated Party, the Developer shall provide to the Dissemination Agent, on a timely basis, notice of any release, substitution, or sale of all or substantially all of the Project Lands not in the ordinary course of business (provided that the parties acknowledge and agree that the Developer is in the business of selling the Project Lands, and, accordingly, sales of less than 100 acres of land in the aggregate to the same person in any year will be presumed to be in the ordinary course of business). The Dissemination Agent shall promptly provide notice of the foregoing event to the NRMSIR, or the Municipal Securities Rulemaking Board (the "MSRB"), and to the SID. The address of the MSRB is as follows:

**Municipal Securities Rulemaking Board**

1900 Duke Street Suite 600  
Alexandria, VA 22314  
Tel. (703) 797-6600  
Fax (703) 797-6700

The Developer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events to the Dissemination Agent, in addition to the foregoing, if, in the judgment of the Developer, such other events are material with respect to the Bonds, but the Developer specifically does not undertake to commit to provide any such additional notice of the occurrence of any material event except those events listed above. In the event the Developer provides such other notice to the Dissemination Agent, the Dissemination Agent shall promptly provide such notice to the NRMSIRs or the MSRB and to the SID as provided above. The Dissemination Agent shall promptly provide notice of the foregoing event to the NRMSIRs or the MSRB and to the SID.

**SECTION 6. ISSUER'S OBLIGATION TO REPORT SIGNIFICANT EVENTS.** The Issuer shall provide to the Dissemination Agent, on a timely basis, notice of any of the following events, if such event is material under applicable federal securities laws, and the Dissemination Agent shall promptly provide such notice to the NRMSIRs or the MSRB and to the SID:

- (a) principal and interest payment delinquencies on the Bonds;
- (B) the occurrence of any Event of Default under the Indenture (other than as described in (a) above);
- (C) unscheduled draws on a debt service reserve fund reflecting financial difficulties;
- (D) unscheduled draws on credit enhancement reflecting financial difficulties;

- (E) substitution of credit or liquidity providers, or their failure to perform;<sup>1</sup>
- (F) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (G) any modification to the rights of Bondholders;
- (H) calls on the Bonds (other than mandatory sinking fund or extraordinary redemption);
- (I) defeasance of the Bonds;
- (J) release, substitution, or sale of any item of the Series 2005 Trust Estate to the extent described in Section 5 hereof;
- (K) rating changes;<sup>2</sup>
- (L) notice of any failure on the part of the Issuer to meet the requirements of Section 4 hereof.

The Issuer may from time to time, in its discretion, choose to provide notice of the occurrence of certain other events, in addition to those listed in this Section 6, if, in the judgment of the Issuer, such other events are material with respect to the Bonds, but the Issuer does not specifically undertake to commit to provide any additional notice of the occurrence of any material event except those events listed above.

Whenever the Issuer obtains knowledge of the occurrence of a significant event described in this Section 6, the Issuer shall as soon as possible determine if such event is material under the applicable federal securities laws, provided, that any event under clauses (D), (E), (F), (K), or (L) above will always be deemed to be material.

## **SECTION 7. ADDITIONAL DUTIES OF DISSEMINATION AGENT.**

(a) Upon providing any of the information required in Sections 3 and 4 hereof to the NRMSIRs, the MSRB, or the SID, as the case may be, the Dissemination Agent shall promptly provide the Developer and the Issuer with written notice setting forth a brief description of the information provided, the date such information was provided, and to whom such information was provided.

(B) If the Dissemination Agent has not received the applicable annual information described in Sections 3 and 4 hereof from the Developer and the Issuer, respectively, on or prior to June 15, of any year, the Dissemination Agent shall notify the Developer or the Issuer, as applicable, to determine when such information is expected to be provided to the Dissemination Agent.

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<sup>1</sup> Upon the initial issuance of the Bonds, there will not be any credit enhancement or liquidity facility in effect with respect to the Bonds.

<sup>2</sup> The Bonds will not be rated when issued.

(C) Each year the Dissemination Agent shall determine, prior to the date upon which it is required to provide the annual information to the NRMSIRs and the SID pursuant to Sections 3 and 4 hereof, the name and address of each NRMSIR and SID.

**SECTION 8. NRMSIRs.** The NRMSIRs to which the Dissemination Agent shall provide the information described in Section 3, 4, 5, and 6 above, to the extent required, shall be the NRMSIRs and SIDs obtained by calling the SEC's Fax on Demand Service from a fax machine phone line at (202) 942-8088 and requesting document numbers 0206 and 0207, respectively, or visiting the SEC's web site at "<http://www.sec.gov/info/municipal/nrmsir.htm>."

**SECTION 9. NO EVENT OF DEFAULT; REMEDY FOR BREACH.** This Disclosure Agreement shall be solely for the benefit of the Holders and beneficial owners from time to time of the Bonds. Notwithstanding any other provision in the Indenture to the contrary, failure of the Developer, the Issuer or the Dissemination Agent to comply with the provisions of this Disclosure Agreement shall not be considered an Event of Default under the Indenture or any related bond document. The exclusive remedy for any breach of this Disclosure Agreement by any party hereto shall be limited, to the extent permitted by law, to a right of holders and beneficial owners, or the Trustee, to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the Developer or the Issuer, as the case may be, of its obligations under this Disclosure Agreement. The Trustee may exercise any such rights and, if requested to do so by the holders of at least 51% in aggregate principal amount of the Bonds then outstanding, subject to the same conditions, limitations and procedures that would apply under the Indenture if the breach were an event of Default under the Indenture, the Trustee shall exercise such rights. Any holder or beneficial owner may exercise any such right. Holders and beneficial owners shall not be entitled to institute or maintain any such proceedings individually that assert a breach of this Disclosure Agreement that is based on the alleged inadequacy of any pertinent filing that has been made.

**SECTION 10. INCORPORATION BY REFERENCE.** Any or all of the information required herein to be disclosed may be incorporated by reference to documents, including official statements or debt issues of the Developer (or related public entities), or the issues of the Developer (or related public entities), or the Issuer, which have been submitted to each of the NRMSIRs, the SSRB, the SEC, or the SID. If the document incorporated by reference is a final official statement, it must be available from the MSRB. Such party shall clearly identify each document incorporated by reference.

**SECTION 11. DISCHARGE; SUCCESSOR DISSEMINATION AGENTS.** The Developer and the Issuer may discharge the Dissemination Agent at any time and for any reason upon ten (10) days prior written notice, with or without appointing a successor dissemination agent. Any successor Dissemination Agent shall acknowledge its duties set forth herein by a written acceptance delivered to the Issuer and the Developer. If at any time during which this Disclosure Agreement is in effect there is no acting Dissemination Agent, the Developer and the Issuer shall provide the required information described herein directly to the NRMSIRs, the MSRB, and the SID in the manner and at the times in which it presently is required to provide such information to the Dissemination Agent.



**SECTION 12. TERMINATION.** The obligations of the parties under this Disclosure Agreement shall terminate upon (A) the defeasance, prior redemption or payment in full of all of the Bonds, (B) the termination of the continuing disclosure requirements of the Rule by legislative, judicial, or administrative action, (C) in the case of the dissemination Agent, upon receipt of notice of discharge as provided in Section 11 hereof, or (D) in the case of the Developer, when the Developer no longer is (i) the owner of at least 20% of the Project Lands, or (ii) obligated to pay at least 20% of the Assessments.

**SECTION 13. AMENDMENTS.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Developer may amend this Disclosure Agreement, and may waive any provision, if such amendment or waiver is supported by an opinion of counsel familiar with federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule, if such amendment or waiver had been effective on the date hereof but taking into account any subsequent amendment or official interpretation of the Rule.

**SECTION 14. ADDITIONAL INFORMATION.** Nothing in this Disclosure Agreement shall be deemed to prevent any party hereto from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in its annual information described herein or notice of occurrence of a significant event described herein, in addition to that which is required by this Disclosure Agreement. If any party chooses to include any information in its annual information or notice of occurrence of a significant event in addition to that which is specifically required by this Disclosure Agreement, such party shall have no obligation under this Disclosure Agreement to update such information or include it in its future annual information or notice of occurrence of a significant event.

**SECTION 15. OBLIGATED PERSONS.** If any person, other than the Issuer or the Developer, becomes an Obligated Person (as defined in the Rule) relating to the Bonds, the Issuer and the Developer shall use their best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

**SECTION 16. NOTICES.** Any notices required to be given under this Disclosure Agreement shall be given to the following addresses and telephone numbers (and such notices shall also be given to the Trustee at the address for notices to the Trustee set forth in the Indenture):

- (a) As to the Issuer:  
Tuscany Reserve Community Development District  
c/o Governmental Management Services – South Florida LLC  
4802 West Commercial Boulevard  
Ft. Lauderdale, FL 33319  
Attention: District Manager

With a copy thereof to District Counsel as follows:

Goodlette, Coleman & Johnson, P.A.  
4001 North Tamiami Trail  
Suite 300  
Naples, FL 34103  
Attention: District Counsel

(b) As to the Developer:

WCI Communities, Inc.  
24301 Walden Center Drive  
Bonita Springs, FL 34134

With a copy to Developer's Counsel:

WCI Communities Law Department  
24301 Walden Center Drive  
Bonita Springs, FL 34134

(c) As to the Dissemination Agent:

Tuscany Reserve Community Development District  
c/o Governmental Management Services – South Florida LLC  
4802 West Commercial Boulevard  
Ft. Lauderdale, FL 33319  
Attention: District Manager

**SECTION 17. INDEMNIFICATION OF DISSEMINATION AGENT.** The Developer and the Issuer each further agree to indemnify and save the Dissemination Agent harmless, to the extent allowed by law, against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or misconduct.

**SECTION 18. SOURCES OF PAYMENTS; EXTENT OF COVENANTS; NO PERSONAL LIABILITY.** The Issuer shall be required to use only Maintenance Assessment Revenues (as defined below) to pay any costs and expenses to be incurred in the performance of this Disclosure Agreement by it or the Dissemination Agent, and the performance of its obligations hereunder shall be subject to the availability of Maintenance Assessment Revenues for that purpose. This Disclosure Agreement does not and shall not constitute a general obligation of the Issuer. All covenants, stipulations, obligations, and agreements of the Issuer contained in this Disclosure Agreement are and shall be deemed to be covenants, stipulations, obligations, and agreements of the Issuer to the full extent authorized by law and the Florida Constitution. No covenant, stipulation, obligation, or agreement of the Issuer contained in this Agreement shall be deemed to be a covenant, stipulation, obligation, or agreement of any present or future officer, agent, or employee of the Issuer in other than that person's official capacity. For purposes of this Section 18, "Maintenance Assessment Revenues"

means the proceeds of "special assessments" levied and collected by the Issuer under Section 190.022 of the Act for maintenance purposes or "maintenance special assessments" levied and collected by the Issuer under Section 190.021(3) of the Act.

**SECTION 19. ASSIGNMENT.** The Issuer and the Developer each may assign their respective obligations under this Disclosure Agreement only in connection with the assignment of its respective obligations under and in accordance with the provisions of any contractual commitment or other arrangement to support payment of all or any part of the Bonds; provided that neither the Issuer nor the Developer shall assign its obligations under this Disclosure Agreement so long as it remains an Obligated Person with respect to the Bonds and except to the assignee of its obligations under any such contractual commitment or other arrangement to support payment of the Bonds. The Issuer and the Developer each may assign its respective obligations under any such contractual commitment or other arrangement, without remaining primarily liable for the performance of those obligations, only if the assignee of the Issuer or the Developer, as the case may be, assumes the assignor's obligations under this Disclosure Agreement. Any assignment by the Issuer or the Developer of its obligations under this Disclosure Agreement shall not be effective unless and until the assignee shall have expressly assumed in writing, for the benefit of the holders and beneficial owners from time to time of the Bonds, the obligations of the Issuer or the Developer, as the case may be, under this Disclosure Agreement or enters into a new agreement for purposes of the Rule that is substantially similar to the undertaking of the Issuer or the Developer, as the case may be, under this Disclosure Agreement. If the Developer sells, assigns, or otherwise transfers, directly or indirectly, all of its interests with respect to the Project Lands or the Development, other than in the ordinary course of its business, the Developer shall make it a condition to such sale, assignment, or transfer that the buyer, assignee, or transferee assume all of the Developer's obligations hereunder.

**SECTION 20. BENEFICIARIES.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Developer, the Trustee, and the holders and beneficial owners from time to time of the Bonds, and any official, employee, or agent thereof acting for and on its behalf, and shall not create any rights in any other person or entity.

**SECTION 21. SEVERABILITY.** In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or a part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or a part thereof shall be deemed to be effective, operative, made, entered into, or taken in the manner and to the full extent permitted by law.

**SECTION 22. COUNTERPARTS.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 23. GOVERNING LAW.** This Disclosure Agreement shall be deemed to be an agreement made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of the State of Florida.

**IN WITNESS WHEREOF,** the parties hereto have each caused this Continuing Disclosure Agreement to be executed by their duly authorized officers and appointed officials and their seals to be hereunder affixed and attested as of the 30th day of November, 2005.

**TUSCANY RESERVE COMMUNITY  
DEVELOPMENT DISTRICT**

(SEAL)

ATTEST:

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

By: \_\_\_\_\_  
Chairman

**WCI COMMUNITIES, INC.,**  
a Delaware corporation,

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

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# TUSCANY RESERVE<sup>SM</sup>

NAPLES

