DPFG Management & Consulting, LLC

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

Agenda Package

Regular Meeting

Date & Time:
Thursday
June 27, 2019
11:30 a.m.

Location:
17555 Sawgrass Bay Blvd
Clermont, Florida

Note: The Advanced Meeting Package is a working document and thus all materials are considered DRAFTS prior to presentation and Board acceptance, approval or adoption.

Avalon Groves
Community Development District

DPFG Management & Consulting, LLC

[X] 250 International Parkway, Suite 280
Lake Mary FL 32746
(321) 263-0132 Ext. 4205

[ ] 15310 Amberly Drive, Suite 175
Tampa, Florida 33647
(813) 374 -9105

June 20, 2019

Board of Supervisors
Avalon Groves Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Avalon Groves Community Development District is scheduled for **Thursday, June 27, 2019** at 11:30 a.m. at the Amenity Center located at 17555 Sawgrass Bay Blvd, Clermont FL

The advanced copy of the agenda for the meeting is attached along with associated documentation for your review and consideration. Any additional support material will be distributed at the meeting.

The balance of the agenda is routine in nature. Staff will present their reports at the meeting. If you have any questions, please contact me. I look forward to seeing you there.

Sincerely,

Patricia Comings-Thibault
Patricia Comings-Thibault
District Manager

cc: Attorney
Engineer
District Records

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

Date of Meeting: **Thursday, June 27, 2019**
Time: 11:30 AM
Location: Avalon Groves Amenity Center
17555 Sawgrass Bay Blvd.
Clermont, FL 34714

Dial –in Number: 712-775-7031
Guest Access Code: 109-516-380

Agenda

I. Roll Call

II. Audience Comments (Limited to three minutes on agenda items)

III. Administrative Matters

A. Aquatic Systems Waterway Inspection Report — Exhibit 1

B. Approval of Minutes of May 23, 2019 Meeting — Exhibit 2

C. Acceptance of the Unaudited May, 2019 Financials — Exhibit 3

D. Presentation of the June Field Operations Report — Exhibit 4

IV. Business Items

A. Presentation of the Engineers Report – Dated May 31, 2019 — Exhibit 5

B. Presentation of the Assessment Methodology Report – Dated June 7, 2019 — Exhibit 6

C. Consideration for Adoption Resolution **2019-04,** Delegation Resolution — Exhibit 7

- Form of Bond Purchase Contract – Resolution Exhibit A – Draft 2
- Draft Copy of Preliminary Offering Memorandum – Resolution Exhibit B – Draft 2
- Form of Continuing Disclosure Agreement – Resolution Exhibit C – Draft 3
- Form of Fourth Supplemental Trust Indenture – Resolution Exhibit D – Dated as of July 1, 2019

D. Consideration of Campus Suite Proposal for ADA Website — Exhibit 8

IV. Business Items (continued)

E. Consideration for Adoption **Resolution 2019-05,** Authorizing a Website Accessibility Policy & Disclosure Statement — Exhibit 9

F. Presentation of the FY 2018 Audited Financial Statements — Exhibit 10

V. Audience Comments (New Business)

VI. Staff Reports

A. Manager

B. District Counsel

C. Amenity Manager

VII. Supervisors Requests

VIII. Adjournment

EXHIBIT 1

Aquatic Systems
LAKE & WETLAND SERVICES



Avalon Grove CDD

Waterway Inspection Report

Reason for Inspection: Routine Scheduled

Inspection Date: 6/3/2019

Prepared for:

Patricia Comings-Thibault
DPFG
250 International Parkway, Suite 280
Lake Mary, FL 32746

Prepared by:

Jessica Jones, Account Representative

Aquatic Systems, Inc. Sanford Field Office

Corporate Headquarters

2100 N.W. 33rd Street, Pompano Beach, FL 33069

1-800-432-4302

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 13







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site: 8







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 14







Comments: Site looks good

Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site: 15







Comments: Site looks good

Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 12







Comments: Normal growth observed

Pond is clear of shoreline grasses and submerged vegetation. Some algae present.

Site: 11







Comments: Site looks good

Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 9







Comments: Site looks good

Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site: 10







Comments: Site looks good

Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 7







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site: 6







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 4







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site: 5







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 3







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site: 2







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Site: 1







Comments: Site looks good
Pond is clear of shoreline grasses, submerged vegetation, and algal growth.

Site:

Comments:

Avalon Grove CDD Waterway Inspection Report

6/3/2019

Management Summary

All ponds appear to be well maintained. Pond Twelve should be treated for algae during next site visit.

Recommendations/Action Items

Continue with routine maintenance.


Avalon Grove CDD
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Aquatic Systems
LAKE & WETLAND SERVICES

EXHIBIT 2

MINUTES OF MEETING

AVALON GROVES

COMMUNITY DEVELOPMENT DISTRICT

The Regular Meeting of the Board of Supervisors of the Avalon Groves Community Development District was held on Thursday, May 23, 2019 at 11:30 a.m. at 17555 Sawgrass Bay Boulevard, Clermont, Florida 34714.

FIRST ORDER OF BUSINESS – Roll Call

Ms. Comings-Thibault called the meeting to order and conducted roll call.

Present and constituting a quorum were:

Greg Meath	Board Supervisor, Vice Chairman
Candace Smith	Board Supervisor, Assistant Secretary
Brad Walker	Board Supervisor, Assistant Secretary
Troy Simpson *(joined in progress)*	Board Supervisor, Assistant Secretary

Also present were:

Patricia Comings-Thibault	District Manager, DPFG Management & Consulting LLC
Greg Miller *(via phone)*	District Engineer
Jere Earlywine *(via phone)*	District Counsel, Hopping Green & Sams

The following is a summary of the discussions and actions taken at the May 23, 2019 Avalon Groves CDD Board of Supervisors Regular Meeting.

SECOND ORDER OF BUSINESS – Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS – Administrative Matters

A. Exhibit 1: Aquatic Systems Waterway Inspection Report

B. Exhibit 2: Approval of Minutes of March 28, 2019 Meeting

On a MOTION by Mr. Meath, SECONDED by Ms. Smith, WITH ALL IN FAVOR, the Board approved the minutes of the Board of Supervisors Regular Meeting held on March 28, 2019 for the Avalon Groves Community Development District.

C. Exhibit 3: Acceptance of the Unaudited April 2019 Financials

On a MOTION by Ms. Smith, SECONDED by Mr. Meath, WITH ALL IN FAVOR, the Board accepted the April 2019 Financial Report Summary for the Avalon Groves Community Development District.

FOURTH ORDER OF BUSINESS – Business Items

A. Exhibit 4: Presentation of Lake County Supervisor of Elections Registered Elector Count – F.S. 190.006 – 38

B. Exhibit 5: Presentation of the ADA Road to Compliance

On a MOTION by Mr. Walker, SECONDED by Mr. Meath, WITH ALL IN FAVOR, the Board accepted the Campus Suite Proposal's for ADA Compliant Webpage Development and Maintenance for the Avalon Groves Community Development District.

C. Exhibit 6: Presentation of the FY 2020 Proposed Budget – October 1, 2019 – September 30, 2020

D. Exhibit 7: Consideration for Adoption Resolution 2019-03, Adopting the Proposed FY 2020 Budget and Setting a Public Hearing

On a MOTION by Ms. Smith, SECONDED by Mr. Walker, WITH ALL IN FAVOR, the Board adopted Resolution 2019-03, adopting the Proposed FY 2020 Budget and Setting a Public Hearing for August 22, 2019 for the Avalon Groves Community Development District.

E. Exhibit 8: Consideration of Aquatic Systems Proposal to add Six Lake Sites - $385.00 Monthly

On a MOTION by Ms. Smith, SECONDED by Mr. Meath, WITH ALL IN FAVOR, the Board accepted the Aquatic Systems Proposal to add Six Lake Sites to the Avalon Grove's Aquatic Services Master Agreement in the amount of $385.00 monthly for the Avalon Groves Community Development District.

F. Exhibit 9: Consideration of Yellowstone Landscape Services - $3,115.00 Monthly

On a MOTION by Mr. Walker, SECONDED by Ms. Smith, WITH ALL IN FAVOR, the Board accepted Yellowstone Proposal for Landscape Management Services in the amount of $3,115.00 monthly for the Avalon Groves Community Development District.

FIFTH ORDER OF BUSINESS – Audience Comments (New Business)

There being none, the next item followed.

SIXTH ORDER OF BUSINESS – Staff Reports

A. Manager

B. District Counsel

C. Amenity Manager

SEVENTH ORDER OF BUSINESS – Supervisors Requests

There being none, the next item followed.

EIGHTH ORDER OF BUSINESS – Adjournment

Ms. Comings-Thibault asked for final questions, comments, or corrections before adjourning the meeting. There being none, Mr. Walker made a motion to adjourn the meeting.

On a MOTION by Mr. Walker, SECONDED by Mr. Meath, WITH ALL IN FAVOR, the Board adjourned the meeting for the Avalon Groves Community Development District.

**Each person who decides to appeal any decision made by the Board with respect to any matter considered at the meeting is advised that person may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.*

Meeting minutes were approved at a meeting by vote of the Board of Supervisors at a publicly noticed meeting held on _____.

75

Signature	**Signature**
76	
Printed Name	**Printed Name**
77	
78 **Title: □ Secretary □ Assistant Secretary**	**Title: □ Chairman □ Vice Chairman**

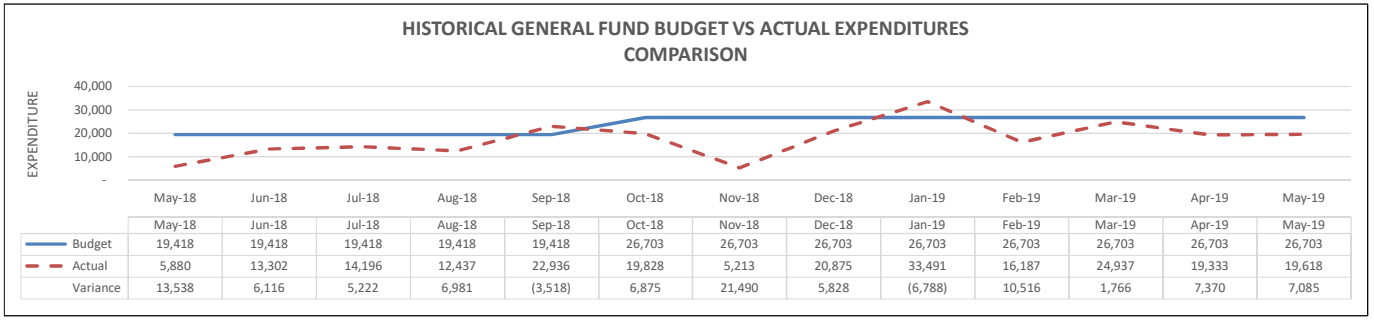
EXHIBIT 3

Avalon Groves CDD
Financial Report Summary - General Fund & Construction Fund
5/31/2019

For The Period Ending :	GENERAL FUND 5/31/2019	CONSTRUCTION IN PROGRESS 2017A-1 (AA1) 5/31/2019	ACQ. & CONSTRUCTION 2017A-1 (AA2) 5/31/2019	ACQ. & CONSTRUCTION 2017A-2 (AA2) 5/31/2019
CASH BALANCE	$ 54,424	$ 35,596	$ 4,444	$ 105,353
PLUS: ACCOUNTS RECEIVABLE - OFF ROLL	94,260	-	-	-
PLUS: ACCOUNTS RECEIVABLE - ON ROLL	-	8,592	-	-
PLUS: ACCOUNTS RECEIVABLE - OTHER	26,609	-	-	-
LESS: ACCOUNTS PAYABLE	(115,686)	(2,791)	-	-
NET CASH BALANCE	$ 59,607	$ 41,397	$ 4,444	$ 105,353

GENERAL FUND REVENUE AND EXPENDITURES (FY 2019 YTD):	5/31/2019 ACTUAL YEAR-TO-DATE	5/31/2019 BUDGET YEAR-TO-DATE	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE (YTD) COLLECTED	$ 218,890	$ 320,435	$ (101,545)
EXPENDITURES (YTD)	(168,855)	(214,003)	45,148
NET OPERATING CHANGE	$ 50,035	$ 106,432	$ (56,397)
AVERAGE MONTHLY EXPENDITURES	$ 21,107	$ 26,750	$ 5,644
PROJECTED EOY BASED ON AVERAGE	$ 253,283	$ 321,005	$ 67,722

GENERAL FUND SIGNIFICANT FINANCIAL ACTIVITY:	5/31/2019 ACTUAL YEAR-TO-DATE	5/31/2019 BUDGET YEAR-TO-DATE	FAVORABLE (UNFAVORABLE) VARIANCE
REVENUE:			
ASSESSMENTS-ON-ROLL (NET)	$ 59,580	$ -	$ 59,580
ASSESSMENTS-OFF-ROLL (NET)	159,303	320,435	(161,132)
MISCELLANEOUS REVENUE	7	-	7
EXPENDITURES:			
ADMINISTRATIVE EXPENDITURES	43,656	55,115	11,459
PHYSICAL ENVIRONMENT - LANDSCAPE	64,648	74,000	9,352
PHYSICAL ENVIRONMENT - POND MAINTENENACE	7,200	4,280	(2,920)
PHYSICAL ENVIRONMENT - ELECTRICITY	376	50,600	50,224
PHYSICAL ENVIRONMENT - FIELD CONTINGENCY	14,634	10,672	(3,962)
PHYSICAL ENVIRONMENT - WETLAND MITIGATION & MAINT.	19,400	9,336	(10,064)
PHYSICAL ENVIRONMENT - OTHER	2,791	-	(2,791)
DEBT SERVICE ADMINISTRATION	16,150	10,000	(6,150)
AMENITY CENTER EXPENDITURES	-	-	-
RESERVE	-	-	-
UNBUDGETED EXPENDITURES	-	-	-
TOTAL EXPENDITURES	**$ 168,855**	**$ 214,003**	**$ 45,148**



	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Budget	19,418	19,418	19,418	19,418	19,418	26,703	26,703	26,703	26,703	26,703	26,703	26,703	26,703
Actual	5,880	13,302	14,196	12,437	22,936	19,828	5,213	20,875	33,491	16,187	24,937	19,333	19,618
Variance	13,538	6,116	5,222	6,981	(3,518)	6,875	21,490	5,828	(6,788)	10,516	1,766	7,370	7,085

EXHIBIT 4

AVALON GROVES
COMMUNITY DEVELOPMENT DISTRICT

June 2019

SUMMARY

- Inspection date: June 19th, 2019
- Blvd areas were clean, mowed, and detailed. Pond areas varied with some having high grass, some weeds, and presence of gators.
- A lot of the trees near the ponds are stressed.
- Side note: sprinklers next to the fitness center mad dumpster along the sidewalk were watering the conservation area.

GOLDCREST LOOP LOT 315





GOLDCREST LOOP LOT 300





LOT 287 HIGH GRASS AND GATOR





SAWGRASS BAY BLVD





FUTURE PLAYGROUND AREA





BUTTERFLY PEA (LOT 262/261) & LIFT STATION ON BLVD





LIFT STATION ON BLVD STRESSED TREES



BEHIND AMENITY CENTER & NEXT TO PLAYGROUND





SAWGRASS BAY BLVD





LOT 115 AT LEAST THREE STRESSED TREES





LARGE POND LOT 87 HAS TRASH AND HIGH GRASS





LOT 227 STRESSED TREES AND HIGH WEEDS





LOT 128 & LOT 12





LOT 1 &





LOT 340 MANY STRESSED TREES





LOT 323 & POND ACROSS FROM LOT 325





EXHIBIT 5

HEIDT DESIGN
P: (813) 253-5311 | F: (813) 464-7629
5806-B Breckenridge Pkwy.
Tampa, FL 33610
www.heidtdesign.com

May 31, 2019

Mr. Maik Aagaard, District Manager
DPFG, Inc.
1060 Maitland Center Commons
Suite 340
Maitland, FL 32751

RE: Avalon Groves Community Development District
Supplemental Engineer's Report – 2019 Bond Issuance

To Whom It Concerns:

Pursuant to the Board of Supervisor's authorization, Heidt Design, LLC is pleased to submit this DRAFT Supplemental Engineer's Report for the proposed improvements for the Avalon Groves Community Development District related to the issuance of Capital Improvement Revenue Bonds for the 2019 Bond Issuance. This report has been prepared on behalf of the District in connection with the financing for these proposed initial improvements. A detailed description of the improvements and their corresponding estimates of costs are outlined in the following report.

Thank you for this opportunity to be of professional service.

Sincerely,

HEIDT DESIGN, LLC

Gary D. Miller, P.E.
District Engineer

cc: Jim Harvey, Kolter
Alyssa Willson, HGS
e-File

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
ENGINEER'S SUPPLEMENTAL REPORT -
2019 BOND ISSUANCE

Prepared for:

Board of Supervisors
Avalon Groves Community Development District

Prepared by:

Heidt Design, LLC
5806-B Breckenridge Parkway
Tampa, Florida 33610
813-253-5311

May 31, 2019

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INFRASTRUCTURE IMPROVEMENTS	5
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ENGINEER'S OPINION	8

EXHIBITS

A. Assessment Area Legal Description
B. Vicinity Map
C. Concept Plan
D. Aerial Map

TABLES

1. Ownership & Maintenance
2. Opinion of Probable Cost
3. Permit Status

INTRODUCTION

As described in the Preliminary Engineer's Report issued in October 2016, the Avalon Groves Community Development District (CDD) will ultimately consist of three assessment areas geographically positioned as depicted in the Vicinity Map in Exhibit B of this report. Assessment Area One is approximately 303 acres located in the northernmost portion of the District property and is established as a residential active adult community with approximately 580 lots. Assessment Area Two contains approximately 334 acres and located in the central portion of the District property. The two residential tracts (Villages 1 and 2) are separated by the Sawgrass Bay Boulevard Right-of-Way and contain 479 single family detached (SFD) residential units. Assessment Area Three is approximately 335 acres in total land area and is located in the southern portion of the District property. The public infrastructure to be built for Assessment Area 3 was not financed with the Series 2017 Bonds.

The Supplemental Engineer's report issued in 2017 for the Serenoa (fka Avalon Groves) community included infrastructure within Assessment Areas One and Two that contained approximately 1,059 residential housing units and various parks and recreational facilities. Also included was the construction of the Sawgrass Bay Boulevard extension from the northwest project boundary through Assessment Areas One and Two, wetland mitigation creation, listed species habitat mitigation creation and relocation costs, stormwater management facilities and associated infrastructure grading, entry monumentation, common area landscaping and irrigation, dry utilities, and recreational facilities for the initial phases of development.

The purpose of this Supplemental Engineer's Report is to provide a description of the improvements and land acquisition that is to be financed by the District's 2019 bond issue ("2019 Bonds"). Public infrastructure and land improvements to be funded with proposed 2019 Bonds include the acquisition of land for construction of stormwater management facilities and wetland conservation areas, grading and construction associated with the stormwater management system, and professional fees associated with the improvements. The improvements are located within Serenoa Active Adult Phases 1 & 2 within Assessment Area One as shown on the Exhibits at the end of this report. These improvements are a subset of the residential improvements described in the 2017 Supplemental Engineer's Report but have not yet been funded by the District.

Construction of the improvements commenced in 2018 and is anticipated to be complete by 2020. Updated permit status information is provided in the "Permit Status" section of this report. As directed by the District's bond counsel, the District will pay the lesser of the cost basis or appraised value with respect to any land acquisition.

This Supplemental Engineer's Report reflects the District's present intentions. The implementation and completion of any land purchase and any improvement outlined in this report requires final approval by the District's Board of Supervisors, including the award of contracts for the construction of the improvements. The District will acquire completed improvements. Cost estimates contained in this report have been prepared based on the best available information. Actual costs will vary

based upon final plans, design, planning, approvals from regulatory authorities, inflation, etc. Nevertheless, all costs contained herein may be reasonably expected to adequately fund the improvements described, and contingency costs as included are reasonable.

INFRASTRUCTURE IMPROVEMENTS

The District presently intends to undertake certain public infrastructure improvements to be financed with the 2019 Bonds within Phases 1 and 2 within Assessment Area One of the District. As mentioned in the Preliminary Engineer's Report on file with the District, a portion of these improvements will be funded by District bond issuances and a portion will be funded by the Developer. The construction and maintenance of the proposed improvements are necessary and will benefit the property within the District. A more specific description of each of these items follows and the related costs are provided in Table 2.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that are needed to meet regulatory requirements related to wetland systems, stormwater management systems, wetland setbacks, open space, and other stormwater infrastructure improvements. All assessment areas benefit from the land and the acquisition costs will be allocated by the District as needed. It is anticipated that approx. 36.3 acres of wetlands and 41.5 acres of uplands located within Phases 1 and 2 of Assessment Area One will be conveyed to the District as part of the 2019 Bond financing and include the following tracts:

Drainage: D-0, D-1, D-2, D-3, D-4, D-5, D-6, D-7, D-8, D-9
Floodplain: F-0
Wetland Conservation: C-1, C-5, C-6, C-7, C-8A
Wetland Conservation Buffer: N-1, N-1A

MASTER ROADS AND STREETS

There are no master roadway improvements associated with the 2019 Bonds.

MASTER WATER AND WASTEWATER

There are no master water or wastewater improvements associated with the 2019 Bonds.

MASTER SURFACE WATER MANAGEMENT

The District will provide the master surface water management infrastructure for the entire Avalon Groves CDD Project within the District in accordance with St. Johns River Water Management District (SJRWMD) and U.S. Army Corps of Engineers (ACOE) permit approvals. Material excavated from surface water management ponds, floodplain management ponds, and wetland mitigation areas is

anticipated to remain within Phase 1 and 2 subset within Assessment Area One area for use in road sub base, and perimeter berms. However, any grading in connection with the preparation of pads for private home sites or on other private property will not be funded by the District. Any material excavated from ponds or mitigation areas constructed on lands owned by the District shall be used only for improvements within the Project to be financed with the 2019 Bonds. Any excess material removed from the ponds, if applicable, will be disposed of by the Developer. Components of the surface water management infrastructure related to the 2019 Bonds are described below:

Stormwater Management Ponds: 200, 201, 202, 203, 204, 205, 206, 207, 208, 209.
Floodplain Compensation Ponds: FC200.
Wetland Mitigation: None
Wetland Conservation Areas (portions within the 2019 Bond area): Wetland 11, 31, 27, 33, 22, 23, 20, & 25.

SUBDIVISION INFRASTRUCTURE

Portions of the local roadway and storm sewer system are required for the stormwater management system to function including proper grading and fill for the construction of the curb and gutters within the roadways. As such, these improvements are to be constructed in association with the 2019 Bonds.

LANDSCAPING AND MONUMENT SIGNS

There are no Landscape and Irrigation improvements or Monument Signs associated with the 2019 Bonds.

PARKS AND RECREATION FACILITIES

There are no Parks and Recreation improvements associated with the 2019 Bonds.

DRY UTILITIES FACILITIES

There are no Dry Utility improvements associated with the 2019 Bonds.

PROFESSIONAL FEES

Professional Fees include civil engineering costs for site design, permitting, inspection, and master planning, geotechnical costs for pre-design soil borings, underdrain analysis, and construction staking, all in regard to the improvements associated with the 2019 Bonds. Also included in this category are fees associated with environmental consultation and permitting.

The infrastructure, as outlined above, is necessary for the functional development of the District as required by the applicable independent unit of local government. The planning and design of the infrastructure is in accordance with current governmental regulatory requirements. The

infrastructure will provide their intended function so long as the construction is in substantial compliance with the design and permits.

OWNERSHIP & MAINTENANCE

Ownership and maintenance of the improvements is generally anticipated as set forth in Table 1.

It is anticipated that, in addition to the annual non-ad valorem assessments to be levied and collected by the District to pay debt service on its bonds, the District should levy and collect an annual "Maintenance Assessment" to be determined, assessed, and levied by the District's Board of Supervisors upon the assessable real property within the District for the purpose of defraying the cost and expenses of maintaining District-owned improvements.

PERMIT STATUS

The required infrastructure improvements for Phases 1 & 2 of the Active Adult Community are contained in the following construction plans titled Serenoa Active Adult Parcel Phases 1 & 2.

The USACOE permits have been pursued where needed to offset federal wetland impacts. In addition, wildlife surveys were initially completed at the start of the project and have been updated with each phase of development.

The permit status of all permits issued to date or in process can be found in Table 3. Preliminary Plats, and Construction Plans have been submitted for review and approval by the St John's Water Management District, Lake County and the Florida Department of Environmental Protection incrementally for Phases 1 & 2 of the Active Adult Community.

We are of the opinion that all permits not heretofore issued or in process and which are necessary to affect the improvements described herein will be obtained during the ordinary course of development.

SUMMARY OF COSTS

The estimated cost of the 2019 Project is as set forth in Table 2 at the end of this report.

ENGINEER'S OPINION

It is our professional opinion that the summary of costs listed in Table 2 is sufficient to complete the construction of the items intended.

It is my professional opinion that these infrastructure improvements will benefit and add value to the assessable lands within the Phase 1 and 2 subset Assessment Area One within the District. Such assessable property within the Phase 1 and 2 subset of Assessment Area 1 of the District will receive a special benefit from the herein described improvements, which benefit is at least equal to the cost of such improvements. Infrastructure costs are for public improvements or community facilities as set forth in section 190-012(1) and (2) of the Florida Statutes.

The estimate of infrastructure construction costs is only an estimate and not a guarantee maximum price. The estimated cost is based on unit prices currently being experienced for ongoing and similar items of work in Lake County and quantities as represented on construction plans. In no event will the District pay more than the actual cost or fair market value of the public improvements constituting the Project.

The labor market, future costs of equipment and materials, increased regulatory actions, and the actual construction process are all beyond control of the District. Due to this inherent opportunity for fluctuation of cost, the total final cost may be more or less than this estimate.

Assuming project construction continues in a timely manner, it is our opinion that the proposed improvements, if constructed and built in substantial accordance with the approved plans and specifications, can be completed and meets their intended functions. Where necessary, historical costs, information from other professional or utility consultants and contractors have been used in preparation of this report. Consultants and contractors who have contributed in providing the cost data included in this report are reputable entities in the Lake County area. It is therefore our opinion that the construction of the proposed project can be completed at the cost stated.



Gary D. Miller, P.E.
Florida Registered Engineer No. 52717

Exhibit A

Assessment Area Legal Description

VICINITY MAP



NOT TO SCALE

SERENOA ACTIVE ADULT PHASE 1 AND 2

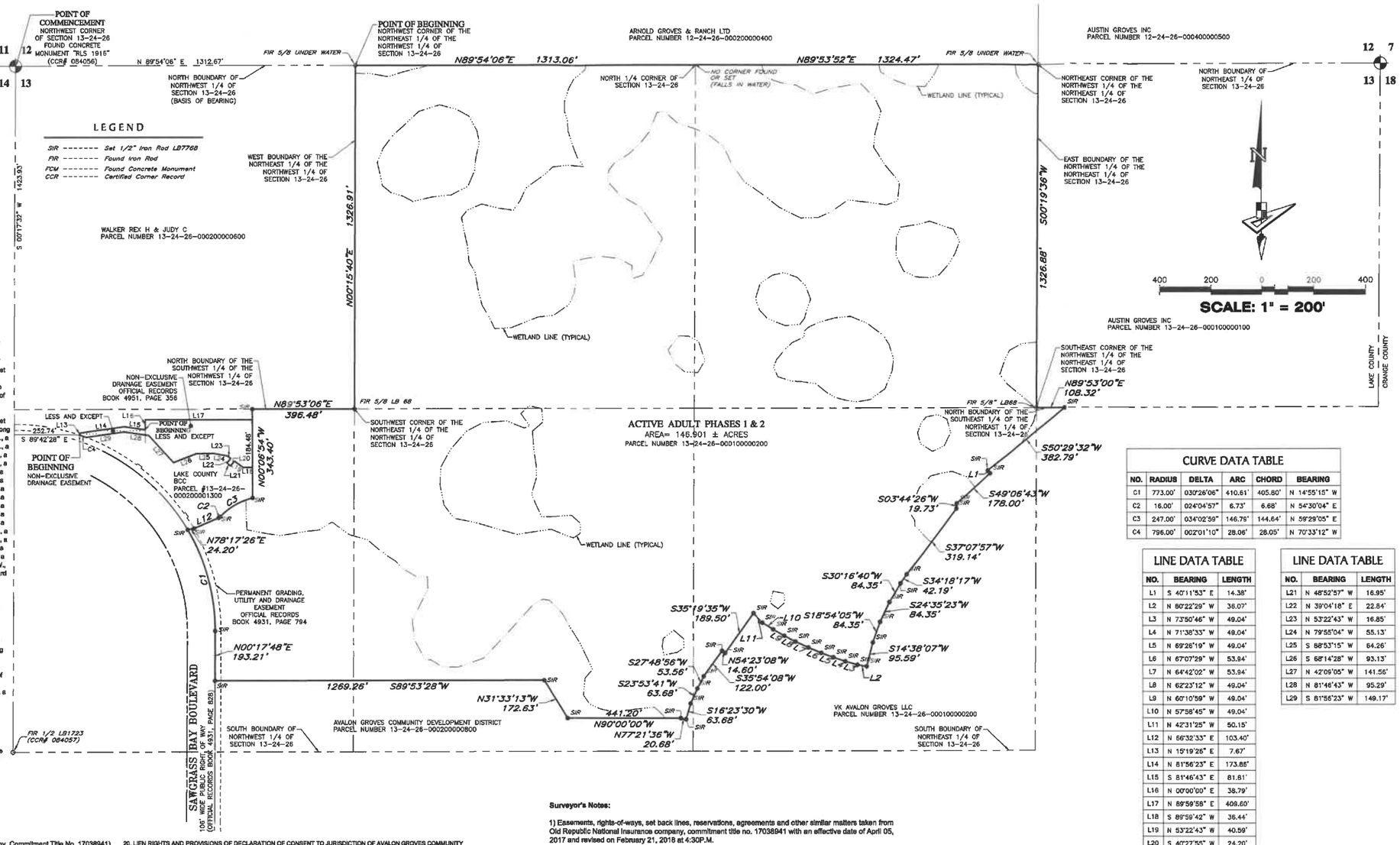
DESCRIPTION: A parcel of land lying in Section 13, Township 24 South, Range 26 East, Lake County, Florida, and being more particularly described as follows:

COMMENCE at the Northwest corner said Section 13, run thence along the North boundary of the Northwest 1/4 of said Section 13, N.89°54'06"E., a distance of 1312.67 feet to the Northwest corner of the Northeast 1/4 of the Northwest 1/4 of said Section 13, also being the **POINT OF BEGINNING**; continue along said North boundary, N.89°54'06"E., a distance of 1313.06 feet to the North 1/4 corner of said Section 13; thence along the North boundary of the Northeast 1/4 of said Section 13, N.89°53'52"E., a distance of 1324.47 feet to the Northeast corner of the Northwest 1/4 of the Northeast 1/4 of said Section 13; thence along the East boundary of the Northwest 1/4 of the Northeast 1/4 of said Section 13, S.00°19'36"W., a distance of 1326.88 feet to the Southeast corner of the Northwest 1/4 of the Northeast 1/4 of said Section 13; thence along the North boundary of the Southeast 1/4 of the Northeast 1/4 of said Section 13, N.89°53'00"E., a distance of 108.32 feet; thence S.50°29'32"W., a distance of 382.79 feet; thence S.40°11'53"E., a distance of 14.38 feet; thence S.49°06'43"W., a distance of 178.00 feet; thence S.03°44'26"W., a distance of 19.73 feet; thence S.37°07'57"W., a distance of 319.14 feet; thence S.34°18'17"W., a distance of 42.19 feet; thence S.30°16'40"W., a distance of 84.35 feet; thence S.24°35'23"W., a distance of 84.35 feet; thence S.18°54'05"W., a distance of 84.35 feet; thence S.14°38'07"W., a distance of 95.59 feet; thence N.80°22'29"W., a distance of 36.07 feet; thence N.73°50'46"W., a distance of 49.04 feet; thence N.71°38'33"W., a distance of 49.04 feet; thence N.69°26'19"W., a distance of 49.04 feet; thence N.67°07'29"W., a distance of 53.94 feet; thence N.64°42'02"W., a distance of 53.94 feet; thence N.62°23'12"W., a distance of 49.04 feet; thence N.60°10'59"W., a distance of 49.04 feet; thence N.57°58'45"W., a distance of 49.04 feet; thence N.42°31'25"W., a distance of 50.15 feet; thence S.35°19'35"W., a distance of 189.50 feet; thence N.54°23'08"W., a distance of 14.60 feet; thence S.35°54'08"W., a distance of 122.00 feet; thence S.27°48'56"W., a distance of 53.56 feet; thence S.23°53'41"W., a distance of 63.68 feet; thence S.16°23'30"W., a distance of 63.68 feet; thence N.77°21'36"W., a distance of 20.68 feet; thence N.90°00'00"W., a distance of 441.20 feet; thence N.31°33'13"W., a distance of 172.63 feet; thence S.89°53'28"W., a distance of 1269.26 feet to a point on the Easterly right of way line of Sawgrass Bay Boulevard as recorded in Official Records Book 4931, Page 828, of the Public Records of Lake County, Florida; thence along said Easterly right of way line the following two (2) courses: 1) N.00°17'48"E., a distance of 193.21 feet; 2) Northerly, 410.61 feet along the arc of a tangent curve to the left having a radius of 773.00 feet and a central angle of 30°26'06" (chord bearing N.14°55'15"W., 405.80 feet); thence N.78°17'26"E., a distance of 24.20 feet; thence N.66°32'33"E., a distance of 103.40 feet; thence Northeasterly, 8.73 feet along the arc of a tangent curve to the left having a radius of 16.00 feet and a central angle of 31°15'29" (chord bearing N.51°09'48"E., 8.62 feet); thence Northeasterly, 146.79 feet along the arc of a reverse curve to the right having a radius of 247.00 feet and a central angle of 34°02'59" (chord bearing N.59°29'05"E., 144.64 feet); thence N.00°06'54"W., a distance of 343.40 feet to a point on the North boundary of the Southwest 1/4 of the Northwest 1/4 of the aforesaid Section 13; thence along said North boundary, N.89°53'06"E., a distance of 396.48 feet to the Southwest corner of the Northeast 1/4 of the Northwest 1/4 of the aforesaid Section 13; thence along the West boundary of the Northwest 1/4 of the aforesaid Section 13, N.00°15'40"E., a distance of 1326.91 feet to the **POINT OF BEGINNING.**

Containing 146.901 acres, more or less.

TOGETHER WITH

Non-exclusive easements described in and subject to the terms of that Non-exclusive Drainage Easement Deed given by Lake County to VK Avalon Groves LLC, a Delaware limited liability company, its successors and assigns, recorded May 31, 2017 in Official Records Book 4951, page 356, of the Public Records of Lake County, Florida.



LEGEND

SIR	Set 1/2" Iron Rod LB7768
FIR	Found Iron Rod
FCM	Found Concrete Monument
CCR	Certified Corner Record

CURVE DATA TABLE

NO.	RADIUS	DELTA	ARC	CHORD	BEARING
C1	773.00'	030°26'06"	410.61'	405.80'	N 14°55'15" W
C2	16.00'	024°04'57"	6.73'	6.68'	N 54°30'04" E
C3	247.00'	034°02'59"	146.76'	144.64'	N 59°29'05" E
C4	796.00'	002°01'10"	28.05'	28.05'	N 70°33'12" W

LINE DATA TABLE

NO.	BEARING	LENGTH
L1	S 40°11'53" E	14.38'
L2	N 80°22'29" W	36.07'
L3	N 73°50'46" W	49.04'
L4	N 71°38'33" W	49.04'
L5	N 69°26'19" W	49.04'
L6	N 67°07'29" W	53.94'
L7	N 64°42'02" W	53.94'
L8	N 62°23'12" W	49.04'
L9	N 60°10'59" W	49.04'
L10	N 57°58'45" W	49.04'
L11	N 42°31'25" W	50.15'
L12	N 66°32'33" E	103.40'
L13	N 15°19'26" E	7.67'
L14	N 81°56'23" E	173.88'
L15	S 81°46'43" E	81.81'
L16	N 00°00'00" E	38.79'
L17	N 89°59'58" E	409.60'
L18	S 89°59'42" W	36.44'
L19	N 53°22'43" W	40.59'
L20	S 40°27'55" W	24.20'

LINE DATA TABLE

NO.	BEARING	LENGTH
L21	N 48°52'57" W	16.95'
L22	N 39°04'18" E	22.84'
L23	N 53°22'43" W	16.85'
L24	N 79°55'04" W	55.13'
L25	S 88°53'15" W	64.26'
L26	S 68°14'28" W	93.13'
L27	N 42°09'05" W	141.56'
L28	N 81°46'43" W	95.29'
L29	S 81°56'23" W	149.17'

SCHEDULE B-II EXCEPTIONS: (Taken from Old Republic National Insurance Company, Commitment Title No. 17038941)

ITEMS 1-6: NOT A MATTER OF SURVEY.

7. RESERVATION OF ONE-HALF 1/2 OF ALL OIL, GAS AND MINERAL RIGHTS, AS CONTAINED IN THAT CERTAIN WARRANTY DEED RECORDED JANUARY 18, 1955 IN DEED BOOK 361, PAGE 371, OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, WITHOUT THE RIGHT OF ENTRY AND/OR EXPLORATION. NOTE: EASEMENT RIGHTS THEREIN WERE TERMINATED BY TERMINATION OF EASEMENT RECORDED IN OFFICIAL RECORDS BOOK 4860, PAGE 852, OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA. (AFFECTS - NON-PLOTTABLE)

8. TERMS, CONDITIONS AND RESERVATIONS OF ONE-HALF 1/2 OF ALL OIL, GAS AND MINERAL RIGHTS, AS CONTAINED IN THAT CERTAIN WARRANTY DEED RECORDED FEBRUARY 27, 1957 IN OFFICIAL RECORDS BOOK 8, PAGE 388, OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, WITHOUT THE RIGHT OF ENTRY AND/OR EXPLORATION. (AFFECTS - NON-PLOTTABLE)

9. TERMS, CONDITIONS AND EASEMENTS CONTAINED IN THAT DECLARATION OF ACCESS EASEMENT AND SECOND MODIFICATION TO ROADWAY EASEMENT AGREEMENT RECORDED IN OFFICIAL RECORDS BOOK 2680, PAGE 2279, AS AFFECTED BY SURVEYOR'S AFFIDAVIT RECORDED IN OFFICIAL RECORDS BOOK 4860, PAGE 852, ALL OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA. (AFFECTS - NON-PLOTTABLE)

ITEM 10: NOT A MATTER OF SURVEY.

11. NOTICE OF ESTABLISHMENT OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT RECORDED MAY 11, 2016 IN OFFICIAL RECORDS BOOK 4778, PAGE 361, OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA. (AFFECTS - NON-PLOTTABLE)

12. TERMS, PROVISIONS AND CONDITIONS CONTAINED IN THAT CERTAIN ORDINANCE NO. 2016-20 RECORDED JUNE 24, 2016 IN OFFICIAL RECORDS BOOK 4797, PAGE 2227, OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA. (AFFECTS - NON-PLOTTABLE)

13. TERMS AND CONDITIONS CONTAINED IN THAT CERTAIN CATTLE LEASE DATED MAY 1, 2015 BY AND BETWEEN AVALON GROVES LLC, A DELAWARE LIMITED LIABILITY COMPANY, AS LESSOR AND CROWN POINT FARMS, AS LESSEE, AS AFFECTED BY FIRST AMENDMENT DATED MAY 1, 2018. (MAY AFFECT - NO DOCUMENTS SUPPLIED)

14. TERMS, CONDITIONS AND OBLIGATIONS SET FORTH IN RECORDED NOTICE OF ENVIRONMENTAL RESOURCE PERMIT BY ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, RECORDED JANUARY 24, 2017 IN OFFICIAL RECORDS BOOK 4893, PAGE 861. (AFFECTS - NON-PLOTTABLE)

15. INTENTIONALLY DELETED

16. TERMS AND CONDITIONS OF PERMIT DESCRIBED IN NOTICE OF DEPARTMENT OF THE ARMY PERMIT RECORDED MARCH 3, 2017 IN OFFICIAL RECORDS BOOK 4910, PAGE 149. (AFFECTS - NON-PLOTTABLE)

17. INTENTIONALLY DELETED

18. COVENANTS AND PROVISIONS OF COLLATERAL ASSIGNMENT AND ASSUMPTION AGREEMENT (ASSESSMENT AREA ONE) BY AND BETWEEN AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AND VK AVALON GROVES LLC, RECORDED APRIL 14, 2017 IN OFFICIAL RECORDS BOOK 4930, PAGE 142. (AFFECTS)

19. PROVISIONS OF AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT NOTICE OF LIEN OF SPECIAL ASSESSMENTS RECORDED IN OFFICIAL RECORDS BOOK 4930, PAGE 165. (AFFECTS)

20. LIEN RIGHTS AND PROVISIONS OF DECLARATION OF CONSENT TO JURISDICTION OF AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AND TO IMPOSITION OF ASSESSMENT AREA ONE, ASSESSMENT AREA TWO A-1 AND ASSESSMENT AREA TWO A-2 SPECIAL ASSESSMENTS BY VK AVALON GROVES LLC, RECORDED APRIL 14, 2017 IN OFFICIAL RECORDS BOOK 4930, PAGE 179. (AFFECTS)

21. OBLIGATIONS AND PROVISIONS OF TRUE-UP AGREEMENT (SERIES 2017 BONDS), BY AND BETWEEN AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AND VK AVALON GROVES LLC, RECORDED APRIL 14, 2017 IN OFFICIAL RECORDS BOOK 4930, PAGE 184. (AFFECTS)

22. PERMANENT GRADING, UTILITY AND DRAINAGE EASEMENT GRANTED TO LAKE COUNTY, RECORDED IN OFFICIAL RECORDS BOOK 4931, PAGE 794. (AFFECTS - SHOWN HEREON)

23. TERMS AND CONDITIONS OF ENVIRONMENTAL RESOURCE PERMITS AND RECORDED NOTICES OF ENVIRONMENTAL RESOURCE PERMIT BY ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, RECORDED IN OFFICIAL RECORDS BOOK 4983, PAGE 1425 AND IN OFFICIAL RECORDS BOOK 5024, PAGE 1233 AND IN OFFICIAL RECORDS BOOK 5065, PAGE 2255. (AFFECTS)

24. PROVISIONS OF DISCLOSURE OF PUBLIC FINANCING AND MAINTENANCE OF IMPROVEMENTS TO REAL PROPERTY UNDERTAKEN BY THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, RECORDED IN OFFICIAL RECORDS BOOK 5017, PAGE 1218. (AFFECTS)

25. ALL MATTERS SHOWN ON SURVEY BY GEOPOINT SURVEYING, INC., FOR DR HORTON, DATED 9/20/17

26. TERMS, CONDITIONS, COVENANTS, RESTRICTIONS, EASEMENTS, OBLIGATIONS, ASSESSMENT LIEN RIGHTS AND OTHER PROVISIONS OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF PALMS AT SERENOA, RECORDED IN OFFICIAL RECORDS BOOK _____, PAGE _____.

27. TERMS, CONDITIONS, COVENANTS, RESTRICTIONS, OBLIGATIONS AND EASEMENT RIGHTS IN FAVOR OF OTHER PARTIES SET FORTH IN ACCESS EASEMENT GIVEN BY FORESTAR (USA) REAL ESTATE GROUP INC., A DELAWARE CORPORATION, TO VK AVALON GROVES LLC, RECORDED IN OFFICIAL RECORDS BOOK_____, PAGE _____.

28. TERMS, CONDITIONS, COVENANTS, RESTRICTIONS AND EASEMENT RIGHTS IN FAVOR OF OTHER PARTIES SET FORTH IN THAT NON-EXCLUSIVE DRAINAGE EASEMENT DEED GIVEN BY LAKE COUNTY TO VK AVALON GROVES LLC, A DELAWARE LIMITED LIABILITY COMPANY, ITS SUCCESSORS AND ASSIGNS, RECORDED MAY 31, 2017 IN OFFICIAL RECORDS BOOK 4951, PAGE 356. (AFFECTS - SHOWN HEREON)

29. TERMS, CONDITIONS, COVENANTS, RESTRICTIONS. LIMITATIONS AND EASEMENT RIGHTS SET FORTH IN THAT DEED OF CONSERVATION EASEMENT, DATED JANUARY 18, 2018, GIVEN BY AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AND VK AVALON GROVES LLC, TO ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, RECORDED IN OFFICIAL RECORDS BOOK _____, PAGE _____, WITH JOINDER, CONSENT AND SUBORDINATION THERETO BY D.R. HORTON, INC., A DELAWARE CORPORATION, DATED JANUARY 29, 2018, RECORDED IN OFFICIAL RECORDS BOOK _____, PAGE _____.

30. TERMS, CONDITIONS, COVENANTS, RESTRICTIONS, OBLIGATIONS, LIMITATIONS AND EASEMENT RIGHTS SET FORTH IN THAT ASSIGNMENT OF DECLARANT RIGHTS AND AGREEMENT REGARDING DEVELOPMENT OF SHARED INFRASTRUCTURE IMPROVEMENTS AND GRANT OF RECIPROCAL EASEMENTS, BY AND BETWEEN D.R. HORTON, INC. AND VK AVALON GROVES LLC, RECORDED IN OFFICIAL RECORDS BOOK _____, PAGE _____.

Surveyor's Notes:

1) Easements, rights-of-ways, set back lines, reservations, agreements and other similar matters taken from Old Republic National Insurance company, commitment title no. 17038941 with an effective date of April 05, 2017 and revised on February 21, 2018 at 4:30P.M.

2) This survey is limited to above ground visible improvements, and that nothing below the ground was located including, but not limited to foundations (footings), utilities, etc.

3) Bearings shown hereon are based on the North boundary of the Northwest 1/4 of Section 13, Township 24 South, Range 26 East, having a Grid Bearing of North 89°54'06" East. The Grid Bearings as shown hereon refer to the State Plane Coordinate System, North American Datum of 1983 (NAD 83-2011 ADJUSTMENT) for the East Zone of Florida.

4) Additions or Deletions to survey maps or reports by other than the signing party or parties is prohibited without the written consent of the signing party or parties.

5) This survey is intended to be displayed at 1" = 200".

6) All boundary line dimensions are field measured unless otherwise noted.

7) No buildings were observed at the time of survey.

8) The subject property lies in Flood Zone "A", "AE" and "X", according to Flood Insurance Rate Map, Map No. 12069C0675E for Lake County, Community No. 120421, Lake County, Florida, dated December 18, 2012 and issued by the Federal Emergency Management Agency.

9) This survey meets the maximum allowable Relative Positional Precision for an ALTA/NSPS Land Title Survey (0.07 feet plus 50 parts per million).

10) At time of survey Sawgrass Bay Boulevard was being constructed. This property is an active construction site.

11) Wetland lines shown hereon were taken from a Wetland Delineation Survey by American Surveying and Mapping.

12) Serenoa Active Adult Phase 1 and 2 and Sawgrass Bay Boulevard as recorded in Official Records Book 4931, Page 828 of the Public Records of Lake County, Florida, and shown hereon, are contiguous along their common boundaries without gaps, gores, hiatuses, or overlaps.

Certification:

To: Akerman, LLP, Shuffield, Lowman & Wilson, P.A., Old Republic National Title Insurance Company, K Title Company, LLC, VK Avalon Groves, LLC, D.R. Horton, Inc., Forestar (USA) Real Estate Group Inc.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1, 2, 3, 4, 7, 8, 9, 11,13, 16, 17 and 19 of Table A thereof. The field work was completed on 3/09/17.

GEOPOINT SURVEYING, INC.

James D. LeViner
Florida Professional Surveyor and Mapper # 6915

Date of Map

ALTA/NSPS LAND TITLE SURVEY
BOUNDARY SURVEY

REVISIONS			
No.	Date	Description	Dwn.

Sheet No. 1 of 1 Sheet

Prepared For: DR Horton

Last Date of Field Survey: 9/20/2017

SURVEYOR'S CERTIFICATE

This certifies that a survey of the hereon described property was made under my supervision and meets the Standards of Practice set forth by the Florida Board of Professional Surveyors & Mappers in Chapter 5J-17.050, Florida Administrative Code, pursuant to Section 472.027, Florida Statutes.

James D. Leviner
FLORIDA PROFESSIONAL SURVEYOR & MAPPER NO. LS6915

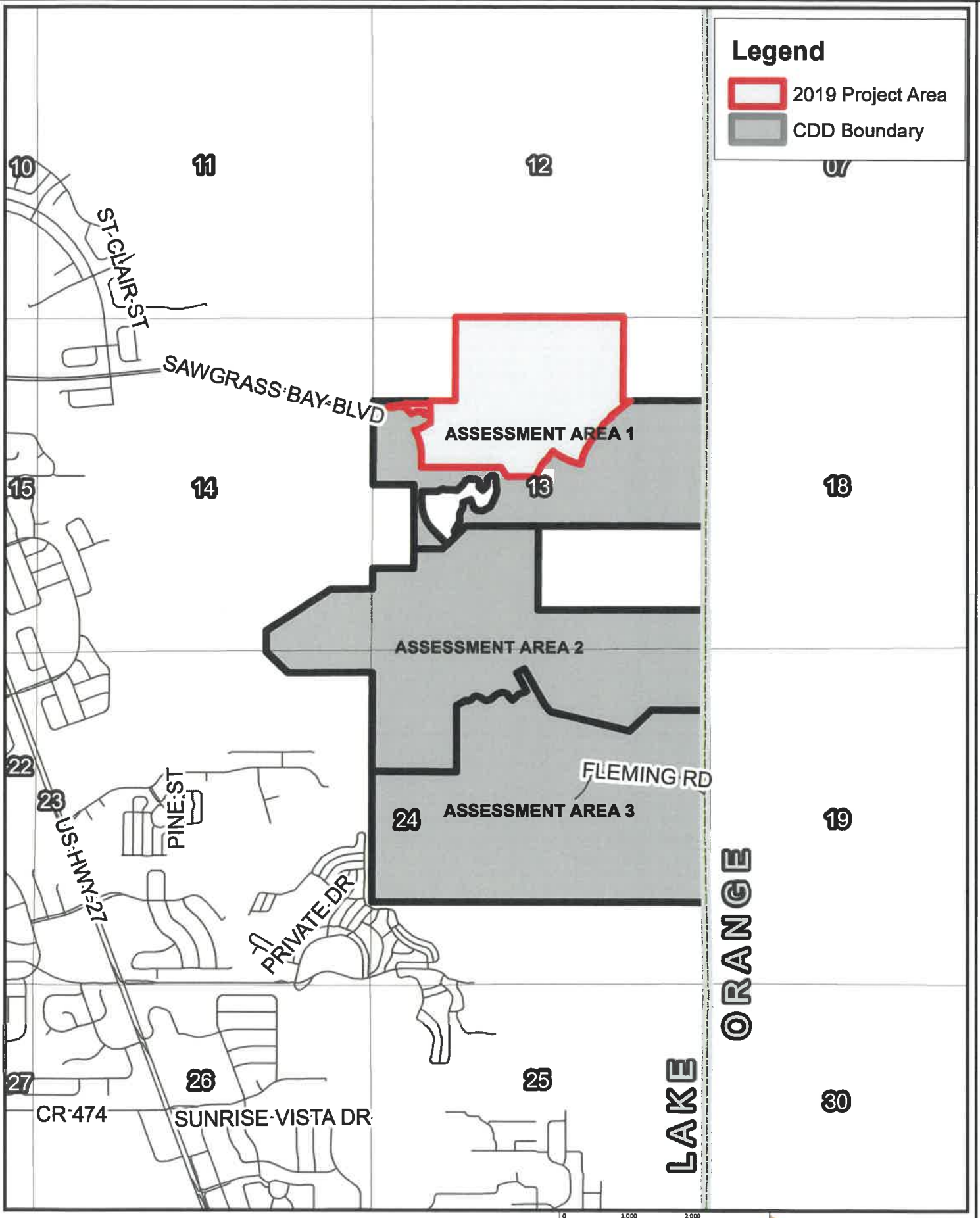
NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

GeoPoint Surveying, Inc.
1403 E. 5th Avenue
Tampa, Florida 33605
www.geopointsurvey.com
Phone: (321) 270-0440
Fax: (813) 248-2266
Licensed Business Number LB 7768

Drawn: MTP | Date: 10/31/2017
Check: JDL
Section: 24 Twn. 24 Rng. 26 | Job #:

Exhibit B

Vicinity Map



Avalon Groves Community Development District

Vicinity Map

Lake County

HEIDT DESIGN
(813) 253-5311

Date Saved: 2/12/2019 Map Document: G:\GIS_Projects\Avalon_Groves\MXD\AG_CDD_location_20190212.mxd -- --E Caltagrone

Exhibit C

Concept Plan

GENERAL LEGEND

- "2019 PROJECT" LIMITS
- ASSESMENT AREA LIMITS
- PHASE LINE
- WETLAND LINE
- WETLAND CONS. AREA SETBACK (WCAS) (50')

WETLAND 33
0.18 ACRES

WETLAND 32
2.46 ACRES
2.46 ACRES IMPACTED

FLOODPLAIN
COMP FC 200

POND 200

WETLAND 27
17.15 ACRES
12.30 Ac. in Phase 1

PHASE 1

WETLAND 27
17.15 ACRES
4.84 Ac. in Phase 2

PHASE 2

SERENOA
ACTIVE ADULT PARCEL
PHASE 2

WETLAND 22
0.17 ACRES

WETLAND 23
0.32 ACRES

POND 208

WINGED ELM CT

GOLDENROD CT

PHASE 1
PHASE 2

ASSESSMENT AREA ONE

LAKE COUNTY

ORANGE COUNTY

WETLAND 24
0.94 ACRES
0.94 ACRES IMPACTED

WETLAND 26
0.74 ACRES
0.74 ACRES IMPACTED

POND 203

MYRTLE OAK CT

BLAZING STAR CIR

POND 204

POND 209

WETLAND 25
2.39 ACRES
.86 Ac. in Phase 1
1.53 Ac. in Phase 2

WETLAND 20
2.37 ACRES
.70 Ac. in Phase 2

WETLAND 18
4.45 ACRES

POND 201

SERENOA
ACTIVE ADULT PARCEL
PHASE 1

BLUE SAGE LOOP

WETLAND 28
0.32 ACRES
0.32 ACRES IMPACTED

EXISTING
ROADWAY
POND 1

BEAUTYBERRY WAY

SERENOA
ACTIVE ADULT PARCEL
PHASE 4 (FUTURE)

WETLAND 31
3.35 ACRES
0.32 ACRES IMPACTED

SUMMERSWEET WAY

WETLAND 20
2.37 ACRES
.35 Ac. in Phase 4

BAY CEDAR WAY

POND 205

WETLAND 20
2.37 ACRES
1.33 Ac. in Phase 3

POND 207

WETLAND 34
0.30 ACRES
0.30 ACRES IMPACTED

WETLAND 19
0.60 ACRES
0.60 ACRES IMPACTED

FUTURE
PHASE 3

FUTURE
PHASE 4

WETLAND 21
1.28 ACRES
1.28 ACRES IMPACTED

ASSESSMENT AREA ONE

PHASE 3 (FUTURE)
PHASE 4 (FUTURE)

WETLAND 11
27.72 ACRES
0.98 ACRES IMPACTED
12.57Ac. in Phase 1

POND 202

WETLAND 17
0.41 ACRES
0.41 ACRES IMPACTED

POND 206

WETLAND 29
0.06 ACRES
0.06 ACRES IMPACTED

WETLAND 30
0.13 ACRES
0.13 ACRES IMPACTED

SERENOA
ACTIVE ADULT PARCEL
PHASE 3 (FUTURE)

WETLAND 16
0.27 ACRES
0.27 ACRES IMPACTED

WETLAND 15
0.09 ACRES
0.09 AC IMPACTED

EXISTING
ROADWAY
POND 2

PHASE 1

CDD LIMITS

PHASE 1
PHASE 3 (FUTURE)

WETLAND 11
27.72 ACRES

COMMERCIAL
PARCEL
(NOT INCLUDED IN
CDD LIMITS)

FUTURE
PHASE 3

WETLAND 13
2.69 ACRES

FUTURE
PHASE 4

WETLAND 14
8.25 ACRES

EXISTING
ROADWAY
POND 3

ASSESSMENT AREA TWO

CDD LIMITS

2019 CIP PROJECT LIMITS

Conceptual Site Plan

AVALON GROVES CDD

Lake County

SCALE: 1" = 200'
0 0.5 1 2
HALF SCALE 11" BY 17"

DATE	DESCRIPTION	BY
DATE: 02/14/2019	JOB #: CDD AG 1005	

Note: This is a preliminary/conceptual site plan and is subject to survey information, final design, engineering and governmental approvals, additional drainage, floodplain and grand tree analysis is required and may affect final unit totals and layout.

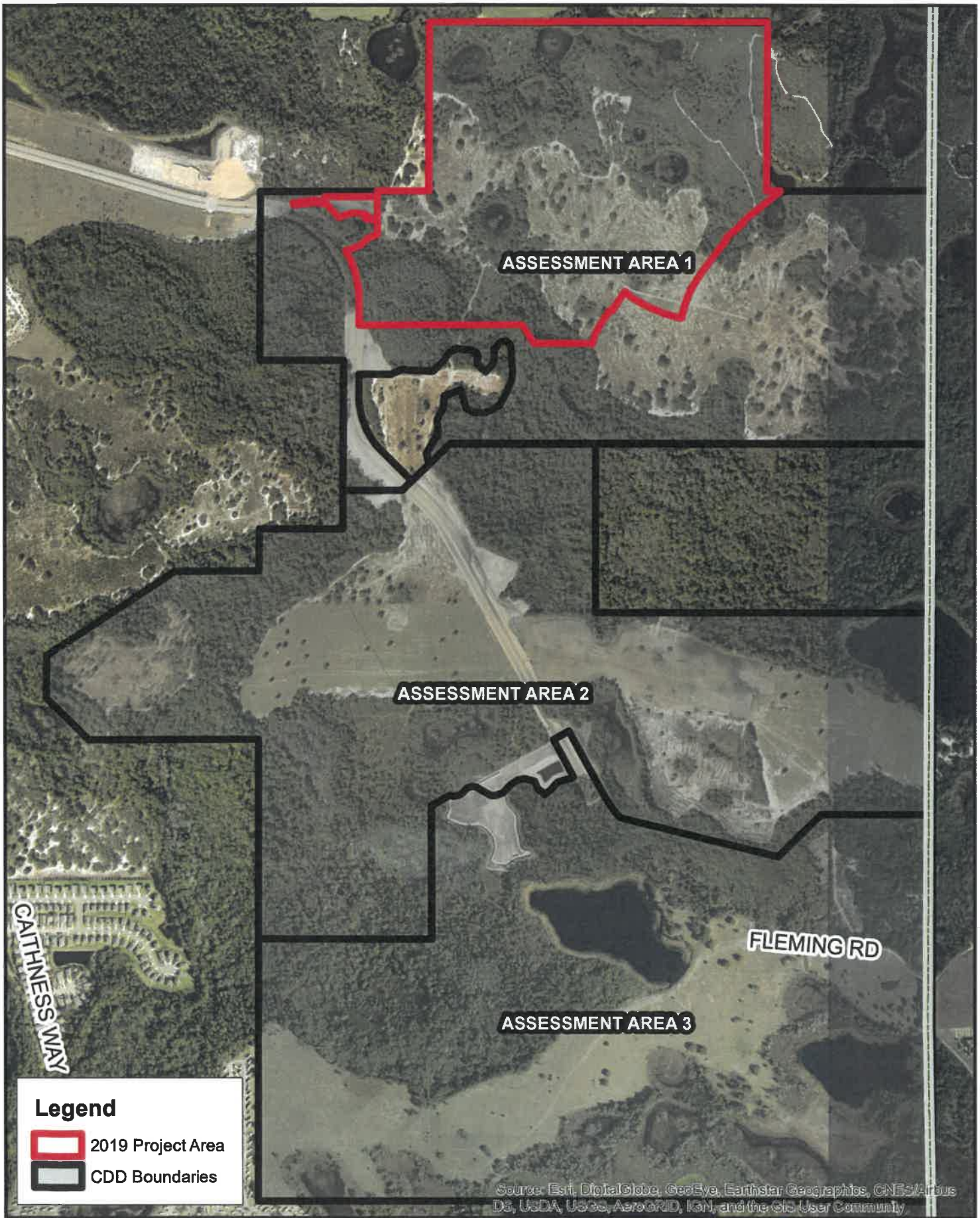
HEIDT DESIGN
2602-A Hampton Oaks Parkway
Tampa, FL 33610
Phone: (813) 253-3511
www.HeidtDesign.com

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N:\AVALON GROVES\CDD\ENGINEERING\PKH-CDD 2019 LIMITS.DWG-MICHD 2019/05/21 8:56 AM SEAN WORRICH

Exhibit D

Aerial Map



Avalon Groves Community Development District

Aerial

Lake County

0 500 1,000 Feet

N

HEIDT DESIGN
(813) 253-5311

Date Saved: 2/12/2019Map Document: G:\GIS_Projects\Avalon_Groves\MXD\AG_CDD_aerial_20190212.mxd-- --E Caltagirone

Table 1

Ownership & Maintenance

Table 1. OWNERSHIP AND MAINTENANCE

Ownership and maintenance of the improvements* is anticipated as set forth below:

IMPROVEMENT	OWNERSHIP/MAINTENANCE
Stormwater Management System	Community Development District (with Drainage Easements to Lake County)
Public Roadway Systems (Collector Roads)	Lake County/Community Development District
Public Roadway Systems (Local Roads)	Lake County / HOA (Private Roads)
Master Sewer Facilities	Utilities, Inc. (Private)
Master Water Facilities	Utilities, Inc. (Private)
Master Reuse Water System	Utilities, Inc. (Private)
Master Dry Utilities	Community Development District / Utility Companies (with Utility Easements)
Parks and Recreational Facilities	Community Development District / HOA
Landscaping and Signs	Lake County / Community Development District

*Only improvements that will be owned and maintained by the District or Lake County will be financed by the District.

Table 2

Opinion of Probable Cost

Avalon Groves Community Development District

Table 1A

Item	Assessment Area 1 (Active Adult) 301 Lots (Phases 1 and 2)
Master Infrastructure	
Land Acquisition (1)	
Clearing / Earthwork (2)	$1,162,654
Master Stormwater Management	$1,229,283
Master Collector Road (2 lanes, excl. utilities)	$0
Parks and Recreational Facilities / Amenities	$0
Professional Fees (3)	$321,750
Master Utilities (Water, Wastewater, Reuse)	$0
Sub-total	$2,713,687
Residential Tract Costs	
Roadway (Local Streets)	$0
Landscaping, Entry Features and Signs	$0
Sub-total	$0
Contingency	$271,369
Project Total	**$2,985,056**
Anticipated Buildout Assessment Area 1	December 2019

(1) Assumes $26,850 for uplands & $3,000 for wetlands, which amounts are the cost basis and are the lower of the appraised values based on an independent appraisal received by the District.

(2) Earthwork excludes filling and compaction to final grade on developable lots

(3) Professional fees for design of public infrastructure only

(4) All Costs are in 2019 Dollars

Serenoa Active Adult Phases 1 & 2

Opinion of Probable Construction Cost
Summary

SITEWORK:	$	1,162,654.37
DRAINAGE:	$	1,229,283.48
TOTAL:	$	2,391,937.85

Unit prices are estimated based on information from Serenoa Active Adult Phase 1. Heidt Design has no control over the cost or availability of labor, equipment or materials, or other market conditions or the Contractor's method of pricing. Heidt Design makes no warranty, expressed or implied, that the bids will not vary from the consultant's opinion of probable construction cost.

Assumptions

Earthwork qty is 65% of total earthwork. The remaining 35% is estimated to be Non-CDD (Lot Fill)

Serenoa Active Adult Phases 1 & 2

SITEWORK

Item No.	Description	Unit	Estimated Quantity	Unit Price		Total Amount
1.	Clearing & Grubbing	AC	124.7	$3,451.91	$	430,453.18
2.	Silt Fence	LF	27,054	$1.00	$	27,054.00
3.	Tree Protection	LF	302	$5.19	$	1,567.38
4.	Wetland Protection Safety Fence	LF	16,615	$2.05	$	34,060.75
5.	Earthwork - Cut/Fill	CY	192,585	$2.05	$	394,798.43
6.	Finish Grade Ponds/Tracts	SY	123,556	$0.38	$	46,951.28
7.	Demuck Wetlands	LS	1	$119,487.12	$	119,487.12
8.	Sod Ponds & Tracts	SY	53,341	$2.03	$	108,282.23
				TOTAL	$	1,162,654.37

Serenoa Active Adult Phases 1 & 2

DRAINAGE / CURB

Item No.	Description	Unit	Estimated Quantity	Unit Price	Total Amount
1.	Underdrain	LF	2,212	$23.64	$ 52,291.68
2.	Underdrain Cleanout	EA	17	$242.40	$ 4,120.80
3.	18" RCP	LF	2,334	$32.84	$ 76,648.56
4.	24" RCP	LF	7,231	$43.63	$ 315,488.53
5.	30" RCP	LF	664	$58.06	$ 38,551.84
6.	36" RCP	LF	318	$80.02	$ 25,446.36
7.	42" RCP	LF	188	$106.00	$ 19,928.00
8.	19" x 30" RCP	LF	328	$63.50	$ 20,828.00
9.	Type C Grate Top Inlet	EA	1	$2,309.01	$ 2,309.01
10.	FDOT Type 2 Curb Inlet	EA	1	$4,870.89	$ 4,870.89
11.	FDOT Type 3 Curb Inlet	EA	49	$4,154.11	$ 203,551.39
12.	FDOT Type 4 Curb Inlet	EA	7	$4,671.00	$ 32,697.00
13.	Type P Storm Manhole	EA	16	$2,169.18	$ 34,706.88
14.	Type J Storm Manhole	EA	7	$3,379.68	$ 23,657.76
15.	Control Structure (Type C)	EA	10	$4,773.93	$ 47,739.30
16.	Control Structure (Type D)	EA	1	$5,542.17	$ 5,542.17
17.	GeoWeb Spillway	EA	2	$3,500.00	$ 7,000.00
18.	Concrete Sump	EA	8	$2,500.00	$ 20,000.00
19.	19" x 30" Mitered End Section	EA	4	$1,555.06	$ 6,220.24
20.	18" Mitered End Section	EA	2	$1,043.68	$ 2,087.36
21.	24" Mitered End Section	EA	20	$1,470.77	$ 29,415.40
22.	30" Mitered End Section	EA	2	$2,216.19	$ 4,432.38
23.	36" Mitered End Section	EA	2	$2,688.80	$ 5,377.60
24.	42" Mitered End Section	EA	1	$5,235.00	$ 5,235.00
24.	Miami Curb & Gutter	LF	18,265	$10.16	$ 185,572.40
25.	Type A Curb & Gutter	LF	232	$16.13	$ 3,742.16
26.	Type F Curb & Gutter	LF	1,727	$12.55	$ 21,673.85
27.	Type D Curb	LF	2,018	$14.94	$ 30,148.92
				TOTAL	$ 1,229,283.48

Table 3

Permit Status Update

PERMIT STATUS UPDATE

The permit status for the Avalon Groves development plans is as follows:

	PERMIT	STATUS
1.	Lake County – Active Adult Phases 1 & 2 Preliminary Plat	Approved
2.	Lake County – Active Adult Phases 1 & 2 Construction Plans	Approved
3.	Lake County – Active Adult Phases 1 & 2 Final Plat Plat Book 70, Pages 80 - 91	Approved
3.	SJRWMD Environmental Resource Permit Active Adult Phase 1 & 2 – Permit #135777-7	Approved
4.	SJRWMD Transfer of Ownership Active Adult Phase 1 & 2 – Permit #135777-10	Approved
5.	Lake County – ROW Utilization Permit	Approved
6.	FDEP Water Permit Phase 1 – Permit #0080594-059-DSGP	Approved
7.	FDEP Wastewater Permit Phase 1 – Permit #0365689-001-DWG/CG	Approved
8.	Lake County – Active Adult Model Homes and Sales Lots	Approved

EXHIBIT 6

AVALON GROVES
COMMUNITY DEVELOPMENT DISTRICT

SECOND SUPPLEMENTAL PRELIMINARY SPECIAL ASSESSMENT METHODOLOGY REPORT FOR THE ISSUANCE OF PROPOSED

ASSESSMENT AREA ONE

$3,150,000[1] SPECIAL ASSESSMENT BONDS, SERIES 2019
(Phases 1 and 2 Sub-Assessment Area One Project)

June 7, 2019

Prepared By
DPFG Management & Consulting LLC
250 International Parkway, Suite 280
Lake Mary, FL 32746

[1] Preliminary. Subject to change.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SECOND SUPPLEMENTAL PRELIMINARY
ASSESSMENT METHODOLOGY REPORT

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A. Overview

The Avalon Groves Community Development District (the "**District**") is a local unit of special-purpose government organized and existing in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "**Act**"), created by Ordinance No. 2016-16, duly enacted by the Board of County Commissioners of Lake County, Florida, on April 19, 2016 and becoming effective on April 27, 2016 (the "**Ordinance**"). To advance the development of the properties within the District, certain capital improvements have been planned for the entire development of the District, as described in the Report of the District Engineer, dated October 11, 2018 (the "**CIP**"). To finance the construction of portions of the CIP, the District plans to issue bonds in multiple series and levy Special Assessments to repay the bonds, including interest, as the development advances in separate phases within the District.

B. Master Assessment Allocation

The District determined to implement a portion of the CIP and to defray the cost thereof by levying special assessments on benefitted property and expressed an interest to issue bonds to provide the funds needed therefor prior to the collection of special assessments. The costs of the CIP are assessed against the benefitted property using the method described in the Master Assessment Methodology Report, dated October 27, 2016 (the "**Master AMR**"). This methodology results in special assessments set forth in the assessment roll, which is part of the Master AMR and included in the Appendix herein. To accommodate, and align the bond financing with the phased infrastructure development, the District is divided into three separate and distinct assessment areas with associated future improvements, namely "Assessment Area One", "Assessment Area Two", and "Assessment Area Three" and collectively the ("**Assessment Areas**"). The Special Assessments are initially levied over all Undeveloped Property within each of the District's Assessment Areas on an equal acreage basis anticipated for the development of lots. Subsequently, the Special Assessments attached to Developed Property on a "first platted, first assessed basis" within the respective Assessment Areas.

C. Purpose of this Report

This Second Supplemental Special Assessment Methodology Report relates to the issuance of the District's Special Assessment Bonds, Series 2019, (Phases 1 and 2 Sub-Assessment Area One Project) (the "**2019 Bonds**"), which are being issued to fund portions of the CIP, as described in the Report of the District Engineer dated _____, necessary to develop the active adult lots in Phases 1 and 2 within Assessment Area One (the "**2019 Project**"). It is contemplated that the development in Assessment Area One will occur in four phases. This report provides an assessment methodology for analyzing the benefits that the lots in Phases 1 and 2 derive from the 2019 Project (Refer to Map of the 2019 Project Area and Conceptual Site Plan of Assessment Area One herein) and determining a fair and equitable allocation of such benefits through the levy of the Special Assessments associated with the 2019 Bonds (the "**Phase 1 and 2 Special Assessments**"). The District will deliver a supplemental assessment methodology report describing the particular portion of the CIP to be funded associated with the remaining two phases within Assessment Area One at a later date.

As described above, the District levied Special Assessments in the amount of not to exceed $70 million pursuant to the Master AMR[2], which report is supplemented by this report. Any capitalized terms not otherwise defined herein will have the meaning ascribed to such term in the Master AMR. Consistent with the First Supplemental Special Assessment Methodology Report, each platted lot will be assigned a uniform

[2] Based on bond principal amount sized for funding of all the CIP costs and adjusted for allowable bond financing costs including capitalized interest, reserves and cost of issuance.

Phase 1 and 2 Special Assessments. This reflects that the majority of benefits derived from the 2019 Project accruing to each active adult lot equally; consequently, each lot regardless of lot size will be assigned a value and ranking of 1.0 ERU. For example, lot owners receive generally uniform benefits with respect to flood prevention or storm damage reduction thru the District's stormwater collection system. Consequently, all assessable properties are specifically assessed their equal share for the cost of storm drainage management improvements.

While there is Undeveloped Property (defined below), the Phase 1 and 2 Special Assessments will remain levied against all 2018 Assessable Property (defined below) on an equal acreage basis.[3] As the 2018 Assessable Property becomes Developed Property (defined below), the Phase 1 and 2 Special Assessments will be re-allocated to those Lots constituting Developed Property based on its equally assigned share in Assessment Area One.

D. 2019 Project Bond Financing Plan

The 2019 Bonds are being issued for the primary purpose of funding portions of the costs related to the 2019 Project. In addition, net proceeds of the 2019 Bonds will be used to provide funds to (i) fund a debt service reserve account for the 2019 Bonds, (ii) pay the costs of issuance of the 2019 Bonds, and (iii) pay capitalized interest. A sources and uses table of the bond financing is enclosed herein in the Appendix. The size of the 2019 Bond in turn determines the Phase 1 and 2 Special Assessments levied to pay maximum annual debt service amounts ("**MADS**").

The 2019 Bond principal plus interest is secured by and payable from the Phase 1 and 2 Special Assessments levied on the 2019 Assessable Property as set forth in the table below.

Table 1 – 2019 Assessable Property within Phase 1 and 2 of the Assessment Area One

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured by
2019	Total of 146.901 acres comprised of Phases 1 and 2 of Active Adult Lots	301 active adult lots in Phase 1 and 2 within Assessment Area One	Phase 1 and 2 Special Assessments

The table below sets forth a summary of the total estimated 2019 Bonds principal amount and MADS.[4]

Table 2 - Total District Debt and Maximum Annual Debt Service[5]

Bond Series	Par Amount	MADS
2019	$3,150,000	$210,700

Each fiscal year, the CDD will certify for collection the Series 2019 Assessments on all 2019 Assessable Property, apportioned proportionately to the 2019 Assessable Property until the aggregate amount of the Series 2019 Assessments has satisfied all of the MADS requirement for the 2019 Bonds. The Table below sets forth the proposed ERU Assignment, 2019 Bonds par per lot, MADS per lot both after plat map recordation per lot product type.

[3] Refer to the Appendix for a Preliminary Assessment Roll for details and legal description and sketch of the areas.
[4] Excluding early payment discount and County collection charges
[5] Preliminary. Subject to change.

Table 3 –Assignment of Benefit and 2019 Assessable Property After Plat Map Recordation

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount[6]	Par/Lot	Total MADS[6]	Par/Lot
33	68	1.0	68	22.59%	$711,628	$10,465	$47,600	$700
40	89	1.0	89	29.57%	$931,395	$10,465	$62,300	$700
50	144	1.0	144	47.84%	$1,506,977	$10,465	$100,800	$700
Total	**301**		**301**	**100.00%**	**$3,150,000**		**$210,700**	

E. True-Up

As of this date, the developer has informed the District that it plans to construct a total of 301 lots in connection with Phases 1 and 2 in Assessment Area One, which represents a total of 301.0 ERUs. As development occurs, it is possible that the number of lots and lot mix may change within Assessment Area One. In order to ensure that the Phase 1 and 2 Special Assessments allocation is maintained in accordance with the methodology specified by this report, a true-up analysis may be necessary ("**True-Up Analysis**").

This True-Up Analysis is utilized to ensure that the principal amount of the Phase 1 and 2 Special Assessments on a per lot and per acre basis never exceeds the initially allocated amount as contemplated in the assessment methodology described herein. In accordance with the True-Up Agreement to be entered into by the Developer and the District at the time of issuance of the 2019 Bonds, prior to the time a parcel within Assessment Area One is platted and developed, or ownership is transferred by the Developer to any other entity or person with a specific number of assessable units allocated thereto, the True-Up Analysis will be conducted in accordance with the assessment methodology set forth herein and in the True-Up Agreement. As the lands within the District's Assessment Area One are developed, the allocation of the amounts assessed to and constituting a lien upon the 2019 Assessable Property will be calculated based upon certain density assumptions, which assumptions were provided by the Developer.

At such time as acreage is contained within a proposed plat, or a deed or assignment agreement between the Developer and a transferee that specifies the residential Lots or entitlements thereto being transferred to such transferee ("**Entitlement Transfer Document**"), the Developer agrees that such proposed plat or Entitlement Transfer Document shall be presented to the District in accordance with the terms of the True-Up Agreement. The District will allocate the Phase 1 and 2 Special Assessments to the 2019 Assessable Property reflected in such plat or Entitlement Transfer Document in accordance with the applicable land use classifications, and the remaining 2019 Assessable Property within the District, and such reallocation will be recorded in the District's lien book. This True-Up Analysis will ensure that the 2019 Bond debt does not accumulate disproportionately on Undeveloped Property, or undevelopable property, within the Phases 1 and 2 within District's Assessment Area One. In the event that the density assumptions upon which this report is based change over time as determined by any True-Up Analysis such that fewer ERUs are being developed within the Phases 1 and 2 within Assessment Area One than are contemplated by this report, the True-Up Analysis will determine the amount required to be paid by the Developer to the District in order to satisfy, in whole or in part, the Phase 1 and 2 Special Assessments and ensure that the Phase 1 and 2 Special Assessments continue to be allocated ratably against the actual density within the Phases 1 and 2 within the District's Assessment Area One in accordance with the methodology set forth in this report (the "**True-Up Obligation**"). The True-Up Agreement shall further set forth the terms associated with the Developer's satisfaction of the True-Up Obligation.

[6] Preliminary. Subject to change.

F. Exemptions and Non-Benefitted Property

No Phase 1 and 2 Special Assessments shall be assigned or attached to public property, property owner association Property, or community amenities and facilities. These properties are treated as ancillary uses as a whole, because they will serve and benefit the primary residential development. According to Section 193.0235 (Ad valorem taxes and non-ad valorem assessments against subdivision property), Florida Statutes, special assessments may not be assessed separately against common elements utilized exclusively for the benefit of lot owners within the subdivision, regardless of ownership. Common elements include the following:

a. Subdivision property not included within lots constituting inventory for the developer which are intended to be conveyed or have been conveyed into private ownership.
b. An easement through the subdivision property, not including the property described in paragraph (a), which has been dedicated to the public or retained for the benefit of the subdivision.
c. Any other part of the subdivision which has been designated on the plat or is required to be designated on the site plan as a drainage pond, or detention or retention pond, for the exclusive benefit of the subdivision.
d. Property located within the same county as the subdivision and used for at least 10 years exclusively for the benefit of lot owners within the subdivision.

G. Assessment Allocation and Benefits

Assessment Standard

Under Florida law, a valid special assessment that is made pursuant to District legislative authority requires that the property assessed must (1) derive a direct and special benefit from the improvement or service provided and (2) that the assessment must be fairly and reasonably apportioned among properties that receive the special benefits.

Section 170.02, Florida Statutes, states "Special assessments against property deemed to be benefited by local improvements, as provided for in sec. 170.01, shall be assessed upon the property specially benefited by the improvement in proportion to the benefits to be derived therefrom, said special benefits to be determined and prorated according to the foot frontage of the respective properties specially benefited by said improvement, or by such other method as the governing body of the municipality may prescribe."

The ERU allocation approach is a generally recognized and commonly approved method of proportionally spreading assessments over benefited properties for special assessments levied by community development districts. Although the general public outside the District will benefit from the CIP, such benefits are incidental. The facilities in the CIP meet the needs of the developed property within the District, as well as provide benefit to all residential property within the District. The property owners within the District are therefore receiving special benefits not received by those outside the boundaries, and direct and cumulative benefits accrue mainly to residents.

Assessment Methodology

This benefit and allocation approach is based on the principle that similar dwelling units will receive a relatively equal and direct benefit from all or a portion of the District-wide CIP. The direct benefits from these improvements include increased use, enjoyment and increased property values to all residential properties, and the direct benefits from each District system and function. An assessment methodology based on ERUs provides a way to quantify the benefit that different lot sizes and land use types receive from public improvements in terms of their equivalence to a single-family residential dwelling unit on a standard lot width, which is defined as 1.0 ERU. Under the ERU model, the District allocates assessments on platted property proportionately based on lot size as indicated on the subject recorded plat map;

assessments on undeveloped property (e.g., property without recorded subdivision plat map) are allocated proportionately based on acreage basis. As noted above, the equal benefit and assessment allocation approach is a generally recognized and approved method of proportionally spreading assessments over benefited properties within a special district.

These Special Benefits and Allocation of Assessments

In the present case, the financing program will enable the District to provide public improvements to the development Phases 1 and 2 of the District' Assessment Area One. Such improvements will provide direct benefit for the utilization of this property, will substantially enhance the use and enjoyment of the benefited residential properties, and will increase the value and marketability of the benefited residential properties. These benefits flow proportionately over all benefited properties.

The District will apply the assessment methodology to the financing program relating to the 2019 Project. All residential units in Phases 1 and 2 planned within the District's Assessment Area One will uniformly benefit from the construction, purchase and maintenance of the public improvements included in the 2019 Project. A ranking and finding of 1.0 ERU per residential unit on an active adult lot applies pursuant to the Master AMR.

H. Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The District expects to bill and collect directly the special assessments associated with the 2019 Bonds. Once platted, the County tax collector will collect the special assessments on behalf of the District.

I. Conclusion

The acquisition and construction of the Series 2019 Project using the 2019 Bond proceeds will be utilized for common District purposes associated with Phases 1 and 2 within Assessment Area One. The Phase 1 and 2 Special Assessments will be assigned over all 2019 Assessable Property on a fair and equitable basis as described herein. The 2019 Assessable Property will receive benefits in excess of the allocated Phase 1 and 2 Special Assessments. Accordingly, this is an appropriate District project that will significantly benefit the 2019 Assessable Property and enhance the District.

Special Benefit

The 2019 Project will provide special benefit to parcels within the District. It delivers interconnected structural improvement elements that provide a framework that supports, complements and adds to the entire development. The 2019 Project yields benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The Phase 1 and 2 Special Assessments are fairly and equally apportioned over all the 2019 Assessable Property. The benefits are quantified and assigned to parcels regardless of lot size, reflecting the general uniform benefits that the lots receive from the 2019 Project. Accordingly, the District has assigned proxy values to the various expected lot sizes on the basis that each lot receives the value and ranking of 1.0 ERU.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the 2019 Project against lands in the District. As a result of the 2019 Project, certain properties in the District receive special benefit and increase in value. Based on the premise that the 2019 Project makes the properties more valuable, in return it is reasonable for the District to assign the Phases 1 and 2 Special Assessments on the 2019 Assessable Property within

Assessment Area One of the District. The benefits will be equal to or in excess of the assessments thereon when allocated.

Best Interest

The District provides for delivering the public improvements in a timely, orderly, and efficient manner. It can economically and efficiently provide the amount and quality of services required by the public. The District provides a financing mechanism to (i) fund the 2019 Project at a relatively low cost of capital, and (ii) on a timely, "pay for itself" type basis. The exercise by the District of its powers is consistent with applicable with state law. It is in the best interest of the District.

J. Prepayment Calculation Method

The Phase 1 and 2 Special Assessments obligation of a lot may be prepaid in full or in part at lot closing, and the obligation of the lot to pay the Phase 1 and 2 Special Assessments may be permanently satisfied; provided that a prepayment may be made only if there are no delinquent Phase 1 and 2 Special Assessments with respect to such lot at time of prepayment. The Phase 1 and 2 Special Assessments Prepayment amount is calculated as follows:

Determine the Outstanding District Debt amount allocated to the subject Lot

Plus: Accrued interest on principal amount to be prepaid, calculated to next interest payment date, which shall occur at least 45 days prior to the tender of the prepayment or calculated to the next succeeding interest payment date if the prepayment is made within 45 days of the next interest payment date

Less: A proportionate amount of Capitalized Interest, if any remains at time of the prepayment

Equals: Total Prepayment Amount (PA)

Plus: Reasonable administrative fees and expenses related to lien release, calculation and recordation as determined by the CDD manager (A)

K. Sources and Uses of Funds for the 2019 Project

$3,150,000[7] SPECIAL ASSESSMENT BONDS, SERIES 2019
(Phases 1 and 2 Sub-Assessment Area One Project)

Sources	**$ Amount**
Par	3,150,000
Original Issue Discount	
	3,150,000
Uses	
Net Construction Proceeds	2,559,831
Capitalized Interest	96,469
Debt Service Reserve Fund	210,700
Cost of Issuance	283,000
	3,150,000

[7] Preliminary. Subject to change.

L. Allocation of Public Improvements Costs and Proposed Debt

The 2019 Project costs and the other uses of bond proceeds are used as proxy value for total benefit. As described in the Engineer's Report, the completed public infrastructure costs are estimated in the amount of $___ million. The following table sets forth the allocation of public improvements costs ("**PIC**") among the 2019 Assessable Property, including an allowance for other uses of bond proceeds such as deposit to the debt service reserve fund, capitalized interest, and costs of issuance.

Assessment Area One (Active Adult Lots Phases 1 and 2)

Table 4 - Allocation of Public Improvement Costs

Lot Width	Total Lots Phases 1 and 2	ERU	Total ERU	% ERU	Total PIC (as proxy for benefit)	Benefit Per Lot
Various	301	1.0	301	100.0%	$____	$___

Table 5 - Phase 1 and 2 Special Assessments Compared with Total PIC

Lot Width	2019 Bond Principal Amount	Benefit Per Lot	Debt Over/(Under) Benefit
Various	$10,465		

M. Preliminary Assessment Roll

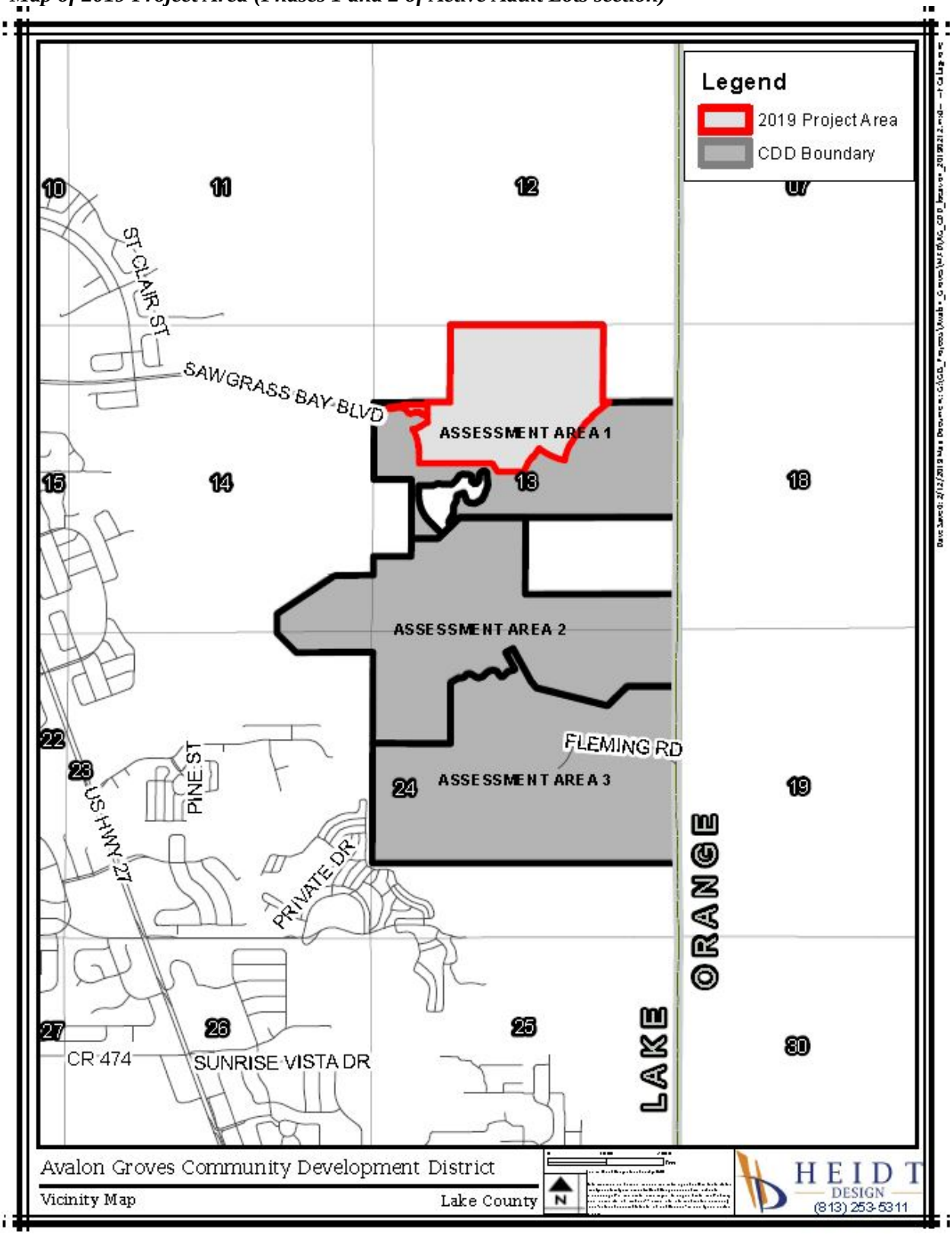
Table 6 - Summary of Preliminary Assessment Roll

Assessment Area One /(b)	Owner	Total Acreage (a)	Total District Debt /(c)	Total District Debt per acre/(c)	Total MADS /(d)	Total MADS per acre /(d)
Phases 1 and 2	Forestar (USA) Real Estate Group, Inc.	146.901	$3,150,000	$21,443.01	$210,700	$1,434.30

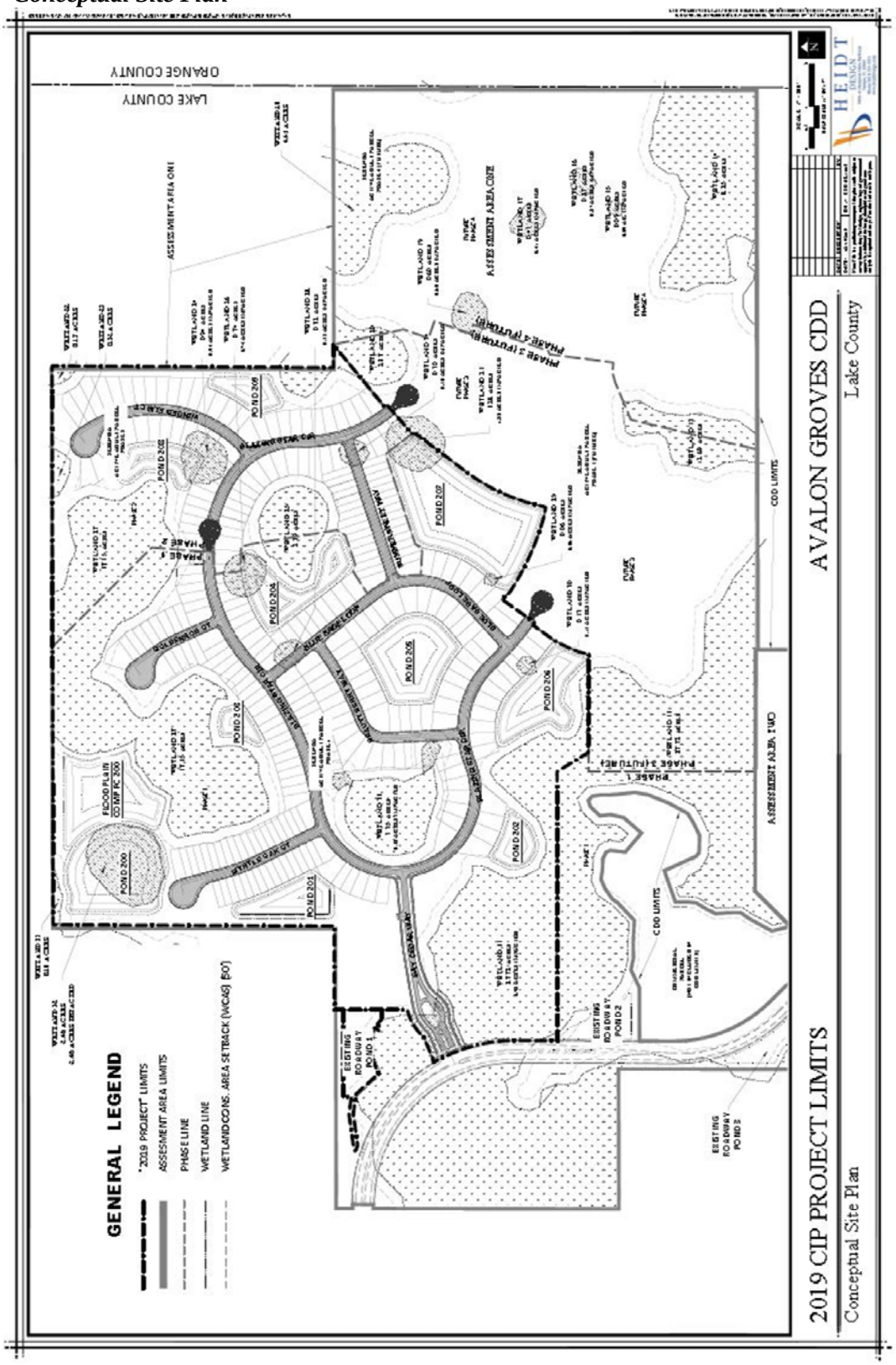
Footnotes:

(a) Estimate based on Legal Description.
(b) Refer to Engineer's Report and Appendix for sketch of the areas.
(c) The Assessments will remain assigned against Undeveloped Property on an equal acreage basis until the 2019 Assessable Property is platted.
(d) Excluding County collection charges and early payment discounts.

Map of 2019 Project Area (Phases 1 and 2 of Active Adult Lots section)



Conceptual Site Plan



Legal Descriptions

SERENOA ACTIVE ADULT PHASE 1 AND 2

DESCRIPTION: A parcel of land lying in Section 13, Township 24 South, Range 26 East, Lake County, Florida, and being more particularly described as follows;

COMMENCE at the Northwest corner said Section 13, run thence along the North boundary of the Northwest 1/4 of said Section 13, N.89°54'06"E., a distance of 1312.67 feet to the Northwest corner of the Northeast 1/4 of the Northwest 1/4 of said Section 13, also being the **POINT OF BEGINNING**; continue along said North boundary, N.89°54'06"E., a distance of 1313.06 feet to the North 1/4 corner of said Section 13; thence along the North boundary of the Northeast 1/4 of said Section 13, N.89°53'52"E., a distance of 1324.47 feet to the Northeast corner of the Northwest 1/4 of the Northeast 1/4 of said Section 13; thence along the East boundary of the Northwest 1/4 of the Northeast 1/4 of said Section 13, S.00°19'36"W., a distance of 1326.88 feet to the Southeast corner of the Northwest 1/4 of the Northeast 1/4 of said Section 13; thence along the North boundary of the Southeast 1/4 of the Northeast 1/4 of said Section 13, N.89°53'00"E., a distance of 108.32 feet; thence S.50°29'32"W., a distance of 382.79 feet; thence S.40°11'53"E., a distance of 14.38 feet; thence S.49°06'43"W., a distance of 178.00 feet; thence S.03°44'26"W., a distance of 19,73 feet; thence S,37°07'57"W,, a distance of 319,14 feet; thence S,34°18'17"W,, a distance of 42,19 feet; thence S,30°16'40"W,, a distance of 84,35 feet; thence S,24°35'23"W,, a distance of 84,35 feet; thence S,18°54'05"W,, a distance of 84,35 feet; thence S,14°38'07"W,, a distance of 95,59 feet; thence N,80°22'29"W,, a distance of 36,07 feet; thence N,73°50'46"W,, a distance of 49,04 feet; thence N,71°38'33"W,, a distance of 49,04 feet; thence N,69°26'19"W,, a distance of 49,04 feet; thence N,67°07'29"W,, a distance of 53,94 feet; thence N,64°42'02"W,, a distance of 53,94 feet; thence N,62°23'12"W,, a distance of 49,04 feet; thence N,60°10'59"W,, a distance of 49,04 feet; thence N,57°58'45"W,, a distance of 49,04 feet; thence N,42°31'25"W,, a distance of 50,15 feet; thence S,35°19'35"W,, a distance of 189,50 feet; thence N,54°23'08"W,, a distance of 14,60 feet; thence S,35°54'08"W,, a distance of 122,00 feet; thence S,27°48'56"W,, a distance of 53,56 feet; thence S,23°53'41"W,, a distance of 63,68 feet; thence S,16°23'30"W,, a distance of 63.68 feet; thence N.77°21'36"W., a distance of 20.68 feet; thence N.90°00'00"W., a distance of 441.20 feet; thence N.31°33'13"W., a distance of 172.63 feet; thence S.89°53'28"W., a distance of 1269.26 feet to a point on the Easterly right of way line of Sawgrass Bay Boulevard as recorded in Official Records Book 4931, Page 828, of the Public Records of Lake County, Florida; thence along said Easterly right of way line the following two (2) courses: 1) N.00°17'48"E., a distance of 193.21 feet; 2) Northerly, 410.61 feet along the arc of a tangent curve to the left having a radius of 773.00 feet and a central angle of 30°26'06" (chord bearing N.14°55'15"W., 405.80 feet); thence N.78°17'26"E., a distance of 24.20 feet; thence N.66°32'33"E., a distance of 103.40 feet; thence Northeasterly, 6.73 feet along the arc of a tangent curve to the left having a radius of 16.00 feet and a central angle of 24°04'57" (chord bearing N.54°30'04"E., 6.68 feet); thence Northeasterly, 146.79 feet along the arc of a reverse curve to the right having a radius of 247.00 feet and a central angle of 34°02'59" (chord bearing N.59°29'05"E., 144.64 feet); thence N.00°06'54"W., a distance of 343.40 feet to a point on the North boundary of the Southwest 1/4 of the Northwest 1/4 of the aforesaid Section 13; thence along said North boundary, N.89°53'06"E., a distance of 396.48 feet to the Southwest corner of the Northeast 1/4 of the Northwest 1/4 of the aforesaid Section 13; thence along the West boundary of the Northeast 1/4 of the Northwest 1/4 of the aforesaid Section 13, N.00°15'40"E., a distance of 1326.91 feet to the **POINT OF BEGINNING**.

Containing 146.901 acres, more or less.

EXHIBIT 7

RESOLUTION NO. 2019–04

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT (THE "DISTRICT") AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $4,500,000 AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, SPECIAL ASSESSMENT BONDS, SERIES 2019 (PHASE 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT) (THE "BONDS"), TO FINANCE CERTAIN PUBLIC PARCEL INFRASTRUCTURE WITHIN PHASE 1 AND 2 WITHIN ASSESSMENT AREA ONE OF THE DISTRICT; DETERMINING THE NEED FOR A NEGOTIATED LIMITED OFFERING OF THE BONDS AND PROVIDING FOR A DELEGATED AWARD OF SUCH BONDS; APPOINTING THE UNDERWRITER FOR THE LIMITED OFFERING OF THE BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT WITH RESPECT TO THE BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL TRUST INDENTURE GOVERNING THE BONDS; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM; APPROVING THE EXECUTION AND DELIVERY OF A FINAL LIMITED OFFERING MEMORANDUM; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A CONTINUING DISCLOSURE AGREEMENT, AND APPOINTING A DISSEMINATION AGENT; APPROVING THE APPLICATION OF BOND PROCEEDS; AUTHORIZING CERTAIN MODIFICATIONS TO THE ASSESSMENT METHODOLOGY REPORT AND ENGINEER'S REPORT; PROVIDING FOR THE REGISTRATION OF THE BONDS PURSUANT TO THE DTC BOOK-ENTRY ONLY SYSTEM; AUTHORIZING THE PROPER OFFICIALS TO DO ALL THINGS DEEMED NECESSARY IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE BONDS; AND PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.

WHEREAS, the Avalon Groves Community Development District (the "District") is a local unit of special-purpose government organized and existing in accordance with the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), created by Ordinance No. 2016-16, duly enacted by the Board of County Commissioners of Lake County, Florida, on April 19, 2016 and becoming effective on April 27, 2016 (the "Ordinance"); and

WHEREAS, the District was created for the purpose of delivering certain community development services and facilities within and outside its jurisdiction; and

WHEREAS, the Board of Supervisors of the District (herein, the "Board") has previously adopted Resolution No. 2016-21 on April 28, 2016 (the "Initial Bond Resolution"),

pursuant to which the District authorized the issuance of not to exceed $70,000,000 of its Special Assessment Bonds to be issued in one or more series to finance all or a portion of the District's capital improvement program; and

WHEREAS, any capitalized term used herein and not otherwise defined shall have the meaning ascribed to such term in the Initial Bond Resolution; and

WHEREAS, pursuant to the Initial Bond Resolution, the Board approved the form of Master Trust Indenture to be entered into by the District and Regions Bank, as trustee (the "Trustee"), which Master Trust Indenture was entered into as of March 1, 2017 in connection with the District's 2017 Bonds (herein, the "Master Indenture"); and

WHEREAS, based on the current development plans of the Developer of Phase 1 and 2 within Assessment Area One, the Board finds it necessary to finance a portion of the public parcel infrastructure necessary for the development of the Phase 1 and 2 Sub-Assessment Area; and

WHEREAS, the Board hereby determines to issue its Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "Bonds") in the principal amount of not exceeding $4,500,000 for the purpose of providing funds to finance all or a portion of the public parcel infrastructure within Parcel 1 and 2 of Assessment Area One of the District – specifically, the "Phase 1 and 2 Sub-Assessment Area One Project," as described in the District's *Engineer's Supplemental Report – Assessment Area One – Sub-Phases 1 & 2 Project* dated May 31, 2019, as revised ("Engineer's Report"); and

WHEREAS, the Phase 1 and 2 Sub-Assessment Area One Project is hereby determined to be necessary to coincide with the Developer's plan of development for Phase 1 and 2; and

WHEREAS, the Board hereby finds it necessary to approve the form of and authorize the execution and delivery of a Fourth Supplemental Trust Indenture (the "Fourth Supplemental" and, together with the Master Indenture, the "2019 Indenture") which will govern the Bonds; and

WHEREAS, there has been submitted to this meeting with respect to the issuance and sale of the Bonds and submitted to the Board forms of:

(i) a Bond Purchase Contract with respect to the Bonds by and between FMSbonds, Inc., as the underwriter (the "Underwriter") and the District, together with the form of a disclosure statement attached to the Bond Purchase Contract pursuant to Section 218.385, Florida Statutes, substantially in the form attached hereto as Exhibit A (the "Bond Purchase Contract");

(ii) a Preliminary Limited Offering Memorandum substantially in the form attached hereto as Exhibit B (the "Preliminary Limited Offering Memorandum");

(iii) a Continuing Disclosure Agreement among the District, the dissemination agent named therein and the obligated parties named therein, substantially in the form attached hereto as Exhibit C; and

(iv) the Fourth Supplemental between the District and the Trustee, substantially in the form attached hereto as Exhibit D

WHEREAS, in connection with the sale of the Bonds, it may be necessary that certain modifications be made to the *Master Assessment Methodology Report* dated October 27, 2016, as supplemented ("Assessment Methodology Report") and the Engineer's Report to conform such reports to the final terms of the Bonds; and

WHEREAS, the proceeds of the Bonds shall also fund a debt service reserve account, pay capitalized interest and pay the costs of the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the Avalon Groves Community Development District (the "Board"), as follows:

Section 1. Negotiated Limited Offering of Bonds. The District hereby finds that because of the complex nature of assessment bond financings in order to better time the sale of the Bonds and secure better rates, it is necessary and in the best interest of the District that the Bonds, in the aggregate principal amount of not exceeding $4,500,000 be sold on a negotiated limited offering basis. The District hereby further finds that it will not be adversely affected if the Bonds are not sold pursuant to competitive sales.

Section 2. Purpose; Assessment Area Designation. The District hereby authorizes its capital improvement plan for the parcels comprising Phase 1 and 2 of Assessment Area One, as set forth in the Engineer's Report, and hereby authorizes the financing of all or a portion of the acquisition and construction of certain public infrastructure benefiting such assessable lands within Assessment Area One by issuing the Bonds to finance all or a portion of the Phase 1 and 2 Sub-Assessment Area One Project. The Phase 1 and 2 Sub-Assessment Area One Project includes, but is not limited to, stormwater drainage facilities including related earthwork and acquisition of stormwater ponds, perimeter buffers, landscaping in public rights-of-way including entrance features and related costs, all as more particularly described in the Engineer's Report.

Section 3. Sale of the Bonds. Except as otherwise provided in the last sentence of this Section 3, the proposal submitted by the Underwriter offering to purchase the Bonds at the purchase price established pursuant to the parameters set forth below and on the terms and conditions set forth in the Bond Purchase Contract (attached hereto as Exhibit A), are hereby approved and adopted by the District in substantially the form presented. Subject to the last sentence of this Section 3, the Chairperson (or, in the absence of the Chairperson, any other member of the Board) is hereby authorized to execute and deliver on behalf of the District, and the Secretary of the District is hereby authorized (if so required) to affix the Seal of the District and attest to the execution of the Bond Purchase Contract in substantially the form presented at this meeting. The disclosure statements of the Underwriter, as required by Section 218.385, Florida Statutes, to be delivered to the District prior to the execution of the Bond Purchase Contract, a copy of which is attached as an exhibit to the Bond Purchase Contract, will be entered into the official records of the District. The Bond Purchase Contract, in final form as determined by counsel to the District and the Chairperson, may be executed by the District without further action provided that (i) the Bonds mature not later than the statutory permitted

period; (ii) the principal amount of the Bonds issued does not exceed $4,500,000; (iii) the maximum arbitrage yield on the Bonds shall not exceed 5.25%; (iv) if the Bonds are subject to optional redemption which determination will be made on or before the sale date of the Bonds, the first optional call date shall be not later than November 1, 2032 and the redemption price shall be equal to the principal amount of Bonds redeemed; and (v) the purchase price to be paid by the Underwriter for the Bonds is not less than 98% of the principal amount of the Bonds issued (exclusive of any original issuance discount).

Section 4. **The Limited Offering Memorandum**. The Limited Offering Memorandum, in substantially the form of the Preliminary Limited Offering Memorandum (as herein defined and subject to the other conditions set forth herein) attached hereto as Exhibit B, with such changes as are necessary to conform to the details of the Bonds and the requirements of the Bond Purchase Contract, is hereby approved. The District hereby authorizes the execution of the Limited Offering Memorandum and the District hereby authorizes the Limited Offering Memorandum, when in final form, to be used in connection with the limited offering and sale of the Bonds. The District hereby authorizes and consents to the use by the Underwriter of a Preliminary Limited Offering Memorandum substantially in the form attached hereto as Exhibit B, in connection with the Limited Offering of the Bonds (the "Preliminary Limited Offering Memorandum"). The final form of a Preliminary Limited Offering Memorandum shall be determined by the Underwriter and the professional staff of the District, with final approval by the Chairperson. The Limited Offering Memorandum may be modified in a manner not inconsistent with the substance thereof and the terms of the Bonds as shall be deemed advisable by the Bond Counsel and counsel to the District, with final approval by the Chairperson. The Chairperson (or, in the absence of the Chairperson, any other member of the Board) is hereby further authorized to execute and deliver on behalf of the District, the Limited Offering Memorandum and any amendment or supplement thereto, with such changes, modifications and deletions as the member of the Board executing the same may deem necessary and appropriate with the advice of Bond Counsel and counsel to the District, with final approval by the Chairperson, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the District. The District hereby authorizes the Chairperson (or, in the absence of the Chairperson, any other member of the Board) to deem "final" the Preliminary Limited Offering Memorandum except for permitted omissions all within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 and to execute a certificate in that regard.

Section 5. **Details of the Bonds.** The proceeds of the Bonds shall be applied in accordance with the provisions of the Indenture. The Bonds shall mature in the years and in the amounts, bear interest at such rates and be subject to redemption, all as provided in the Indenture. The execution of the Indenture shall constitute approval of such terms as set forth in the Indenture and this Resolution. The maximum aggregate principal amount of the Bonds authorized to be issued pursuant to this Resolution and the applicable Indenture (as defined below) shall not exceed $4,500,000 with respect to the Bonds.

Section 6. **Continuing Disclosure**; Dissemination Agent. The Board does hereby authorize and approve the execution and delivery of a Continuing Disclosure Agreement by the Chairperson (or, in the absence of the Chairperson, any other member of the Board) substantially in the form presented to this meeting and attached hereto as Exhibit C. The Continuing Disclosure Agreement is being executed by the District and the other parties thereto in order to

assist the Underwriter in the marketing of the Bonds and compliance with Rule 15c2-12 of the Securities and Exchange Commission. Development Planning & Finance Group, Inc. is hereby appointed the initial dissemination agent.

Section 7. Authorization of Execution and Delivery of the Fourth Supplemental; Application of Master Indenture. The District does hereby authorize and approve the execution by the Chairperson (or, in the absence of the Chairperson, the Vice Chairperson or any other member of the Board) and the Secretary and the delivery of the Fourth Supplemental between the District and the Trustee. The Master Indenture will be applicable to the Bonds. The 2019 Indenture shall provide for the security of the Bonds and express the contract between the District and the owners of the Bonds. The Fourth Supplemental shall be substantially in the form attached hereto as Exhibit D and is hereby approved, with such changes therein as are necessary or desirable to reflect the terms of the sale of the Bonds as shall be approved by the Chairperson (or, in the absence of the Chairperson, the Vice Chairperson, or any other member of the Board) executing the same, with such execution to constitute conclusive evidence of such officer's approval and the District's approval of any changes therein from the form of the Fourth Supplemental attached hereto as Exhibit D.

Section 8. Authorization and Ratification of Prior Acts. All actions previously taken by or on behalf of District in connection with the issuance of the Bonds are hereby authorized, ratified and confirmed.

Section 9. Appointment of Underwriter. The Board hereby formally appoints FMSbonds, Inc., as the Underwriter for the Bonds.

Section 10. Book-Entry Only Registration System. The registration of the Bonds shall initially be by the book-entry only system established with The Depository Trust Company.

Section 11. Assessment Methodology Report. The Board hereby authorizes any modifications to the Assessment Methodology Report prepared by Development Planning & Finance Group, Inc. in connection with the Bonds if such modifications are determined to be appropriate in connection with the issuance of the Bonds.

Section 12. Engineer's Report. The Board hereby authorizes any modifications to the Engineer's Report prepared by Heidt Design, LLC in connection with the Bonds if such modifications are determined to be appropriate in connection with the issuance of the Bonds or modifications to the Assessment Area Two Project.

Section 13. Further Official Action. The Chairperson, the Vice Chairperson, the Secretary and each member of the Board and any other proper official or member of the professional staff of the District are each hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or desirable for carrying out the transactions contemplated by this Resolution. In the event that the Chairperson, the Vice Chairperson or the Secretary is unable to execute and deliver the documents herein contemplated, such documents shall be executed and delivered by the respective designee of such officer or official or any other duly authorized officer or official of the District herein authorized. The Secretary or any Assistant Secretary is hereby authorized and

directed to apply and attest the official seal of the District to any agreement or instrument authorized or approved herein that requires such a seal and attestation.

Section 14. **Severability**. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

Section 15. **Inconsistent Proceedings**. All resolutions or proceedings, or parts thereof, in conflict with the provisions hereof are to the extent of such conflict hereby repealed or amended to the extent of such inconsistency.

PASSED in public session of the Board of Supervisors of the Avalon Groves Community Development District, this 27th day of June, 2019.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

ATTEST:

By:_____
Name: Patricia Comings-Thibault
Title: Secretary

By:_____
Name: James P. Harvey
Title: Chairperson, Board of Supervisors

EXHIBIT A

FORM OF BOND PURCHASE CONTRACT

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
(LAKE COUNTY, FLORIDA)

$_____
Special Assessment Bonds, Series 2019
(Phases 1 and 2 Sub-Assessment Area One Project)

BOND PURCHASE CONTRACT

_____, 2019

Board of Supervisors
Avalon Groves Community Development District
Lake County, Florida

Ladies and Gentlemen:

FMSbonds, Inc. (the "Underwriter") offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the Avalon Groves Community Development District (the "District"). The District is located entirely within unincorporated Lake County, Florida (the "County"). This offer of the Underwriter shall, unless accepted by the District, acting through its Board of Supervisors (the "Board"), expire at 10:00 P.M. prevailing time within the jurisdiction of the District on the date hereof, unless previously withdrawn or extended in writing by the Underwriter. This Purchase Contract shall be binding upon the District and the Underwriter upon execution and delivery. Any capitalized word not defined herein shall have the meaning ascribed thereto in the Preliminary Limited Offering Memorandum (as hereinafter defined). In conformance with Section 218.385, Florida Statutes, as amended, the Underwriter hereby delivers to the District the Disclosure and Truth-In-Bonding Statements attached hereto as Exhibit A.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the District's $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds"). The Series 2019 Bonds shall be dated their date of delivery and shall mature on the dates, shall bear interest at the rates, and shall be subject to redemption prior to maturity, all as provided in Exhibit B attached hereto.

The purchase price for the Series 2019 Bonds shall be $_____ (representing the $_____ aggregate principal amount of the Series 2019 Bonds, [plus/less net original issue premium/discount of $_____ and] less an underwriter's discount of $_____). Payment of the purchase price and delivery of the Series 2019 Bonds and the other actions contemplated hereby to take place at the time of such payment and delivery are hereinafter referred to as the "Closing."

2. The Series 2019 Bonds. The Series 2019 Bonds are to be issued by the District, a local unit of special-purpose government of the State of Florida (the "State") created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended, any successor statute thereto, the Florida Constitution, and other applicable provisions of law (collectively, the "Act"), by Ordinance No. 2016-16, enacted by the Board of County Commissioners of the County on April 19, 2016 and became effective on April 27, 2016 (the "Ordinance"). The Series 2019 Bonds are being issued

pursuant to the Act and secured pursuant to the provisions of a Master Trust Indenture dated as of March 1, 2017 (the "Master Indenture"), as amended and supplemented by a Fourth Supplemental Trust Indenture dated as of July 1, 2019 (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and Regions Bank, as trustee (the "Trustee"), and by Resolution No. 2016-21, adopted by the Board of Supervisors of the District (the "Board") on April 28, 2016 and Resolution No. 2019-04, adopted by the Board on June 27, 2019 (collectively, the "Bond Resolution").

The Phase 1 and 2 Special Assessments, comprising the Phases 1 and 2 Pledged Revenues for the Series 2019 Bonds, have been levied by the District on those lands within Assessment Area One within the District specially benefited by the Phases 1 and 2 Sub-Assessment Area One Project pursuant to the Assessment Resolutions (as such terms are defined in the Fourth Supplemental Indenture).

3. Limited Offering; Establishment of Issue Price.. It shall be a condition to the District's obligation to sell and to deliver the Series 2019 Bonds to the Underwriter, and to the Underwriter's obligation to purchase, accept delivery of and pay for the Series 2019 Bonds, that the entire principal amount of the Series 2019 Bonds be issued, sold and delivered by the District and purchased, accepted and paid for by the Underwriter at the Closing and that the District and the Underwriter receive the opinions, documents and certificates described in Section 8(c) hereof.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Series 2019 Bonds and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, in the form reasonably satisfactory to Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2019 Bonds.

(b) Except as otherwise set forth in Exhibit B attached hereto, the District will treat the first price at which 10% of each maturity of the Series 2019 Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of the Series 2019 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2019 Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Series 2019 Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined below) has occurred, until the 10% test has been satisfied as to the Series 2019 Bonds of that maturity or until all Series 2019 Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Series 2019 Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Exhibit B attached hereto, except as otherwise set forth therein. Exhibit B also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series 2019 Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2019 Bonds, the Underwriter will neither offer nor sell unsold Series 2019 Bonds of that

maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5^{th}) business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District when it has sold 10% of that maturity of the Series 2019 Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter acknowledges that sales of any Series 2019 Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(1) "public" means any person other than an underwriter or a related party, and

(2) a purchaser of any of the Series 2019 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(3) "sale date" means the date of execution of this Purchase Contract is executed by all parties.

4. **Use of Documents**. Prior to the date hereof, the District has caused to be prepared and has provided to the Underwriter a Preliminary Limited Offering Memorandum dated _____, 2019 (such Preliminary Limited Offering Memorandum, including the cover pages and all appendices thereto, and any amendments and supplements thereto that may be authorized by the District for use with respect to the Series 2019 Bonds, being herein collectively called the "Preliminary Limited Offering Memorandum") of the District related to the Series 2019 Bonds that the District has deemed final as of its date, except for certain permitted omissions (the "Permitted Omissions"), as contemplated by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12" or the "Rule") in connection with the limited offering of the Series 2019 Bonds. The Underwriter has reviewed the Preliminary Limited Offering Memorandum prior to the execution of this Purchase Contract. The District has, prior to the date hereof, authorized the Preliminary Limited Offering Memorandum to be circulated and used by the Underwriter in connection with the limited offering of the Series 2019 Bonds. The District shall deliver or cause to be delivered, at its expense, to the Underwriter within seven (7) business days after the date hereof but not later than three (3) days prior to the Closing Date (as defined below) and in sufficient time to allow the Underwriter to comply with all requirements of the Rule and all applicable securities laws and the rules of the Municipal Securities Rulemaking Board (the "MSRB"), a final Limited Offering Memorandum dated _____, 2019 (such Limited Offering Memorandum, including the cover pages

and all appendices thereto, and any amendments and supplements thereto that may be authorized by the District for use with respect to the Series 2019 Bonds being herein collectively called the "Limited Offering Memorandum" and, together with the Preliminary Limited Offering Memorandum, the "Limited Offering Memoranda"). The District hereby ratifies and approves the circulation and use of the Limited Offering Memoranda by the Underwriter.

5. Definitions. For purposes hereof, (a) this Purchase Contract, the Indenture, the Series 2019 Bonds, the Continuing Disclosure Agreement to be dated as of the Closing Date, by and among the District, Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer"), D. R. Horton, Inc., a Delaware corporation (the "Builder") and DPFG Management & Consulting, LLC, as dissemination agent (the "Dissemination Agent"), in substantially the form attached to the Preliminary Limited Offering Memorandum as Appendix F thereto (the "Disclosure Agreement") and the DTC Blanket Issuer Letter of Representations entered into by the District, are referred to herein collectively as the "Financing Documents," and (b) the Completion Agreement (Phases 1 and 2 Sub-Assessment Area One Project) by and between the District and the Developer dated as of the Closing Date (the "Completion Agreement"), the Acquisition Agreement by and between the District and the Developer dated as of the Closing Date, the Collateral Assignment and Assumption of Development and Contract Rights Relating to Phase 1 and 2 Sub-Assessment Area One, in recordable form, by and between the District and the Developer dated as of the Closing Date (the "Collateral Assignment"), the Agreement Regarding the True-Up and Payment of the Phase 1 and 2 Special Assessments (Phase 1 and 2 Sub-Assessment Area One) in recordable form by and between the District and the Developer dated as of the Closing Date (the "True-Up Agreement") and the Declarations of Consent to Jurisdiction of the Avalon Groves Community Development District and to Impose Special Assessments in recordable form by the Developer and the Builder dated as of the Closing Date (the "Declaration"), are collectively referred to herein as the "Ancillary Agreements."

6. Representations, Warranties and Agreements. The District hereby represents, warrants and agrees as follows:

(a) The Board is the governing body of the District and the District is and will be on the Closing Date duly organized and validly existing as a unit of special-purpose government created pursuant to the Constitution and laws of the State, including, without limitation, the Act;

(b) The District has full legal right, power and authority to: (i) adopt the Bond Resolution and the Assessment Resolutions; (ii) enter into the Financing Documents and Ancillary Agreements to which it is a party; (iii) sell, issue and deliver the Series 2019 Bonds to the Underwriter as provided herein; (iv) apply the proceeds of the sale of the Series 2019 Bonds for the purposes described in the Preliminary Limited Offering Memorandum; (v) acknowledge and authorize the use of the Preliminary Limited Offering Memorandum and acknowledge and authorize the use and execution of the Limited Offering Memorandum; and (vi) carry out and consummate the transactions contemplated by the Bond Resolution, the Assessment Resolutions, the Financing Documents, the Ancillary Agreements to which it is a party and the Preliminary Limited Offering Memorandum, including but not limited to entering into the Collection Agreement to provide for the collection of the Phase 1 and 2 Special Assessments using the Uniform Method of collection in accordance with the Indenture. The District has complied, and on the Closing Date will be in compliance in all material respects, with the terms of the Act and with the obligations on its part contained in the Bond Resolution, the Assessment Resolutions, the Financing Documents, the Ancillary Agreements to which it is a party and the Series 2019 Bonds;

(c) At meetings of the Board that were duly called and noticed and at which a quorum was present and acting throughout, the Board duly adopted the Bond Resolution and the

Assessment Resolutions, and the same are in full force and effect and have not been supplemented, amended, modified or repealed, except as set forth therein. By all necessary official Board action, the District has duly authorized and approved the use and delivery of the Preliminary Limited Offering Memorandum and the execution and delivery of the Financing Documents, the Ancillary Agreements to which it is a party, the Series 2019 Bonds and the Limited Offering Memorandum, has duly authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents, the Ancillary Agreements to which it is a party and the Series 2019 Bonds and the consummation by it of all other transactions contemplated by this Purchase Contract and the Preliminary Limited Offering Memorandum in connection with the issuance of the Series 2019 Bonds. Upon execution and delivery by the District and the Trustee (and assuming the due authorization, execution and delivery of the Indenture by the Trustee), the Indenture will constitute legal, valid and binding obligations of the District, enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency, and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). Upon execution by the District and the other parties thereto (and assuming the due authorization, execution and delivery of such agreements by the other parties thereto), the Financing Documents and the Ancillary Agreements to which it is a party will constitute the legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(d) The District is not in material breach of or material default under any applicable provision of the Act or any applicable constitutional provision or statute or, to the best of its knowledge, administrative regulation of the State or the United States of America or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement, or other material instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and to the best of its knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or material event of default under any such instrument; and the execution and delivery of the Series 2019 Bonds, the Financing Documents, the Ancillary Agreements to which it is a party and the Limited Offering Memorandum, the delivery of the Preliminary Limited Offering Memorandum and the adoption of the Bond Resolution and the Assessment Resolutions, and compliance with the provisions on the District's part contained therein, will not conflict with or constitute a material breach of or material default under any applicable constitutional provision, or law, or, to the best of its knowledge, any administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as provided by the Assessment Resolutions, the Series 2019 Bonds and the Indenture. To the best of its knowledge, no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute an event of default (as therein defined) under the Series 2019 Bonds, the Ancillary Agreements to which it is a party or the Financing Documents;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization by, or which would constitute a condition

precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations, to issue the Series 2019 Bonds, or under the Series 2019 Bonds, the Bond Resolution, the Assessment Resolutions, the Financing Documents or the Ancillary Agreements to which it is a party have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2019 Bonds;

(f) The descriptions of the Series 2019 Bonds, the Financing Documents, the Ancillary Agreements to which it is a party, the Phases 1 and 2 Sub-Assessment Area One Project, to the extent referred to in the Preliminary Limited Offering Memorandum, conform in all material respects to the Series 2019 Bonds, the Financing Documents, the Ancillary Agreements to which it is a party and the Phases 1 and 2 Sub-Assessment Area One Project, respectively;

(g) The Series 2019 Bonds, when issued, executed and delivered in accordance with the Indenture and when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Purchase Contract, will be validly issued and outstanding obligations of the District, entitled to the benefits of the Indenture and upon such issuance, execution and delivery of the Series 2019 Bonds, the Indenture will provide, for the benefit of the holders from time to time of the Series 2019 Bonds, a legally valid and binding pledge of and first lien on the Phase 1 and 2 Pledged Revenues. On the Closing Date, all conditions precedent to the issuance of the Series 2019 Bonds set forth in the Indenture will have been complied with or fulfilled;

(h) There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to its best knowledge, threatened against the District: (i) contesting the corporate existence or powers of the Board or the titles of the respective officers of the Board to their respective offices; (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2019 Bonds or the application of the proceeds of the sale thereof for the purposes described in the Preliminary Limited Offering Memorandum, or the collection of the Phase 1 and 2 Special Assessments, or the pledge of and lien on the Phase 1 and 2 Pledged Revenues pursuant to the Indenture; (iii) contesting or affecting specifically as to the District the validity or enforceability of the Act or any action of the District in any respect relating to the authorization for the issuance of the Series 2019 Bonds, or the authorization of the Phases 1 and 2 Sub-Assessment Area One Project, the Bond Resolution, the Assessment Resolutions, the Financing Documents and the Ancillary Agreements to which the District is a party, or the application of the proceeds of the Series 2019 Bonds for the purposes set forth in the Preliminary Limited Offering Memorandum; (iv) contesting the federal tax status of the Series 2019 Bonds; or (v) contesting the completeness or accuracy of the Preliminary Limited Offering Memorandum or any supplement or amendment thereto;

(i) To the extent applicable, the District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to: (i) qualify the Series 2019 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) determine the eligibility of the Series 2019 Bonds for investment under the laws of such states and other jurisdictions, and the District will use its best efforts to continue such qualifications in effect so long as required for the initial limited offering and distribution of the Series 2019 Bonds; provided, however, that the District shall not be required to execute a general or special consent to service of process or to qualify to

do business in connection with any such qualification or determination in any jurisdiction or register as a broker/dealer;

(j) As of its date (unless an event occurs of the nature described in paragraph (1) of this Section 6) and at all times subsequent thereto, up to and including the Closing Date, the statements and information contained in the Preliminary Limited Offering Memorandum (other than "Permitted Omissions") and in the Limited Offering Memorandum are and will be accurate in all material respects for the purposes for which their use is authorized and do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made concerning information contained or to be contained in the Limited Offering Memoranda under the captions "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System," "THE DEVELOPMENT," "THE DEVELOPER AND THE BUILDER," "TAX MATTERS," "SUITABILITY FOR INVESTMENT," "LITIGATION – The Developer" and "UNDERWRITING";

(k) If the Limited Offering Memorandum is supplemented or amended pursuant to subsection (1) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date, the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is made concerning information contained or to be contained in the Limited Offering Memoranda Memorandum under the captions "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System," "THE DEVELOPMENT," "THE DEVELOPER AND THE BUILDER," "TAX MATTERS," "SUITABILITY FOR INVESTMENT," "LITIGATION – The Developer" and "UNDERWRITING";

(l) If between the date of this Purchase Contract and the earlier of (i) date that is ninety (90) days from the end of the "Underwriting Period" as defined in Rule 15c2-12 or (ii) the time when the Limited Offering Memorandum is available to any person from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (but in no event less than twenty-five (25) days following the end of the Underwriting Period), any event shall occur, of which the District has actual knowledge, which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter thereof, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the District will at its expense supplement or amend the Limited Offering Memorandum in a form and in a manner approved by the Underwriter. The end of the Underwriting Period shall be the next business day after the Closing Date;

(m) Since its inception, there has been no material adverse change in the properties, businesses, results of operations, prospects, management or financial or other condition of the District, except as disclosed in the Preliminary Limited Offering Memorandum, and the District has not incurred liabilities that would materially adversely affect its ability to discharge its obligations under the Bond Resolution, the Assessment Resolutions, the Series 2019 Bonds, the Financing Documents or the Ancillary Agreements to which it is a party, direct or contingent, other than as set forth in or contemplated by the Limited Offering Memoranda;

(n) The District is not now in default and has not been in default at any time after December 31, 1975 in the payment of the principal of or the interest on any governmental security issued or guaranteed by it which would require the disclosure pursuant to Section 517.051, Florida Statutes or Rule 69W-400.003 of the Florida Department of Financial Services;

(o) Except as disclosed in the Limited Offering Memoranda, the District has never failed to comply in any material respect with any continuing disclosure obligations previously undertaken by the District in accordance with the continuing disclosure requirements of the Rule;

(p) Any certificate signed by any official of the District and delivered to the Underwriter will be deemed to be a representation by the District to the Underwriter as to the statements made therein; and

(q) From the date of this Purchase Contract through the Closing Date, the District will not issue any bonds (other than the Series 2019 Bonds), notes or other obligations payable from the Phase 1 and 2 Pledged Revenues for the Series 2019 Bonds.

7. **Closing**. At 10:00 a.m. prevailing time on _____, 2019 (the "Closing Date") or at such later time as may be mutually agreed upon by the District and the Underwriter, the District will deliver or cause to be delivered to the Underwriter the Series 2019 Bonds in definitive book-entry-only form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Series 2019 Bonds as set forth in Section 1 hereof, in federal or other immediately available funds to the order of the District. Delivery of the Series 2019 Bonds as aforesaid shall be made pursuant to the FAST system of delivery of The Depository Trust Company, New York, New York, or at such other place as may be mutually agreed upon by the District and the Underwriter. The Series 2019 Bonds shall be typewritten, shall be prepared and delivered as fully registered bonds in book-entry-only form, with one bond for each maturity, registered in the name of Cede & Co. and shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection and packaging, unless otherwise agreed by the District and the Underwriter.

8. **Closing Conditions**. The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and agreements of the District contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Purchase Contract are conditioned upon the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and are also subject to the following additional conditions:

(a) The representations and warranties of the District contained herein shall be true, complete and correct, on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) At the time of the Closing, the Bond Resolution, the Assessment Resolutions, the Series 2019 Bonds, the Ancillary Agreements and the Financing Documents shall each be in full force and effect in accordance with their respective terms and the Bond Resolution, the Assessment Resolutions, the Indenture and the Limited Offering Memoranda shall not have been supplemented, amended, modified or repealed, except in any such case as may have been agreed to by the Underwriter;

(c) At or prior to the Closing Date, the Underwriter and the District shall have received each of the following:

(1) The Limited Offering Memorandum and each supplement or amendment, if any, thereto, executed on behalf of the District by the Chairperson of the Board or such other authorized member of the Board;

(2) A copy of each of the Bond Resolution and the Assessment Resolutions certified by the Secretary or an Assistant Secretary of the Board under seal as having been duly adopted by the Board of the District and as being in full force and effect;

(3) An executed copy of each of the Financing Documents and the Ancillary Agreements in form acceptable to the Underwriter and its counsel;

(4) The opinions, dated as of the Closing Date and addressed to the District, of Greenberg Traurig, P.A., Bond Counsel, in the form included in the Preliminary Limited Offering Memorandum as Appendix B, together with letters of such counsel, dated as of the Closing Date and addressed to the Underwriter and Trustee, to the effect that the foregoing opinions addressed to the District may be relied upon by the Underwriter and Trustee to the same extent as if such opinions were addressed to them;

(5) The supplemental opinion, dated as of the Closing Date and addressed to the District and the Underwriter, of Greenberg Traurig, P.A., Bond Counsel, in the form annexed as Exhibit C hereto;

(6) The opinion, dated as of the Closing Date and addressed to the District, the Underwriter and the Trustee of Hopping Green & Sams P.A., counsel to the District, in the form annexed as Exhibit D hereto or in form and substance otherwise acceptable to the Underwriter and its counsel;

(7) The opinion, dated as of the Closing Date and addressed to the District, the Trustee and the Underwriter of Lowndes, Drosdick, Doster, Kantor & Reed, P.A., counsel to the Developer, in the form annexed as Exhibit E hereto or in form and substance otherwise acceptable to the Underwriter and its counsel;

(8) An opinion, dated as of the Closing Date and addressed to the Underwriter and the District, of counsel to the Trustee, in form and substance acceptable to Bond Counsel, Underwriter, Underwriter's Counsel, and the District;

(9) A customary authorization and incumbency certificate, dated as of the Closing Date, signed by authorized officers of the Trustee;

(10) A Certificate of the Developer dated as of the Closing Date, in the form annexed as Exhibit F hereto, or otherwise in form and substance satisfactory to Bond Counsel, the Underwriter, Underwriter's counsel and counsel to the District.

(11) A copy of the Ordinance;

(12) A certificate, dated as of the Closing Date, signed by the Chairperson or Vice-Chairperson and the Secretary or an Assistant Secretary of the Board, setting forth that: (i) each of the representations of the District contained herein was true and accurate

in all material respects on the date when made, has been true and accurate in all material respects at all times since, and continues to be true and accurate in all material respects on the Closing Date as if made on such date; (ii) the District has performed all obligations to be performed hereunder as of the Closing Date; (iii) except as disclosed in the Limited Offering Memoranda, the District has never been in default as to principal or interest with respect to any obligation issued or guaranteed by the District; (iv) the District agrees to take all reasonable action necessary to use the Uniform Method as the means of collecting the Phase 1 and 2 Special Assessments, as described in the Indenture; and (v) the Limited Offering Memorandum (other than the information under the captions "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System," "THE DEVELOPMENT," "THE DEVELOPER AND THE BUILDER," "TAX MATTERS," "SUITABILITY FOR INVESTMENT," "LITIGATION – The Developer" and "UNDERWRITING," as to which no view need be expressed) as of its date, and as of the date hereof, does not contain any untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Limited Offering Memoranda is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(13) A customary signature and no litigation certificate, dated as of the Closing Date, signed on behalf of the District by the Chairperson or Vice Chairperson and Secretary or an Assistant Secretary of the Board in form and substance acceptable to the Underwriter and Underwriter's Counsel;

(14) Evidence of compliance by the District with the requirements of Section 189.051, Florida Statutes;

(15) Executed copies of the District's certification as to arbitrage and other matters relative to the tax status of the Series 2019 Bonds under Section 148 of the Internal Revenue Code of 1986, as amended, and a copy of the District's Post Issuance Policies and Procedures;

(16) Executed copies of Internal Revenue Service Form 8038-G relating to the Series 2019 Bonds;

(17) A certificate of the District's consulting engineer, dated as of the Closing Date, in the form annexed as Exhibit G hereto or otherwise in form and substance acceptable to Underwriter and Underwriter's Counsel;

(18) A certificate of the District Manager and Methodology Consultant in the form annexed as Exhibit H hereto or otherwise in form and substance acceptable to Underwriter and Underwriter's Counsel;

(19) Such additional documents as may be required by the Indenture to be delivered as a condition precedent to the issuance of the Series 2019 Bonds;

(20) Evidence of compliance by the District with the requirements of Section 215.84, Florida Statutes;

(21) A certified copy of the final judgment of the Circuit Court in and for Lake County, Florida, validating the Series 2019 Bonds and the certificate of no-appeal;

(22) A copy of the "Avalon Groves Community Development District Preliminary Engineer's Report" dated October 11, 2016, as supplemented by the "Avalon Groves Community Development District Engineer's Supplement Report – 2019 Bond Issuance," dated [May 31], 2019;

(23) A certificate of the District whereby the District has deemed the Preliminary Limited Offering Memorandum final as of its date, except for Permitted Omissions, as contemplated by Rule 15c2-12 in connection with the limited offering of the Series 2019 Bonds;

(24) A copy of the Master Assessment Methodology Report dated October 17, 2016, as supplemented by the Second Supplemental Special Assessment Methodology Report dated the date hereof;

(25) Declarations of Consent to Jurisdiction of Avalon Groves Community Development District and to Impose Special Assessments executed and delivered by the Developer, the Builder and any other entity owning any land in the District as of the Closing Date with respect to all real property owned by such entities within the District which is subject to the Phase 1 and 2 Special Assessments, as applicable, in recordable form and otherwise in form and substance acceptable to the Underwriter and Underwriter's Counsel and counsel to the District;

(26) A certificate of the Dissemination Agent (i) acknowledging its agreement to serve as the initial Dissemination Agent for the District with respect to the Series 2019 Bonds and undertake the obligations of the Dissemination Agent as set forth in the Continuing Disclosure Agreement and (ii) representing that the Dissemination Agent is aware of the continuing disclosure requirements set forth in the Continuing Disclosure Agreement and Rule 15c2-12, (iii) that it has policies and procedures in place to ensure its compliance with its obligations under the Continuing Disclosure Agreement, and (iv) covenanting to comply with the District's continuing disclosure undertakings entered into pursuant to Rule 15c2-12 at all times in the future; and

(27) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, Underwriter's Counsel, Bond Counsel or counsel to the District may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the District's representations and warranties contained herein and of the statements and information contained in the Limited Offering Memoranda and the due performance or satisfaction by the District, the Developer and the Builder on or prior to the Closing of all the agreements then to be performed and conditions then to be satisfied by each.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series 2019 Bonds contained in this Purchase Contract (unless waived by the Underwriter in its sole discretion), or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series 2019 Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriter nor the District shall be under any further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Section 10 hereof shall continue in full force and effect.

9. **Termination**. The Underwriter shall have the right to terminate its obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Series 2019 Bonds by notifying the

District of its election to do so if, after the execution hereof and prior to the Closing: (i) legislation shall have been introduced in or enacted by the Congress of the United States or enacted by the State, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairperson or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such committee, by any member thereof, or legislation shall have been favorably reported for passage to either House of Congress of the United States by a committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or the State, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been issued by the Treasury Department of the United States, or the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the District or by any similar body, or upon interest on obligations of the general character of the Series 2019 Bonds, which may have the purpose or effect, directly or indirectly, of materially and adversely affecting the tax status of the District, its property or income, its securities (including the Series 2019 Bonds) or the interest thereon, or any tax exemption granted or authorized by the State or, which in the reasonable opinion of the Underwriter, affects materially and adversely the market for the Series 2019 Bonds, or the market price generally of obligations of the general character of the Series 2019 Bonds; (ii) the District, the Developer or the Builder has, without the prior written consent of the Underwriter, offered or issued any bonds, notes or other obligations for borrowed money, or incurred any material liabilities, direct or contingent, or there has been an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, the Developer or the Builder, other than (x) in the ordinary course of its business or (y) mortgages in favor of the Builders given to secure the release of security deposits under the Builder Contracts, as described in the Preliminary Limited Offering Memorandum; (iii) any event shall have occurred or shall exist which, in the reasonable opinion of the Underwriter, would or might cause the information contained in the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (iv) the District fails to adopt the Assessment Resolutions or fails to perform any action to be performed by it in connection with the levy of the Phase 1 and 2 Special Assessments.

10. Expenses.

(a) The District agrees to pay, and the Underwriter shall not be obligated to pay, any expenses incident to the performance of the District's obligations hereunder, including, but not limited to: (i) the cost of the preparation and distribution of the Indenture; (ii) the cost of the preparation and printing, if applicable, of the Limited Offering Memoranda and any supplements thereto, together with a reasonable number of copies which the Underwriter may request; (iii) the cost of registering the Series 2019 Bonds in the name of Cede & Co., as nominee of DTC, which will act as securities depository for such Bonds; (iv) the fees and disbursements of counsel to the District, the District Manager, the Dissemination Agent, Bond Counsel, Underwriter's Counsel, the District's methodology consultant, the District Engineer, the Trustee, Trustee's Counsel and any other experts or consultants retained by the District; and (v) the cost of recording in the Official Records of the County any Financing Documents, Ancillary Agreements or other documents or certificates that are required to be recorded pursuant to the terms of this Purchase Contract. It is anticipated that such expenses shall be paid from the proceeds of the Series 2019 Bonds. The District shall record all documents required to be provided in recordable form

hereunder within three business days after the Closing Date, which obligation shall survive the Closing.

(b) The Underwriter agrees to pay all advertising expenses in connection with the Series 2019 Bonds, if any.

11. No Advisory or Fiduciary Role. The District acknowledges and agrees that (i) the purchase and sale of the Series 2019 Bonds pursuant to this Agreement is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection with such transaction and with the discussions, undertakings and procedures leading up to such transaction, the Underwriter is and has been acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), agent or fiduciary of the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the limited offering of the Series 2019 Bonds or the discussions, undertakings and procedures leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has provided any services or is currently providing other services to the District on other matters) or any other obligation to the District, and the Underwriter has no obligation to the District with respect to the limited offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Issuer has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the offering of the Series 2019 Bonds, (v) the District has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Series 2019 Bonds, and (vi) the Underwriter has provided to the District prior disclosures under Rule G-17 of the MSRB, which have been received by the District.

12. Notices. Any notice or other communication to be given to the District under this Purchase Contract may be given by delivering the same in writing to DPFG Management & Consulting, LLC, 1060 Maitland Center, Ste. # 340, Maitland, Florida 32751, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to FMSbonds, Inc., 20660 W. Dixie Highway, North Miami Beach, Florida 33180, Attention: Jon Kessler.

13. Parties in Interest; Survival of Representations. This Purchase Contract is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the District's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect and survive the closing on the Series 2019 Bonds, regardless of: (i) any investigations made by or on behalf of the Underwriter and (ii) delivery of and payment for the Series 2019 Bonds pursuant to this Purchase Contract.

14. Effectiveness. This Purchase Contract shall become effective upon the execution by the appropriate officials of the District and shall be valid and enforceable at the time of such acceptance. To the extent of any conflict between the provisions of this Purchase Contract and any prior contract between the parties hereto, the provisions of this Purchase Contract shall govern.

15. Headings. The headings of the sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

16. Amendment. No modification, alteration or amendment to this Purchase Contract shall be binding upon any party until such modification, alteration or amendment is reduced to writing and executed by all parties hereto.

17. **Governing Law**. This Purchase Contract shall be governed and construed in accordance with the laws of the State.

18. **Counterparts; Facsimile**. This Purchase Contract may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were signatures upon the same instrument. Facsimile and pdf signatures shall be deemed originals.

[Remainder of page intentionally left blank.]

Very truly yours,

FMSBONDS, INC.

By: _____
Theodore A. Swinarski,
Senior Vice President - Trading

Accepted and agreed to this
____ day of _____, 2019.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

By: _____
_____,
Chairperson, Board of Supervisors

EXHIBIT A

DISCLOSURE AND TRUTH-IN-BONDING STATEMENT

_____, 2019

Board of Supervisors
Avalon Groves Community Development District
Lake County, Florida

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds")

Dear Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and with respect to the issuance of the Series 2019 Bonds, FMSbonds, Inc. (the "Underwriter"), pursuant to a Bond Purchase Contract dated _____, 2019 (the "Bond Purchase Contract"), between the Underwriter and Avalon Groves Community Development District (the "District"), furnishes the following disclosures to the District (all capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Bond Purchase Contract):

1. The underwriting discount paid to the Underwriter pursuant to the Bond Purchase Contract for the Series 2019 Bonds is approximately $___ per $1,000.00 or $_____.

2. The names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, the Underwriter, bank, banker, or financial consultant or advisor and who enters into an understanding with either the District or the Underwriter, or both, for any paid or promised compensation or valuable consideration directly, expressly or impliedly, to act solely as an intermediary between the District and the Underwriter for the purposes of influencing any transaction in the purchase of the Series 2019 Bonds are: None.

3. The nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the issuance of the Series 2019 Bonds are set forth in Schedule I attached hereto.

4. The management fee charged by the Underwriter is: $0/$1,000 or $0.

5. Any other fee, bonus or other compensation estimated to be paid by the Underwriter in connection with the Series 2019 Bonds to any person not regularly employed or retained by the Underwriter in connection with the Series 2019 Bonds is as follows: None. GrayRobinson, P.A. has been retained as counsel to the Underwriter and will be compensated by the District.

7. The name and address of the Underwriter is:

FMSbonds, Inc.
20660 W. Dixie Highway
North Miami Beach, Florida 33180

The District is proposing to issue $_____ aggregate amount of the Series 2019 Bonds for the purpose providing funds for (i) the Costs of acquiring a portion of the Phase 1 and 2 Sub-Assessment Area One Project (as defined herein), (ii) the funding of the Series 2019 Reserve Account (as defined in the Fourth Supplemental Indenture), (iii) funding Capitalized Interest on Series 2019 Bonds through at least November 1, 2019, and (iv) the payment of the costs of issuance of the Series 2019 Bonds.

The debt evidenced by the Series 2019 Bonds is expected to be repaid over a period of approximately _____ (__) years and _____ (___) months. At the interest rates set out in Exhibit B to this Purchase Contract, total interest paid over the life of the Series 2019 Bonds will be $_____.

The source of repayment for the Series 2019 Bonds are the Phase 1 and 2 Special Assessments (as defined in the Fourth Supplemental Indenture), imposed and collected by the District. Based solely upon the assumptions set forth in the paragraphs above, the issuance of the Series 2019 Bonds will result in approximately $_____ (representing the average annual debt service payments due on the Series 2019 Bonds) of the Phase 1 and 2 Special Assessment revenues not being available to the District on an annual basis to finance other services of the District; provided however, that in the event that the Series 2019 Bonds were not issued, the District would not be entitled to impose and collect the Phase 1 and 2 Special Assessments in the amount of the principal of and interest to be paid on the Series 2019 Bonds.

[Remainder of page intentionally left blank.]

Sincerely,

FMSBONDS, INC.

By: _____
Theodore A. Swinarski,
Senior Vice President - Trading

SCHEDULE I

Expenses for the Series 2019 Bonds:

Expense	Amount
DALCOMP	
Clearance	
CUSIP	
DTC	
FINRA/SIPC	
MSRB	
Electronic Orders	
TOTAL:	

EXHIBIT B

TERMS OF BONDS

1. **Purchase Price for the Series 2019 Bonds:** $_____ (representing the $_____ aggregate principal amount of the Series 2019 Bonds, [plus/less net original issue premium/discount of $_____ and] less an underwriter's discount of $_____).

2. **Principal Amounts, Maturities, Interest Rates and Prices:**

Series 2019 Bonds			
Amount	Maturity Date	Rate	Price

The Underwriter has offered the Series 2019 Bonds to the public on or before the date of this Purchase Contract at the initial offering prices set forth herein and has sold at least 10% of each maturity of the Series 2019 Bonds to the public at a price that is no higher than such initial offering prices[, except for the following maturities: _____].

3. **Redemption Provisions:**

Optional Redemption

The Series 2019 Bonds may, at the option of the District, provided written notice thereof has been sent to the Trustee at least forty-five (45) days prior to the redemption date (unless the Trustee will accept less than forty-five (45) days' notice), be called for redemption prior to maturity as a whole or in part, at any time, on or after November 1, 20__ (less than all Series 2019 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Series 2019 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the redemption date from moneys on deposit in the Series 2019 Optional Redemption Subaccount of the Series 2019 Bond Redemption Account.

Mandatory Sinking Fund Redemption

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	Mandatory Sinking Fund Redemption Amount
*	

*Maturity

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the

years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	Mandatory Sinking Fund Redemption Amount
*	

_____
*Maturity

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	Mandatory Sinking Fund Redemption Amount
*	

_____
*Maturity

Upon any redemption of Series 2019 Bonds other than in accordance with scheduled mandatory sinking fund redemptions, the District shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of Series 2019 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2019 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2019 Bonds in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

Extraordinary Mandatory Redemption

The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity by the District in whole or in part, on any date (other than in the case of clause (i) below which extraordinary mandatory redemption in part must occur on a Quarterly Redemption Date), at a Redemption Price equal

to 100% of the principal amount of the Series 2019 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2019 Prepayment Principal deposited into the Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account, following the payment in whole or in part of Phase 1 and 2 Special Assessments on any assessable property within the District in accordance with the provisions of the Fourth Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2019 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2019 Rebate Fund and the Series 2019 Acquisition and Construction Account), sufficient to pay and redeem all Outstanding Series 2019 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Fourth Supplemental Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2019 Acquisition and Construction Account not otherwise reserved to complete the Phase 1 and 2 Sub-Assessment Area One Project and which have been transferred to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account.

EXHIBIT C

BOND COUNSEL'S SUPPLEMENTAL OPINION

_____, 2019

Avalon Groves Community Development District
Lake County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Assessment Area Two Project) (the "Series 2019 Bonds")

Ladies and Gentlemen:

We have acted as Bond Counsel to the Avalon Groves Community Development District (the "District"), a community development district established and existing pursuant to Chapter 190 of the Florida Statutes, as amended (the "Act"), in connection with the issuance by the District of its $_____ original aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds"). In such capacity, we have rendered our final approving opinion (the "Opinion") of even date herewith relating to the Series 2019 Bonds. The Series 2019 Bonds are secured pursuant to that certain Master Trust Indenture dated as of March 1, 2017 (the "Master Indenture"), as amended and supplemented by a Fourth Supplemental Trust Indenture dated as of July 1, 2019 (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and Regions Bank, as Trustee.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the District in connection with the authorization, sale and issuance of the Series 2019 Bonds, were present at various meetings and participated in various discussions in connection therewith and have reviewed such other documents, records and other instruments as we deem necessary to deliver this opinion.

The District has entered into a Bond Purchase Contract dated _____, 2019 (the "Purchase Contract"), for the purchase of the Series 2019 Bonds. Capitalized words used, but not defined, herein shall have the meanings ascribed thereto in the Purchase Contract.

Based upon the forgoing, we are of the opinion that:

1. The sale of the Series 2019 Bonds by the District is not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the exemption provided in Section 3(a)(2) of the Securities Act.

2. The Indenture are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

3. The information in the Limited Offering Memoranda (except for "Permitted Omissions" as defined in Rule 15c2-12 with respect to the Preliminary Limited Offering Memorandum) under the captions "INTRODUCTION," "DESCRIPTION OF THE SERIES 2019 BONDS," "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS," "and "APPENDIX A: COPY OF

MASTER INDENTURE AND PROPOSED FORM OF THE FOURTH SUPPLEMENTAL INDENTURE," insofar as such statements constitute descriptions of the Series 2019 Bonds and the Indenture, are accurate as to the matters set forth or documents described therein, and the information under the captions "TAX MATTERS" and "AGREEMENT BY THE STATE," insofar as such information purports to describe or summarize certain provisions of the laws of the State of Florida (the "State") and the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), is accurate as to the matters set forth therein.

This letter is furnished by us as Bond Counsel. No attorney-client relationship has existed or exists between our firm and FMSbonds, Inc. (the "Underwriter") in connection with the Series 2019 Bonds or by virtue of this letter. This letter is delivered to the Underwriter solely for its benefit as Underwriter and may not be used, circulated, quoted or otherwise referred to or relied upon by the Underwriter for any other purpose or by any other person other than the addressee hereto. This letter is not intended to, and may not be, relied upon by holders of the Series 2019 Bonds.

Very truly yours,

EXHIBIT D

ISSUER'S COUNSEL'S OPINION

_____, 2019

Avalon Groves Community Development District
Lake County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Regions Bank, as Trustee
Jacksonville, Florida
(solely for reliance upon Sections C.1. and C.3.)

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project)

Ladies and Gentlemen:

We serve as counsel to the Avalon Groves Community Development District ("**District**"), a local unit of special-purpose government established pursuant to the laws of the State of Florida, in connection with the sale by the District of its $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "**Bonds**"). This letter is delivered to you pursuant to Section 3.01(2) of the Master Indenture (defined below), Section 2.09(c) of the Supplemental Trust Indenture (defined below), and Section 8(c)(6) of the Bond Purchase Contract (referenced below), and is effective as of the date first written above. Each capitalized term not otherwise defined herein has the meaning given it to it in the Indenture (defined herein).

A. DOCUMENTS EXAMINED

In rendering the opinions set forth below, we have examined and/or relied upon the following documents and have made such examination of law as we have deemed necessary or appropriate:

1. Ordinance 2016-16, enacted by the Board of County Commissioners of Lake County, Florida, which was effective as of April 27, 2016 ("**Establishment Ordinance**");
2. the *Master Trust Indenture*, dated as March 1, 2017 ("**Master Indenture**"), as amended and supplemented by a *Fourth Supplemental Trust Indenture*, dated as of July 1, 2019 ("**Fourth Supplemental Trust Indenture**" and, together with the Master Indenture, the "**Indenture**"), each by and between the District and Regions Bank, as trustee ("**Trustee**");
3. Resolutions Nos. 2016-21 and 2019-04 adopted by the District on April 28, 2016 and June 27, 2019, respectively (collectively, "**Bond Resolution**");
4. The "*Avalon Groves Community Development District Preliminary Engineer's Report*" dated October 11, 2016, as supplemented by the *Avalon Groves Community Development District Engineer's Supplement Report – 2019 Bond Issuance*, dated [May 31], 2019 (collectively, "**Engineer's Report**"), which describes among other things the Phase 1 and 2 Sub-Assessment Area One Project ("**Project");**

5. *Master Assessment Methodology Report,* dated October 17, 2016, and the *First Supplemental Special Assessment Methodology Report,* dated _____, 2019, (collectively, "**Assessment Methodology**");
6. Resolution Nos. 2017-01, 2017-02, 2017-08, and 2017-14, as amended and supplemented from time to time (collectively, "**Assessment Resolution**"), establishing the debt service special assessments ("**Debt Assessments**") securing the Bonds;
7. the *Final Judgment* issued on June 22, 2016, and by the Circuit Court for the Fifth Judicial Circuit in and for Lake County, Florida in Case No. 35-2016-CA-000803, and Certificate of No Appeal issued on July 27, 2016;
8. the Preliminary Limited Offering Memorandum dated _____, 2019 ("**PLOM**") and Limited Offering Memorandum dated _____, 2019 ("**LOM**");
9. certain certifications by FMSbonds, Inc. ("**Underwriter**"), as underwriter to the sale of the Bonds;
10. certain certifications of Heidt Design, LLC, as District Engineer;
11. certain certifications of DPFG Management & Consulting, LLC, as District Manager and Assessment Consultant;
12. general and closing certificate of the District;
13. an opinion of Greenberg Traurig, P.A. ("**Bond Counsel**"), issued to the District in connection with the sale and issuance of the Bonds (which has been examined but is not being relied upon);
14. an opinion of Aponte & Associates Law Firm ("**Trustee Counsel**"), issued to the District and Underwriter in connection with the sale and issuance of the Bonds;
15. an opinion of Lowndes, Drosdick, Doster, Kantor & Reed, P.A., counsel to the Developer (defined herein), issued to the District and the Underwriter in connection with the sale and issuance of the Bonds;
16. the following agreements ("**Bond Agreements**"):
    (a) the Continuing Disclosure Agreement dated _____, 2019, by and among the District, Forestar (USA) Real Estate Group, Inc. ("**Developer**"), D. R. Horton, Inc. (the "**Builder**") and a dissemination agent;
    (b) the Bond Purchase Contract between Underwriter and the District and dated _____, 2019 ("**BPA**");
    (c) the Acquisition Agreement between the District and the Developer and dated _____, 2019;
    (d) the Completion Agreement (Phase 1 and 2 Sub-Assessment Area One Project), between the District and the Developer and dated _____, 2019;
    (e) the True-Up Agreement (Phase 1 and 2 Sub-Assessment Area One Project) between the District and the Developer and dated _____, 2019; and
    (f) the Collateral Assignment and Assumption Agreement (Phase 1 and 2 Sub-Assessment Area One Project) between the District and the Developer and dated _____, 2019;
17. Declarations of Consent to Jurisdiction executed by the Developer and the Builder; and
18. such other documents as we have deemed necessary or appropriate in rendering the opinions set forth below.

We have also attended various meetings of the District and have participated in conferences from time to time with representatives of the District, the District Engineer, the District Manager and Assessment Consultant, the Underwriter, Bond Counsel, counsel to the Underwriter, the Developer, counsel to the Developer, and others relative to the Limited Offering Memorandum and the related documents described herein.

B. RELIANCE

This opinion is solely for the benefit of the (i) District; (ii) the Underwriter; and (iii) the Trustee; however, the Trustee may only rely on this opinion for the limited purposes of the opinions stated in Sections C.1 and C.3. This opinion may not be relied on by any other party or for any other purpose without our prior written consent.

C. OPINIONS

Based on the foregoing, and subject to the qualifications and assumptions set forth herein, we are of the opinion that:

1. ***Authority –*** Under the Florida Constitution and laws of the State, the District has been duly established and validly exists as a local unit of special purpose government and a community development district under Chapter 190, *Florida Statutes* (the "**Act**"), with such powers as set forth in the Act, and with good, right and lawful authority: (a) to enter into and to consummate the transactions contemplated by the Bond Resolution, the Assessment Resolution, the Indenture, the Bonds and the Bond Agreements; (b) to issue the Bonds for the purposes for which they are issued; (c) to impose, levy, collect and enforce the Debt Assessments and pledge the Phase 1 and 2 Pledged Revenues to secure the Bonds as provided in the Indenture; (d) to adopt the Bond Resolution and the Assessment Resolution; and (e) to perform its obligations under the terms and conditions of the Bond Resolution, the Assessment Resolution, the Bond Agreements, the Bonds and the Indenture.

2. ***Assessments –*** The proceedings by the District with respect to the Debt Assessments have been in accordance with Florida law. The District has taken all action necessary to levy and impose the Debt Assessments as set forth in the Assessment Resolution, Assessment Methodology, and/or other applicable documents. The Debt Assessments constitute legal, valid, binding and enforceable first liens upon the property against which such Debt Assessments are assessed, co-equal with the lien of all state, county, district and municipal taxes and assessments, and superior in dignity to all other liens, titles and claims, until paid.

3. ***Agreements –*** The (a) Bond Resolution, (b) Assessment Resolution, (c) Bonds, (d) Indenture (assuming due execution thereof by the Trustee), and (e) Bond Agreements (assuming due authorization, execution and delivery of documents (c) – (e) listed herein by any parties thereto other than the District) have been duly and validly authorized, executed and delivered by the District, have been duly approved and adopted and/or issued by the District, are in full force and effect, constitute legal, valid and binding obligations of the District, and are enforceable against the District in accordance with their respective terms. All conditions prescribed in the Indenture as precedent to the issuance of the Bonds have been fulfilled.

4. ***Validation –*** The Bonds have been validated by a final judgment of the Circuit Court in and for Lake County, Florida, of which no timely appeal was filed.

5. ***Governmental Approvals –***As of the date hereof, all necessary consents, approvals, waivers or other actions by or filings with any governmental authority or other entity that are required for: (a) the adoption of the Bond Resolution and the Assessment Resolution; (b) the issuance, sale, execution and delivery of the Bonds upon the terms set forth in the BPA and the LOM; (c) the execution and delivery of the Indenture and Bond Agreements; and (d) the performance by the District of the transactions required hereby, have been duly obtained or made and are in full force and effect.

6. ***PLOM and LOM –*** The District has duly authorized the execution, delivery and distribution by the Underwriter of the PLOM and LOM. To our knowledge, and based upon our review of the PLOM and LOM and without having undertaken to determine independently the accuracy,

completeness or fairness of the statements contained in the PLOM and LOM, and as of the date of their respective issuances, and the date of the BPA, and with respect to the LOM, the date hereof, nothing has come to our attention which would lead us to believe that the PLOM and LOM contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, provided however that the opinions stated herein extend only to the following provisions of the PLOM and LOM: "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS – Prepayment of Phase 1 and 2 Special Assessments, , and Collateral Assignments and Assumptions of Certain Development and Contract Rights," "ENFORCEMENT OF ASSESSMENT COLLECTIONS," "THE DISTRICT" (excluding the subcaptions "District Manager and Other Consultants"), "AGREEMENT BY THE STATE," "LEGALITY FOR INVESTMENT," "LITIGATION – The District," "CONTINUING DISCLOSURE" (as it relates to the District only), "VALIDATION," and "AUTHORIZATION AND APPROVAL," and further provided however that the opinions stated herein do not extend to any statements that constitute descriptions of the Bonds or the Indenture. No information or opinion is offered as to any remaining provisions of the PLOM or LOM.

7. ***Litigation*** **–**Based on this firm serving as the District's Registered Agent for service of process and the fact that we have not been served with notice, there is no litigation pending or, to the best of our knowledge, threatened against the District: (a) seeking to restrain or enjoin the issuance or delivery of the Bonds or the application of the proceeds thereof, or the imposition, levy or collection of the Debt Assessments or the Phase 1 and 2 Pledged Revenues pledged for the payment of the debt service on the Bonds; (b) contesting or affecting the authority for the authority for the Debt Assessments, the authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Indenture, the Bond Agreements or the transactions contemplated thereunder; (c) contesting or affecting the establishment or existence of the District or any of its Supervisors, officers or employees, its assets, property or condition, financial or otherwise, or contesting or affecting any of the powers of the District, including its power to enter into the Indenture or the Bond Agreements, or its power to determine, assess, levy, collect and pledge the Debt Assessments for the payment of the debt service on the Bonds; or (d) specifically contesting the exclusion from federal gross income of interest on the Bonds.

8. ***Compliance with Laws –*** To the best of our knowledge, the District is not, in any manner material to the issuance of the Bonds or the Debt Assessments, in breach of or default under any applicable provision of the Act or constitutional provision, statute, or administrative regulation of the State of Florida, or any applicable judgment or decree, any loan agreement, indenture, bond, note, resolution, agreement (including the Bond Agreements and Indenture), or any other material instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and to the best of our knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the District under any such instrument; provided, however, that no opinion is expressed as to compliance with any state or federal tax or securities laws.

9. ***Authority to Undertake the Project*** - The District has good right and lawful authority under the Act to undertake, finance, acquire, construct, own, and operate the Project, subject to obtaining such licenses, orders or other authorizations as are, at the date of such opinion, required to be obtained from any agency or regulatory body.

D. CERTAIN ASSUMPTIONS

In rendering the foregoing opinions, we have assumed the following: (1) that all public records, certifications, agreements and other documents examined by us that have been executed or certified by public officials acting within the scope of their official capacities are authentic, truthful and accurate; (2)

that copies of such public records, certifications, agreements, and other documents furnished to us are authentic and conform to the originals; (3) that all signatures on executed public records, certifications, agreements and other documents are genuine; (4) that all public records, certifications, agreements and other documents have been properly authorized and are binding on each of the other parties thereto; and (5) the continued application of the legislative determinations of the District's Board of Supervisors. Such assumptions do not apply to District documents.

E. CERTAIN QUALIFICATIONS

The foregoing opinions are subject to the following qualifications:

1. The opinions or statements expressed above are based solely on the laws of Florida in effect at the time of issuance of the Bonds. Accordingly, we express no opinion nor make any statement regarding the effect or application of the laws of the federal government (including but not limited to the Internal Revenue Code or any proposed changes thereto), or any other state or other jurisdiction.

2. Our opinion as to enforceability of any document is subject to limitations imposed by bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt, or similar laws, relating to or affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and to the exercise of judicial discretion in appropriate cases, including the fact that specific performance and other equitable remedies are granted only in the discretion of a court.

3. Nothing herein shall be construed as an opinion regarding the possible applicability of state securities or "blue sky" laws or federal securities laws, as to which no opinion is expressed.

4. We further express no opinion as to the necessity for an interest rate waiver under Florida law, or the applicability of any provision or section of the Internal Revenue Code.

5. We express no opinion and make no representations with regard to financial information or statistical data. We express no opinion as to compliance with any state or federal tax laws.

6. We have not reviewed, and therefore express no opinion, regarding any land use, real property or other related items, including but not limited to whether the Developer is able to convey good and marketable title to any particular real property or interest therein and related to the Project.

7. With respect to any of the opinions set forth in this letter which are based on or qualified by the phrase "to our knowledge," the words "to our knowledge" signify that, in the course of our representation of the District, no facts have come to our attention that would give us actual knowledge that any such opinions or other matters are not accurate. Except to the extent expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of any such facts, and no inference as to our knowledge of the existence of such facts should be drawn from the fact of our representation of District.

8. The opinions set forth herein are based on factual representations made to us as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a

particular result, and are not binding on the courts or any other entity; rather, our opinions represent our professional judgment based on our review of existing law, and in reliance on the representations and covenants that we deem relevant to such opinions.

Very truly yours,

HOPPING GREEN & SAMS P.A.

_____

For the Firm

EXHIBIT E

DEVELOPER'S COUNSEL'S OPINION

_____, 2019

Avalon Groves Community Development District
Lake County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Regions Bank
Jacksonville, Florida

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project)

Ladies and Gentlemen:

We are counsel to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "**Developer**"), [and D. R. Horton, Inc., a Delaware corporation (the "**Builder**")] in connection with the issuance by Avalon Groves Community Development District (the "**District**") of its Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) in the amount of $_____ (the "**Series 2019 Bonds**"), as described in the District's Limited Offering Memorandum dated _____, 2019 (together with all Appendices attached thereto, the "**Limited Offering Memorandum**"). This opinion letter is furnished to you at your request and is given with the consent of the Developer.

Unless otherwise expressly defined herein, capitalized terms used herein shall have the respective meanings assigned to them in the Limited Offering Memorandum.

To the extent applicable, this opinion letter has been prepared and is to be construed in accordance with the Report on Third-Party Legal Opinion Customary Practice in Florida, dated December 3, 2011 (the "**Report**"). The Report is incorporated by reference into this opinion letter.

In our capacity as counsel to the Developer, we have relied, as to factual matters that affect our opinions, solely on the representations of the Developer, their engineers, on facts and information that have been brought to our attention in connection with our participation in the transaction referenced in this opinion, and on our examination of the following documents (and we have assumed that all statements made therein are true, complete and accurate as of the effective date hereof), we have made no independent investigation or verification of the facts asserted to be true and correct therein and no inference as to our knowledge of the existence of such facts should be drawn from the fact of our representation of the Developer:

1. The Limited Offering Memorandum.

2. Articles of Organization of the Developer, filed with the State of Delaware on March 3, 2016.

3. Certificate of the Florida Department of State, dated _____, 2019, regarding the active status of the Developer.

4. Corporate Charter of the Developer, dated as of _____.

5. [insert any authorizing resolutions.]

The Acquisition Agreement, the Collateral Assignments, the Completion Agreements, the True-Up Agreements, the Continuing Disclosure Agreement, the Developer Certificate, and the Declaration of Consent shall be collectively referred to herein as the "**Developer Agreements**."

Except to the extent expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of any such facts, and no inference as to our knowledge of the existence of such facts should be drawn from the fact of our representation of the Developer. In rendering this opinion, we have assumed the genuineness of all signatures (other than those of the Developer), the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies, and the legal capacity of all natural persons.

Based on the foregoing, and subject to the qualifications and limitations stated or referenced herein, we are of the opinion that:

1. The Developer is a limited liability company, duly organized and lawfully existing under the laws of the State of Delaware and lawfully allowed to conduct business in the State of Florida.

2. The Developer has all requisite power and authority to conduct its business and to undertake the development and sale of the lands in the District owed by it as described in the Limited Offering Memorandum under the Captions "THE CAPITAL IMPROVEMENT PLAN AND THE PROJECT" and "THE DEVELOPMENT" and to enter into the Developer Agreements.

3. Subject to the limitations contained in the next paragraph and elsewhere herein, on the date of the Closing, assuming the due authorization, execution and delivery of such instruments by the other parties thereto and their authority to perform such instruments, the Developer Agreements to which the Developer is a party constitute legal, valid and binding obligations of the Developer that is/are a party thereto, enforceable in accordance with their respective terms (except to the extent that such enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws affecting creditors, rights generally and general principles of equity).

The foregoing opinion concerning the validity, binding effect, and enforceability of the Developer Agreements means that, (a) each of the Developer Agreements constitutes an effective contract under applicable law; (b) no Developer Agreement is invalid in its entirety because of a specific statutory prohibition or public policy or is subject in its entirety to contractual defenses; and (c) subject to the remainder of this paragraph, a remedy is available if the Developer which is a party thereto, is/are in material default under the Developer Agreements. These opinions do not mean that (a) any particular remedy is available upon a material default or (b) every provision of the Developer Agreements will be upheld or enforced in any or each circumstance by a court. Furthermore, the validity, binding effect and enforceability of the Developer Agreements may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar statutes, rules, regulations or other laws affecting the enforcement of creditors' rights and remedies generally and (b) the unavailability of, or limitation on the availability of, a particular right or remedy (whether in a proceeding

in equity or at law) because of an equitable principle or a requirement as to commercial reasonableness, conscionability or good faith.

4. To our knowledge, the information contained in the Limited Offering Memorandum with respect to the Developer and the lands in the District under the Subcaptions "General" and "Builder Contract" under the Caption "THE DEVELOPMENT" and under the Caption "THE DEVELOPER AND THE BUILDER" accurately and fairly presents the information purported to be shown and to our knowledge contains no untrue statement of a material fact or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading as of the date of the Limited Offering Memorandum and as of the date hereof.

5. To our knowledge, the execution, delivery and performance of the Developer Agreements by (a) the Developer does not (i) violate the Articles of Organization of the Developer or the Developer's Operating Agreement; (ii) conflict with or constitute on the part of the Developer, a breach or violation of the terms and provisions of, or constitute a default under any existing agreement or instrument, to which the Developer is subject or by which the Developer's properties are or may be bound; or (iii) conflict with or constitute on the part of the Developer, a breach or violation of the terms and provisions of, or constitute a default under any existing constitution, laws, court or administrative rule or regulations known to us, to which the Developer is subject, or any decree, order or judgment known to us to which the Developer is a party or by which the Developer is bound in force and effect on the date hereof, which would have a material adverse effect on the Series 2019 Bonds or the Development.

6. To our knowledge, the levy of the Phase 1 and 2 Special Assessments on the lands in the District will not conflict with or constitute a breach of or default under any agreement, indenture or other instrument to which the Developer are parties or to which any of their property or assets is subject.

7. To our knowledge, without a docket search, there is no litigation pending or, to our knowledge, threatened which would prevent or prohibit the development of the Development in accordance with the description thereof in the Limited Offering Memorandum or the development of the Phases 1 and 2 Sub-Assessment Area One Project as described in the Limited Offering Memorandum and the Engineers' Report annexed thereto as Appendix C.

8. To our knowledge, without a docket search, there is no litigation pending or, to our knowledge, threatened against the Developer which may result in the inability of the Developer to develop the portion of the Development owned by it in accordance with the description thereof in the Limited Offering Memorandum or to fulfill their obligations, as applicable, under the Developer Agreements.

9. To our knowledge, without a docket search, the Developer have not made an assignment for the benefit of creditors, filed a petition in bankruptcy, petitioned or applied to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute or any jurisdiction. To our knowledge, the Developer has not indicated their consent to, or approval of, or failed to object timely to, any petition in bankruptcy, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee.

10. To our knowledge, the Developer is not in default under any mortgage, trust indenture, lease or other instrument to which they or any of its assets is subject, which default would have a material adverse effect on the Series 2019 Bonds or the Development.

We are licensed to practice law in the State of Florida. Notwithstanding anything to the contrary herein, no opinion is given with respect to any law other than the substantive laws of the State of Florida

and the United States of America in force and effect on the date hereof (except for the substantive laws related to taxation or to the exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes, or to the offer or sale of securities, for which we express no opinion) and we assume no responsibility, nor do we express an opinion, as to the applicability or effect of the laws of any other jurisdiction. Nothing herein shall be construed as an opinion regarding the possible applicability of state securities or "blue sky" laws, as to which no opinion is expressed

The opinions herein are rendered as of the date hereof, and we undertake no obligation to advise you of any change in any matter set forth herein.

This opinion is delivered to you at the request of the Developer and may be relied on by you in connection with the Developer Agreements and the transactions contemplated therein, and this opinion may not be used or relied upon by you or any other persons or entities for any purpose whatsoever, without our prior written consent.

Sincerely,

Lowndes, Drosdick, Doster, Kantor & Reed, P.A.

EXHIBIT F

CERTIFICATE OF DEVELOPER

FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation (the "Developer"), DOES HEREBY CERTIFY, that:

1. This Certificate of the Developer is furnished pursuant to Section 8(c)(10) of the Bond Purchase Contract dated _____, 2019 (the "Purchase Contract") between Avalon Groves Community Development District (the "District") and FMSbonds, Inc. (the "Underwriter") relating to the sale by the District of its $_____ original aggregate principal amount of Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds"). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract.

2. The Developer is a limited liability company organized and existing under the laws of the State of Florida.

3. Representatives of the Developer have provided information to Avalon Groves Community Development District (the "District") to be used in connection with the offering by the District of its Bonds, pursuant to a Preliminary Limited Offering Memorandum dated _____, 2019 and the Limited Offering Memorandum, dated _____, 2019, including the appendices attached thereto (collectively, the "Limited Offering Memoranda").

4. The Declaration of Consent to Jurisdiction of Avalon Groves Community Development District and to Imposition of Special Assessments dated _____, 2019 executed by the Developer and to be recorded in the public records of Lake County, Florida (the "Declaration of Consent"), constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms.

5. The Developer has reviewed and approved the information contained in the Limited Offering Memoranda under the captions "THE CAPITAL IMPROVEMENT PLAN AND THE PROJECT," "THE DEVELOPMENT," "THE DEVELOPER AND THE BUILDER," "BONDOWNERS' RISKS" (as it relates to the Developer and the Development), "LITIGATION – The Developer" and "CONTINUING DISCLOSURE" (as it relates to the Developer) and warrants and represents that such information did not as of their respective dates, and does not as of the date hereof, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In addition, the Developer is not aware of any other information in the Limited Offering Memoranda that contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

6. The Developer represents and warrants that it has complied with and will continue to comply with Chapter 190.048, Florida Statutes, as amended.

7. As of the date hereof, there has been no material adverse change in the business, properties, assets or financial condition of the Developer which has not been disclosed in the Limited Offering Memoranda.

8. The Developer hereby represents that it owns all of the land in the District that will be subject to the Phase 1 and 2 Special Assessments and hereby consents to the levy of the Phase 1 and 2 Special Assessments on the lands in the District owned by the Developer. The levy of the Phase 1 and 2

Special Assessments on the Lands in the District will not conflict with or constitute a breach of or default under any agreement, mortgage, lien or other instrument to which the Developer is a party or to which its property or assets are subject.

9. The Developer has not made an assignment for the benefit of creditors, filed a petition in bankruptcy, petitioned or applied to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction. The Developer has not indicated its consent to, or approval of, or failed to object timely to, any petition in bankruptcy, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustee.

10. The Developer acknowledges that the Series 2019 Bonds have the debt service requirements set forth in the Limited Offering Memorandum and that the Phase 1 and 2 Special Assessments will be levied by the District at times, and in amounts sufficient, to enable the District to pay debt service on the related Series of Series 2019 Bonds when due.

11. To the best of our knowledge, the Developer is not in default under any other resolution, ordinance, agreement or indenture, mortgage, lease, deed of trust, note or other instrument to which the Developer is subject or by which the Developer or its properties are or may be bound, which would have a material adverse effect on the consummation of the transactions contemplated by the Financing Documents, Ancillary Documents or on the Development and is current in the payment of all ad valorem, federal and state taxes associated with the Development.

12. Except as otherwise disclosed in the Limited Offering Memoranda, there is no action, suit or proceedings at law or in equity by or before any court or public board or body pending or, solely to the best of our knowledge, threatened against the Developer (or any basis therefor): (a) seeking to restrain or enjoin the execution or delivery of Financing Documents, Declaration of Consent and/or Ancillary Documents to which the Developer is a party, (b) contesting or affecting the validity or enforceability of the Financing Documents, Declaration of Consent and/or Ancillary Documents, or any and all such other agreements or documents as may be required to be executed, or the transactions contemplated thereunder, (c) contesting or affecting the establishment or existence of the Developer or of the Developer's business, assets, property or conditions, financial or otherwise, or contesting or affecting any of the powers of the Developer, or (d) that would have a material and adverse effect upon the ability of the Developer to (i) complete the development of lands within the District as described in the Limited Offering Memoranda, (ii) pay the Phase 1 and 2 Special Assessments, or (iii) perform its various obligations as described in the Limited Offering Memoranda.

13. To the best of our knowledge after due inquiry, the Developer is in compliance in all material respects with all provisions of applicable law in all material matters relating to the Development as described in the Limited Offering Memoranda, including applying for all necessary permits. Except as otherwise described in the Limited Offering Memoranda, (a) the Development is zoned and properly designated for its intended use; (b) all government permits other than certain permits, which permits are expected to be received as needed, have been received; (c) the Developer is not aware of any default of any zoning condition, permit or development agreement which would adversely affect the Developer's ability to complete or cause the completion of development of the Development as described in the Limited Offering Memoranda and all appendices thereto; and (d) there is no reason to believe that any permits, consents and licenses required to complete the Development as described in the Offering Memoranda will not be obtained as required.

14. The Developer acknowledges that it will have no rights under Chapter 170, Florida Statutes, as amended, to prepay, without interest, the Phase 1 and 2 Special Assessments imposed on

lands in the District owned by the Developer within thirty (30) days following completion of the Phases 1 and 2 Sub-Assessment Area One Project and acceptance thereof by the District.

15. Except as set forth in the Limited Offering Memorandum, the Developer has not previously failed to comply with any continuing disclosure obligations as required in a continuing disclosure agreement entered into in connection with a prior offering of securities in order to enable the underwriter of said securities to comply with the provisions of the Rule 15c2-12.

16. The Developer is not in default of any obligations to pay special assessments and the Developer is not insolvent.

Dated: _____, 2019.

FORESTAR (USA) REAL ESTATE GROUP, INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

APPENDIX G

CERTIFICATE OF ENGINEER

HEIDT DESIGN, LLC (the "Engineers"), DOES HEREBY CERTIFY, that:

1. This certificate is furnished pursuant to Section 8(c)(17) of the Bond Purchase Contract dated _____, 2019 (the "Purchase Contract"), by and between Avalon Groves Community Development District (the "District") and FMSbonds, Inc. with respect to the $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "Bonds"). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract or the Preliminary Limited Offering Memorandum dated _____, 2019 and the Limited Offering Memorandum, dated _____, 2019, including the appendices attached thereto, relating to the Bonds (collectively, the "Limited Offering Memoranda"), as applicable.

2. The Engineers have been retained by the act as consulting engineers.

3. The plans and specifications for the improvements constituting the Phases 1 and 2 Sub-Assessment Area One Project (as described in the Limited Offering Memoranda) were approved by all regulatory bodies required to approve them. All environmental and other regulatory permits or approvals required in connection with the construction of the Phases 1 and 2 Sub-Assessment Area One Project were obtained or are expected to be obtained in the ordinary course.

4. The Engineers prepared the report entitled "Avalon Groves Community Development District Preliminary Engineer's Report" dated October 11, 2016, as supplemented by the "Avalon Groves Community Development District Engineer's Supplement Report – 2019 Bond Issuance," dated [May 31], 2019 (collectively, the "Report"). The Report was prepared in accordance with generally accepted engineering principles. The Report is included as "APPENDIX C: ENGINEER'S REPORT" to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and a description of the Report and certain other information relating to the Phases 1 and 2 Sub-Assessment Area One Project are included in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions "THE CAPITAL IMPROVEMENT PLAN AND THE PROJECT" and "THE DEVELOPMENT." The Report and said information are true and complete in all material respects, contain no untrue statement of a material fact, and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The Engineers hereby consent to the inclusion of the Report as "APPENDIX C: ENGINEER'S REPORT" to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and to the references to the Engineers in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

6. The improvements constituting the Phases 1 and 2 Sub-Assessment Area One Project are or will be, as applicable, constructed in sound workmanlike manner and in accordance with industry standards.

7. The price being paid by the District to the Developer for acquisition of the improvements included within the each Project does not exceed the lesser of the cost of such Project or the fair market value of the assets acquired by the District.

8. To the best of our knowledge, after due inquiry, the Developer is in compliance in all material respects with all provisions of applicable law in all material matters relating to the Developer and the Development as described in the Limited Offering Memoranda. Except as otherwise described in the Limited Offering Memoranda, (a) all government permits required in connection with the construction of the Development as described in the Limited Offering Memoranda have been received; (b) we are not aware of the any default of any zoning condition, land use permit or development agreement which would adversely affect the ability to complete development of the Development as described in the Limited Offering Memoranda and all appendices thereto; and (c) we have no actual knowledge and are not otherwise aware of any reason to believe that any permits, consents and licenses required to complete the Development as described in the Limited Offering Memoranda will not be obtained in due course as required by the Developer, or any other person or entity, necessary for the development of the Development as described in the Limited Offering Memoranda and all appendices thereto.

9. There is adequate water and sewer service capacity to serve the Development within the District.

Date: _____, 2019

HEIDT DESIGN, LLC

By: _____
Print Name:_____
Title:_____

EXHIBIT H

CERTIFICATE OF DISTRICT MANAGER AND METHODOLOGY CONSULTANT

DPFG MANAGEMENT & CONSULTING, LLC ("DPFG"), DOES HEREBY CERTIFY:

1. This certificate is furnished pursuant to Section 8(c)(18) of the Bond Purchase Contract dated _____, 2019 (the "Purchase Contract"), by and between Avalon Groves Community Development District (the "District") and FMSbonds, Inc. with respect to the $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds"). Capitalized terms used, but not defined, herein shall have the meaning assigned thereto in the Purchase Contract or the Limited Offering Memoranda relating to the Series 2019 Bonds, as applicable.

2. DPFG has acted as district manager and methodology consultant to the Avalon Groves Community Development District (the "District") in connection with the sale and issuance by the District of its Series 2019 Bonds and has participated in the preparation of the Preliminary Limited Offering Memorandum dated _____, 2019 and the Limited Offering Memorandum, dated _____, 2019, including the appendices attached thereto (collectively, the "Limited Offering Memoranda").

3. In connection with the issuance of the Series 2019 Bonds, we have been retained by the District to prepare the Master Assessment Methodology Report dated October 17, 2016, as supplemented by the Second Supplemental Special Assessment Methodology Report dated the date hereof (collectively, the "Assessment Methodology"), which Assessment Methodology has been included as an appendix to the Limited Offering Memoranda. We hereby consent to the use of such Assessment Methodology in the Limited Offering Memoranda and consent to the references to us therein.

4. As District Manager, nothing has come to our attention that would lead us to believe that the Limited Offering Memoranda, as they relate to the District, the Phases 1 and 2 Sub-Assessment Area One Project, or any information provided by us, and the Assessment Methodology, as of their respective dates and as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5. The information set forth in the Limited Offering Memoranda under the captions "THE DISTRICT," "THE CAPITAL IMPROVEMENT PLAN AND THE PROJECT," "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS," "LITIGATION – The District," "CONTINGENT FEES," "EXPERTS," "FINANCIAL INFORMATION," "DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS," "CONTINUING DISCLOSURE," and in "APPENDIX D: ASSESSMENT METHODOLOGY" and "APPENDIX E: DISTRICT'S FINANCIAL STATEMENTS" did not as of the respective dates of the Limited Offering Memoranda and does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. To the best of our knowledge, there has been no change which would materially adversely affect the assumptions made or the conclusions reached in the Assessment Methodology and the considerations and assumptions used in compiling the Assessment Methodology are reasonable. The Assessment Methodology and the assessment methodology set forth therein were prepared in accordance with all applicable provisions of Florida law.

7. As District Manager for the District, we are not aware of any litigation pending or, to the best of our knowledge, threatened against the District restraining or enjoining the issuance, sale, execution or delivery of the Series 2019 Bonds, or in any way contesting or affecting the validity of the Series 2019 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 Series 2019 Bonds, or the existence or powers of the District.

7. The Phase 1 and 2 Special Assessments as initially levied, and as may be reallocated from time to time as permitted by resolutions adopted by the District with respect to the Phase 1 and 2 Special Assessments are sufficient to enable the District to pay the debt service on the Series 2019 Bonds through the respective final maturities thereof.

Dated: _____, 2019.

DPFG MANAGEMENT & CONSULTING, LLC, a Florida limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT B

DRAFT COPY OF PRELIMINARY LIMITED OFFERING MEMORANDUM

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2019 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of such jurisdiction. The District has deemed this Preliminary Limited Offering Memorandum "final," except for permitted omissions, within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

DRAFT-4
GrayRobinson, P.A.
June 26, 2019

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED JUNE [27], 2019

NEW ISSUE - BOOK-ENTRY ONLY
LIMITED OFFERING

NOT RATED

In the opinion of Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Series 2019 Bonds (as herein defined) is excludable from gross income for federal income tax purposes. Further, interest on the Series 2019 Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals. See "TAX EXEMPTION" herein for certain other federal tax consequences of ownership of the Series 2019 Bonds. Bond Counsel is further of the opinion that the Series 2019 Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. See "TAX EXEMPTION" herein.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
(LAKE COUNTY, FLORIDA)

$3,150,000*
Special Assessment Bonds, Series 2019
(Phases 1 and 2 Sub-Assessment Area One Project)

Dated: Date of Delivery **Due: As shown herein**

The Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds") are being issued by the Avalon Groves Community Development District (the "District" or "Issuer") only in fully registered form, without coupons, in denominations of $5,000 and any integral multiple thereof.

The District is a local unit of special purpose government of the State of Florida, created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and by Ordinance No. 2016-16 enacted by the Board of County Commissioners of Lake County, Florida (the "County") on April 19, 2016 and effective on April 27, 2016. The District was created for the purpose of delivering certain community development services and facilities for the benefit of District Lands (as hereinafter defined), and has previously determined to undertake in one or more stages, the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District Lands.

The Series 2019 Bonds will bear interest at the fixed rates set forth below, calculated on the basis of a 360-day year comprised of twelve 30 day months, payable semi-annually on each May 1 and November 1, commencing November 1, 2019. The Series 2019 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC") of New York, New York. Purchases of beneficial interests in the Series 2019 Bonds will be made only in book-entry form. Accordingly, principal of and interest on the Series 2019 Bonds will be paid from sources described below by Regions Bank, as trustee (the "Trustee") directly to DTC as the registered owner thereof. Disbursements of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined), as more fully described herein. Any purchaser of a beneficial interest in a Series 2019 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Series 2019 Bond. See "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System" herein.

The Series 2019 Bonds are being issued by the District pursuant to the Act, Resolution No. 2016-21, adopted by the Board of Supervisors of the District (the "Board") on April 28, 2016 and Resolution No. 2019-04, adopted by the Board on June 27, 2019 (collectively, the "Bond Resolution"), and a Master Trust Indenture dated as of March 1, 2017 (the "Master Indenture"), as supplemented by a Fourth Supplemental Trust Indenture dated as of July 1, 2019 (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and the Trustee. Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture. See "APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE" herein.

Proceeds of the Series 2019 Bonds will be used to provide funds for (i) the Costs of acquiring all or a portion of the Phases 1 and 2 Sub-Assessment Area One Project (as defined herein), (ii) the funding of the Series 2019 Reserve Account (as defined herein), (iii) funding Capitalized Interest on Series 2019 Bonds through at least November 1, 2019, and (iv) the payment of the costs of issuance of the Series 2019 Bonds. See "PURPOSE OF THE SERIES 2019 BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2019 Bonds will be secured by a pledge of the Phase 1 and 2 Pledged Revenues. "Phase 1 and 2 Pledged Revenues" shall mean (a) all revenues received by the District from the Phase 1 and 2 Special Assessments (as defined herein) levied and collected on the assessable lands within Phases 1 and 2 Sub-Assessment Area One of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Phase 1 and 2 Special Assessments or from the issuance and sale of tax certificates with respect to such Phase 1 and 2 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Fourth Supplemental Indenture created and established with respect to or for the benefit of the Series 2019 Bonds; provided, however, that Phase 1 and 2 Pledged Revenues shall not include (A) any moneys transferred to the Series 2019 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2019 Costs of Issuance Account established thereunder within the Acquisition

and Construction Fund; and (C) "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance assessments" levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Fourth Supplemental Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS" herein.

The Series 2019 Bonds are subject to optional, mandatory sinking fund and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein. See "DESCRIPTION OF THE SERIES 2019 BONDS – Redemption Provisions" herein.

THE SERIES 2019 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE PHASE 1 AND 2 PLEDGED REVENUES, PLEDGED THEREFOR UNDER THE INDENTURE, AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA (THE "STATE"), OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2019 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, THE PHASE 1 AND 2 SPECIAL ASSESSMENTS TO SECURE AND PAY THE SERIES 2019 BONDS. THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Series 2019 Bonds involve a degree of risk (see "BONDOWNERS' RISKS" herein) and are not suitable for all investors (see "SUITABILITY FOR INVESTMENT" herein). The Underwriter named below is limiting this offering to "accredited investors" within the meaning of Chapter 517, Florida Statutes, and the rules of the Florida Department of Financial Services promulgated thereunder. The limitation of the initial offering to accredited investors does not denote restrictions on transfer in any secondary market for the Series 2019 Bonds. The Series 2019 Bonds are not credit enhanced or rated and no application has been made for a rating with respect to the Series 2019 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2019 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE

$_____ – ___% Series 2019 Term Bond due November 1, 20__, Yield ____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2019 Term Bond due November 1, 20__, Yield ____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2019 Term Bond due November 1, 20__, Yield ____%, Price _____ CUSIP # _____**

The initial sale of the Series 2019 Bonds is subject to certain conditions precedent, including, without limitation, receipt of the opinion of Greenberg Traurig, P.A., West Palm Beach, Florida, Bond Counsel, as to the validity of the Series 2019 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams P.A., Tallahassee, Florida, for the Developer (as hereinafter defined) by its counsel, Lowndes, Drosdick, Doster, Kantor & Reed, P.A., Orlando, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. It is expected that the Series 2019 Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2019.

Dated: _____, 2019.

FMSbonds, Inc.

_____

* Preliminary, subject to change.

**The District is not responsible for the CUSIP numbers, nor is any representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Limited Offering Memorandum.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

James Harvey, Chairman*
Greg Meath, Vice Chairman*
Bradley Walker, Assistant Secretary*
Troy Simpson, Assistant Secretary*
Candice Smith, Assistant Secretary*

* Employee of, or affiliated with, the Developer

DISTRICT MANAGER/METHODOLOGY CONSULTANT

DPFG Management & Consulting, LLC
Maitland, Florida

DISTRICT COUNSEL

Hopping Green & Sams P.A.
Tallahassee, Florida

BOND COUNSEL

Greenberg Traurig, P.A.
West Palm Beach, Florida

DISTRICT ENGINEER

Heidt Design
Tampa, Florida

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SERIES 2019 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE SERIES 2019 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE DEVELOPER (AS HEREINAFTER DEFINED), THE DISTRICT, PUBLIC DOCUMENTS, RECORDS AND OTHER SOURCES, WHICH SOURCES ARE BELIEVED TO BE RELIABLE BUT WHICH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF, THE UNDERWRITER NAMED ON THE COVER PAGE OF THIS LIMITED OFFERING MEMORANDUM. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN CONTAINED ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT OR THE DEVELOPER OR IN THE STATUS OF THE DEVELOPMENT OR THE PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT (AS SUCH TERMS ARE HEREINAFTER DEFINED) SINCE THE DATE HEREOF.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE DISTRICT, THE COUNTY, THE STATE, NOR ANY OTHER POLITICAL SUBDIVISIONS THEREOF HAVE GUARANTEED OR PASSED UPON THE MERITS OF THE SERIES 2019 BONDS, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM.

"FORWARD-LOOKING STATEMENTS" ARE USED IN THIS DOCUMENT BY USING FORWARD LOOKING WORDS SUCH AS "MAY," "WILL," "SHOULD," "INTENDS," "EXPECTS," "BELIEVES," "ANTICIPATES," "ESTIMATES," OR OTHERS. THE READER IS CAUTIONED THAT FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A VARIETY OF UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THE PROJECTED RESULTS. THOSE RISKS AND UNCERTAINTIES INCLUDE GENERAL ECONOMIC AND BUSINESS CONDITIONS, CONDITIONS IN THE FINANCIAL MARKETS AND REAL ESTATE MARKET, THE DISTRICT'S COLLECTION OF PHASE 1 AND 2 SPECIAL

ASSESSMENTS (AS HEREINAFTER DEFINED), AND VARIOUS OTHER FACTORS WHICH MAY BE BEYOND THE DISTRICT'S AND THE DEVELOPER'S CONTROL. BECAUSE THE DISTRICT AND THE DEVELOPER CANNOT PREDICT ALL FACTORS THAT MAY AFFECT FUTURE DECISIONS, ACTIONS, EVENTS, OR FINANCIAL CIRCUMSTANCES, WHAT ACTUALLY HAPPENS MAY BE DIFFERENT FROM WHAT IS INCLUDED IN FORWARD-LOOKING STATEMENTS.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT AND THE LANDOWNERS DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

THIS LIMITED OFFERING MEMORANDUM IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. THIS LIMITED OFFERING MEMORANDUM MAY BE RELIED UPON ONLY IF IT IS PRINTED IN ITS ENTIRETY DIRECTLY FROM EITHER OF SUCH WEBSITES.

THIS PRELIMINARY LIMITED OFFERING MEMORANDUM IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15C2-12(B)(1).

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AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
(LAKE COUNTY, FLORIDA)

$3,150,000*
Special Assessment Bonds, Series 2019
(Phases 1 and 2 Sub-Assessment Area One Project)

INTRODUCTION

The purpose of this Limited Offering Memorandum is to set forth certain information in connection with the offering for sale by the Avalon Groves Community Development District (the "District" or "Issuer") of its $3,150,000∗ Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds").

THE SERIES 2019 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERINGS OF THE SERIES 2019 BONDS TO ONLY ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES. THE LIMITATION OF THE INITIAL OFFERING TO ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFER IN ANY SECONDARY MARKET FOR THE SERIES 2019 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2019 BONDS. SEE "BONDOWNERS' RISKS" AND "SUITABILITY FOR INVESTMENT" HEREIN.

The District was created pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), and Ordinance No. 2016-16 adopted by the Board of County Commissioners of Lake County, Florida (the "County") on April 19, 2016 and became effective on April 27, 2016. The District was created for the purpose of delivering certain community development services and facilities for the benefit of District Lands (as hereinafter defined), and has previously determined to undertake in one or more stages, the acquisition and/or construction of public improvements and community facilities as set forth in the Act for the special benefit of certain District Lands. The Act authorizes the District to issue bonds for the purpose of, among others, financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping water management, water supply, sewer and wastewater management, bridges or culverts, public roads, street lights and other basic infrastructure projects within or without the boundaries of the District as provided in the Act.

The boundaries of the District include approximately 972 gross acres of land (the "District Lands"). The District is generally located east of U.S. 27 in the eastern portion of the County and is being developed as an amenitized, master-planned community known as "Serenoa" (the "Development"). The Development is being developed in multiple phases and is currently planned for a total of approximately 1,352 housing units, various recreational facilities and an amenity site. See "THE DEVELOPMENT" herein. The District contains three separate assessment areas. The District previously issued its Series 2017 Bonds (as hereinafter defined) to fund master infrastructure associated with Assessment Area One and master and parcel infrastructure associated with Assessment Area Two. The District is issuing its Series 2019 Bonds to fund development costs associated with Phases 1 and 2 of Assessment Area One.

∗ Preliminary, subject to change.

"Phases 1 and 2 Sub-Assessment Area One" is comprised of the 196 platted lots in Phase 1 of Assessment Area One and the approximately 35.12 gross acres of land in Phase 2 of Assessment Area One that are is planned for 105 single-family lots. The development of Phases 1 and 2 Sub-Assessment Area One will be financed in part with the proceeds of the Series 2019 Bonds, as more particularly described herein. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" and "THE DEVELOPMENT" herein for more information. Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer") and D. R. Horton, Inc., a Delaware corporation ("Horton" the "Builder") are the sole owners of land in Phases 1 and 2 Sub-Assessment Area One. See "THE DEVELOPER AND THE BUILDER" herein for more information regarding the Developer and the Builder.

The Series 2019 Bonds are being issued by the District pursuant to the Act, Resolution No. 2016-21, adopted by the Board of Supervisors of the District (the "Board") on April 28, 2016 and Resolution No. and 2019-04, adopted by the Board on June 27, 2019 (collectively, the "Bond Resolution"), and a Master Trust Indenture dated as of March 1, 2017 (the "Master Indenture"), as supplemented by a Fourth Supplemental Trust Indenture dated as of July 1, 2019 (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), each by and between the District and Regions Bank, as trustee (the "Trustee"). Capitalized terms not defined herein shall have the meanings assigned to them in the Indenture. See "APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF THE FOURTH SUPPLEMENTAL INDENTURE" herein.

The Series 2019 Bonds will be secured by a pledge of the Phase 1 and 2 Pledged Revenues (as defined herein), which consist primarily of the revenues received by the District from the Phase 1 and 2 Special Assessments (as defined herein) levied and collected on the assessable lands within Phases 1 and 2 Sub-Assessment Area One of the District. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS" herein.

There follows in this Limited Offering Memorandum a brief description of the District, the Developer, the Builder (as defined herein), the Development, the Phases 1 and 2 Sub-Assessment Area One Project (as defined herein) and summaries of the terms of the Series 2019 Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and statute, and all references to the Series 2019 Bonds are qualified by reference to the respective definitive form thereof and the information with respect thereto contained in the Indenture. A copy of the Master Indenture and the proposed form of the Fourth Supplemental Indenture appear in APPENDIX A attached hereto.

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

PURPOSE OF THE SERIES 2019 BONDS

Proceeds of the Series 2019 Bonds will be used to provide funds for (i) the Costs of acquiring all or a portion of the Phases 1 and 2 Sub-Assessment Area One Project (as defined herein), (ii) the funding of the Series 2019 Reserve Account (as defined herein), (iii) funding Capitalized Interest on Series 2019 Bonds through at least November 1, 2019, and (iv) the payment of the costs of issuance of the Series 2019 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

DESCRIPTION OF THE SERIES 2019 BONDS

General Description

The Series 2019 Bonds are issuable only as fully registered bonds, without coupons, in the denominations of $5,000 and any integral multiple thereof except as otherwise provided in the Indenture. The Series 2019 Bonds will mature, subject to the redemption provisions set forth herein, on the dates and in the amounts set forth on the inside cover page hereof.

The Series 2019 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2019 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. "Interest Payment Date" means May 1 and November 1 of each year, commencing November 1, 2019, any Quarterly Redemption Date (defined in the Indenture as February 1, May 1, August 1 and November 1 of any year), and any other date the principal of the Series 2019 Bonds is paid. Interest on the Series 2019 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to November 1, 2019, in which case from the date of initial delivery of the Series 2019 Bonds or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date. Interest on the Series 2019 Bonds will be computed in all cases on the basis of a 360-day year consisting of twelve 30-day months.

Upon initial issuance, the ownership of the Series 2019 Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Series 2019 Bonds will be made in book-entry only form. As long as the Series 2019 Bonds is held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes under the Indenture. DTC shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Series 2019 Bonds ("Beneficial Owners"). Principal of and interest on the Series 2019 Bonds registered in the name of Cede & Co. prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the District. Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Series 2019 Bonds, through DTC Participants and Indirect Participants. During the period for which Cede & Co. is registered owner of the Series 2019 Bonds, any notices to be provided to any Beneficial Owner of such Series 2019 Bonds will be provided to Cede & Co. DTC shall be responsible for notices to DTC Participants, and DTC Participants shall be responsible for notices to Indirect Participants, and DTC Participants and Indirect Participants shall be responsible for notices to Beneficial Owners. In the event DTC, any successor of DTC or the District, but only in accordance with the procedures of DTC, elects to discontinue the book-entry only system, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time, Bonds of the Series 2019 Bonds may be exchanged for an equal aggregate principal amount of the Series 2019 Bonds in other Authorized Denominations upon surrender thereof at the designated corporate trust office of the Trustee. See "DESCRIPTION OF THE SERIES 2019 BONDS – Book-Entry Only System" below.

The Series 2019 Bonds will initially be sold only to "accredited investors" within the meaning under Chapter 517, Florida Statutes, as amended, and the rules of the Florida Department of Financial Services promulgated thereunder, although there is no limitation on resales of the Series 2019 Bonds. See "SUITABILITY FOR INVESTMENT" below.

Regions Bank is initially serving as the Trustee, Registrar and Paying Agent for the Series 2019 Bonds.

Redemption Provisions

Optional Redemption

The Series 2019 Bonds are subject to redemption prior to maturity at the option of the District, as a whole or in part, at any time, on or after November 1, 20__ (less than all Series 2019 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Series 2019 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	**Mandatory Sinking Fund Redemption Amount**
*	

*Maturity

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	**Mandatory Sinking Fund Redemption Amount**
*	

*Maturity

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	Mandatory Sinking Fund Redemption Amount
*	

*Maturity

Upon any redemption of Series 2019 Bonds other than in accordance with scheduled mandatory sinking fund redemptions, the District shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of Series 2019 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2019 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2019 Bonds in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

Extraordinary Mandatory Redemption

The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity by the District in whole or in part, on any date (other than in the case of clause (i) below which extraordinary mandatory redemption in part must occur on a Quarterly Redemption Date), at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Series 2019 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2019 Prepayment Principal deposited into the Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account, following the payment in whole or in part of the Phase 1 and 2 Special Assessments on any assessable lands within the District in accordance with the provisions of the Fourth Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2019 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2019 Rebate Fund and the Series 2019 Acquisition and Construction Account), sufficient to pay and redeem all Outstanding Series 2019 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Fourth Supplemental Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2019 Acquisition and Construction Account not otherwise reserved to complete the Phases 1 and 2 Sub-Assessment Area One Project and which have been transferred to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account.

Notice of Redemption and of Purchase

When required to redeem or purchase Series 2019 Bonds under any provision of the Indenture or directed to do so by the District, the Trustee shall cause notice of the redemption, either in whole or in part, to be mailed by first-class mail, postage prepaid, at least thirty (30) but not more than sixty (60) days prior to the redemption or purchase date to all Owners of Series 2019 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5^{th}) day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Series 2019 Bonds for which notice was duly mailed in accordance with the Master Indenture.

If at the time of mailing of notice of redemption or purchase, the District shall not have deposited with the Trustee or Paying Agent moneys sufficient to redeem or purchase all the Series 2019 Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of the redemption or purchase moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited. If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the Redemption Price and accrued interest on the Series 2019 Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of the Series 2019 Bonds for which funds are sufficient, selecting the Series 2019 Bonds to be redeemed randomly from among all Series 2019 Bonds called for redemption on such date, and among different maturities of Series 2019 Bonds in the same manner as the initial selection of Series 2019 Bonds to be redeemed, and from and after such redemption date, interest on such Series 2019 Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Series 2019 Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Series 2019 Bonds not been called for redemption. The Trustee is authorized under the Indenture to provide conditional notices of redemption.

Purchase of Series 2019 Bonds

At the written direction of the District, the Trustee shall apply moneys from time to time available in the Series 2019 Sinking Fund Account to the purchase Bonds of the Series 2019 Bonds in accordance with the Indenture, at prices not higher than the principal amount thereof, in lieu of redemption, provided that firm purchase commitments can be made before the notice of redemption would otherwise be required to be given.

Book-Entry Only System

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond certificate will be issued for

each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2019 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019

Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2019 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions*, and interest payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS

General

THE SERIES 2019 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE PHASE 1 AND 2 PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OF FLORIDA (THE "STATE"), OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE SERIES 2019 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED

* Not applicable to the Series 2019 Bonds.

UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, THE PHASE 1 AND 2 SPECIAL ASSESSMENTS TO SECURE AND PAY THE SERIES 2019 BONDS. THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

The Series 2019 Bonds will be secured by a pledge of the Phase 1 and 2 Pledged Revenues. "Phase 1 and 2 Pledged Revenues" shall mean (a) all revenues received by the District from the Phase 1 and 2 Special Assessments (as defined herein) levied and collected on the assessable lands within Phases 1 and 2 Sub-Assessment Area One of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Phase 1 and 2 Special Assessments or from the issuance and sale of tax certificates with respect to such Phase 1 and 2 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Fourth Supplemental Indenture created and established with respect to or for the benefit of the Series 2019 Bonds; provided, however, that Phase 1 and 2 Pledged Revenues shall not include (A) any moneys transferred to the Series 2019 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2019 Costs of Issuance Account established thereunder within the Acquisition and Construction Fund; and (C) "special assessments" levied and collected by the District under Section 190.022 of the Act for maintenance purposes or "maintenance assessments" levied and collected by the District under Section 190.021(3) of the Act (it being expressly understood that the lien and pledge of the Fourth Supplemental Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso).

"Phase 1 and 2 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Phases 1 and 2 Sub-Assessment Area One within the District as a result of the District's acquisition and/or construction of the Phases 1 and 2 Sub-Assessment Area One Project, corresponding in amount to the debt service on the Series 2019 Bonds and designated as such in the Assessment Methodology (as defined below).

The Phase 1 and 2 Special Assessments are non-ad valorem special assessments imposed and levied by the District pursuant to Section 190.022 of the Act and the Assessment Resolutions (as defined in the Indenture) and assessment proceedings conducted by the District (together with the Assessment Resolutions, the "Assessment Proceedings"). Non-ad valorem assessments are not based on millage and are not taxes, but are a lien against the homestead as permitted in Section 4, Article X of the Florida State Constitution. The Phase 1 and 2 Special Assessments will constitute separate liens against the land as to which the Phase 1 and 2 Special Assessments are imposed. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. The Assessment Methodology, which describes the methodology for allocating the Phase 1 and 2 Special Assessments to the Assessment Areas within the District, is included as APPENDIX D attached hereto.

In the Master Indenture, the District covenants that, if any Special Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the District shall be satisfied that any such Special Assessment is so irregular or defective that the same cannot be enforced or collected, or if the District shall have omitted to make such Special Assessment when it might have done so, the District shall either (i) take all necessary steps to cause a new Special Assessment to be made for the whole or any part of said improvement or against any property benefited by said improvement, or (ii) in its sole discretion, make up the amount of such Special Assessment from any legally available moneys, which moneys shall be deposited into the Series 2019 Revenue Account in the Revenue Fund. In case such second Special Assessment shall be annulled, the District shall obtain and make other Special Assessments until a valid Special Assessment shall be made.

Prepayment of Phase 1 and 2 Special Assessments

Pursuant to the Assessment Proceedings, an owner of property subject to the Phase 1 and 2 Special Assessments may pay the entire principal balance of such Special Assessment on lands it owns, in whole or in part at any time, if there is also paid an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding interest payment date for the Series 2019 Bonds which is at least forty-five (45) days after the date of the payment.

Pursuant to the Act, an owner of property subject to the levy of Phase 1 and 2 Special Assessments may pay the entire balance of the Phase 1 and 2 Special Assessments remaining due, without interest, within thirty (30) days after the related Project has been completed or acquired by the District, and the Board has adopted a resolution accepting such Project pursuant to Chapter 170.09, Florida Statutes. The Developer and the Builder, as the sole owners of the property within the District subject to the Phase 1 and 2 Special Assessments, will covenant to waive this right on behalf of themselves and their respective successors and assigns in connection with the issuance of the Series 2019 Bonds.

The Series 2019 Bonds are subject to extraordinary redemption as indicated under "DESCRIPTION OF THE SERIES 2019 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption" from optional or required prepayments of the Phase 1 and 2 Special Assessments by property owners.

Covenant Against Sale or Encumbrance

In the Master Indenture, the District covenants that (a) except for those improvements comprising any Project that is to be conveyed by the District to the County, the State Department of Transportation or another governmental entity and (b) except as otherwise permitted in the Master Indenture, it will not sell, lease or otherwise dispose of or encumber any Project or any part thereof. See "APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE" attached hereto for more information.

Additional Bonds

In the Fourth Supplemental Indenture, the District will covenant not to issue any other Bonds or other debt obligations secured by Phase 1 and 2 Special Assessments levied against the assessable lands within Phases 1 and 2 Sub-Assessment Area One. Such covenant shall not prohibit the District from issuing refunding bonds. However, the District may issue other Bonds or other debt obligations for any capital project secured by other Special Assessments without limit at any time after 90% of the Phase 1 and 2 Special Assessments have been assigned to the residential units within Phases 1 and 2 Sub-Assessment Area One and all of such units have received certificates of occupancy ("Substantial Absorption"). The Trustee and the District may rely on a certificate from the District Manager as to when Substantial Absorption has been achieved. Notwithstanding any of the foregoing, the District shall not be precluded from imposing Special Assessments or non-ad valorem assessments on lands within Phases 1 and 2 Sub-Assessment Area One within the District and issuing Bonds or other debt obligations for purposes of remediating any natural disaster, catastrophic damage or failure that has occurred with respect to the Phases 1 and 2 Sub-Assessment Area One Project, or any other capital project, or any component thereof.

The District anticipates issuing additional bonds within the District in the future that will be secured by Special Assessments on lands not subject to the Phase 1 and 2 Special Assessments. The District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Phase 1 and 2 Special Assessments without the consent of the Owners of the Series

2019 Bonds. The District expects to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Phase 1 and 2 Special Assessments, on the same lands upon which the Phase 1 and 2 Special Assessments are imposed, to fund the maintenance and operation of the District. See "THE DEVELOPMENT – Taxes, Fees and Assessments" and "BONDOWNERS' RISKS" herein for more information.

Series 2019 Acquisition and Construction Account

The Fourth Supplemental Indenture establishes a separate account within the Acquisition and Construction Fund designated therein as the "Series 2019 Acquisition and Construction Account" (referred to herein as the "Series 2019 Acquisition and Construction Account"). Proceeds of the Series 2019 Bonds will be deposited into the Series 2019 Acquisition and Construction Account in the amount set forth in the Fourth Supplemental Indenture, together with any moneys transferred to the Series 2019 Acquisition and Construction Account and used to fund costs of the Phases 1 and 2 Sub-Assessment Area One Project.

After the Completion Date, any moneys remaining in the Series 2019 Acquisition and Constructions Account after payment of costs of the Phases 1 and 2 Sub-Assessment Area One Project, as evidenced in writing from the District or from the District Manager, on behalf of the District to the Trustee, shall be transferred to the Series 2019 General Redemption Subaccount of the Series 2019 Bond redemption Account and the Series 2019 Acquisition and Construction Account shall be closed. Upon presentment to the Trustee of a properly signed requisition in substantially the form attached to the Fourth Supplemental Indenture, the Trustee shall withdraw moneys from the Series 2019 Acquisition and Construction Account. The Trustee shall not pay any requisition submitted if an Event of Default as to which the Trustee is deemed to have actual knowledge under the Indenture has occurred and is continuing unless directed in writing by the Majority Holders of the Series 2019 Bonds.

See "APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE" attached hereto for more information.

Series 2019 Reserve Account

The Fourth Supplemental Indenture establishes a "Series 2019 Reserve Account" within the Debt Service Reserve Fund for the Series 2019 Bonds (referred to herein as the "Series 2019 Reserve Account"). The Series 2019 Reserve Account will, at the time of delivery of the Series 2019 Bonds, be funded from a portion of the proceeds of the Series 2019 Bonds in the amount of the Series 2019 Reserve Requirement. The "Series 2019 Reserve Requirement" shall mean an amount equal to fifty percent (50%) of the maximum annual debt service with respect to the initial principal amount of the Series 2019 Bonds. Any amount in the Series 2019 Reserve Account may, upon final maturity or redemption of all Outstanding Series 2019 Bonds be used to pay principal of and interest on the Series 2019 Bonds at that time. The Series 2019 Reserve Requirement shall be equal to $_____.

On each March 15 and September 15 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2019 Reserve Account and transfer any excess therein above the Series 2019 Reserve Requirement for the Series 2019 Bonds caused by investment earnings to the Series 2019 Acquisition and Construction Account and after the Completion Date to the Series 2019 Revenue Account in accordance with the Fourth Supplemental Indenture.

Notwithstanding any of the foregoing, amounts on deposit in the Series 2019 Reserve Account shall be transferred by the Trustee, in the amounts directed in writing by the Majority Holders of the

Series 2019 Bonds to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account if, as a result of the application of the provisions of the Master Indenture relating to remedies in Events of Default, the proceeds received from lands sold subject to the corresponding Phase 1 and 2 Special Assessments and applied to redeem a portion of the Series 2019 Bonds are less than the principal amount of the Series 2019 Bonds indebtedness attributable to such lands.

It shall be an event of default under an Indenture if at any time the amount in the Series 2019 Reserve Account established thereunder is less than the Series 2019 Reserve Requirement for such Series 2019 Reserve Account as a result of the Trustee withdrawing an amount therefrom to satisfy the Debt Service Requirements of the Series 2019 Bonds and such amount has not been restored within thirty (30) days of such withdrawal.

Application of the Series 2019 Pledged Revenues

The Fourth Supplemental Indenture establishes a "Series 2019 Revenue Account" within the Revenue Fund for the Series 2019 Bonds (referred to herein as the "Series 2019 Revenue Account. Pursuant to the Fourth Supplemental Indenture, the Trustee shall transfer from amounts on deposit in the Series 2019 Revenue Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the Business Day next preceding each November 1 commencing November 1, 2019, to the Series 2019 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2019 Bonds becoming due on the next succeeding November 1, less any amounts on deposit in the Series 2019 Interest Account and Series 2019 Capitalized Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each May 1 commencing May 1, 2020, to the Series 2019 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2019 Bonds becoming due on the next succeeding May 1, less any amount on deposit in the Series 2019 Interest Account and Series 2019 Capitalized Interest Account not previously credited;

THIRD, no later than the Business Day next preceding each November 1, commencing November 1, 2020, to the Series 2019 Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Series 2019 Bonds subject to sinking fund redemption on such November 1, less any amount on deposit in the Series 2019 Sinking Fund Account not previously credited;

FOURTH, no later than the Business Day next preceding the November 1, which is a principal payment date for any Series 2019 Bonds, to the Series 2019 Principal Account of the Debt Service Fund, an amount equal to the principal amount of Series 2019 Bonds Outstanding maturing on such November 1, less any amounts on deposit in the Series 2019 Principal Account not previously credited;

FIFTH, notwithstanding the foregoing, at any time the Series 2019 Bonds are subject to redemption on a date which is not a May 1 or November 1 Interest Payment Date, the Trustee shall be authorized to transfer to the Series 2019 Interest Account, the amount necessary to pay interest on the Series 2019 Bonds subject to redemption on such date; and

SIXTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2019 Bonds remain Outstanding, to the Series 2019 Reserve Account,

an amount equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Series 2019 Bonds; and

SEVENTH, subject to the foregoing paragraphs, the balance of any moneys remaining after making the foregoing deposits shall be first deposited into the Series 2019 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2019 Bonds and next, any balance in the Series 2019 Revenue Account shall remain on deposit in such Series 2019 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the Series 2019 Rebate Fund, in which case, the District shall direct the Trustee to make such deposit thereto.

Notwithstanding that the District has funded the Series 2019 Capitalized Interest Account to pay interest on the Series 2019 Bonds through at least November 1, 2019, moneys on deposit in the Series 2019 Capitalized Interest Account, including all investment earnings thereon, shall remain on deposit in such Account and be used by the Trustee to pay interest on the Series 2019 Bonds on any subsequent Interest Payment Date if moneys remain after November 1, 2019. When such Account has been depleted of all funds, the Trustee shall be authorized to close such Account.

Investments

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

Absent specific instructions or absent standing instructions from the District for investment of such moneys, then the Trustee shall not be responsible or liable for keeping the moneys invested. The Trustee shall not be liable or responsible for any loss or failure to achieve the highest return, or entitled to any gain, resulting from any investment or sale upon the investment instructions of the District or otherwise. The Trustee may make any investments permitted by the provisions of the Master Indenture through its own bond department or investment department.

The Trustee shall value the assets in each of the Funds and Accounts established under the Indenture forty-five (45) days prior to each Interest Payment Date, and as soon as practicable after each

such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. For the purpose of determining the amount on deposit to the credit of any Fund or Account established under the Indenture, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder. See "APPENDIX A: COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE" attached hereto for more information.

Master Indenture Provisions Relating to Bankruptcy of Developer or Other Obligated Person

The Master Indenture contains the following provisions which, pursuant to the Master Indenture, shall be applicable both before and after the commencement, whether voluntary or involuntary, of any case, proceeding or other action by or against the Developer or other "obligated" person (as defined in the Continuing Disclosure Agreement) (herein, a "Landowner") under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, assignment for the benefit of creditors, or relief of debtors (a "Proceeding"). For as long as any of the Series 2019 Bonds remain Outstanding, in any Proceeding involving the District or any Landowner, the District shall be obligated to act in accordance with direction from the Trustee, and the Trustee shall be obligated to act in accordance with the direction from the Beneficial Owners of at least twenty-five percent (25%) of the aggregate principal amount of all Outstanding Bonds , with regard to all matters directly or indirectly affecting such Bonds.

The District acknowledges and agrees that, although the Series 2019 Bonds will be issued by the District, the Beneficial Owners of such Series 2019 Bonds are categorically the party with a financial stake in the repayment of the Series 2019 Bonds and, consequently, the party with a vested interest in a Proceeding. In the event of any Proceeding involving any Landowner (a) the District will agree that it shall not make any election, give any consent, commence any action or file any motion, claim, obligation, notice or application or take any other action or position in any Proceeding or in any action related to a Proceeding that affects, either directly or indirectly, the Phase 1 and 2 Special Assessments, the Series 2019 Bonds or any rights of the Trustee or the Series 2019 Bondholders under the Master Indenture or the Supplemental Indenture that is inconsistent with any direction from the Trustee, (b) the Trustee shall have the right, but is not obligated to, vote in any such Proceeding any and all claims of the District, and, if the Trustee chooses to exercise such right, the District shall be deemed to have appointed the Trustee as its agent and granted to the Trustee an irrevocable power of attorney coupled with an interest, and its proxy, for the purpose of exercising any and all rights and taking any and all actions available to the District in connection with any Proceeding of any Landowner, including without limitation, the right to file and/or prosecute any claims, to vote to accept or reject a plan, and to make any election under Section 1111(b) of the Bankruptcy Code and (c) the District shall not challenge the validity or amount of any claim submitted in such Proceeding by the Trustee in good faith or any valuations of any lands submitted by the Trustee in good faith in such Proceeding or take any other action in such Proceeding, which is adverse to Trustee's enforcement of the District's claim with respect to the Phase 1 and 2 Special Assessments or receipt of adequate protection (as that term is defined in the Bankruptcy Code). Without limiting the generality of the foregoing, the District will agree that the Trustee shall have the right (i) to file a proof of claim with respect to the Phase 1 and 2 Special Assessments, (ii) to deliver to the District a copy thereof, together with evidence of the filing with the appropriate court or other authority, and (iii) to defend any objection filed to said proof of claim. See "BONDOWNERS' RISKS – Bankruptcy Risks" herein for more information.

Events of Default and Remedies

The Master Indenture provide that each of the following shall be an "Event of Default" under the Indenture, with respect to the Series 2019 Bonds:

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

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

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

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

(e) if the District defaults in the due and punctual performance of any other covenant in the Indenture or in any Bond of such Series issued pursuant to such Indenture, and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the District by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Majority Holders of the Outstanding Series 2019 Bonds; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as, the District shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion; or

(f) if at any time the amount in the Series 2019 Reserve Account is less than the Series 2019 Reserve Requirement as a result of the Trustee withdrawing an amount therefrom to satisfy the Debt Service Requirement on the Series 2019 Bonds and such amount has not been restored within thirty (30) days of such withdrawal; or

(g) more than twenty percent (20%) of the "maintenance special assessments" levied by the District on District Lands upon which the applicable Phase 1 and 2 Special Assessments are levied to secure the Series 2019 Bonds pursuant to Section 190.021(3), Florida Statutes, as amended, and collected directly by the District have become due and payable and have not been paid, within ninety (90) days when due.

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

No Series 2019 Bonds shall be subject to acceleration. Upon the occurrence and continuance of an Event of Default with respect to the Series 2019 Bonds, no optional redemption or extraordinary mandatory redemption of Series 2019 Bonds pursuant to the Indenture shall occur unless all of the Series

2019 Bonds where an Event of Default has occurred will be redeemed or 100% of the Holders of the Series 2019 Bonds agree to such redemption.

If any Event of Default with respect to the Series 2019 Bonds has occurred and is continuing, the Trustee, in its discretion may, and upon the written request of the Majority Holders of the aggregate principle amount of the Outstanding Series 2019 Bonds and receipt of indemnity to its satisfaction shall, in its capacity as Trustee:

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Series 2019 Bonds, including, without limitation, the right to require the District to carry out any agreements with, or for the benefit of, the Bondholders of Bonds of the Series 2019 Bonds and to perform its or their duties under the Act;

(b) bring suit upon the Series 2019 Bonds;

(c) by action or suit in equity require the District to account as if it were the trustee of an express trust for the Holders of the Series 2019 Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Series 2019 Bonds; and

(e) by other proceeding in law or equity, exercise all rights and remedies provided for by any other document or instrument securing the Series 2019 Bonds.

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

The Majority Holders of the Series 2019 Bonds then subject to remedial proceedings under the Master Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the applicable Indenture, provided that such directions shall not be otherwise than in accordance with applicable law or the provisions of the Indenture.

No Bondholder shall have any right to pursue any remedy under the Indenture unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Majority Holders of the Series 2019 Bonds shall have requested the Trustee, in writing, to exercise the powers granted in such Indenture or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Anything in the Indenture to the contrary notwithstanding, the District will acknowledge in the Indenture that, upon the occurrence of an Event of Default with respect to the Series 2019 Bonds, (i) the Pledged Revenues related to such Series include, without limitation, all amounts on deposit in the related Series Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) the Pledged Revenues related to such Series may not be used by the District (wither to pay costs of a portion of the related Project or otherwise) without the consent of the Majority Holders of such Series, and (iii) the Pledged Revenues related to such Series may be used by the Trustee, at the direction or with the approval of the Majority Holders of such Series, to pay the reasonable costs and expenses incurred in connection with the pursuit of remedies under the Indenture. The District will also acknowledge and agree that, from and after an Event of Default with respect to the Series 2019 Bonds, the

Trustee is authorized to exercise the District's rights under the Collateral Assignment at the direction of the Majority Holders of the affected Series 2019 Bonds, but without the consent or approval of the District, and the District covenants not to enter into any contract regarding the Phases 1 and 2 Sub-Assessment Area One Project from and after an Event of Default without the written direction of the Majority Holders of the affected Series 2019 Bonds.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary sources of payment for the Series 2019 Bonds are the Phase 1 and 2 Special Assessments imposed on certain lands in the District specially benefited by the Phases 1 and 2 Sub-Assessment Area One Project pursuant to the Assessment Proceedings. See "ASSESSMENT METHODOLOGY AND ALLOCATION OF ASSESSMENTS" herein and "APPENDIX D: ASSESSMENT METHODOLOGY" attached hereto.

The determination, order, levy, and collection of Phase 1 and 2 Special Assessments must be done in compliance with procedural requirements and guidelines provided by State law. Failure by the District, the Lake County Tax Collector (the "Tax Collector") or the Lake County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in a delay in the collection of, or the complete inability to collect, Phase 1 and 2 Special Assessments during any year. Such delays in the collection of Phase 1 and 2 Special Assessments, or complete inability to collect Phase 1 and 2 Special Assessments, would have a material adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the Series 2019 Bonds. See "BONDOWNERS' RISKS." To the extent that Developer fails to pay the Phase 1 and 2 Special Assessments, delays payments, or is unable to pay the same, the successful pursuance of collection procedures available to the District is essential to continued payment of principal of and interest on the Series 2019 Bonds. The Act provides for various methods of collection of delinquent Phase 1 and 2 Special Assessments by reference to other provisions of the Florida Statutes. See "BONDOWNERS' RISKS" herein. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes but is qualified in its entirety by reference to such statutes.

Alternative Uniform Tax Collection Procedure for Phase 1 and 2 Special Assessments

Initially, the Developer and any subsequent landowners will directly pay the Phase 1 and 2 Special Assessments to the District. As residential parcels within Phases 1 and 2 Sub-Assessment Area One are platted, the Phase 1 and 2 Special Assessments will be collected pursuant to the Uniform Method (as hereinafter defined) of collection. At such time as the Phase 1 and 2 Special Assessments are collected pursuant to the Uniform Method of collection, the provisions of this section shall be come applicable. The Florida Statutes provide that, subject to certain conditions, non-ad valorem special assessments may be collected by using the uniform method (the "Uniform Method") of collection. The Uniform Method is available only if the District complies with statutory and regulatory requirements and enters into agreements with the Tax Collector and Property Appraiser providing for the Phase 1 and 2 Special Assessments to be levied and then collected in this manner. The District's election to use a certain collection method with respect to the Phase 1 and 2 Special Assessments does not preclude it from electing to use another collection method in the future. See "Foreclosure" below with respect to collection of delinquent assessments not collected pursuant to the Uniform Method.

If the Uniform Method of collection is used with respect to Phase 1 and 2 Special Assessments, such Phase 1 and 2 Special Assessments will be collected together with County, special district, and other ad valorem taxes and non-ad valorem assessments, all of which will appear on the tax bill (also referred to

as a "tax notice") issued to each landowner in the District. The statutes relating to enforcement of ad valorem taxes and non-ad valorem assessments provide that such taxes and assessments become due and payable on November 1 of the year when assessed, or as soon thereafter as the certified tax roll is received by the Tax Collector, and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes and assessments (including the Phase 1 and 2 Special Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Phase 1 and 2 Special Assessments. Upon any receipt of moneys by the Tax Collector from the Phase 1 and 2 Special Assessments, such moneys will be delivered to the District, which will remit such Phase 1 and 2 Special Assessments to the Trustee for deposit to the Series 2019 Revenue Account within the Revenue Fund, except that any Prepayments of Phase 1 and 2 Special Assessments shall be deposited to the Prepayment Subaccount within the Series 2019 Bond Redemption Account of the Bond Redemption Fund created under the Indenture and applied in accordance therewith.

All County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including the Phase 1 and 2 Special Assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, are payable at one time, except for partial payment schedules as may be provided by Sections 197.374 and 197.222, Florida Statutes. Partial payments made pursuant to Sections 197.374 and 197.222, Florida Statutes, are distributed in equal proportion to all taxing districts and levying authorities applicable to that account. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. In such cases, the tax Collector does not accept such partial payment and the partial payment is returned to the taxpayer. Therefore, in the event any of the Phase 1 and 2 Special Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, would cause such Phase 1 and 2 Special Assessments to not be collected to that extent, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the Series 2019 Bonds.

Under the Uniform Method, if the Phase 1 and 2 Special Assessments are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment. The Tax Collector is required to collect the ad valorem taxes and non-ad valorem special assessments on the tax bill prior to April 1 and, after that date, to institute statutory procedures upon delinquency to collect such taxes and assessments through the sale of "tax certificates," as discussed below. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Neither the District nor the Underwriter can give any assurance to the holders of the Series 2019 Bonds (1) that the past experience of the Tax Collector with regard to tax and special assessment delinquencies is applicable in any way to the Phase 1 and 2 Special Assessments, (2) that future landowners and taxpayers in the District will pay such Phase 1 and 2 Special Assessments, (3) that a market may exist in the future for tax certificates in the event of sale of such certificates for taxable units within the District, and (4) that the eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Assessment Proceedings to discharge the lien of the Phase 1 and 2 Special Assessments and all other liens that are coequal therewith.

Collection of delinquent Phase 1 and 2 Special Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Phase 1 and 2 Special Assessments due. In the event of a delinquency in the payment of taxes and assessments on real property, the landowners may, prior to the

sale of tax certificates, pay the total amount of delinquent ad valorem taxes and non-ad valorem assessments plus the cost of advertising and the applicable interest charge on the amount of such delinquent taxes and assessments. If such landowner does not act, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and assessments owing, penalties and interest thereon and certain costs, and who accepts the lowest interest rate per annum to be borne by the certificates (but not more than 18%). Tax certificates are sold by public bid. If there are no bidders, the tax certificate is issued to the County. The County is to hold, but not pay for, the tax certificate with respect to the property, bearing interest at the maximum legal rate of interest (currently 18%). The Tax Collector does not collect any money if tax certificates are "struck off" (issued) to the County. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. Proceeds from the sale of tax certificates are required to be used to pay taxes and assessments (including the Phase 1 and 2 Special Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property within the District may affect the demand for certificates and the successful collection of the Phase 1 and 2 Special Assessments, which are the primary source of payment of the Series 2019 Bonds. Legal proceedings under Federal bankruptcy law brought by or against a landowner who has not yet paid his or her property taxes or assessments would likely result in a delay in the sale of tax certificates.

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

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

In any such public sale conducted by the Clerk of the Circuit Court, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the tax certificate, charges for the cost of sale, including costs incurred for the service of notice required by statute, redemption of other tax certificates on the land, and the amount paid by such holder in applying for the tax deed, plus interest thereon. In the case of

homestead property, the minimum bid is also deemed to include, in addition to the amount of money required for the minimum bid on non-homestead property, an amount equal to one-half of the latest assessed value of the homestead. If there are no higher bids, the holder receives title to the land, and the amounts paid for the certificate and in applying for a tax deed are credited toward the purchase price. If there are other bids, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax certificate, and all other amounts paid by such person in applying for a tax deed, are forwarded to the holder thereof or credited to such holder if such holder is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the land and then to the former title holder of the property (less service charges), lienholder of record, mortgagees of record, vendees of recorded contracts for deeds, and other lienholders and any other person to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their interest may appear.

Except for certain governmental liens and certain restrictive covenants and restrictions, no right, interest, restriction or other covenant survives the issuance of a tax deed. Thus, for example, outstanding mortgages on property subject to a tax deed would be extinguished.

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

Foreclosure

The following discussion regarding foreclosure is not applicable if the Phase 1 and 2 Special Assessments are being collected pursuant to the Uniform Method. In the event that the District, itself, directly collects and enforces, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the Phase 1 and 2 Special Assessments levied on the land within the District, Chapter 170.10, Florida Statutes provides that upon the failure of any property owner to pay all or any part of the principal of a special assessment, including any Phase 1 and 2 Special Assessment, or the interest thereon, when due, the governing body of the entity levying the assessment is authorized to commence legal proceedings for the enforcement of the payment thereof, including commencement of an action in chancery, commencement of a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or commencement of an action under Chapter 173, Florida Statutes relating to foreclosure of municipal tax and special assessment liens. Such a proceeding is in rem, meaning that it is brought against the land not against the owner. In light of the one-year tolling period required before the District may commence a foreclosure action under Chapter 173, Florida Statutes, it is likely the District would commence an action to foreclose in the same manner as the foreclosure of a real estate mortgage, rather than proceeding under Chapter 173, Florida Statutes.

Enforcement of the obligation to pay Phase 1 and 2 Special Assessments and the ability to foreclose the liens of such Phase 1 and 2 Special Assessments upon the failure to pay such Phase 1 and 2 Special Assessments may not be readily available or may be limited as such enforcement is dependent upon judicial action which is often subject to discretion and delay.

BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds issued by a public authority or governmental body in the State and secured by special assessments. Certain of these risks are described in other sections of this Limited Offering Memorandum. Certain additional risks are associated with the Series 2019 Bonds offered hereby and are set forth below. Prospective investors in the Series 2019 Bonds should have such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Series 2019 Bonds and have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment. This section does not purport to summarize all risks that may be associated with purchasing or owning the Series 2019 Bonds, and prospective purchasers are advised to read this Limited Offering Memorandum in its entirety for a more complete description of investment considerations relating to the Series 2019 Bonds.

Concentration of Land Ownership

As of the date of delivery of the Series 2019 Bonds, the Developer and the Builder own all of the assessable lands within Phases 1 and 2 Sub-Assessment Area One, which are the lands that will be subject to the Phase 1 and 2 Special Assessments securing the Series 2019 Bonds. Payment of the Phase 1 and 2 Special Assessments is primarily dependent upon their timely payment by the Developer, the Builder and the other future landowners in Phases 1 and 2 Sub-Assessment Area One. Non-payment of the Phase 1 and 2 Special Assessments by any of the landowners would have a substantial adverse impact upon the District's ability to pay debt service on the Series 2019 Bonds. See "THE DEVELOPER AND THE BUILDER" and "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS" herein.

Bankruptcy and Related Risks

In the event of the institution of bankruptcy or similar proceedings with respect to the Developer, the Builder or any other owner of benefited property, delays could occur in the payment of debt service on the Series 2019 Bonds, as such bankruptcy could negatively impact the ability of: (i) the Developer, the Builder and any other landowner to pay the Phase 1 and 2 Special Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Phase 1 and 2 Special Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Phase 1 and 2 Special Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of the Series 2019 Bonds under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the Series 2019 Bonds, including, without limitation, enforcement of the obligation to pay Phase 1 and 2 Special Assessments and the ability of the District to foreclose the lien of the Phase 1 and 2 Special Assessments if not being collected pursuant to the Uniform Method, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available with respect to the Series 2019 Bonds could have a material adverse impact on the interest of the Owners thereof.

A 2011 bankruptcy court decision in Florida held that the governing body of a community development district, and not the bondholders or indenture trustee, was the creditor of the landowners/debtors in bankruptcy with respect to claims for special assessments, and thus only the district could vote to approve or disapprove a reorganization plan submitted by the debtors in the case. The

district voted in favor of the plan. The governing body of the district was at that time elected by the landowners rather than qualified electors. Under the reorganization plan that was approved, a two-year moratorium was placed on the debtor landowners' payment of special assessments. As a result of this non-payment of assessments, debt service payments on the district's bonds were delayed for two years or longer. The Master Indenture provides for the delegation of certain rights from the District to the Trustee in the event of a bankruptcy or similar proceeding with respect to an insolvent "Landowner" (as previously defined). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS – Indenture Provisions Relating to Bankruptcy or Insolvency of a Landowner." The District cannot express any view whether such delegation would be enforceable.

Phase 1 and 2 Special Assessments Are Non-Recourse

The principal security for the payment of the principal and interest on the Series 2019 Bonds is the timely collection of the Phase 1 and 2 Special Assessments. The Phase 1 and 2 Special Assessments do not constitute a personal indebtedness of the landowners of the land subject thereto, but are secured by a lien on such land. There is no assurance that the Developer, the Builder or subsequent landowners will be able to pay the Phase 1 and 2 Special Assessments or that they will pay such Phase 1 and 2 Special Assessments even though financially able to do so. Neither the Developer, the Builder nor any other subsequent landowners have any personal obligation to pay the Phase 1 and 2 Special Assessments. Neither the Developer, the Builder nor any subsequent landowners are guarantors of payment of any Phase 1 and 2 Special Assessments, and the recourse for the failure of the Developer, the Builder or any subsequent landowner to pay the Phase 1 and 2 Special Assessments is limited to the collection proceedings against the land subject to such unpaid Phase 1 and 2 Special Assessments, as described herein. Therefore the likelihood of collection of the Phase 1 and 2 Special Assessments may ultimately depend on the market value of the land subject to the Phase 1 and 2 Special Assessments. While the ability of the Developer, the Builder or subsequent landowners to pay the Phase 1 and 2 Special Assessments is a relevant factor, the willingness of the Developer, the Builder or subsequent landowners to pay the Phase 1 and 2 Special Assessments, which may also be affected by the value of the land subject to the Phase 1 and 2 Special Assessments, is also an important factor in the collection of Phase 1 and 2 Special Assessments. The failure of the Developer, the Builder or subsequent landowners to pay the Phase 1 and 2 Special Assessments could render the District unable to collect delinquent Phase 1 and 2 Special Assessments, if any, and provided such delinquencies are significant, could negatively impact the ability of the District to make the full or punctual payment of debt service on the Series 2019 Bonds.

Regulatory and Environmental Risks

The development of the District Lands is subject to comprehensive federal, state and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of planned improvements, both public and private, and construction of the infrastructure in accordance with applicable zoning, land use and environmental regulations. Although all such approvals required to date have been received and any further approvals are anticipated to be received as needed, failure to obtain any such approvals in a timely manner could delay or adversely affect the completion of the development of the District Lands. See "THE DEVELOPMENT – Zoning, Development Approvals and Permits," herein for more information.

The value of the land within the District, the success of the Development, the development of Phases 1 and 2 Sub-Assessment Area One and the likelihood of timely payment of principal and interest on the Series 2019 Bonds could be affected by environmental factors with respect to the land in the District. Should the land be contaminated by hazardous materials, this could materially and adversely affect the value of the land in the District, which could materially and adversely affect the success of the development of the lands within the District and the likelihood of the timely payment of the Series 2019

Bonds. The District has not performed, nor has the District requested that there be performed on its behalf, any independent assessment of the environmental conditions within the District. See "THE DEVELOPMENT – Environmental" for information on environmental site assessments obtained or received. Nevertheless, it is possible that hazardous environmental conditions could exist within the District or in the vicinity of the District and that such conditions could have a material and adverse impact upon the value of the benefited lands within the District. No assurance can be given that unknown hazardous materials, protected animals or vegetative species, etc., do not currently exist or may not develop in the future, whether originating within the District or from surrounding property, and what effect such may have on the development or sale of the lands in Phases 1 and 2 Sub-Assessment Area One.

The value of the lands subject to the Phase 1 and 2 Special Assessments could also be adversely impacted by flooding or wind damage caused by hurricanes, tropical storms, or other catastrophic events. In addition to potential damage or destruction to any existing development or construction in or near the District, such catastrophic events could potentially render the District Lands unable to support future development. The occurrence of any such events could materially adversely impact the District's ability to pay principal and interest on the Series 2019 Bonds. The Series 2019 Bonds are not insured, and the District's casualty insurance policies do not insure against losses incurred on private lands within its boundaries.

Economic Conditions and Changes in Development Plans

The successful development of Phases 1 and 2 Sub-Assessment Area One and the sale of residential units therein, once such homes are built, may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market and other factors beyond the control of the Developer and the Builder. Moreover, the Developer has the right to modify or change plans for development of its portion of the Development from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed, and may seek in the future, in accordance with and subject to the provisions of the Act, to contract or expand the boundaries of the District.

Other Taxes and Assessments

The willingness and/or ability of an owner of benefited land to pay the Phase 1 and 2 Special Assessments could be affected by the existence of other taxes and assessments imposed upon such property by the District, the County or any other local special purpose or general purpose governmental entities. County, school, special district taxes and special assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on debt, including the Phase 1 and 2 Special Assessments, collected pursuant to the Uniform Method are payable at one time. Public entities whose boundaries overlap those of the District could, without the consent of the owners of the land within the District, impose additional taxes on the property within the District. The District anticipates imposing operation and maintenance assessments encumbering the same property encumbered by the Phase 1 and 2 Special Assessments. In addition, lands within the District may also be subject to assessments by property owners' and homeowners' associations. See "THE DEVELOPMENT – Taxes, Fees and Assessments" for additional information.

Under Florida law, a landowner may contest the assessed valuation determined for its property that forms the basis of ad-valorem taxes such landowner must pay. During this contest period, the sale of a tax certificate under the Uniform Method will be suspended. If the Phase 1 and 2 Special Assessments are being collected along with ad valorem taxes pursuant to the Uniform Method, tax certificates will not be sold with respect to such Phase 1 and 2 Special Assessment, even though the landowner is not

contesting the amount of the Phase 1 and 2 Special Assessment. However, Section 194.014, Florida Statutes, requires taxpayers challenging the assessed value of their property to pay all non-ad valorem taxes and at least 75% of their ad valorem taxes before they become delinquent. Likewise, taxpayers who challenge the denial of an exemption or classification or a determination that their improvements were substantially complete must pay all non-ad valorem assessments and the amount of ad valorem taxes that they admit in good faith to be owing. If a taxpayer fails to pay property taxes as set forth above, the Value Adjustment Board considering the taxpayer's challenge is required to deny such petition by written decision by April 20 of such year.

Limited Secondary Market for Series 2019 Bonds

The Series 2019 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2019 Bonds in the event an Owner thereof determines to solicit purchasers for the Series 2019 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2019 Bonds may be sold. Such price may be lower than that paid by the current Owners of the Series 2019 Bonds, depending on the progress of development of the Development and the lands within Phases 1 and 2 Sub-Assessment Area One, as applicable, existing real estate and financial market conditions and other factors.

Inadequacy of Series 2019 Reserve Account

Some of the risk factors discussed herein, which, if materialized, would result in a delay in the collection of the Phase 1 and 2 Special Assessments, may not adversely affect the timely payment of debt service on the Series 2019 Bonds because of the Series 2019 Reserve Account corresponding to such Series. The ability of the Series 2019 Reserve Account to fund deficiencies caused by delinquencies in the Phase 1 and 2 Special Assessments is dependent on the amount, duration and frequency of such deficiencies. Moneys on deposit in the Series 2019 Reserve Account may be invested in certain obligations permitted under the Indenture. Fluctuations in interest rates and other market factors could affect the amount of moneys in such Series 2019 Reserve Account to make up deficiencies. If the District has difficulty in collecting the Phase 1 and 2 Special Assessments, the Series 2019 Reserve Account could be rapidly depleted and the ability of the District to pay debt service on the Series 2019 Bonds could be materially adversely affected. In addition, during an Event of Default under the Indenture, the Trustee may withdraw moneys from the Series 2019 Reserve Account and such other Funds, Accounts and subaccounts created under the Indenture to pay its extraordinary fees and expenses incurred in connection with such Event of Default. If in fact the Series 2019 Reserve Account is accessed for any purpose, the District does not have a designated revenue source for replenishing such account. Moreover, the District may not be permitted to re-assess real property then burdened by the Phase 1 and 2 Special Assessments in order to provide for the replenishment of the Series 2019 Reserve Account. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS – Series 2019 Reserve Account" herein for more information about the Series 2019 Reserve Account.

Legal Delays

If the District should commence a foreclosure action against a landowner for nonpayment of Phase 1 and 2 Special Assessments, such landowner and/or its mortgagee(s) may raise affirmative defenses to such foreclosure action. Although the District expects that such affirmative defenses would likely be proven to be without merit, they could result in delays in completing the foreclosure action. In addition, the District is required under the Indenture to fund the costs of such foreclosure. It is possible that the District will not have sufficient funds and will be compelled to request the Holders of the Series 2019 Bonds to allow funds on deposit under the Indenture to be used to pay the costs of the foreclosure

action. Under the Code, there are limitations on the amounts of proceeds from the Series 2019 Bonds that can be used for such purpose.

IRS Examination and Audit Risk

The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. In 2016, the IRS concluded its lengthy examination of certain issues of bonds (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District (the "Village Center CDD"). During the course of the audit of the Audited Bonds, Village Center CDD received a ruling dated May 30, 2013, in the form of a non-precedential technical advice memorandum ("TAM") concluding that Village Center CDD is not a political subdivision for purposes of Section 103(a) of the Code because Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. Village Center CDD received a second TAM dated June 17, 2015, which granted relief to Village Center CDD from retroactive application of the IRS's conclusion regarding its failure to qualify as a political subdivision. Prior to the conclusion of the audits, the Audited Bonds were all refunded with taxable bonds. The audit of the Audited Bonds that were issued for utility improvements were closed without change to the tax exempt status of those Audited Bonds on April 25, 2016, and the audit of the remainder of the Audited Bonds (which funded recreational amenity acquisitions from entities related to the principal landowner in the Village Center CDD) was closed on July 14, 2016, without the IRS making a final determination that the interest on the Audited Bonds in question was required to be included in gross income. However, the IRS letter to the Village Center CDD with respect to this second set of Audited Bonds noted that the Agency found that the Village Center CDD was not a "proper issuer of tax-exempt bonds" and that those Audited Bonds were private-activity bonds that did not fall in any of the categories that qualify for tax-exemption. Although the TAMs and the letters to the Village Center CDD from the IRS referred to above are addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, they reflect the audit position of the IRS, and there can be no assurance that the IRS would not commence additional audits of bonds issued by other community development districts raising issues similar to the issues raised in the case of the Audited Bonds based on the analysis set forth in the first TAM or on the related concerns addressed in the July 14, 2016 letter to the Village Center CDD.

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

It has been reported that the IRS has closed audits of other community development districts in Florida with no change to such districts' bonds' tax-exempt status, but has advised such districts that such districts must have public electors within the timeframe established by the applicable state law or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years from the date of establishment of the community development district or the time at which there are at least 250 qualified electors in the district. The District, unlike Village Center CDD, was formed with the intent that it will contain a sufficient number of residents to allow for a transition to control by a general electorate. Currently, all of the members of the Board of the District were elected by the landowners and none were elected by qualified electors. The Developer will certify as to its expectations as to the timing of the transition of control of the Board of the District to qualified electors pursuant to the Act, and its expectations as to compliance with the Act by any members of the Board that it elects. Such certification by the Developer does not ensure that such certification shall be determinative of, or may influence the outcome of any audit by the IRS, or any appeal from such audit, that may result in an adverse ruling that the District is not a political subdivision for purposes of Section 103(a) of the Code. Further, there can be no assurance that an audit by the IRS of the Series 2019 Bonds will not be commenced. The District has no reason to believe that any such audit will be commenced, or that any such audit, if commenced, would result in a conclusion of noncompliance with any applicable state or federal law.

Owners of the Series 2019 Bonds are advised that, if the IRS does audit the Series 2019 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the Owners of the Series 2019 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the Series 2019 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2019 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2019 Bonds would adversely affect the availability of any secondary market for the Series 2019 Bonds. Should interest on the Series 2019 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2019 Bonds be required to pay income taxes on the interest received on such Series 2019 Bonds and related penalties, but because the interest rate on such Series 2019 Bonds will not be adequate to compensate Owners of the Series 2019 Bonds for the income taxes due on such interest, the value of the Series 2019 Bonds may decline.

THE INDENTURE DOES NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATES ON THE SERIES 2019 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2019 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2019 BONDS IN THE EVENT THAT THE INTEREST ON THE SERIES 2019 BONDS BECOMES TAXABLE AND/OR THE DISTRICT IS EVER DETERMINED TO NOT BE A POLITICAL SUBDIVISION FOR PURPOSES OF THE CODE AND/OR SECURITIES ACT (AS HEREINAFTER DEFINED).

Loss of Exemption from Securities Registration

Since the Series 2019 Bonds have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, because of the exemption for political subdivisions, if the District is ever deemed by the IRS, judicially or otherwise, not to be a political subdivision for purposes of the Code, it is possible that federal or state regulatory authorities could also determine that the District is not a political subdivision for purposes of the federal and state

securities laws. Accordingly, the District and purchasers of Series 2019 Bonds may not be able to rely on the exemption from registration under the Securities Act relating to securities issued by political subdivisions. In that event, the Owners of the Series 2019 Bonds would need to ensure that subsequent transfers of the Series 2019 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

Federal Tax Reform

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2019 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2019 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2019 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors as to the impact of any proposed or pending legislation as well as the impact of federal legislation enacted in December 2017. See also "TAX MATTERS."

State Tax Reform

It is impossible to predict what new proposals may be presented regarding ad valorem tax reform and/or community development districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. On October 31, 2014, the Auditor General of the State released a 31-page report which requests legislative action to establish parameters on the amount of bonds a community development district may issue and provide additional oversight for community development district bonds. This report renews requests made by the Auditor General in 2011 that led to the Governor of the State issuing an Executive Order on January 11, 2012 (the "Executive Order") directing the Office of Policy and Budget in the Executive Office of the Governor ("OPB") to examine the role of special districts in the State. As of the date hereof, the OPB has not made any recommendations pursuant to the Executive Order nor has the Florida legislature passed any related legislation. It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the Series 2019 Bonds. It should be noted that Section 190.16(14) of the Act provides in pertinent part that "The state pledges to the holders of any bonds issued under the Act that it will not limit or alter the rights of the district to levy and collect the … assessments… and to fulfill the terms of any agreement made with the holders of such bonds … and that it will not impair the rights or remedies of such holders."

Insufficient Resources or Other Factors Causing Failure to Complete the Development of, or the Construction of Homes within, Phases 1 and 2 Sub-Assessment Area One

The cost to finish the Phases 1 and 2 Sub-Assessment Area One Project may exceed the net proceeds from the Series 2019 Bonds. There can be no assurance, in the event the District does not have sufficient moneys on hand to complete the Phases 1 and 2 Sub-Assessment Area One Project, that the District will be able to raise, through the issuance of additional bonds or otherwise, the moneys necessary to complete the Phases 1 and 2 Sub-Assessment Area One Project. Further, pursuant to the Indenture, the District covenants and agrees that the District shall not to issue any other Bonds or other debt obligations for any capital projects secured by Special Assessments levied on the lands within Phases 1 and 2 Sub-Assessment Area One until the Phase 1 and 2 Special Assessments are Substantially Absorbed. See

"SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2019 BONDS – Additional Bonds" for more information.

Although the Developer will agree to fund or cause to be funded the completion of the Phases 1 and 2 Sub-Assessment Area One Project regardless of the insufficiency of proceeds from the Series 2019 Bonds and will enter into a completion agreement with the District as evidence thereof, there can be no assurance that the Developer will have sufficient resources to do so. Such obligation of the Developer is an unsecured obligation. See "THE DEVELOPER AND THE BUILDER" herein for more information.

The Phases 1 and 2 Sub-Assessment Area One Project does not include the roads and utilities which are being privately funded. Further, there is a possibility that, even if Phases 1 and 2 Sub-Assessment Area One is developed, the Builder may not acquire the remaining lots therein, and such failure to close could negatively impact the construction of homes in Phases 1 and 2 Sub-Assessment Area One. The Builder Contract may also be terminated by the Builder upon the occurrence or failure to occur of certain conditions set forth therein. See "THE DEVELOPMENT – Builder Contract" herein for more information about the Builder and the Builder Contract. Further, even if development of Phases 1 and 2 Sub-Assessment Area One is completed, there are no assurances that homes will be constructed and sold within Phases 1 and 2 Sub-Assessment Area One. See "THE DEVELOPER AND THE BUILDER" herein for more information.

Payment of Phase 1 and 2 Special Assessments after Bank Foreclosure

In the event a bank forecloses on property because of a default on a mortgage in favor of such bank on any of the assessable lands within Phases 1 and 2 Sub-Assessment Area One, and then the bank itself fails, the Federal Deposit Insurance Corporation (the "FDIC"), as receiver, will then become the fee owner of such property. In such event, the FDIC will not, pursuant to its own rules and regulations, likely be liable to pay the Phase 1 and 2 Special Assessments levied on such property. In addition, the District would require the consent of the FDIC prior to commencing a foreclosure action.

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ESTIMATED SOURCES AND USES OF FUNDS

Source of Funds	Series 2019 Bonds
Par Amount	
[Original Issue Discount]	
Total Sources	
Use of Funds	
Deposits to Series 2019 Acquisition and Construction Account	
Deposits to Series 2019 Capitalized Interest Account	
Deposits to Series 2019 Reserve Account	
Costs of Issuance, including Underwriter's Discount[(1)]	
Total Uses	

(1) Costs of issuance includes, without limitation, legal fees and other costs associated with the issuance of the Series 2019 Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2019 Bonds:

Year Ended November 1	Series 2019 Bonds Principal	Interest	Total
TOTAL			

THE DISTRICT

General Information

The District was established by Ordinance No. 2016-16, enacted by the Board of County Commissioners of Lake County, Florida (the "County") on April 19, 2016 and effective on April 27, 2016, under the provisions of the Act. The boundaries of the District include approximately 972 gross acres of land (the "District Lands"). The District Lands are generally located east of U.S. 27 in the eastern portion of the County and are being developed as an amenitized, master-planned community that will be known as "Serenoa" (the "Development"). The Development is being developed in at least three phases and is currently planned for a total of approximately 1,352 housing units, various recreational facilities and an amenity site. See "THE DEVELOPMENT" herein.

Legal Powers and Authority

The District is an independent unit of local government created pursuant to, and established in accordance with, the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State of Florida. The Act provides legal authority for community development districts (such as the District) to finance the acquisition, construction, operation and maintenance of the major infrastructure for community development pursuant to its general law charter. The District is classified as an independent district under Chapter 189, Florida Statutes.

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

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

The Act exempts all property owned by the District from levy and sale by virtue of an execution and from judgment liens, but does not limit the right of any owner of lands of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with its bonds, including the Series 2019 Bonds.

Board of Supervisors

The Act provides that a five-member Board of Supervisors (the "Board") serves as the governing body of the District. Members of the Board (the "Supervisors") must be residents of the State and citizens of the United States. Initially, the Supervisors were appointed in the Ordinance. Within 90 days after formation of the District, an election was held pursuant to which new Supervisors were elected on an at-large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number). A Supervisor serves until expiration of his or her term and until his or her successor is chosen and qualified. If, during a term of office, a vacancy occurs, the remaining Supervisors may fill the vacancy by an appointment of an interim Supervisor for the remainder of the unexpired term.

The landowners in the District elect two Supervisors to four-year terms and three Supervisors to two-year terms at bi-annual elections. Thereafter, the elections will take place every two years on a date in November established by the Board. Upon the later of six years after the initial appointment of Supervisors and the year when the District next attains at least 250 qualified electors, Supervisors whose terms are expiring will begin to be elected (as their terms expire) by qualified electors of the District. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State and a citizen of the United States. At the election where Supervisors are first elected by qualified electors, two Supervisors must be qualified electors and be elected by qualified electors, each elected to four-year terms. The seat of the remaining Supervisor whose term is expiring at such election shall be filled by a Supervisor who is elected by the landowners for a four-year term and who is not required to be a qualified elector. Thereafter, as terms expire, all Supervisors must be qualified electors and must be elected by qualified electors to serve staggered four-year terms.

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

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

The current members of the Board and the expiration of the term of each member are set forth below:

Name	Title	Term Expires
James Harvey*	Chairman	November 2020
Greg Meath*	Vice Chairman	November 2020
Brad Walker*	Assistant Secretary	November 2020
Troy Simpson*	Assistant Secretary	November 2022
Candice Smith*	Assistant Secretary	November 2022

* Employee of, or affiliated with, the Developer.

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

The District Manager and Other Consultants

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

The District has retained DPFG Management & Consulting, LLC, Maitland, Florida, to serve as its district manager ("District Manager"). The District Manager's office is located at 1060 Maitland Center, Ste. # 340, Maitland, Florida 32751.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Greenberg Traurig, P.A., West Palm Beach, Florida, as Bond Counsel; Heidt Design, Tampa, Florida, as District Engineer; and Hopping Green & Sams P.A., Tallahassee, Florida, as District Counsel. The Board has also retained the District Manager to serve as Methodology Consultant and to prepare the Assessment Methodology and to serve as Dissemination Agent for the Series 2019 Bonds.

Outstanding Indebtedness

The District previously issued its $2,415,000 Special Assessment Bonds, Series 2017 (Assessment Area One Project)(the "Series 2017 Assessment Area One Bonds"), its $7,215,000 Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)(the "Series 2017 Assessment Area Two A-1 Bonds"), and its $4,400,000 Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Series 2017 Assessment Area Two A-2 Bonds" and, together with the Series 2017 Assessment Area One Bonds and the Series 2017 Assessment Area A-1 Bonds, the "Series 2017 Bonds") on April 6, 2017.

As of the date hereof, the Series 2017 Assessment Area One Bonds, the Series 2017 Assessment Area Two A-1 Bonds and the Series 2017 Assessment Area Two A-2 Bonds are currently outstanding in the aggregate principal amount of $2,380,000, $7,120,000 and $940,000, respectively. The Series 2017 Assessment Area Two A-1 Bonds and the Series 2017 Assessment Area Two A-2 Bonds are secured by special assessments on lands separate and district from the lands upon which the Phases 1 and 2 Special Assessments are levied that secure the Series 2019 Bonds. However, a portion of the special assessments securing the Series 2017 Assessment Area One Bonds are levied on the same lands subject to the Phases 1 and 2 Special Assessments that secure the Series 2019 Bonds. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" for the amount of the overlapping debt on such lands.

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THE CAPITAL IMPROVEMENT PLAN AND THE PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT

In the "Avalon Groves Community Development District Preliminary Engineer's Report" dated October 11, 2016 (the "Master Engineer's Report", as supplemented by the "Avalon Groves Community Development District Engineer's Supplement Report – 2019 Bond Issuance," dated May 31, 2019 (the "Supplemental Engineer's Report" and together with the Master Engineer's Report, the "Engineer's Report"), the District Engineer sets forth certain public infrastructure improvements to be constructed in the District, including certain utilities, drainage and transportation improvements, as well as funding for planning and engineering studies (collectively, the "CIP"). See "APPENDIX C: ENGINEER'S REPORT" for more information regarding the improvements.

The Master Engineer's Report originally estimated the overall cost of the CIP for the entire development to be $45,663,392, of which $13,686,273 of the costs were attributed to Assessment Area One. Assessment Area One was comprised of approximately 303 gross acres of land planned for approximately 580 lots. The District previously issued its Series 2017 Bonds in threes series in the aggregate par amount of $14,030,000 to fund portions of the Assessment Area One and Assessment Area Two Projects. The Series 2017 Bonds (Assessment Area One Project) provided approximately $1,988,905 for the Assessment Area One Project. The remaining Series 2017 Bonds provided funds for development of Assessment Area Two.

The Phases 1 and 2 Sub-Assessment Area One Project consists of certain public parcel infrastructure for Phases 1 and 2 of Assessment Area One. Phase 1 and 2 Sub-Assessment Area One is comprised of Phase 1, which is developed and platted and contains 196 single family lots, and Phase 2, which is partially developed and planned for 105 single family lots. The Supplemental Engineer's Report sets forth the work associated with the Phase 1 and 2 Sub-Assessment Area One Project as follows:

Item	**Estimated Cost**
Clearing/Earthwork	$1,162,654
Master Stormwater Management	1,229,283
Professional Fees	321,750
Contingency	271,369
Total	$2,985,056

The Phase 1 and 2 Sub-Assessment Area One Project will be installed in two phases. Construction of the Phase 1 and 2 Sub-Assessment Area One Project commenced in March 2018 and is expected to be completed by December 2019. The Phase 1 and 2 Sub-Assessment Area One Project does not include roads or utilities which are being paid for out of Developer funds. Phase 1 is developed and platted. Development of Phase 2 is expected to be completed in the first calendar quarter of 2020. See "THE DEVELOPMENT" for more information regarding the onsite development of Phase 1 and 2 Sub-Assessment Area One. The net proceeds of the Series 2019 Bonds available to fund the costs of the Phase 1 and 2 Sub-Assessment Area One Project are expected to be approximately $2,500,000†. The Developer will enter into a completion agreement at the closing of the Series 2019 Bonds agreeing to either fund or complete the Phases 1 and 2 Sub-Assessment Area One Project to the extent the Series 2019 Bond proceeds are insufficient. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Development of, or the Construction of Homes within, Phases 1 and 2 Sub-Assessment Area One."

† Preliminary, subject to change.

The District Engineer has indicated that all permits necessary to construct the improvements described in the Supplemental Engineer's Report for Phase 1 and 2 Sub-Assessment Area One have been obtained or are expected to be obtained in the ordinary course of development. In addition to the Engineer's Report, please refer to "THE DEVELOPMENT – Zoning, Development Approvals and Permits" for a more detailed description of the entitlement and permitting status of Phase 1 and 2 Sub-Assessment Area One.

ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS

The Master Assessment Methodology Report dated October 17, 2016 (the "Master Methodology"), as supplemented by the Second Supplemental Special Assessment Methodology Report dated June 7, 2019 (the "Supplemental Methodology" and together with the Master Methodology, the "Assessment Methodology"), which allocates the Phase 1 and 2 Special Assessments to certain lands in the District has been prepared by DPFG Management and Consulting, LLC, Maitland, Florida (the "Methodology Consultant"). See "EXPERTS" herein for more information. The Assessment Methodology is included herein as APPENDIX D. Once the final terms of the Series 2019 Bonds are determined, the Supplemental Methodology will be revised to reflect such final terms. Once levied and imposed, the Phase 1 and 2 Special Assessments will be first liens on those certain lands within the District against which they are assessed until paid or barred by operation of law, co-equal with one another and with other taxes and assessments levied by the District and other units of government. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

The Series 2019 Bonds are payable from and secured by a pledge of the Phase 1 and 2 Pledged Revenues, which consist primarily of the Phase 1 and 2 Special Assessments. The Phase 1 and 2 Special Assessments are initially being levied on the 196 platted lots in Phase 1 of Assessment Area One and on an equal acreage basis on the approximately 35.152 gross acres of lands in Phase 2 of Assessment Area One that are planned for 105 single family lots. Such lands are also subject to the Special Assessments levied in connection with the issuance of the Series 2017 Assessment Area One Bonds. As the remaining properties are developed and platted, the Phase 1 and 2 Special Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology. Upon development and platting of the planned 301 lots, the proposed annual Phase 1 and 2 Special Assessments to be levied and allocated to developed and platted units to pay debt service on the Series 2019 Bonds and the total Series 2019 Bonds par per unit are as follows, per product type:

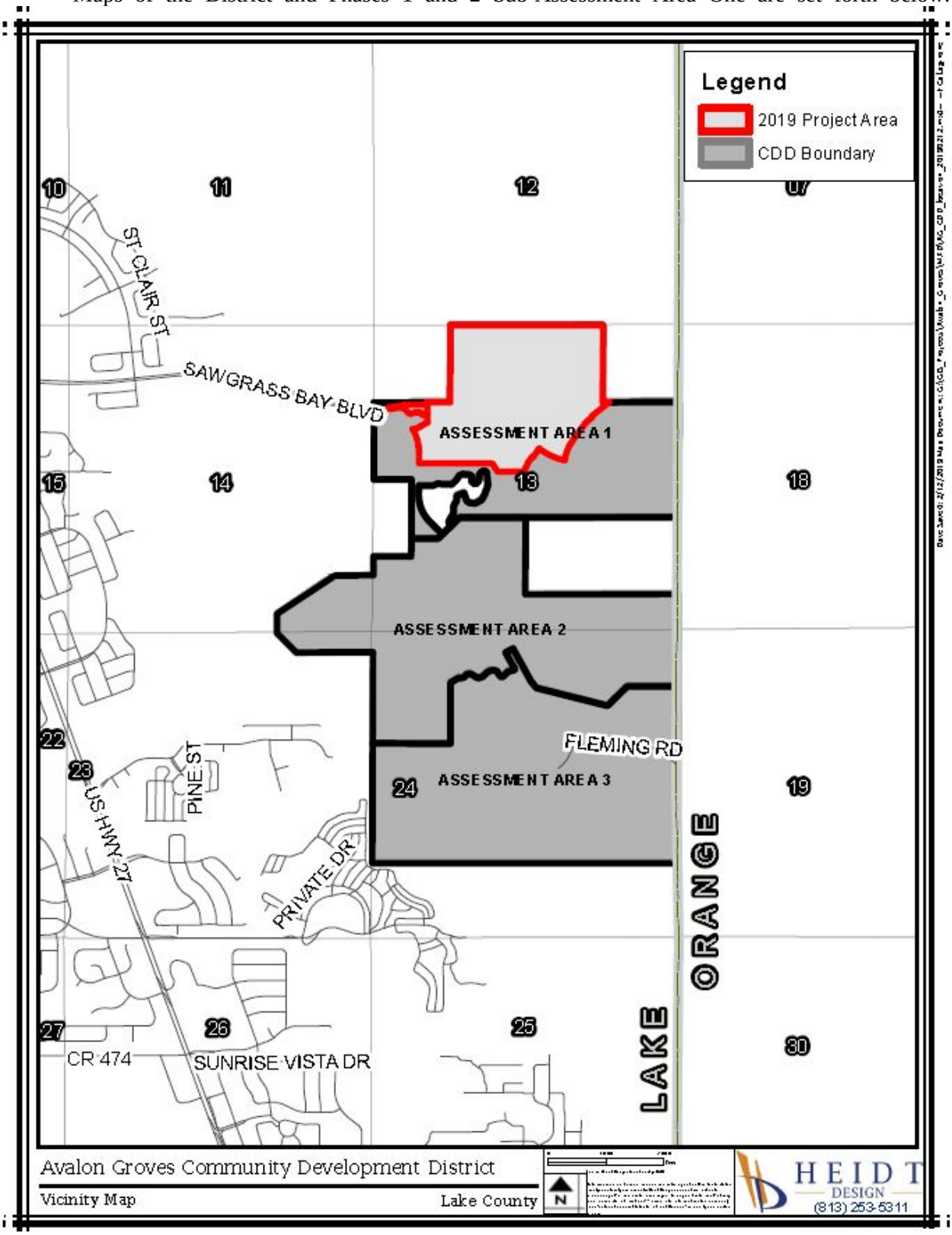
Lot Type	Number of Lots	Phase 1 and 2 Special Assessments**	Series 2017 (Assessment Area One) Assessments**	Total Debt Special Assessments**	Series 2019 Bonds Par Per Unit*	Series 2017 (Assessment Area One) Bonds Par Per Unit	Total Bonds Par Per Unit*
25 SF	68	$700	$294	$994	$10,465	$4,164	$14,629
40 SF	89	$700	$294	$994	$10,465	$4,164	$14,629
50 SF	144	$700	$294	$994	$10,465	$4,164	$14,629
Total	301						

* Preliminary, subject to change.
** Annual amounts of Special Assessments listed above do not include a gross up for fees of the Property Appraiser and Tax Collector when collected via the Uniform Method or the statutory early payment discount.

The District is levying assessments to cover its administrative and operation costs for the fiscal year ending September 30, 2019 that are approximately $647.60 per residential unit annually, which amounts are subject to change. The land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. The total millage rate in the District is currently approximately 14.4238 mills. These taxes would be payable in addition to the Phase 1 and 2 Special Assessments and any other assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Lake County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year. See "THE DEVELOPMENT – Taxes, Fees and Assessments" for more information, including applicable homeowners' association fees.

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Maps of the District and Phases 1 and 2 Sub-Assessment Area One are set forth below:



The following information appearing below under the captions "THE DEVELOPMENT" and "THE DEVELOPER AND THE BUILDER" has been furnished by the Developer for inclusion in this Limited Offering Memorandum and, although believed to be reliable, such information has not been independently verified by the District or its counsel, or the Underwriter or its counsel, and no person other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by it.

The following information is provided by the Developer as a means for the prospective bondholders to understand the anticipated development plan and risks associated with the Development. The Developer's and Builder's respective obligations to pay the Phase 1 and 2 Special Assessments are no greater than the obligation of any other subsequent landowner to pay the Phase 1 and 2 Special Assessments. The Developer and the Builder are not guarantors of payment as to any land within the District and the recourse for their failure to pay is limited to their respective ownership interests in the land.

THE DEVELOPMENT

General

The District is being developed as part of an amenitized, multi-product master-planned community that will be known as "Serenoa" (the "Development"), which is generally located east of U.S. 27 in eastern Lake County. The Development consists of approximately 971.265 gross acres of land planned for residential development (the "District Lands") and approximately 13.735 gross acres of adjacent land intended for commercial development. The Development is being developed in multiple phases and is currently planned for a total of approximately 1,352 housing units, various recreational facilities and an amenity site, as well as certain commercial uses outside of the District Lands. The Development is located approximately 10 miles north of Interstate 4 and approximately 6.5 miles south of U.S. Highway 50 in the area known as Clermont.

Access to the Development is via Sawgrass Bay Boulevard, which is an existing four-lane boulevard accessed from U.S. 27. As part of the CIP for the Development, Sawgrass Bay Boulevard will be extended approximately 9,000 linear feet to the east to connect with the Horizons West area of west Orange County. Horizons West is among the fastest-selling areas in Orange County. Construction of Sawgrass Bay Boulevard is well underway and the Master Developer has completed the portion that provides access to Phases 1 and 2 Sub-Assessment Area One.

Three Assessment Areas have been created within the District to facilitate the District's financing plan. Assessment Area One contains approximately 303 gross acres and is planned for 577 lots and is planned to be marketed as a gated "Active Adult" community. Assessment Area Two contains approximately 328 gross acres and is planned for 479 lots and will be marketed as production housing with gated and non-gated sections. Assessment Area Three contains approximately 341 gross acres and is planned for 315 lots and will also be marketed as production housing.

The District previously issued its Series 2017 Bonds in three series to finance a portion of the infrastructure for Assessment Area One and Assessment Area Two. See "THE CAPITAL IMPROVEMENT PLAN AND THE PROJECT" for more information on the infrastructure financed with proceeds of the Series 2017 Bonds. VK Avalon Groves LLC, a Delaware limited liability company (the "Master Developer") is an affiliate of The Kolter Group LLC and is constructing Sawgrass Bay Boulevard and developing Assessment Area Two.

The Series 2019 Bonds are financing improvements associated with approximately 301 planned single family lots in Phases 1 and 2 in Assessment Area One (the "Phases 1 and 2 Sub-Assessment Area One"). Phase 1 is developed and platted and contains 196 single family lots and Phase 2 is partially developed and planned for 105 single family lots. The District anticipates issuing additional bonds for Phases 3 and 4 in Assessment Area One and for Assessment Area Three in the future.

Forestar (USA) Real Estate Group Inc., a Delaware corporation (the "Developer"), is developing the lands in Phases 1 and 2 Sub-Assessment Area One and selling developed lots to D.R. Horton, Inc., a Delaware corporation ("Horton" or the "Builder") who intends to market and construct homes for sale which will be marketed to retirees. This part of the Development will be known as "Palms at Serenoa." As of the date hereof, Horton owns 122 lots in Phase 1 and the Developer owns the remaining 74 lots in Phase 1 and all of the land in Phase 2. See "THE DEVELOPER AND THE BUILDER" herein for more information.

Phases 1 and 2 Sub-Assessment Area One

Phases 1 and 2 Sub-Assessment Area One is comprised of the 196 platted lots in Phase 1 of Assessment Area One and the approximately 35.152 gross acres of lands in Phase 2 of Assessment Area One that are planned for 105 single family lots. The lands subject to the levy of the Phase 1 and 2 Special Assessments are also subject to the levy of a portion of the Series 2017 Special Assessments.

Set forth below is the planned lot mix for Phases 1 and 2 Sub-Assessment Area One:

Lot Size	Phase 1	Phase 2
25'	36	32
40'	69	20
50'	91	53
Total	196	105

Land Acquisition

The Developer acquired the approximately 146.901 gross acres of land comprising Phases 1 and 2 Sub-Assessment Area One on February 23, 2018, for approximately $6,646,666 from the Master Developer. There are no mortgages on such property except for the mortgage entered into in connection with the Builder Contract. Horton, acquired the 122 developed lots in Phase 1 on or about February 13, 2019 for an aggregate purchase price of $7,103,500. See "- Builder Contract" below for more information.

Development Plan and Status – Phases 1 and 2 Sub-Assessment Area One

The Master Developer is constructing Sawgrass Bay Boulevard and has completed the portion that provides access to Phases 1 and 2 Sub-Assessment Area One. Onsite development of Phase 1 commenced in March 2018 and expected to be completed by December 31, 2019. Phase 2 is designed and permitted. Onsite development of Phase 2 is expected to commence in late July 2019 and be completed in the first calendar quarter of 2020. As of June 18, 2019, approximately 17 homes have been sold in Phases 1 and 2 Sub-Assessment Area One and approximately 34 homes are under construction. Home closings are expected to commence in September 2019.

The Developer anticipates that approximately 120 homes in the Development will be sold per year commencing in 2019. 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 timeframe anticipated. See "BONDHOLDERS' RISKS" herein.

Development Finance Plan – Phases 1 and 2 Sub-Assessment Area One

The Developer estimates the cost to install the infrastructure associated with Phases 1 and 2 Sub-Assessment Area One to be approximately $7,583,634, of which approximately $5,905,300 has been spent as of the date hereof. The net proceeds from the Series 2019 Bonds will fund approximately $2.5 million of the development costs. The Developer will enter into a completion agreement agreeing to either fund or complete the Phases 1 and 2 Sub-Assessment Area One Project. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Development of, or the Construction of Homes within, Phases 1 and 2 Sub-Assessment Area One" for more information.

Builder Contract

The Developer has entered into a Purchase and Sale Contract dated February 21, 2018, as amended (as amended, the "Builder Contract") with Horton for the sale of 196 of the 301 planned single-family lots in Phases 1 and 2 Sub-Assessment Area One. The Developer granted Horton an option to purchase the remaining 105 lots planned for Phase 2. Horton has made a deposit of $1,178,450, which has been released to Developer, but is subject to refund as provided in the Builder Contract and which deposit is secured by a mortgage on the property. The purchase price for the lots are $42,500 for 25' lots, $53,000 for 40' lots and $72,500 for 50' lots, subject to adjustment as set forth in the Builder Contract. The first closing of 122 lots occurred on February 13, 2019 and the closing on the remaining 74 lots in Phase 1 is expected to occur on August 30, 2019. The Developer expects for Horton to exercise its option on the Phase 2 lots prior to land development in Phase 2 commencing in late July 2019.

Lot Prices and Residential Product Offerings

The following table reflects the Developer's current expectations for the residential product types to be constructed in the Development, along with the number of developable units, expected lot prices per developed lots and estimated average home prices, all of which are subject to change.

Product Type	Estimated Beds/Baths	Estimated Square Footage	Estimated Starting Lot Prices*	Estimated Starting Home Prices
Active Adult 25' Lots	2/2	1,600	$42,500	$215,000
Active Adult 40' Lots	3/2	1,600	$53,000	$250,000
Active Adult 50' Lots	3/2	2,300	$72,500	$265,000

* Pursuant to Builder Contract.

Zoning, Development Approvals and Permits

The District Lands are zoned Planned Unit Development ("PUD") and are subject to the Avalon Grove PUD, which was initially enacted by the County on January 24, 2012 as Ordinance No. 2012-10, as rescinded and replaced by PUD Ordinance No. 2016-20, enacted by the County Commissioners of the County on May 17, 2016. The District Engineer and the Developer have confirmed that all permits necessary for the development of Phase 1 and 2 Sub-Assessment Area One have already been obtained or will be obtained following the customary and normal permitting process.

Environmental

A Phase 1/II Environmental Site Assessment (the "ESA") was performed on the District Lands on January 15, 2016 for the Master Developer. The ESA identified several potential "recognized environmental conditions" during the review of previous environmental investigations. These potentially impacted areas were tested for soil and groundwater impacts from petroleum projects and agricultural chemicals as appropriate. Based on the testing results, all tested contaminants were either undetected or well within appropriate soil and groundwater cleanup standards and no additional environmental investigations were recommended by the ESA on the District Lands.

In addition, a Phase 1 Environmental Site Assessment (the "Builder ESA") was performed on approximately 251 acres within Assessment Area One of the District, including, without limitation, the lands in Phases 1 and 2 Sub-Assessment Area One, on April 28, 2017 for the Builder. The Builder ESA identified no evidence of on-site or off-site recognized environmental conditions. See "BONDOWNERS' RISKS – Regulatory and Environmental Risks" herein for more information regarding potential environmental risks.

Amenities

It is anticipated that the Developer will construct a separate private amenity for the residents of Assessment Area One, which includes Phases 1 and 2 Sub-Assessment Area One, consisting of an approximately 6,500 square foot clubhouse, pool, fitness center, walking trails and associated facilities (collectively, the "Amenities"). Construction of the Amenities began in the first calendar quarter of 2019 and be completed in the fourth calendar quarter of 2019.

Utilities

Utilities Inc. will provide water and sewer for the Development. SECO Energy will provide electrical service to the Development.

Taxes, Fees and Assessments

The Series 2019 Bonds are payable from and secured by a pledge of the Phase 1 and 2 Pledged Revenues, which consist primarily of the Phase 1 and 2 Special Assessments. The Phase 1 and 2 Special Assessments are initially being levied on the 196 platted lots in Phase 1 of Sub-Assessment Area One and on an equal acreage basis on the approximately 35.152 gross acres of lands in Phase 2 of Sub-Assessment Area One that are planned for 105 single family lots. Such lands are also subject to the Special Assessments levied in connection with the issuance of the Series 2017 Assessment Area One Bonds. As the remaining properties are developed and platted, the Phase 1 and 2 Special Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology. Upon development and platting of the planned 301 lots, the proposed annual Phase 1 and 2 Special Assessments to be levied and allocated to developed and platted units to pay debt service on the Series 2019 Bonds and the total Series 2019 Bonds par per unit are as follows, per product type:

Lot Type	Number of Lots	Phase 1 and 2 Special Assessments**	Series 2017 (Assessment Area One) Assessments**	Total Debt Special Assessments**	Series 2019 Bonds Par Per Unit*	Series 2017 (Assessment Area One) Bonds Par Per Unit	Total Bonds Par Per Unit*
25 SF	68	$700	$294	$994	$10,465	$4,164	$14,629
40 SF	89	$700	$294	$994	$10,465	$4,164	$14,629

50 SF	144	$700	$294	$994	$10,465	$4,164	$14,629
Total	301						

* Preliminary, subject to change.
** Annual amounts of Special Assessments listed above do not include a gross up for fees of the Property Appraiser and Tax Collector when collected via the Uniform Method or the statutory early payment discount.

The District is levying assessments to cover its administrative and operation costs for the fiscal year ending September 30, 2019 that are approximately $647.60 per residential unit annually, which amounts are subject to change. In addition, residents will be required to pay homeowners' association fees to the applicable homeowners' association which are currently estimated to average $1,280.00 per residential lot annually, which amounts are subject to change. The land within the District has been and is expected to continue to be subject to taxes and assessments imposed by taxing authorities other than the District. The total millage rate in the District is currently approximately 14.4238 mills. These taxes would be payable in addition to the Phase 1 and 2 Special Assessments and any other assessments levied by the District. In addition, exclusive of voter approved millages levied for general obligation bonds, as to which no limit applies, the County and the School District of Lake County, Florida may each levy ad valorem taxes upon the land in the District. The District has no control over the level of ad valorem taxes and/or special assessments levied by other taxing authorities. It is possible that in future years taxes levied by these other entities could be substantially higher than in the current year.

Education

School age residents of the District are expected to attend Sawgrass Bay Elementary School, Windy Hill Middle School and East Ridge High School, which are located approximately 1 mile, 10 miles and 12 miles away from the District, respectively, and received grades of C, B and C, respectively, from the State of Florida in 2016 (the most recent year for which grades are available). The Lake County School Board may change school boundaries from time to time, and there is no requirement that students residing in the Development be permitted to attend the schools which are closest to the Development.

Competition

The Development is expected to compete with a number of new and ongoing residential projects in the eastern portion of the County and the western portion of Orange County. In particular, Phases 1 and 2 Sub-Assessment Area One is expected to compete with Groveland (located approximately ten miles away where Shea Homes is the builder), Esplanade at Highland Ranch (located approximately 16 miles away where Taylor Morrison is the builder) and Del Webb Orlando (located approximately 19 miles away where Pulte is the builder). The information under this heading does not purport to summarize all of the existing or planned communities in the area of the Development, but rather provide a description of those that the Developer feel pose primary competition to the Development.

Developer Agreements

As previously noted, the Developer will enter into a completion agreement that will obligate the Developer to either fund or complete any portions of the Phases 1 and 2 Sub-Assessment Area One Project not funded with proceeds of the Series 2019 Bonds. In addition, the Developer will execute and deliver to the District a Collateral Assignment and Assumption of Development Rights (the "Collateral Assignment"), pursuant to which the Developer will collaterally assign to the District, to the extent assignable and to the extent that they are solely owned or controlled by the Developer, development rights relating to the Phases 1 and 2 Sub-Assessment Area One Project and the development of Phases 1 and 2

Sub-Assessment Area One. That said, the Master Developer previously granted similar rights ("Prior Collateral Assignment") in connection with the issuance of the Series 2017 Bonds, and such rights under such Prior Collateral Assignment are superior to and may take priority over the rights granted under the Collateral Assignment. Notwithstanding such Collateral Assignment, in the event the District forecloses on the lands subject to the Phase 1 and 2 Special Assessments as a result of a Developer's or subsequent landowners' failure to pay such assessments, there is a risk that the District will not have all permits and entitlements necessary to complete the Phases 1 and 2 Sub-Assessment Area One Project or the development of Phases 1 and 2 Sub-Assessment Area One. Finally, the Developer will also enter into a True-Up Agreement in connection with its obligations to pay true-up payments in the event that debt levels remaining on unplatted lands in Phases 1 and 2 Sub-Assessment Area One increase above the maximum debt levels set forth in the Assessment Methodology. See "APPENDIX D: ASSESSMENT METHODOLOGY" herein for additional information regarding the "true-up mechanism." Such obligations of the Developer are unsecured obligations. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Development of, or the Construction of Homes within, Phases 1 and 2 Sub-Assessment Area One" and "THE DEVELOPER AND THE BUILDER" herein for more information regarding the Developer.

THE DEVELOPER AND THE BUILDER

Forestar (USA) Real Estate Group Inc., a Delaware corporation (the "Developer"), is a wholly-owned subsidiary of Forestar Group Inc. ("Forestar"). Forestar is a residential and real estate development company, where it owns, directly or through joint ventures, interests in residential and mixed-use projects. As of the date hereof, Forestar is a majority-owned subsidiary of D.R. Horton, Inc. ("Horton" or the "Builder").

Both Forestar's (under the symbol FOR), and Horton's (under the symbol DHI), common stock trades on the New York Stock Exchange. Forestar and Horton are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the "SEC"). Such filings, particularly Forestar's and Horton's annual and quarterly reports filed on Form 10-K and Form 10-Q, set forth certain data relative to the consolidated results of operations and financial position of Horton, Forestar, and their subsidiaries as of such date. The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Forestar and Horton. The address of such Internet web site is www.sec.gov. All documents subsequently filed by Forestar or Horton pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in such manner as the SEC prescribes.

Neither the Developer, the Builder nor any of the other entities listed above are guaranteeing payment of the Series 2019 Bonds or the Phase 1 and 2 Special Assessments. None of the entities listed herein, other than the Developer and the Builder, has entered into any agreements in connection with the issuance of the Series 2019 Bonds.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the District must continue to meet after the issuance of the Series 2019 Bonds in order that the interest on the Series 2019 Bonds be and remain excludable from gross income for federal income tax purposes. The District's failure to meet these requirements may cause the interest on the Series 2019 Bonds to be

included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2019 Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2019 Bonds is excludable from gross income of the holders thereof for federal income tax purposes. Interest on the Series 2019 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the Series 2019 Bonds and the income thereon are not subject to taxation under the laws of the State, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors as to the status of interest on the Series 2019 Bonds under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Series 2019 Bonds will be based on and will assume the accuracy of certain representations and certifications of the District and the Developer, and compliance with certain covenants of the District to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2019 Bonds will be and will remain obligations, the interest on which is excludable from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations. Bond Counsel will express no opinion as to any other consequences regarding the Series 2019 Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Series 2019 Bonds, or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Series 2019 Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2019 Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the Series 2019 Bonds, (iii) the inclusion of the interest on the Series 2019 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Series 2019 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on the Series 2019 Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the IRS or the courts; rather, such opinion represents Bond Counsel's professional judgment

based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

[Original Issue Premium and Discount]

Certain of the Series 2019 Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Certain of the Series 2019 Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

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

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2019 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2019 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2019 Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2019 Bonds and proceeds from the sale of Series 2019 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2019 Bonds. This withholding generally applies if the owner of Series 2019 Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in

the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the Series 2019 Bonds, adversely affect the market price or marketability of the Series 2019 Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2019 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2019 BONDS.

AGREEMENT BY THE STATE

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the Series 2019 Bonds, that it will not limit or alter the rights of the District to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects subject to the Act or to levy and collect taxes, assessments, rentals, rates, fees, and other charges provided for in the Act and to fulfill the terms of any agreement made with the holders of such bonds and that it will not in any way impair the rights or remedies of such holders.

LEGALITY FOR INVESTMENT

The Act provides that the Series 2019 Bonds are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State of Florida, and constitute securities which may be deposited by banks or trust companies as security for deposits of state, county, municipal or other public funds, or by insurance companies as required or voluntary statutory deposits.

SUITABILITY FOR INVESTMENT

In accordance with applicable provisions of Florida law, the Series 2019 Bonds may initially be sold by the District only to "accredited investors" within the meaning of Chapter 517, Florida Statutes and the rules promulgated thereunder. The limitation of the initial offering to accredited investors does not denote restrictions on transfer in any secondary market for the Series 2019 Bonds. Investment in the Series 2019 Bonds poses certain economic risks. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other

information or representations must not be relied upon as having been authorized by either of the foregoing.

ENFORCEABILITY OF REMEDIES

The remedies available to the Owners of the Series 2019 Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Series 2019 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds will be qualified as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LITIGATION

The District

There is no litigation of any nature now pending or, to the knowledge of the District threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Bonds, or in any way contesting or affecting (i) the validity of the Series 2019 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, (ii) the pledge or application of any moneys or security provided for the payment of the Series 2019 Bonds, (iii) the existence or powers of the District or (iv) the validity of the Assessment Proceedings.

The Developer

The Developer has represented that there is no litigation of any nature now pending or, to the knowledge of the Developer, threatened, which could reasonably be expected to have a material and adverse effect upon the completion of the Phases 1 and 2 Sub-Assessment Area One Project or the development of the lands in Phases 1 and 2 Sub-Assessment Area One as described herein, materially and adversely affect the ability of the Developer to pay the Phase 1 and 2 Special Assessments imposed against the land within the District owned by the Developer or materially and adversely affect the ability of the Developer to perform its various obligations described in this Limited Offering Memorandum.

The Builder

The Builder has represented that there is no litigation of any nature now pending or, to the knowledge of the Builder, threatened, which could reasonably be expected to materially and adversely affect the ability of the Builder to pay the Phase 1 and 2 Special Assessments imposed against the land within the District owned by the Builder or materially and adversely affect the ability of the Builder to perform its various obligations described in this Limited Offering Memorandum.

CONTINGENT FEES

The District has retained Bond Counsel, District Counsel, the District Engineer, the Methodology Consultant, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Series 2019 Bonds. Except for the payment of fees to the District Counsel, District Engineer and the Methodology Consultant, the payment of fees of the other professionals is each contingent upon the issuance of the Series 2019 Bonds.

NO RATING

No application for a rating for the Series 2019 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2019 Bonds would have been obtained if application had been made.

EXPERTS

The Engineer's Report attached as APPENDIX C to this Limited Offering Memorandum has been prepared by Heidt Design, Tampa, Florida, the District Engineer. APPENDIX C should be read in its entirety for complete information with respect to the subjects discussed therein. Development Planning & Financing Group, Inc., Maitland, Florida, as Methodology Consultant, has prepared the Assessment Methodology set forth as APPENDIX D attached hereto. APPENDIX D should be read in its entirety for complete information with respect to the subjects discussed therein. As a condition to closing on the Series 2019 Bonds, both the District Engineer and the Methodology Consultant will consent to the inclusion of their reports in this Limited Offering Memorandum.

FINANCIAL INFORMATION

This District will covenant in a Continuing Disclosure Agreement, the proposed form of which is set forth in APPENDIX F hereto, to provide its annual audited financial statements to certain information repositories as described in APPENDIX F, commencing with the audit for the District fiscal year ending September 30, 2019. Attached hereto as APPENDIX E is a copy of the District's audited financial statements for the District's fiscal year ended September 30, 2018 as well as the District's unaudited monthly financial statements for the period ended [_____, 20___]. Such financial statements, including the auditor's report included within the audited financial statements, have been included in this Limited Offering Memorandum as public documents and consent from the auditor was not requested. Further, the auditors have not performed any services related to, and therefore are not associated with, the preparation of this Limited Offering Memorandum. The Series 2019 Bonds are not general obligation bonds of the District and are payable solely from the Series 2019 Pledged Revenues.

Beginning October 1, 2015, or by the end of the first full fiscal year after its creation, each community development district in Florida must have a separate website with certain information as set forth in Section 189.069, F.S., including, without limitation, the district's proposed and final budgets and audit. Additional information regarding the District's website is available from the District Manager at the address set forth under "THE DISTRICT – The District Manager and Other Consultants."

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder 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 (including bonds or other debt obligations for which it has served only as a conduit issuer such as industrial development or private activity bonds issued on behalf of private business). The District is not and has never been in default as to principal or interest on its bonds or other debt obligations since December 31, 1975.

CONTINUING DISCLOSURE

The District, the Developer and the Builder will enter into the Continuing Disclosure Agreement (the "Disclosure Agreement") in the proposed form of APPENDIX F, for the benefit of the Series 2019

Bondholders (including owners of beneficial interests in such Series 2019 Bonds), to provide certain financial information and operating data relating to the District and the Development by certain dates prescribed in the Disclosure Agreement (the "Reports") with the MSRB through the MSRB's EMMA system. The specific nature of the information to be contained in the Reports is set forth in "APPENDIX F: PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT." Under certain circumstances, the failure of the District, the Developer or the Builder to comply with their respective obligations under the Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement would allow the Series 2019 Bondholders (including owners of beneficial interests in such Series 2019), as applicable, to bring an action for specific performance.

The District has previously entered into a continuing disclosure undertaking pursuant to Rule 15c2-12, promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), with respect to its Series 2017 Bonds. A review of filings made pursuant to such prior undertaking indicates that the District has not materially failed to comply with its requirements thereunder within the last five years. The Developer and the Builder have previously entered into continuing disclosure undertakings pursuant to the Rule in connection with other special districts. A review of filings made pursuant to such prior undertakings indicates that certain filings required to be made by the Developer and the Builder were not timely filed and that notice of such late filings was not provided. The District, the Developer and the Builder will appoint DPFG Management & Consulting, LLC as the dissemination agent in the Disclosure Agreement and fully anticipate satisfying all future disclosure obligations required pursuant to their continuing disclosure undertakings and the Rule.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Series 2019 Bonds from the District at a purchase price of $_____ (par amount of the Series 2019 Bonds, less [an original issue discount of $_____ and] an Underwriter's discount of $_____). The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all of the Series 2019 Bonds if any Series 2019 Bonds of such Series are purchased.

The Underwriter intends to offer the Series 2019 Bonds to accredited investors at the offering prices set forth on the inside cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Series 2019 Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

VALIDATION

Bonds issued pursuant to the terms of the Master Indenture have been validated by a judgment of the Circuit Court of the Fifth Judicial Circuit Court of Florida in and for Lake County, Florida, rendered on June 22, 2016. The period of time during which an appeal can be taken has expired with no appeal being filed.

LEGAL MATTERS

Certain legal matters related to the authorization, sale and delivery of the Series 2019 Bonds are subject to the approval of Greenberg Traurig, P.A., West Palm Beach, Florida, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, GrayRobinson, P.A. Tampa, Florida. Certain legal matters will be passed upon for the District by its counsel, Hopping Green & Sams P.A.,

Tallahassee, Florida. Certain legal matters will be passed upon for the Developer by its counsel, Lowndes, Drosdick, Doster, Kantor & Reed, P.A., Orlando, Florida.

Bond Counsel's opinions included herein are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of delivery of the Series 2019 Bonds. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

MISCELLANEOUS

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

The references herein to the Series 2019 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Limited Offering Memorandum is submitted in connection with the limited offering of the Series 2019 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Limited Offering Memorandum is not to be construed as a contract with the purchaser or the Beneficial Owners of any of the Series 2019 Bonds.

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AUTHORIZATION AND APPROVAL

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

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

By: _____
Chairperson, Board of Supervisors

APPENDIX A

COPY OF MASTER INDENTURE AND PROPOSED FORM OF FOURTH SUPPLEMENTAL INDENTURE

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX C

ENGINEER'S REPORT

APPENDIX D

ASSESSMENT METHODOLOGY

APPENDIX E

DISTRICT'S FINANCIAL STATEMENTS

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated as of _____, 2019, is executed and delivered by the Avalon Groves Community Development District (the "Issuer" or the "District"), Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer"), D. R. Horton, Inc., a Delaware corporation ("the "Builder") and DPFG Management & Consulting, LLC, as dissemination agent (together with its successors and assigns, the "Dissemination Agent") in connection with Issuer's Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project) (the "Bonds"). The Bonds are secured pursuant to a Master Trust Indenture dated as of March 1, 2017 (the "Master Indenture"), as amended and supplemented, by a Fourth Supplemental Trust Indenture dated as of July 1, 2019 (the "Fourth Supplemental Indenture" and, together with the Master Indenture, the "Indentures"), each entered into by and between the Issuer and Regions Bank, a state banking corporation duly organized and existing under the laws of the State of Alabama and having a designated corporate trust office in Jacksonville, Florida, as trustee (the "Trustee"). The Issuer, the Developer, the Builder and the Dissemination Agent covenant and agree as follows:

1. **Purpose of this Disclosure Agreement**. This Disclosure Agreement is being executed and delivered by the Issuer, the Developer, the Builder and the Dissemination Agent for the benefit of the Beneficial Owners (as defined herein) of the Bonds and to assist the Participating Underwriter (as defined herein) of the Bonds in complying with the Rule (as defined herein). The Issuer has no reason to believe that this Disclosure Agreement does not satisfy the requirements of the Rule and the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the Issuer or other Obligated Person to provide additional information, the Issuer and each Obligated Person agree to promptly provide such additional information.

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indentures with respect to reports, filings and notifications provided for therein, and do not in any way relieve the Issuer, the Trustee or any other person of any covenant, agreement or obligation under the Indentures (or remove any of the benefits thereof) nor shall anything herein prohibit the Issuer, the Trustee or any other person from making any reports, filings or notifications required by the Indentures or any applicable law.

2. **Definitions**. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indentures. The following capitalized terms as used in this Disclosure Agreement shall have the following meanings:

"Annual Filing Date" means the date set forth in Section 3(a) hereof by which the Annual Report is to be filed with each Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i)(A) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

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

"Assessment Area" shall mean the Phases 1 and 2 Sub-Assessment Area One, as such is defined in the Limited Offering Memorandum.

"Assessments" shall mean the non-ad valorem Phase 1 and 2 Special Assessments (as defined in the Limited Offering Memorandum) pledged to the payment of the Bonds pursuant to the Fourth Supplemental Indenture.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Audited Financial Statements Filing Date" means the date set forth in Section 3(a) hereof by which the Audited Financial Statements are to be filed with each Repository if the same are not included as part of the Annual Report.

"Beneficial Owner" shall mean any person which, (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" means any day other than (a) a Saturday, Sunday or a day on which banks located in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business, and (b) a day on which the New York Stock Exchange is closed.

"Disclosure Representative" shall mean (i) as to the Issuer, the District Manager or its designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing information to the Dissemination Agent; and (ii) as to each entity comprising an Obligated Person (other than the Issuer), the individuals executing this Disclosure Agreement on behalf of such entity or such person(s) as such entity shall designate in writing to the Dissemination Agent from time to time as the person(s) responsible for providing information to the Dissemination Agent.

"Dissemination Agent" shall mean the Issuer or an entity appointed by the Issuer to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 8 hereof. DPFG Management & Consulting, LLC, has been designated as the initial Dissemination Agent hereunder.

"District Manager" shall mean DPFG Management & Consulting, LLC, and its successors and assigns.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures located at http://emma.msrb.org/.

"EMMA Compliant Format" shall mean a format for any document provided to the MSRB (as hereinafter defined) which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

"Limited Offering Memorandum" shall mean that Limited Offering Memorandum dated _____, 2019, prepared in connection with the issuance of the Bonds.

"Listed Event" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Obligated Person(s)" shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), which person(s) shall include the Issuer, and for the purposes of this Disclosure Agreement, the Developer and the Builder and their respective affiliates for so long as the Developer, the Builder or their respective affiliates, successors or assigns (excluding residential homebuyers who are end users) are the owners of District Lands responsible for payment of at least 20% of the Assessments.

"Participating Underwriter" shall mean FMSbonds, Inc.

"Quarterly Filing Date" shall mean for the quarter ending: (i) March 31, each May 1; (ii) June 30, each August 1; (iii) September 30, each November 1; and (iv) December 31, each February 1 of the following year. The first Quarterly Filing Date shall be February 1, 2020.

"Quarterly Report" shall mean any Quarterly Report provided by any Obligated Person (other than the Issuer) pursuant to, and as described in, Section 5 of this Disclosure Agreement.

"Repository" shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC's website at http://www.sec.gov/info/municipal/nrmsir.htm. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal. As used herein, "Repository" shall include the State Repository, if any.

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

"SEC" means the Securities and Exchange Commission.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule.

3. **Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than one hundred eighty (180) days after the close of the Issuer's Fiscal Year (the "Annual Filing Date"), commencing with the Annual Report for the Fiscal Year ending September 30, 2019. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; *provided that* the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report, and may be submitted in accordance with State law, which currently requires such Audited Financial Statements to be provided up to, but no later than, nine (9) months after the close of the Issuer's Fiscal Year (the "Audited Financial Statements Filing Date"). The Issuer shall, or shall cause the Dissemination Agent to, provide to the Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty (30) days after same becomes available, but in no event later than the Annual Filing Date or Audited Financial Statements Filing Date, as applicable. If the Issuer's Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 6.

(b) If on the fifteenth (15^{th}) day prior to each Annual Filing Date or the Audited Financial Statements Filing Date, as applicable, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be via email) to remind the Issuer of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report or the Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the times required under this Disclosure Agreement, state the date by which the Annual Report or the Audited Financial Statements for such year, as applicable, will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 6(a)(xvii) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1^{st}) Business Day following the Annual Filing Date for the Annual Report or

the Audited Financial Statements by 12:00 noon on the first (1st) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 6(a)(xvii) shall have occurred and the Dissemination Agent shall immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Filing Date the name, address and filing requirements of the Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the Issuer stating that the Annual Report or Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all Repositories with which it was filed.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

4. **Content of Annual Reports**.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the following:

(i) The amount of the Assessments levied in the Assessment Area for the most recent prior Fiscal Year.

(ii) The amount of the Assessments collected in the Assessment Area from the property owners during the most recent prior Fiscal Year.

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

(iv) If available, the amount of tax certificates sold for lands within the Assessment Area, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for the Bonds.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest to be paid on the Bonds in the current Fiscal Year.

(viii) The most recent Audited Financial Statements of the Issuer.

(ix) In the event of any amendment or waiver of a provision of this Disclosure Agreement, a description of such amendment or waiver in the next Annual Report, and in each case shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the Audited Financial Statements referred to in subsection (viii) above, they do not have to be separately set forth (unless Audited Financial Statements are being delivered more than 180 days after the close of the Issuer's Fiscal Year pursuant to Section 3(a) hereof). Any or all of the items listed above may be incorporated by reference from other documents, including limited offering memorandums and official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a final limited offering memorandum or official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(b) The Issuer and each Obligated Person agree to supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The Issuer acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the Issuer, Obligated Persons and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the Issuer, an Obligated Person or others as thereafter disseminated by the Dissemination Agent.

(c) Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

5. **Quarterly Reports.**

(a) Each Obligated Person (other than the Issuer), or the Developer or the Builder on behalf of any other Obligated Person that fails to execute an Assignment (as hereinafter defined), shall provide an electronic copy of the Quarterly Report to the Dissemination Agent no later than fifteen (15) days prior to the Quarterly Filing Date. Promptly upon receipt of an electronic copy of the Quarterly Report, but in any event within ten (10) days after receipt thereof, the Dissemination Agent shall provide a Quarterly Report to the Repository.

(b) Each Quarterly Report shall contain an update of the following information with respect to such Obligated Person for the Bonds, to the extent available:

(i) The number and type of lots in the Assessment Area subject to the Assessments.

(ii) The number and type of lots owned in the Assessment Area by the Obligated Person.

(iii) The number and type of lots platted in the Assessment Area.

(iv) The number and type of homes under contract with homebuilders in the Assessment Area, if applicable.

(v) The number and type of homes under contract with homebuyers in the Assessment Area.

(vi) The number and type of homes closed with homebuyers (delivered to end users) in the Assessment Area.

(vii) Any change to the number or type of lots planned to be developed in the Assessment Area by the Obligated Person.

(viii) Materially adverse changes or determinations to permits/approvals for the development of the Assessment Area which necessitate changes to the land use plans of any Obligated Person.

(ix) The occurrence of any new or modified mortgage debt on the land owned by the Obligated Person in the Assessment Area, including the amount, interest rate and terms of repayment.

(c) If an Obligated Person sells, assigns or otherwise transfers ownership of real property in the Assessment Area (a "Transferor Obligated Person") to a third party (a "Transferee"), which will in turn be an Obligated Person for purposes of this Disclosure Agreement as a result thereof (a "Transfer"), the Transferor Obligated Person hereby agrees to use its best efforts to contractually obligate such Transferee to agree to comply with the disclosure obligations of an Obligated Person hereunder for so long as such Transferee is an Obligated Person hereunder, to the same extent as if such Transferee were a party to this Disclosure Agreement (an "Assignment"). The Transferor Obligated Person shall notify the District and the Dissemination Agent in writing of any Transfer within five (5) Business Days of the occurrence thereof. Nothing herein shall be construed to relieve the Developer or the Builder from their respective obligations hereunder except to the extent a written Assignment from a Transferee is obtained and delivered to the Dissemination Agent and then only to the extent of such Assignment.

(d) If the Dissemination Agent has not received a Quarterly Report from each Obligated Person that contains, at a minimum, the information in Section 5(b) of this Disclosure Agreement by 12:00 noon on the first (1st) Business Day following each Quarterly Filing Date, a

Listed Event described in Section 6(a)(xvii) shall have occurred and the District and each Obligated Person hereby direct the Dissemination Agent to send a notice to the Repository in substantially the form attached as Exhibit A, with a copy to the District. The Dissemination Agent shall file such notice no later than thirty (30) days following the applicable Quarterly Filing Date.

6. **Reporting of Significant Events.**

(a) This Section 6 shall govern the giving of notices of the occurrence of any of the following events:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on the Debt Service Reserve Fund reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;∗

(v) Substitution of credit or liquidity providers, or their failure to perform;*

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of Bond holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;*

(xii) Bankruptcy, insolvency, receivership or similar event of the Issuer or any Obligated Person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer or any Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer or any Obligated Person, or if such jurisdiction has been

∗ The Bonds are not rated or enhanced.

assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or any Obligated Person);

(xiii) Consummation of a merger, consolidation, or acquisition involving the Issuer or any Obligated Person or the sale of all or substantially all of the assets of the Issuer or any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material;

(xv) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties; and

(xvii) Failure to provide (A) any Annual Report or Audited Financial Statements as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 4(a) of this Disclosure Agreement, or (B) any Quarterly Report that contains, in all material respects, the information required to be included therein under Section 5(b) of this Disclosure Agreement, which failure shall, in all cases, be deemed material under federal securities laws.

(b) The Issuer shall, in a timely manner not in excess of ten (10) Business Days after its occurrence, notify the Dissemination Agent in writing of the occurrence of a Listed Event. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below. Such notice shall identify the Listed Event that has occurred, include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10th) Business Day after the occurrence of the Listed Event).

(c) Each Obligated Person with respect to the Bonds shall notify the Issuer of the occurrence of a Listed Event described in subsections (a)(x), (xii), (xiii), (xv) or (xvi) above as to such Obligated Person within five (5) Business Days after the occurrence of the Listed Event so as to enable the Issuer to comply with its obligations under this Section 6.

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with each Repository.

(e) The Developer and the Builder each hereby represent and warrant that, except as may be disclosed in the Preliminary Limited Offering Memorandum, they have not previously failed to comply with any continuing disclosure obligations as required in a continuing disclosure agreement entered into in connection with a prior offering of securities in order to enable the underwriter of said securities to comply with the provisions of the Rule.

7. **Termination of Disclosure Agreement**. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

8. **Dissemination Agent**. Upon termination of the Dissemination Agent's services as Dissemination Agent, whether by notice of the Issuer or the Dissemination Agent, the Issuer agrees to appoint a successor Dissemination Agent or, alternatively, agrees to assume all responsibilities of Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. If at any time there is not any other designated Dissemination Agent, the District shall be deemed to be the Dissemination Agent. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Dissemination Agent hereunder. The initial Dissemination Agent shall be DPFG Management & Consulting, LLC. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of DPFG Management & Consulting, LLC. DPFG Management & Consulting, LLC may terminate its role as Dissemination Agent at any time upon delivery of thirty (30) days prior written notice to the District and each Obligated Person.

9. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment and/or waiver in the next Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change in accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Notwithstanding the above provisions of this Section 9, no amendment to the provisions of Section 5(b) hereof may be made without the consent of each Obligated Person, if any.

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

11. **Default**. In the event of a failure of the Issuer, the Disclosure Representative, any Obligated Person or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Beneficial Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any beneficial owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Disclosure Representative, any Obligated Person or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by any Obligated Person shall not be deemed a default by the Issuer hereunder and no default hereunder shall be deemed an Event of Default under the Indentures, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Disclosure Representative, any Obligated Person, or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

12. **Duties of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement between the District, the Developer, the Builder and such Dissemination Agent. The Dissemination Agent shall have no obligation to notify any other party hereto of an event that may constitute a Listed Event. The District, each Obligated Person and the Disclosure Representative covenant that they will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District, the Developer, the Builder and the Disclosure Representative acknowledge and agree that the information to be collected and disseminated by the Dissemination Agent will be provided by the District, Obligated Person(s), the Disclosure Representative and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District, any Obligated Person or the Disclosure Representative as thereafter disseminated by the Dissemination Agent. Any filings under this Disclosure Agreement made to the MSRB through EMMA shall be in an EMMA compliant format.

13. **Beneficiaries**. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Developer, the Builder, the Dissemination Agent, the Trustee, the Participating

Underwriter and the Owners of the Bonds (the Dissemination Agent, Participating Underwriter and Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), and shall create no rights in any other person or entity.

14. **Tax Roll and Budget**. Upon the request of the Dissemination Agent, the Trustee or any Bondholder, the Issuer, through its District Manager, if applicable, agrees to provide such party with a certified copy of its most recent tax roll provided to the Lake County Tax Collector and the Issuer's most recent adopted budget.

15. **Governing Law**. The laws of the State of Florida and Federal law shall govern this Disclosure Agreement and venue shall be any state or federal court having jurisdiction in Lake County, Florida.

16. **Counterparts**. This Disclosure Agreement may be executed in several counterparts and by PDF signature and all of which shall constitute but one and the same instrument.

17. **Trustee Cooperation.** The Issuer represents that the Dissemination Agent is a bona fide agent of the Issuer and the Issuer instructs the Trustee to deliver to the Dissemination Agent at the expense of the Issuer, any information or reports the Dissemination Agent requests in writing.

18. **Binding Effect.** This Disclosure Agreement shall be binding upon each party to this Disclosure Agreement and upon each successor and assignee of each party to this Disclosure Agreement and shall inure to the benefit of, and be enforceable by, each party to this Disclosure Agreement and each successor and assignee of each party to this Disclosure Agreement. Notwithstanding the foregoing, as to the Developer and the Builder or any assignees or successors thereto that becomes an Obligated Person pursuant to the terms of this Disclosure Agreement, only successor or assignees to such parties who are, by definition, Obligated Persons, shall be bound or benefited by this Disclosure Agreement.

[Signature Page Follows]

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

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, AS ISSUER

[SEAL]

By: _____
Chairperson, Board of Supervisors

ATTEST:

By: _____
Assistant Secretary

FORESTAR (USA) REAL ESTATE GROUP, INC., A DELAWARE CORPORATION, AS DEVELOPER

By:_____
Name:
Its:

D. R. HORTIN, INC., A DELAWARE CORPORATION, AS BUILDER

By:_____
Name:
Its:

DPFG MANAGEMENT & CONSULTING, LLC, AS DISSEMINATION AGENT

By: _____
Name: _____
Title: _____

CONSENTED TO AND AGREED TO BY:

DISTRICT MANAGER

DPFG MANAGEMENT & CONSULTING, LLC, AS DISTRICT MANAGER

By: _____
Name: _____
Title: _____

Acknowledged and agreed to for purposes of Sections 11, 13 and 17 only:

REGIONS BANK, AS TRUSTEE

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE [ANNUAL REPORT] [AUDITED FINANCIAL STATEMENTS][QUARTERLY REPORT]

Name of Issuer: Avalon Groves Community Development District

Name of Bond Issue: $_____ original aggregate principal amount of Special Assessment Bonds, Series 2019 (Phase 1 and 2 Sub-Assessment Area One Project)

Obligated Person(s): Avalon Groves Community Development District; [_____]

Original Date of Issuance: _____, 2019

CUSIP Numbers: _____

NOTICE IS HEREBY GIVEN that the [Issuer][Obligated Person] has not provided an [Annual Report] [Audited Financial Statements] [Quarterly Report] with respect to the above-named Bonds as required by [Section 3] [Section 5] of the Continuing Disclosure Agreement dated _____, 2019 by and between the Issuer, the Developer and the Dissemination Agent named therein. The [Issuer][Obligated Person] has advised the undersigned that it anticipates that the [Annual Report] [Audited Financial Statements] [Quarterly Report] will be filed by _____, 20____.

Dated: _____

_____, as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Issuer
Trustee

EXHIBIT D

FORM OF FOURTH SUPPLEMENTAL TRUST INDENTURE

41441096v4/166843.010200

EXHIBIT 8

FOURTH SUPPLEMENTAL TRUST INDENTURE

BETWEEN

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

AND

REGIONS BANK

as Trustee

Dated as of July 1, 2019

Authorizing and Securing
$_____
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2019
(PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT)

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THIS FOURTH SUPPLEMENTAL TRUST INDENTURE (the "Fourth Supplemental Indenture"), dated as of July 1, 2019 between the AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT (together with its successors and assigns, the "Issuer"), a local unit of special-purpose government organized and existing under the laws of the State of Florida, and REGIONS BANK, an Alabama banking corporation duly organized and existing under the laws of the State of Alabama and having a designated corporate trust office in Jacksonville, Florida, as trustee (said banking corporation and any other bank or trust company becoming successor trustee under this Fourth Supplemental Indenture being hereinafter referred to as the "Trustee");

W I T N E S S E T H:

WHEREAS, the Issuer is a local unit of special purpose government duly organized and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act"), by Ordinance No. 2016-16 enacted by the Board of County Commissioners of Lake County, Florida (the "County"), on April 19, 2016, effective on April 27, 2016 (the "Ordinance"); and

WHEREAS, the premises governed by the Issuer, as described more fully in the Ordinance, consisting of approximately 972 acres of land (herein, the "District Lands" or "District"), are located entirely within the unincorporated area of the County; and

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

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

WHEREAS, the Issuer has previously adopted Resolution No. 2016-21 on April 28, 2016 (the "Original Authorizing Resolution"), authorizing the issuance of not to exceed $70,000,000 in aggregate principal amount of its special assessment bonds (the "Bonds") to finance all or a portion of the design, acquisition and construction costs of certain improvements pursuant to the Act for the special benefit of the District Lands or portions thereof and approving the form of and authorizing the execution and delivery of a master trust indenture; and

WHEREAS, the Issuer has determined to create three (3) separate and distinct assessment areas within the District, namely "Assessment Area One," "Assessment Area Two" and "Assessment Area Three"; and

WHEREAS, the Series 2019 Bonds (as herein defined) will be issued pursuant to that certain Master Trust Indenture dated as of March 1, 2017 by and between the Issuer and the Trustee (the "Master Indenture") and this Fourth Supplemental Indenture to finance all or a portion of the public parcel infrastructure for Phases 1 and 2 to be built for the benefit of certain assessable lands within the Phases 1 and 2 Sub-Assessment Area One (which comprises a portion of Assessment Area One) as referred to on Exhibit A attached hereto (herein the "Phases 1 and 2 Sub-Assessment Area One Project"); and

WHEREAS, Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer") is the developer of a portion of a residential community to be located within a portion of Assessment Area One of the District and will construct all of the public infrastructure necessary to serve such portion of the residential community which will be built in two (2) phases and which Phases 1 and 2 Sub-Assessment Area One Project will be purchased by the Issuer with a portion of the proceeds of the herein described Series 2019 Bonds; and

WHEREAS, the Issuer has determined to issue a Series of Bonds, designated as the Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project) (the "Series 2019 Bonds"), pursuant to the Master Indenture and this Fourth Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture"); and

WHEREAS, in the manner provided herein, the proceeds of the Series 2019 Bonds will be used to provide funds for (i) the Costs of acquiring all or a portion of the Phases 1 and 2 Sub-Assessment Area One Project, (ii) the funding of the Series 2019 Reserve Account, (iii) funding Capitalized Interest on Series 2019 Bonds through at least November 1, 2019, and (iv) the payment of the costs of issuance of the Series 2019 Bonds; and

WHEREAS, the Series 2019 Bonds will be secured by a pledge of the Phase 1 and 2 Pledged Revenues (as hereinafter defined) to the extent provided herein.

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2019 Bonds, the security and payment of the principal or redemption price thereof (as the case may be) and interest thereon, the rights of the Bondholders and the performance and observance of all of the covenants contained herein and in said Series 2019 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2019 Bonds by the Owners thereof, from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the Issuer does hereby assign, transfer, set over and pledge to Regions Bank, as Trustee, its successors in trust and its assigns forever, and grants a lien on all of the right, title and interest of the Issuer in and to the Phase 1 and 2 Pledged Revenues as security for the payment of the principal, redemption or purchase price of (as the case may be) and interest on the Series 2019 Bonds issued hereunder, all in the manner hereinafter provided, and the Issuer further hereby agrees with and covenants unto the Trustee as follows:

TO HAVE AND TO HOLD the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien created by the Indenture with respect to the Series 2019 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2019 Bonds issued and to be issued under this Fourth Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this Fourth Supplemental Indenture) of any one Series 2019 Bond over any other Series 2019 Bond, all as provided in the Indenture.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal or redemption price of the Series 2019 Bonds issued, secured and Outstanding hereunder and the interest due or to become due thereon, at the times and in the manner mentioned in such Series 2019 Bonds and the Indenture, according to the true intent and meaning thereof and hereof, and the Issuer shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Fourth Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Fourth Supplemental Indenture to be and remain in full force and effect.

ARTICLE I
DEFINITIONS

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

"Acquisition Agreement" shall mean that certain Acquisition and Completion Agreement relating to the acquisition of the Phases 1 and 2 Sub-Assessment Area One Project, by and between the Developer and the Issuer.

"Arbitrage Certificate" shall mean that certain Arbitrage Certificate, including arbitrage rebate covenants, of the Issuer, dated the date of delivery of the Series 2019 Bonds, relating to certain restrictions on arbitrage under the Code with respect to the Bonds.

"Assessment Resolutions" shall mean Resolution No. 2017-01, Resolution No. 2017-02, Resolution No. 2017-08 and Resolution No. 2017-14 of the Issuer adopted on October 27, 2016, October 27, 2016, December 22, 2016 and March 31, 2017, respectively, as amended and supplemented from time to time.

"Authorized Denomination" shall mean, with respect to the Series 2019 Bonds, on the date of issuance, denominations of $5,000 and any integral multiple thereof provided, however, if any initial beneficial owner does not purchase at least $100,000 of the Series 2019 Bonds at the time of initial delivery of the Series 2019 Bonds, such beneficial owner must either execute and deliver to the Underwriter on the date of delivery of the Series 2019 Bonds the investor letter substantially in the form attached hereto as Exhibit D or otherwise establish to the satisfaction of the Underwriter that such Beneficial Owner is an "accredited investor," as described in Rule 501(a) under Regulation D of the Securities Act of 1933, as amended.

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

"Capitalized Interest" shall mean interest due or to become due on the Series 2019 Bonds which will be paid, or is expected to be paid, from the proceeds of the Series 2019 Bonds.

"Collateral Assignment" shall mean that certain instrument executed by the Developer in favor of the Issuer whereby certain of the material documents necessary to complete the portion of the Phases 1 and 2 Sub-Assessment Area One Project to be financed with the proceeds of the Series 2019 Bonds are collaterally assigned as security for the Developer's obligation to pay the Phase 1 and 2 Special Assessments imposed against lands within the Phases 1 and 2 Sub-Assessment Area One owned by the Developer from time to time.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2019 Bonds, dated the date of delivery of the Series 2019 Bonds, by and among the Issuer, the dissemination agent named therein, the Developer and joined by the parties named therein, in connection with the issuance of the Series 2019 Bonds.

"District Manager" shall mean DPFG Management and Consulting, LLC, and its successors and assigns.

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

"Interest Payment Date" shall mean May 1 and November 1 of each year, commencing November 1, 2019, any Quarterly Redemption Date and any other date the principal of the Series 2019 Bonds is paid.

"Majority Holders" means the Beneficial Owners of more than fifty percent (50%) of the Outstanding Series 2019 Bonds.

"Master Indenture" shall mean the Master Trust Indenture, dated as of March 1, 2017, by and between the Issuer and the Trustee, as supplemented and amended with respect to matters pertaining solely to the Master Indenture or the Series 2019 Bonds (as opposed to supplements or amendments relating to any Series of Bonds other than the Series 2019 Bonds as specifically defined in this Fourth Supplemental Indenture).

"Paying Agent" shall mean Regions Bank, and its successors and assigns as Paying Agent hereunder.

"Phase 1 and 2 Pledged Revenues" shall mean (a) all revenues received by the Issuer from the Phase 1 and 2 Special Assessments levied and collected on the assessable lands within Phases 1 and 2 Sub-Assessment Area One of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Phase 1 and 2 Special Assessments or from the issuance and sale of tax certificates with respect to such Phase 1 and 2 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Indenture created and established with respect to or for the benefit of the Series 2019 Bonds; provided, however, that Phase 1 and 2 Pledged Revenues shall not include (A) any moneys transferred to the Series 2019 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2019 Costs of Issuance Account of the Acquisition and Construction Fund, and (C) "special assessments" levied and collected by the Issuer under Section 190.022 of the Act for maintenance purposes or "maintenance assessments" levied and collected by the Issuer under Section 190.021(3) of the Act (it being expressly understood that

the lien and pledge of the Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso).

"Phase 1 and 2 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within the Phases 1 and 2 Sub-Assessment Area One within the District as a result of the Issuer's acquisition and/or construction of the Phases 1 and 2 Sub-Assessment Area One Project, corresponding in amount to the debt service on the Series 2019 Bonds and designated as such in the methodology report relating thereto.

"Phases 1 and 2 Sub-Assessment Area One" shall mean the area within Assessment Area One of the District described on Exhibit E attached hereto that the Issuer will levy the Phase 1 and 2 Special Assessments.

"Prepayment" shall mean the payment by any owner of property of the amount of the Phase 1 and 2 Special Assessments encumbering its property, in whole or in part, prior to its scheduled due date, including optional prepayments. The term "Prepayment" also means any proceeds received as a result of accelerating and/or foreclosing the Phase 1 and 2 Special Assessments. "Prepayments" shall include, without limitation, Series 2019 Prepayment Principal.

"Quarterly Redemption Dates" shall mean February 1, May 1, August 1, and November 1 of any year.

"Redemption Price" shall mean the principal amount of any Series 2019 Bond payable upon redemption thereof pursuant to this Fourth Supplemental Indenture.

"Registrar" shall mean Regions Bank and its successors and assigns as Registrar hereunder.

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

"Resolution" shall mean, collectively, (i) Resolution No. 2016-21 of the Issuer adopted on April 28, 2016, pursuant to which the Issuer authorized the issuance of not exceeding $70,000,000 aggregate principal amount of its Bonds to finance the construction or acquisition of public infrastructure within the District, and (ii) Resolution No. 2019-04 of the Issuer adopted on June 27, 2019, pursuant to which the Issuer authorized, among other things, the issuance of the Series 2019 Bonds in an aggregate principal amount of not exceeding $4,500,000 to finance the acquisition of all or a portion of the Phases 1 and 2 Sub-Assessment Area One Project, specifying the details of the Series 2019 Bonds and awarding the Series 2019 Bonds to the Underwriter pursuant to parameters established therein.

"Series 2019 Acquisition and Construction Account" shall mean the Account so designated, established as a separate Account within the Acquisition and Construction Fund pursuant to Section 4.01(a) of this Fourth Supplemental Indenture.

"Series 2019 Bond Redemption Account" shall mean the Series 2019 Bond Redemption Account established as a separate Account within the Bond Redemption Fund pursuant to Section 4.01(g) of this Fourth Supplemental Indenture.

"Series 2019 Bonds" shall mean the $_____ aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project), to be issued as fully registered Bonds in accordance with the provisions of the Master Indenture and this Fourth Supplemental Indenture, and secured and authorized by the Master Indenture and this Fourth Supplemental Indenture.

"Series 2019 Capitalized Interest Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund, pursuant to Section 4.01(d) of the Fourth Supplemental Indenture.

"Series 2019 Costs of Issuance Account" shall mean the Account so designated, established as a separate Account within the Acquisition and Construction Fund pursuant to Section 4.01(a) of this Fourth Supplemental Indenture.

"Series 2019 General Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2019 Bond Redemption Account pursuant to Section 4.01(g) of this Fourth Supplemental Indenture.

"Series 2019 Interest Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(d) of this Fourth Supplemental Indenture.

"Series 2019 Optional Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2019 Bond Redemption Account pursuant to Section 4.01(g) of this Fourth Supplemental Indenture.

"Series 2019 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of the Phase 1 and 2 Special Assessments being prepaid pursuant to Section 4.05 of this Fourth Supplemental Indenture or as a result of an acceleration of the Phase 1 and 2 Special Assessments pursuant to Section 170.10, Florida Statutes, if such Phase 1 and 2 Special Assessments are being collected through a direct billing method.

"Series 2019 Prepayment Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2019 Bond Redemption Account pursuant to Section 4.01(g) of this Fourth Supplemental Indenture.

"Series 2019 Principal Account" shall mean the account so designated, established as a separate account within the Debt Service Fund pursuant to Section 4.01(c) of this Fourth Supplemental Indenture.

"Series 2019 Rebate Fund" shall mean the Fund so designated, established pursuant to Section 4.01(j) of this Fourth Supplemental Indenture.

"Series 2019 Reserve Account" shall mean the Series 2019 Reserve Account established as a separate Account within the Debt Service Reserve Fund pursuant to Section 4.01(f) of this Fourth Supplemental Indenture.

"Series 2019 Reserve Requirement" or "Reserve Requirement" shall mean an amount equal to fifty percent (50%) of the maximum annual debt service with respect to the initial principal amount of the Series 2019 Bonds. Any amount in the Series 2019 Reserve Account may, upon final maturity or redemption of all Outstanding Series 2019 Bonds be used to pay principal of and interest on the Series 2019 Bonds at that time. The Series 2019 Reserve Requirement shall be equal to $_____.

"Series 2019 Revenue Account" shall mean the Account so designated, established as a separate Account within the Revenue Fund pursuant to Section 4.01(b) of this Fourth Supplemental Indenture.

"Series 2019 Sinking Fund Account" shall mean the Account so designated, established as a separate Account within the Debt Service Fund pursuant to Section 4.01(e) of this Fourth Supplemental Indenture.

"Underwriter" shall mean FMSbonds, Inc., the underwriter of the Series 2019 Bonds.

The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the form of Series 2019 Bonds), refer to the entire Indenture.

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

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

[END OF ARTICLE I]

ARTICLE II
THE SERIES 2019 BONDS

SECTION 2.01. Amounts and Terms of Series 2019 Bonds; Issue of Series 2019 Bonds. No Series 2019 Bonds may be issued under this Fourth Supplemental Indenture except in accordance with the provisions of this Article and Articles II and III of the Master Indenture.

(a) The total principal amount of Series 2019 Bonds that may be issued under this Fourth Supplemental Indenture is expressly limited to $_____. The Series 2019 Bonds shall be numbered consecutively from R-1 and upwards.

(b) Any and all Series 2019 Bonds shall be issued substantially in the form attached hereto as Exhibit B, with such appropriate variations, omissions and insertions as are permitted or required by the Indenture and with such additional changes as may be necessary or appropriate to conform to the provisions of the Resolution. The Issuer shall issue the Series 2019 Bonds upon execution of this Fourth Supplemental Indenture and satisfaction of the requirements of Section 3.01 of the Master Indenture; and the Trustee shall, at the Issuer's request, authenticate such Series 2019 Bonds and deliver them as specified in the request to the Underwriter.

SECTION 2.02. Execution. The Series 2019 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2019 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2019 Bond shall be valid until the certificate of authentication shall have been duly executed by the Trustee, as provided in the Master Indenture.

SECTION 2.04. Purpose, Designation and Denominations of, and Interest Accruals on, the Series 2019 Bonds.

(a) The Series 2019 Bonds are being issued hereunder in order to provide funds (i) for the payment of the Costs of acquiring or constructing all or a portion of the Phases 1 and 2 Sub-Assessment Area One Project, (ii) fund the Series 2019 Reserve Account in an amount equal to the Series 2019 Reserve Requirement; (iii) pay Capitalized Interest through at least November 1, 2019; and (iv) to pay the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds shall be designated "Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project)," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2019 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2019 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2019 Bonds shall be payable from the most recent Interest Payment Date next preceding the date of authentication thereof to which interest has been paid, unless the date of authentication thereof is a May 1 or November 1 to which interest has been paid, in which case from such date of authentication, or unless the date of authentication thereof is prior to November 1, 2019, in which case from the date of initial delivery or unless the date of authentication thereof is between a Record Date and the next succeeding Interest Payment Date, in which case from such Interest Payment Date.

(c) Except as otherwise provided in Section 2.07 of this Fourth Supplemental Indenture in connection with a book entry only system of registration of the Series 2019 Bonds, the principal or Redemption Price of the Series 2019 Bonds shall be payable in lawful money of the United States of America at the designated corporate trust office of the Paying Agent upon presentation of such Series 2019 Bonds. Except as otherwise provided in Section 2.07 of this Fourth Supplemental Indenture in connection with a book entry only system of registration of the Series 2019 Bonds, the payment of interest on the Series 2019 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2019 Bonds by check or draft drawn on the Paying Agent and mailed on the applicable Interest Payment Date to each Owner as such Owner appears on the Bond Register maintained by the Registrar as of the close of business on the Regular Record Date, at his address as it appears on the Bond Register. Any interest on any Series 2019 Bond which is payable, but is not punctually paid or provided for on any Interest Payment Date (hereinafter called "Defaulted Interest") shall be paid to the Owner in whose name the Series 2019 Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee, such date to be not more than fifteen (15) nor less than ten (10) days prior to the date of proposed payment. The Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class, postage-prepaid, to each Owner of record as of the fifth (5th) day prior to such mailing, at his address as it appears in the Bond Register not less than ten (10) days prior to such Special Record Date. The foregoing notwithstanding, any Owner of Series 2019 Bonds in an aggregate principal amount of at least $1,000,000 shall be entitled to have interest paid by wire transfer to such Owner to the bank account number on file with the Paying Agent, upon requesting the same in a writing received by the Paying Agent at least fifteen (15) days prior to the relevant Record Date, which writing shall specify the bank, which shall be a bank within the continental United States, and bank account number to which interest payments are to be wired. Any such request for interest payments by wire transfer shall remain in effect until rescinded or changed, in a writing delivered by the Owner to the Paying Agent, and any such rescission or change of wire transfer instructions must be received by the Paying Agent at least fifteen (15) days prior to the relevant Record Date.

SECTION 2.05. Debt Service on the Series 2019 Bonds.

(a) The Series 2019 Bonds will mature on November 1 in the years and in the principal amounts, and bear interest at the rates all set forth below, subject to the right of prior redemption in accordance with their terms.

Year	**Amount**	**Interest Rate**

*Term Bonds

(b) Interest on the Series 2019 Bonds will be computed in all cases on the basis of a 360 day year of twelve 30 day months. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the numerical rate of interest borne by the Series 2019 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2019 Bond Proceeds. From the net proceeds of the Series 2019 Bonds received by the Trustee in the amount of $_____.

(a) $_____ derived from the net proceeds of the Series 2019 Bonds (which is an amount equal to the Series 2019 Reserve Requirement) shall be deposited in the Series 2019 Reserve Account of the Debt Service Reserve Fund;

(b) $_____ derived from the net proceeds of the Series 2019 Bonds shall be deposited in the Series 2019 Capitalized Interest Account of the Debt Service Fund;

(c) $_____ derived from the net proceeds of the Series 2019 Bonds shall be deposited into the Series 2019 Costs of Issuance Account of the Acquisition and Construction Fund for payment of the costs of issuing the Series 2019 Bonds; and

(d) $_____ representing the balance of the net proceeds of the Series 2019 Bonds shall be deposited in the Series 2019 Acquisition and Construction Account of the Acquisition and Construction Fund which the Issuer shall cause to be applied in accordance with Article V of the Master Indenture and the terms of the Acquisition Agreement.

SECTION 2.07. Book-Entry Form of Series 2019 Bonds. The Series 2019 Bonds shall be issued as one fully registered bond for each maturity of Series 2019 Bonds and deposited with The Depository Trust Company ("DTC"), New York, New York, which is responsible for establishing and maintaining records of ownership for its participants.

As long as the Series 2019 Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof and in the Master Indenture. DTC shall be responsible for maintaining a book-entry-only system for recording the ownership interest of its participants ("DTC Participants") and other institutions that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The DTC Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Series 2019 Bonds ("Beneficial Owners").

Principal and interest on the Series 2019 Bonds registered in the name of Cede & Co. prior to and at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to DTC Participants shall be the responsibility of DTC. Payments by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants and not of DTC, the Trustee or the Issuer.

Individuals may purchase beneficial interests in Authorized Denominations in book-entry-only form, without certificated Series 2019 Bonds, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2019 Bonds, any notices to be provided to any Beneficial Owner will be provided to Cede & Co. DTC shall be responsible for notices to DTC Participants and DTC Participants shall be responsible for

notices to Indirect Participants, and DTC Participants and Indirect Participants shall be responsible for notices to Beneficial Owners.

The Issuer and the Trustee, if appropriate, shall enter into a blanket letter of representations with DTC providing for such book-entry-only system. Such agreement may be terminated at any time by either DTC or the Issuer in accordance with the procedures of DTC. In the event of such termination, the Issuer shall select another securities depository and in that event, all references herein to DTC or Cede & Co., shall be deemed to be for reference to such successor. If the Issuer does not replace DTC, the Trustee will register and deliver to the Beneficial Owners replacement Series 2019 Bonds in the form of fully registered Series 2019 Bonds in accordance with the instructions from Cede & Co.

In the event DTC, any successor of DTC or the Issuer, but only in accordance with the procedures of DTC, elects to discontinue the book-entry only system, the Trustee shall deliver bond certificates in accordance with the instructions from DTC or its successor and after such time Series 2019 Bonds may be exchanged for an equal aggregate principal amount of Series 2019 Bonds in other Authorized Denominations upon surrender thereof at the designated corporate trust office of the Trustee.

SECTION 2.08. Appointment of Registrar and Paying Agent. The Issuer shall keep, at the designated corporate trust office of the Registrar, books (the "Bond Register") for the registration, transfer and exchange of the Series 2019 Bonds, and hereby appoints Regions Bank, as its Registrar to keep such books and make such registrations, transfers, and exchanges as required hereby. Regions Bank hereby accepts its appointment as Registrar and its duties and responsibilities as Registrar hereunder. Registrations, transfers and exchanges shall be without charge to the Bondholder requesting such registration, transfer or exchange, but such Bondholder shall pay any taxes or other governmental charges on all registrations, transfers and exchanges.

The Issuer hereby appoints Regions Bank as Paying Agent for the Series 2019 Bonds. Regions Bank hereby accepts its appointment as Paying Agent and its duties and responsibilities as Paying Agent hereunder.

SECTION 2.09. Conditions Precedent to Issuance of the Series 2019 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2019 Bonds, all the Series 2019 Bonds shall be executed by the Issuer for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Issuer or upon its order, but only upon the further receipt by the Trustee of:

(a) Certified copies of the Assessment Resolutions;

(b) Executed originals of the Master Indenture and this Fourth Supplemental Indenture;

(c) An opinion of Counsel to the District substantially to the effect that (i) the Issuer has been duly established and validly exists as a community development district under the Act, (ii) the Issuer has good right and lawful authority under the Act to construct or purchase the Phases 1 and 2 Sub-Assessment Area One Project being financed with the proceeds of the Series 2019 Bonds, subject to obtaining such licenses, orders or other authorizations as are, at the

date of such opinion, required to be obtained from any agency or regulatory body having lawful jurisdiction in order to own and operate the Phases 1 and 2 Sub-Assessment Area One Project, (iii) all proceedings undertaken by the Issuer with respect to the Phase 1 and 2 Special Assessments have been in accordance with Florida law, (iv) the Issuer has taken all action necessary to levy and impose the Phase 1 and 2 Special Assessments, and (v) the Phase 1 and 2 Special Assessments are legal, valid and binding liens upon the property against which such Phase 1 and 2 Special Assessments are made, coequal with the lien of all state, county, district and municipal taxes, superior in dignity to all other liens, titles and claims, until paid;

(d) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2019 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this Fourth Supplemental Indenture; and

(e) A copy of the Collateral Assignment.

Payment to the Trustee of the net purchase price from the sale of the Series 2019 Bonds shall constitute conclusive evidence upon which the Trustee is entitled to rely that the conditions to authenticate the Series 2019 Bonds have been met to the satisfaction of the Issuer and the Underwriter.

[END OF ARTICLE II]

ARTICLE III
REDEMPTION OF SERIES 2019 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2019 Bonds shall be subject to redemption at the times and in the manner provided in Article VIII of the Master Indenture and in this Article III. All payments of the Redemption Price of the Series 2019 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2019 Bonds are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall select the Series 2019 Bonds or portions of the Series 2019 Bonds to be redeemed randomly. Partial redemptions of Series 2019 Bonds shall be made in such a manner that the remaining Series 2019 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2019 Bond.

The Series 2019 Bonds are subject to redemption prior to maturity in the amounts, at the times and in the manner provided below. All payments of the Redemption Price of the Series 2019 Bonds shall be made on the dates specified below. Upon any redemption of Series 2019 Bonds other than in accordance with scheduled mandatory sinking fund redemptions, the Issuer shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of Series 2019 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2019 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2019 Bonds in any year. In the event of a redemption or purchase occurring less than forty-five (45) days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

(a) Optional Redemption. The Series 2019 Bonds may, at the option of the Issuer, provided written notice hereof has been sent to the Trustee at least forty-five (45) days prior to the redemption date (unless the Trustee will accept less than forty-five (45) days' notice), be called for redemption prior to maturity as a whole or in part, at any time, on or after November 1, 20__ (less than all Series 2019 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Series 2019 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the redemption date from moneys on deposit in the Series 2019 Optional Redemption Subaccount of the Series 2019 Bond Redemption Account.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2019 Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole or in part, on any date (other than in the case of clause (i) below which extraordinary mandatory redemption in part must occur on a Quarterly Redemption Date), at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2019 Prepayment Principal deposited into the Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account following the

payment in whole or in part of Phase 1 and 2 Special Assessments on any assessable property within the District in accordance with the provisions of Section 4.05(a) of this Fourth Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2019 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2019 Rebate Fund and the Series 2019 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2019 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2019 Acquisition and Construction Account not otherwise reserved to complete the Phases 1 and 2 Sub-Assessment Area One Project and which have been transferred to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account.

(c) Mandatory Sinking Fund Redemption. The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	**Mandatory Sinking Fund Redemption Amount**

_____

*Maturity

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	**Mandatory Sinking Fund Redemption Amount**

Year	Mandatory Sinking Fund Redemption Amount

_____
*Maturity

Upon any redemption of Series 2019 Bonds other than in accordance with scheduled mandatory sinking fund redemptions, the Issuer shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of Series 2019 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2019 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2019 Bonds in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

SECTION 3.02. Notice of Redemption. When required to redeem Series 2019 Bonds under any provision of this Fourth Supplemental Indenture or directed to redeem Series 2019 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2019 Bonds to be redeemed, notice of the redemption, as set forth in Article VIII of the Master Indenture.

[END OF ARTICLE III]

ARTICLE IV
ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS; ADDITIONAL COVENANTS OF THE ISSUER; PREPAYMENTS; REMOVAL OF SERIES 2019 SPECIAL ASSESSMENT LIENS

SECTION 4.01. Establishment of Certain Funds and Accounts.

(a) The Trustee shall establish a separate account within the Acquisition and Construction Fund designated as the "Series 2019 Acquisition and Construction Account." Proceeds of the Series 2019 Bonds shall be deposited into the Series 2019 Acquisition and Construction Account in the amount set forth in Section 2.06 of this Fourth Supplemental Indenture, together with any moneys transferred to the Series 2019 Acquisition and Construction Account, and such moneys in the Series 2019 Acquisition and Construction Account shall be applied as set forth in Section 5.01 of the Master Indenture. After the Completion Date, any moneys remaining in the Series 2019 Acquisition and Construction Account after payment of all costs of the Phases 1 and 2 Sub-Assessment Area One Project, as evidenced in writing from the Issuer or from the District Manager, on behalf of the Issuer to the Trustee, shall be transferred to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account and the Series 2019 Acquisition and Construction Account shall be closed. Upon presentment to the Trustee of a properly signed requisition in substantially the form attached hereto as Exhibit C upon which the Trustee may conclusively rely, the Trustee shall withdraw moneys from the Series 2019 Acquisition and Construction Account. The Trustee shall not pay any requisition submitted if an Event of Default as to which the Trustee is deemed to have actual knowledge under the Indenture has occurred and is continuing unless directed in writing by the Majority Holders. Pursuant to the Master Indenture, the Trustee shall establish a separate account within the Acquisition and Construction Fund designated as the "Series 2019 Costs of Issuance Account." Proceeds of the Series 2019 Bonds shall be deposited into the Series 2019 Costs of Issuance Account in the amount set forth in Section 2.06 of this Fourth Supplemental Indenture. Upon presentment to the Trustee of a properly signed requisition in substantially the form attached hereto as Exhibit C upon which the Trustee may conclusively rely, the Trustee shall withdraw moneys from the Series 2019 Costs of Issuance Account to pay the costs of issuing the Series 2019 Bonds. Six months after the issuance of the Series 2019 Bonds, any moneys remaining in the Series 2019 Costs of Issuance Account in excess of the actual costs of issuing the Series 2019 Bonds requested to be disbursed by the Issuer shall be deposited into the Series 2019 Interest Account and the Series 2019 Costs of Issuance Account shall be closed. Any deficiency in the amount allocated to pay the cost of issuing the Series 2019 Bonds shall be paid from excess Phase 1 and 2 Pledged Revenues on deposit in the Series 2019 Revenue Account.

(b) Pursuant to Section 6.03 of the Master Indenture, the Trustee shall establish a separate Account within the Revenue Fund designated as the "Series 2019 Revenue Account." The Phase 1 and 2 Special Assessments (except for Prepayments of Phase 1 and 2 Special Assessments which shall be identified as such by the Issuer to the Trustee and deposited in the Series 2019 Prepayment Subaccount) shall be deposited by the Trustee into the Series 2019 Revenue Account which shall be applied as set forth in Section 6.03 of the Master Indenture and Section 4.02 of this Fourth Supplemental Indenture.

(c) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Fund designated as the "Series 2019

Principal Account." Moneys shall be deposited into the Series 2019 Principal Account as provided in Section 6.04 of the Master Indenture and Section 4.02 of this Fourth Supplemental Indenture, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish two separate Accounts within the Debt Service Fund designated as the "Series 2019 Interest Account" and the Series 2019 Capitalized Interest Account. Moneys deposited into the Series 2019 Interest Account pursuant to Section 6.04 of the Master Indenture and Section 4.02 of this Fourth Supplemental Indenture and into the Series 2019 Capitalized Interest Account pursuant to Section 2.06 of this Fourth Supplemental Indenture, shall be applied for the purposes provided therein.

(e) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish another separate Account within the Debt Service Fund designated as the "Series 2019 Sinking Fund Account." Moneys shall be deposited into the Series 2019 Sinking Fund Account as provided in Section 6.04 of the Master Indenture and applied for the purposes provided therein and in Section 3.01(c) of this Fourth Supplemental Indenture.

(f) Pursuant to Section 6.05 of the Master Indenture, the Trustee shall establish a separate Account within the Debt Service Reserve Fund designated as the "Series 2019 Reserve Account." Proceeds of the Series 2019 Bonds shall be deposited into the Series 2019 Reserve Account in the amount set forth in Section 2.06 of this Fourth Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2019 Reserve Account shall be applied for the purposes provided therein and in this Section 4.01(f) of this Fourth Supplemental Indenture.

On each March 15 and September 15 (or, if such date is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the Series 2019 Reserve Account and transfer any excess therein above the Reserve Requirement for the Series 2019 Bonds caused by investment earnings to the Series 2019 Acquisition and Construction Account and after the Completion Date to the Series 2019 Revenue Account in accordance with 4.02 hereof.

Notwithstanding any of the foregoing, amounts on deposit in the Series 2019 Reserve Account shall be transferred by the Trustee, in the amounts directed in writing by the Majority Holders of the Series 2019 Bonds to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account, if as a result of the application of Article X of the Master Indenture, the proceeds received from lands sold subject to the Phase 1 and 2 Special Assessments and applied to redeem a portion of the Series 2019 Bonds is less than the principal amount of Series 2019 Bonds indebtedness attributable to such lands.

(g) Pursuant to Section 6.06 of the Master Indenture, the Trustee shall establish a separate Series Bond Redemption Account within the Bond Redemption Fund designated as the "Series 2019 Bond Redemption Account" and within such Account, a "Series 2019 General Redemption Subaccount," a "Series 2019 Optional Redemption Subaccount," and a "Series 2019 Prepayment Subaccount." Except as otherwise provided in this Fourth Supplemental Indenture regarding Prepayments or in connection with the optional redemption of the Series 2019 Bonds, moneys to be deposited into the Series 2019 Bond Redemption Account

as provided in Section 6.06 of the Master Indenture, shall be deposited to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account.

(h) Moneys that are deposited into the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account (including all earnings on investments held therein) shall be used to call Series 2019 Bonds for the extraordinary mandatory redemption in whole, pursuant to Section 3.01(b)(ii) hereof or in part pursuant to Section 3.01(b)(iii) hereof.

(i) Moneys in the Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account (including all earnings on investments held in such Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account) shall be accumulated therein to be used to call for redemption pursuant to Section 3.01(b)(i) hereof an amount of Series 2019 Bonds, subject to rounding to the nearest Authorized Denomination, equal to the amount of money transferred to the Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account for the purpose of such extraordinary mandatory redemption on the dates and at the price provided in such Section 3.01(b)(i) hereof.

(j) The Issuer hereby directs the Trustee to establish a Series 2019 Rebate Fund designated as the "Series 2019 Rebate Fund." Moneys shall be deposited into the Series 2019 Rebate Fund, as provided in the Arbitrage Certificate and applied for the purposes provided therein.

(k) Any moneys on deposit in the Series 2019 Optional Redemption Subaccount shall be used to optionally redeem all or a portion of the Series 2019 Bonds pursuant to Section 3.01(a) hereof.

SECTION 4.02. Series 2019 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2019 Revenue Account to the Funds and Accounts designated below, the following amounts, at the following times and in the following order of priority:

FIRST, upon receipt but no later than the Business Day next preceding each November 1 commencing November 1, 2019, to the Series 2019 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2019 Bonds becoming due on the next succeeding November 1, less any amounts on deposit in the Series 2019 Interest Account and Series 2019 Capitalized Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each May 1 commencing May 1, 2020, to the Series 2019 Interest Account of the Debt Service Fund, an amount equal to the interest on the Series 2019 Bonds becoming due on the next succeeding May 1, less any amount on deposit in the Series 2019 Interest Account and Series 2019 Capitalized Interest Account not previously credited;

THIRD, no later than the Business Day next preceding each November 1, commencing November 1, 2020, to the Series 2019 Sinking Fund Account of the Debt Service Fund, an amount equal to the principal amount of Series 2019 Bonds subject to sinking fund redemption on such November 1, less any amount on deposit in the Series 2019 Sinking Fund Account not previously credited;

FOURTH, no later than the Business Day next preceding the November 1, which is a principal payment date for any Series 2019 Bonds, to the Series 2019 Principal Account of the Debt Service Fund, an amount equal to the principal amount of Series 2019 Bonds Outstanding maturing on such November 1, less any amounts on deposit in the Series 2019 Principal Account not previously credited;

FIFTH, notwithstanding the foregoing, at any time the Series 2019 Bonds are subject to redemption on a date which is not a May 1 or November 1 Interest Payment Date, the Trustee shall be authorized to transfer to the Series 2019 Interest Account, the amount necessary to pay interest on the Series 2019 Bonds subject to redemption on such date; and

SIXTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2019 Bonds remain Outstanding, to the Series 2019 Reserve Account, an amount equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Series 2019 Bonds; and

SEVENTH, subject to the foregoing paragraphs, the balance of any moneys remaining after making the foregoing deposits shall be first deposited into the Series 2019 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2019 Bonds and next, any balance in the Series 2019 Revenue Account shall remain on deposit in such Series 2019 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the Series 2019 Rebate Fund, in which case, the Issuer shall direct the Trustee to make such deposit thereto.

Notwithstanding that the Issuer has funded the Series 2019 Capitalized Interest Account to pay interest on the Series 2019 Bonds through at least November 1, 2019, moneys on deposit in the Series 2019 Capitalized Interest Account, including all investment earnings thereon, shall remain on deposit in such Account and be used by the Trustee to pay interest on the Series 2019 Bonds on any subsequent Interest Payment Date if moneys remain after November 1, 2019. When such Account has been depleted of all funds, the Trustee shall be authorized to close such Account.

SECTION 4.03. Power to Issue Series 2019 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2019 Bonds, to execute and deliver the Indenture and to pledge the Phase 1 and 2 Pledged Revenues for the benefit of the Series 2019 Bonds to the extent set forth herein. The Phase 1 and 2 Pledged Revenues are not and shall not be subject to any other lien senior to or on a parity with the lien created in favor of the Series 2019 Bonds, except as otherwise permitted under the Master Indenture. The Series 2019 Bonds and the provisions of the Indenture are and will be valid and legally enforceable obligations of the Issuer in accordance with their respective terms. The Issuer shall, at all times, to the extent permitted by law, defend, preserve and protect the pledge created by the Indenture and all the rights of the Owners of the Series 2019 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Phases 1 and 2 Sub-Assessment Area One Project to Conform to Consulting Engineers Report. Upon the issuance of the Series 2019 Bonds, the Issuer will promptly proceed to construct or acquire the Phases 1 and 2 Sub-Assessment Area One Project, as described in Exhibit A hereto and in the Consulting Engineer's Report relating thereto, all pursuant to the terms and provisions of the Acquisition Agreement.

SECTION 4.05. Prepayments; Removal of Series 2019 Special Assessment Liens.

(a) At any time any owner of property subject to the Phase 1 and 2 Special Assessments may, at its option, or as a result of acceleration of the Phase 1 and 2 Special Assessments because of non-payment thereof, or contractually, including true-up payments, shall require the Issuer to reduce or release and extinguish the lien upon its property by virtue of the levy of the Phase 1 and 2 Special Assessments by paying or causing there to be paid, to the Issuer all or a portion of the Phase 1 and 2 Special Assessment, which shall constitute Series 2019 Prepayment Principal, plus, except as provided below, accrued interest to the next succeeding Interest Payment Date (or the first succeeding Interest Payment Date if such Prepayment is made within 45 calendar days before an Interest Payment Date), attributable to the property subject to Phase 1 and 2 Special Assessment owned by such owner.

(b) Upon receipt of Series 2019 Prepayment Principal as described in paragraph (a) above, subject to satisfaction of the conditions set forth therein, the Issuer shall immediately pay the amount so received to the Trustee, and the Issuer shall take such action as is necessary to record in the official records of the Issuer that the Phase 1 and 2 Special Assessment has been paid in whole or in part and that such Phase 1 and 2 Special Assessment lien is thereby reduced, or released and extinguished, as the case may be.

[END OF ARTICLE IV]

ARTICLE V
COVENANTS AND DESIGNATIONS OF THE ISSUER

SECTION 5.01. Collection of Phase 1 and 2 Special Assessments. Pursuant to the terms and provisions of the Master Indenture and except as provided in the next succeeding sentence, the Issuer shall collect the Phase 1 and 2 Special Assessments relating to the acquisition and construction of the Phases 1 and 2 Sub-Assessment Area One Project through the Uniform Method of Collection (the "Uniform Method") afforded by Chapter 197, Florida Statutes unless the Trustee is directed otherwise in writing by the Majority Holders. Pursuant to the terms and provisions of the Master Indenture, the Issuer shall, pursuant to the provisions of the Assessment Resolutions, directly collect the Phase 1 and 2 Special Assessments levied in lieu of the Uniform Method with respect to any assessable lands which have not yet been platted or the timing for using the Uniform Method will not yet allow for using such method, unless the Trustee, at the direction of the Majority Holders, directs the Issuer, in writing, otherwise. In addition, and not in limitation of, the covenants contained elsewhere in this Fourth Supplemental Indenture and in the Master Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the Phase 1 and 2 Special Assessments, and to levy the Phase 1 and 2 Special Assessments in such manner as will generate funds sufficient to pay debt service on the Series 2019 Bonds when due. All Phase 1 and 2 Special Assessments that are collected directly by the Issuer shall be due and payable by the landowner not later than thirty (30) days prior to each Interest Payment Date.

SECTION 5.02. Continuing Disclosure. Contemporaneously with the execution and delivery hereof, the Issuer has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934. The Issuer covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement applicable to it; however, as set forth therein, failure to so comply shall not constitute and Event of Default hereunder, but shall instead be enforceable by mandamus or any other means of specific performance.

SECTION 5.03. Investment of Funds and Accounts. The provisions of Section 7.02 of the Master Indenture shall apply to the investment and reinvestment of moneys in the Series 2019 Accounts and subaccounts therein created hereunder.

SECTION 5.04. Additional Bonds. The Issuer covenants not to issue any other Bonds or other debt obligations secured by Phase 1 and 2 Special Assessments levied against the assessable lands within Phases 1 and 2 Sub-Assessment Area One. Such covenant shall not prohibit the Issuer from issuing refunding bonds.

However, the Issuer may issue other Bonds or other debt obligations for any capital project secured by other Special Assessments levied on the lands within Phases 1 and 2 Sub-Assessment Area One without limit at any time after 100% of the Phase 1 and 2 Special Assessments have been assigned to the residential units within the Phases 1 and 2 Sub-Assessment Area One and all of such units have received certificates of occupancy ("Substantial Absorption"). The Trustee and the Issuer may rely on a certificate from the District Manager as to when Substantial Absorption has been achieved. Notwithstanding any of the foregoing, the Issuer shall not be precluded from imposing Special Assessments or non-ad valorem assessments on lands within the Phases 1 and 2 Sub-Assessment Area within the District and issuing Bonds

or other debt obligations for purposes of remediating any natural disaster, catastrophic damage or failure that has occurred with respect to the Phases 1 and 2 Sub-Assessment Area One Project, or any other capital project, or any component thereof.

SECTION 5.05. Requisite Owners for Direction or Consent. Anything in the Master Indenture to the contrary notwithstanding, any direction or consent or similar provision which requires more than fifty percent (50%) of the Owners, shall in each case be deemed to refer to, and shall mean, the Majority Holders.

SECTION 5.06. Acknowledgement Regarding Series 2019 Acquisition and Construction Account Moneys Following an Event of Default. In accordance with the provisions of the Indenture, upon the occurrence of an Event of Default with respect to the Series 2019 Bonds, the Series 2019 Bonds are payable solely from the Phase 1 and 2 Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding and provided, however, that such actions shall not affect the tax-exempt status of the Bonds, the Issuer hereby acknowledges that, upon the occurrence of an Event of Default with respect to the Series 2019 Bonds, (i) the Phase 1 and 2 Pledged Revenues include, without limitation, all amounts on deposit in the Series 2019 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) the Phase 1 and 2 Pledged Revenues may not be used by the Issuer (whether to pay costs of a portion of the Phases 1 and 2 Sub-Assessment Area One Project or otherwise) without the consent of the Majority Holders, and (iii) the Phase 1 and 2 Pledged Revenues may be used by the Trustee, at the direction or with the approval of the Majority Holders, to pay the reasonable costs and expenses incurred in connection with the pursuit of remedies under the Indenture. Prior to any action by the Trustee under this Section 5.06 or Section 10.05 of the Master Trust Indenture, the Majority Holders shall provide the Trustee an indemnification regarding such actions so directed. The Issuer also acknowledges and agrees that from and after an Event of Default, the Trustee is authorized to exercise the Issuer's rights under the Collateral Assignment at the direction of the Majority Holders but without the consent or approval of the Issuer and the Issuer covenants not to enter into any contract regarding the Phases 1 and 2 Sub-Assessment Area One Project from and after an Event of Default without the written direction of the Majority Holders.

[END OF ARTICLE V]

ARTICLE VI
THE TRUSTEE; THE PAYING AGENT AND REGISTRAR

SECTION 6.01. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created and agrees to perform such trusts upon the terms and conditions set forth in the Indenture. The Trustee agrees to act as Paying Agent and Registrar for the Series 2019 Bonds.

SECTION 6.02. Trustee's Duties. The Trustee shall not be responsible in any manner for the due execution of this Fourth Supplemental Indenture by the Issuer or for the recitals contained herein (except for the certificate of authentication on the Series 2019 Bonds), all of which are made solely by the Issuer. Nothing contained herein shall limit the rights, benefits, privileges, protection and entitlement inuring to the Trustee under the Master Indenture.

[END OF ARTICLE VI]

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 7.01. Interpretation of Fourth Supplemental Indenture. This Fourth Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2019 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Fourth Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Fourth Supplemental Indenture shall be read and construed as one document.

SECTION 7.02. Amendments. Any amendments to this Fourth Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

SECTION 7.03. Counterparts. This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 7.04. Appendices and Exhibits. Any and all schedules, appendices or exhibits referred to in and attached to this Fourth Supplemental Indenture are hereby incorporated herein and made a part of this Fourth Supplemental Indenture for all purposes.

SECTION 7.05. Payment Dates. In any case in which an Interest Payment Date or the maturity date of the Series 2019 Bonds or the date fixed for the redemption of any Series 2019 Bonds shall be other than a Business Day, then payment of interest, principal or Redemption Price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the due date, and no interest on such payment shall accrue for the period after such due date if payment is made on such next succeeding Business Day.

SECTION 7.06. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any Person other than the parties hereto and the Holders of the Series 2019 Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Avalon Groves Community Development District has caused this Fourth Supplemental Trust Indenture to be executed by the Chairperson of its Board of Supervisors and its corporate seal to be hereunto affixed and attested by the Secretary of its Board of Supervisors and Regions Bank has caused this Fourth Supplemental Trust Indenture to be executed by one of its authorized signatories, all as of the day and year first above written.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

[SEAL]

Attest:

By: _____
Name: James P. Harvey
Title: Chairperson, Board of Supervisors

By: _____
Name: Patricia Comings-Thibault
Title: Secretary, Board of Supervisors

REGIONS BANK, as Trustee, Paying Agent and Registrar

By: _____
Name: Janet Ricardo
Title: Vice President and Trust Officer

STATE OF FLORIDA)
) SS:
COUNTY OF HILLSBOROUGH)

On this ____ day of July, 2019, before me, a notary public in and for the State and County aforesaid, personally appeared James P. Harvey and Patricia Comings-Thibault, Chairperson and Secretary, respectively, of Avalon Groves Community Development District (the "Issuer"), who acknowledged that they did so sign the foregoing instrument as such officers, respectively, for and on behalf of said Issuer; that the same is their free act and deed as such officers, respectively, and the free act and deed of said Issuer; and that the seal affixed to said instrument is the seal of said Issuer; that they respectively appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with the seal of said Issuer, for the uses and purposes therein set forth.

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

NOTARY PUBLIC, STATE OF FLORIDA

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

☐ Personally known to me, or
☐ Produced identification:

_____
(Type of Identification Produced)

STATE OF FLORIDA)
) SS:
COUNTY OF DUVAL)

On this ____ day of July, 2019, before me, a notary public in and for the State and County aforesaid, personally appeared Janet Ricardo, a Vice President and Trust Officer of Regions Bank, as trustee (the "Trustee"), who acknowledged that he did so sign said instrument as such officer for and on behalf of the Trustee; that the same is her free act and deed as such officer and the free act and deed of the Trustee; that she appeared before me on this day in person and acknowledged that she, being thereunto duly authorized, signed, for the uses and purposes therein set forth.

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

NOTARY PUBLIC, STATE OF FLORIDA

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

☐ Personally known to me, or
☐ Produced identification:

_____
(Type of Identification Produced)

EXHIBIT A

DESCRIPTION OF PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT

The Phases 1 and 2 Sub-Assessment Area One Project includes the public infrastructure described in the Engineer's Report prepared by Heidt Design, LLC, dated May 31, 2019, as amended and supplemented from time to time.

Stormwater management and control facilities, including, but not limited to, related earthwork and lake excavation;
Land acquisition costs for stormwater ponds;
Irrigation for public property;
Landscaping in public rights-of-way including, but not limited to, entrance features; and
All related soft and incidental costs.

EXHIBIT B

[FORM OF SERIES 2019 BOND]

R-1 **$_____**

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF LAKE
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BOND, SERIES 2019
(PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT)

Interest Rate	Maturity Date	Date of Original Issuance	CUSIP
_____%	November 1, _____	July __, 2019	

Registered Owner:----------Cede & Co.----------

Principal Amount:--

KNOW ALL PERSONS BY THESE PRESENTS that the Avalon Groves Community Development District (the "Issuer"), for value received, hereby promises to pay to the registered owner shown above or registered assigns, on the date specified above, from the sources hereinafter mentioned, upon presentation and surrender hereof (except while the herein defined Series 2019 Bonds are in book-entry only form such presentation shall only be required at final maturity or final payment of the Series 2019 Bonds), at the designated corporate trust office of Regions Bank, as paying agent (said Regions Bank and any successor paying agent being herein called the "Paying Agent"), the Principal Amount set forth above (with interest thereon at the Interest Rate per annum set forth above, computed on 360-day year of 30-day months), said principal payable on the Maturity Date stated above. Principal of this Bond is payable at the designated corporate trust office of Regions Bank, in lawful money of the United States of America. Interest on this Bond is payable by check or draft of the Paying Agent made payable to the registered owner and mailed on each May 1 and November 1, commencing November 1, 2019 to the address of the registered owner as such name and address shall appear on the registry books of the Issuer maintained by Regions Bank, as registrar (said Regions Bank and any successor registrar being herein called the "Registrar") at the close of business on the fifteenth day of the calendar month preceding each interest payment date or the date on which the principal of a Bond is to be paid (the "Record Date"). Such interest shall be payable from the most recent interest payment date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a May 1 or November 1 to which interest has been paid, in which case from the date of authentication hereof, or unless such date of authentication is prior to November 1, 2019, in which case from the date of initial delivery, or unless the date of authentication hereof is between a Record Date and the next succeeding interest payment date, in which case from such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Record Date and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted

interest to be fixed by Regions Bank, as Trustee (said Regions Bank and any successor trustee being herein called the "Trustee"), notice whereof shall be given to Bondholders of record as of the fifth (5th) day prior to such mailing, at their registered addresses, not less than ten (10) days prior to such Special Record Date, or may be paid, at any time in any other lawful manner, as more fully provided in the Indenture (defined below). Any capitalized term used in this Bond and not otherwise defined shall have the meaning ascribed to such term in the Indenture.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY OUT OF THE PHASE 1 AND 2 PLEDGED REVENUES PLEDGED THEREFOR UNDER THE INDENTURE AND NEITHER THE PROPERTY, THE FULL FAITH AND CREDIT, NOR THE TAXING POWER OF THE ISSUER, LAKE COUNTY, FLORIDA (THE "COUNTY"), THE STATE OF FLORIDA (THE "STATE"), OR ANY OTHER POLITICAL SUBDIVISION THEREOF, IS PLEDGED AS SECURITY FOR THE PAYMENT OF THE BONDS, EXCEPT THAT THE ISSUER IS OBLIGATED UNDER THE INDENTURE TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, THE PHASE 1 AND 2 SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE SERIES 2019 BONDS. THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE COUNTY, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION.

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

This Bond is one of an authorized issue of Series 2019 Bonds of the Avalon Groves Community Development District, a community development district duly created, organized and existing under Chapter 190, Florida Statutes (the Uniform Community Development District Act of 1980), as amended (the "Act"), and Ordinance 2017-16 enacted by the Board of County Commissioners of Lake County, Florida on April 19, 2016, effective on April 27, 2016, designated as "Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project)" (the "Bonds" or the "Series 2019 Bonds"), in the aggregate principal amount of _____ MILLION _____ HUNDRED _____ THOUSAND AND 00/100 DOLLARS ($_____.00) of like date, tenor and effect, except as to number, denomination, interest rate and maturity date. The Series 2019 Bonds are being issued under authority of the laws and Constitution of the State of Florida, including particularly the Act, to pay the costs of constructing and/or acquiring a portion of the Phases 1 and 2 Sub-Assessment Area One Project (as defined in the herein referred to Indenture). The Series 2019 Bonds shall be issued as fully registered bonds in authorized denominations, as set forth in the Indenture. The Bonds are issued under and secured by a Master Trust Indenture dated as of March 1, 2017 (the "Master Indenture"), as amended and supplemented by a Fourth Supplemental Trust Indenture dated as of July 1, 2019 (the "Fourth Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each by and between the Issuer and the Trustee, executed counterparts of which are on file at the designated corporate trust office of the Trustee in Jacksonville, Florida.

Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Series 2019 Bonds issued under the Indenture, the operation and application of the Debt Service Fund, the Series 2019 Reserve Account within the Debt Service Reserve Fund and other Funds and Accounts (each as defined in the Indenture) charged with and pledged to the payment of the principal of and the interest on the Series 2019 Bonds, the levy and the evidencing and certifying for collection, of the Phase 1 and 2 Special Assessments, the nature and extent of the security for the Series 2019 Bonds, the terms and conditions on which the Series 2019 Bonds are issued, the rights, duties and obligations of the Issuer and of the Trustee under the Indenture, the conditions under which such Indenture may be amended without the consent of the registered owners of the Series 2019 Bonds, the conditions under which such Indenture may be amended with the consent of the Majority Holders of the Series 2019 Bonds outstanding, and as to other rights and remedies of the registered owners of the Series 2019 Bonds.

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

It is expressly agreed by the owner of this Bond that such owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer, the County, the State or any other political subdivision thereof, or taxation in any form of any real or personal property of the Issuer, the County, the State or any other political subdivision thereof, for the payment of the principal of and interest on this Bond or the making of any other sinking fund and other payments provided for in the Indenture, except for Phase 1 and 2 Special Assessments to be assessed and levied by the Issuer as set forth in the Indenture.

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

This Bond is payable from and secured by the Phase 1 and 2 Pledged Revenues, as such term is defined in the Indenture, all in the manner provided in the Indenture. The Indenture provides for the levy and the evidencing and certifying, of non-ad valorem assessments in the form of the Phase 1 and 2 Special Assessments to secure and pay the Bonds.

The Series 2019 Bonds are subject to redemption prior to maturity in the amounts, at the times and in the manner provided below. All payments of the redemption price of the Series 2019 Bonds shall be made on the dates specified below. Upon any redemption of Series 2019 Bonds other than in accordance with scheduled mandatory sinking fund redemption, the Issuer shall cause to be recalculated and delivered to the Trustee revised mandatory sinking fund redemption amounts recalculated so as to amortize the Outstanding principal amount of Series 2019 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2019 Bonds. The mandatory sinking fund redemption amounts as so recalculated shall not result in an increase in the aggregate of the mandatory sinking fund redemption amounts for all Series 2019 Bonds in any year. In the event of a redemption or purchase occurring less than 45 days prior to a date on which a mandatory sinking fund redemption payment is due, the foregoing

recalculation shall not be made to the mandatory sinking fund redemption amounts due in the year in which such redemption or purchase occurs, but shall be made to the mandatory sinking fund redemption amounts for the immediately succeeding and subsequent years.

Optional Redemption

The Series 2019 Bonds are subject to redemption prior to maturity at the option of the Issuer, as a whole or in part, at any time, on or after November 1, 20__ (less than all Series 2019 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2019 Bonds maturing on November 1, 20___ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	**Mandatory Sinking Fund Redemption Amount**

_____

*Maturity

The Series 2019 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2019 Sinking Fund Account on November 1 in the years and in the mandatory sinking fund redemption amounts set forth below at a redemption price of 100% of their principal amount plus accrued interest to the date of redemption.

Year	**Mandatory Sinking Fund Redemption Amount**

Year	Mandatory Sinking Fund Redemption Amount

*Maturity

Extraordinary Mandatory Redemption in Whole or in Part

The Bonds are subject to extraordinary mandatory redemption prior to maturity by the Issuer in whole or in part on any date (other than in the case of clause (i) below which extraordinary mandatory redemption in part must occur on a Quarterly Redemption Date), at an extraordinary mandatory redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

(i) from Series 2019 Prepayment Principal deposited into the Series 2019 Prepayment Subaccount of the Series 2019 Bond Redemption Account following the payment in whole or in part of the Phase 1 and 2 Special Assessments on any assessable lands within the District in accordance with the provisions of Section 4.05(a) of the Fourth Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2019 Funds, Accounts and Subaccounts in the Funds and Accounts (other than the Series 2019 Rebate Fund and the Series 2019 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2019 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2019 Acquisition and Construction Account not otherwise reserved to complete the Phases 1 and 2 Sub-Assessment Area One Project and which have been transferred to the Series 2019 General Redemption Subaccount of the Series 2019 Bond Redemption Account.

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

Notice of each redemption of the Bonds is required to be mailed by the Trustee, by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to each Registered Owner of the Bonds to be redeemed at the address of such Registered Owner recorded on the bond register maintained by the Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Trustee or the Paying Agent, all as provided in the Indenture, the 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 Bonds or such portions thereof on such date, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such 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 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Trustee or the Paying Agent. Notwithstanding the foregoing, the Trustee is authorized to give conditional notice of redemption as provided in the Indenture.

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

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

Any moneys held by the Trustee or Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for three (3) years after the date when such Bond has become due and payable, either at its stated maturity date or by call for earlier redemption shall be paid to the Issuer, thereupon and thereafter no claimant shall have any rights against the Trustee or Paying Agent to or in respect of such moneys.

If the Issuer deposits or causes to be deposited with the Trustee funds or Defeasance Securities (as defined in the Master Indenture) sufficient to pay the principal or Redemption Price of any Series 2019 Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of such Bonds as to the trust estate with respect to such Bonds shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

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

The Issuer shall keep books for the registration of the Series 2019 Bonds at the designated corporate trust office of the Registrar in Jacksonville, Florida. Subject to the

restrictions contained in the Indenture, the Series 2019 Bonds may be transferred or exchanged by the registered owner thereof in person or by his attorney duly authorized in writing only upon the books of the Issuer kept by the Registrar and only upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee, Paying Agent or the Registrar, duly executed by the Bondholder or his attorney duly authorized in writing. Transfers and exchanges shall be made without charge to the Bondholder, except that the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2019 Bonds.

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

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed, precedent to and in connection with the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, including particularly the Act, and that the issuance of this Bond, and of the issue of the Series 2019 Bonds of which this Bond is one, is in full compliance with all constitutional and statutory limitations or provisions.

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

AVALON GROVES COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Chairperson, Board of Supervisors

(SEAL)

Attest:

By:_____
Secretary, Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2019 Bonds delivered pursuant to the within mentioned Indenture.

Date of Authentication: _____

REGIONS BANK, as Trustee

By: _____
Vice President and Trust Officer

STATEMENT OF VALIDATION

This Bond is one of a series of Series 2019 Bonds which were validated by judgment of the Circuit Court of the Fifth Judicial Circuit of Florida, in and for Lake County, Florida, rendered on the 22nd day of June, 2016.

AVALON GROVES COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Chairperson, Board of Supervisors

(SEAL)

Attest:

By:_____
Secretary, Board of Supervisors

ABBREVIATIONS

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

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

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

Under Uniform Transfer to Minors Act_____
(State)

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

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

_____

(please print or typewrite name and address of assignee)

_____

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

_____

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

Signature Guarantee:

_____

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

_____

Please insert social security or other identifying number of Assignee.

_____

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

EXHIBIT C

FORMS OF REQUISITIONS

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2019
(Phases 1 and 2 Sub-Assessment Area One Project)

(Acquisition and Construction)

The undersigned, a Responsible Officer of the Avalon Groves Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture between the District and Regions Bank, as trustee (the "Trustee"), dated as of March 1, 2017, as supplemented by that certain Fourth Supplemental Trust Indenture dated as of July 1, 2019 (collectively, the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

(A) Requisition Number:

(B) Identify Acquisition Agreement, if applicable:

(C) Name of Payee pursuant to Acquisition Agreement:

(D) Total Amount Payable:

(E) Amount Payable for Land Acquisition Costs:

(F) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments):

(G) Fund or Account and subaccount, if any, from which disbursement to be made:

Series 2019 Acquisition and Construction Account of the Acquisition and Construction Fund.

The undersigned hereby certifies that:

1. obligations in the stated amount set forth above have been incurred by the District;

2. each disbursement set forth above is a proper charge against the Series 2019 Acquisition and Construction Account;

3. each disbursement set forth above was incurred in connection with the acquisition and/or construction of the Phases 1 and 2 Sub-Assessment Area One Project; and

4. each disbursement represents a Cost of the Phases 1 and 2 Sub-Assessment Area One Project which has not previously been paid.

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive 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.

Originals or copies of the invoice(s) from the vendor of the property acquired or the services rendered with respect to which disbursement is hereby requested are on file with the District.

AVALON GROVES COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Responsible Officer

Date:_____

CONSULTING ENGINEER'S APPROVAL

The undersigned Consulting Engineer hereby certifies that this disbursement is for the Cost of the Phases 1 and 2 Sub-Assessment Area One Project and is consistent with: (i) the Acquisition Agreement; and (ii) the report of the Consulting Engineer, as such report shall have been amended or modified.

_____
Consulting Engineer

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2019
(PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE PROJECT)

(Costs of Issuance)

The undersigned, a Responsible Officer of the Avalon Groves Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture between the District and Regions Bank, as trustee (the "Trustee"), dated as of March 1, 2017, as supplemented by that certain Fourth Supplemental Trust Indenture dated as of July 1, 2019 (collectively, the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

(A) Requisition Number:

(B) Amount Payable:

(C) Purpose for which paid or incurred: Costs of Issuance

(D) Fund or Account and subaccount, if any, from which disbursement to be made:

Series 2019 Costs of Issuance Account of the Acquisition and Construction Fund

The undersigned hereby certifies that:

1. this requisition is for costs of issuance payable from the Series 2019 Costs of Issuance Account that have not previously been paid;
2. each disbursement set forth above is a proper charge against the Series 2019 Costs of Issuance Account;
3. each disbursement set forth above was incurred in connection with the issuance of the Series 2019 Bonds; and
4. each disbursement represents a cost of issuance which has not previously been paid.

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

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

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

AVALON GROVES COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Responsible Officer

Date: _____

EXHIBIT D

FORM OF INVESTOR LETTER

[Date]

Avalon Groves Community Development District
c/o DPFG Management and Consulting, LLC
1060 Maitland Center, Suite 340
Maitland, Florida 33751
Attention: Patricia Comings-Thibault

FMSbonds, Inc.
20660 W. Dixie Highway
North Miami Beach, FL 33180

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2019 (Phases 1 and 2 Sub-Assessment Area One Project)

Ladies and Gentlemen:

The undersigned is authorized to sign this letter [on behalf of Name of Non-Individual Investor], as the beneficial owner (the "Investor") of $_____ of the above-referenced Bonds [state maturing on November 1, _____, bearing interest at the rate of ___% per annum and CUSIP #] (herein, the "Investor Bonds").

The undersigned acknowledges that the Bonds were issued for the purpose of providing a portion of the funds necessary to finance the acquisition and construction of certain public infrastructure described in the herein defined Offering Document (the "Issuer"). The undersigned further acknowledges that the Bonds, which include the Investor Bonds, are secured under that certain Master Trust Indenture, dated as of March 1, 2017 (the "Master Indenture") and a Fourth Supplemental Trust Indenture dated as of July 1, 2019 ("Fourth Supplement" and, collectively with the Master Indenture, the "Indenture"), between the Issuer and Regions Bank, as trustee (the "Trustee"), which creates a security interest in the trust estate described therein (the "Security") for the benefit of the Owners of the Bonds. In connection with the purchase of the Investor Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has authority to purchase the Investor Bonds and to execute this letter, any other instruments and documents required to be executed by the Investor in connection with the purchase of the Investor Bonds.

2. The Investor meets the criteria of an "accredited investor" as described in one or more of the categories derived from Rule 501(a) under Regulation D of the Securities Act of 1933, as amended (the "Securities Act") summarized below, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations including those which are not rated or credit-enhanced, to be able to evaluate the risks and merits of the investment represented by the Bonds. Please check the appropriate box below to indicate the type of accredited investor:

❑ a bank, insurance company, registered investment company, business development company, or small business investment company;

❑ an employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of $5 million;

❑ a charitable organization, corporation, or partnership with assets exceeding $5 million;

❑ a business in which all the equity owners are "accredited investors";

❑ a natural person who has individual net worth, or joint net worth with the person's spouse, that exceeds $1 million at the time of the purchase, excluding the value of the primary residence of such person, except that mortgage indebtedness on the primary residence shall not be included as a liability;

❑ a natural person with income exceeding $200,000 in each of the two most recent years or joint income with a spouse exceeding $300,000 for those years and a reasonable expectation of the same income level in the current year; or

❑ a trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Investor Bonds whose purchase is directed by a sophisticated person.

3. The Investor has been supplied with an (electronic) copy of the Preliminary Limited Offering Memorandum dated June ___, 2019 of the Issuer and relating to the Bonds (the "Offering Document") and has reviewed the Offering Document and represents that such Offering Document has provided full and meaningful disclosure in order to make an informed decision to invest in the Investor Bonds.

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

Very truly yours,

[Name], [Type of Entity]

By: _____
Name: _____
Title: _____
Date: _____

Or

_____
[Name], an Individual

EXHIBIT E

MAP OF PHASES 1 AND 2 SUB-ASSESSMENT AREA ONE

41437136v9/166843.010200



Avalon Groves Community Development District

Website and accessibility proposal

Date: 2019-06-15



Ted Saul

Director - Digital Communication

Certified Specialist

campus suite

Pricing

Effective date: 2019-06-15

Implementation	Quantity	Subtotal
Onboarding of ADA Compliant Website and Remediation of Historical Documents • Migration website pages and present on a staged website for approval • Initial PDF Accessibility Compliance Service for 1,500 pages of remediation	1	$1,620.00

Ongoing services	Quantity	Subtotal
Website services • Hosting, support and training for users • Website management tools to make updates • Secure certification (https) • Monthly site reporting, monitoring and error corrections	1	$615.00
Ongoing PDF Accessibility Compliance Service • Remediation of all PDFs stored on your website • Remediation of up to 750 PDF pages • Dashboard for reporting and managing all PDFs • 48-hour turnaround for fixes for board agendas • PDF manager dashboard	750*	$900.00
Social Media Manager		Included
	Total:	**$3,315.00**

**Maximum PDF pages per 12 month period*

Statement of work

1. **On-boarding of ADA Compliant Website and Remediation of Historical Documents.** Contractor will deliver a functional, responsive, working ADA compliant website that can display content submitted to the Contractor by the District. At a minimum, the website and the documents on the website will:
    1. Comply with the guidelines provided by Web Content Accessibility Guidelines 2.1, as amended and/or replaced by new releases from time to time ("WCAG");
    2. Contain a website accessibility policy that includes: a commitment to accessibility for persons with disabilities, the accessibility standard used and applied to the website (at a minimum WCAG), and contact information of the District Manager or their designee (email and phone number) in case users encounter any problems;
    3. Display an ADA compliance shield, seal, or certification;
    4. Provide options to create a CDD-branded design (colors, logo, etc…)
    5. Be accessible on modern versions of Internet Explorer, Edge, Mozilla, Safari, and Chrome web browsers and be "mobile friendly" and offer a "mobile version" of the sites content for access from tablets or smart phones.
    6. Be free of any commercial advertising;
    7. Be free of any known spyware, virus, or malware;
    8. Secure certification (https)
    9. Secure cloud hosting with fail-overs
    10. Allow for data backups, and record retention as required by law;
    11. Allow for the display a calendar, reservation request form, and newsletter;
    12. Creation of a dashboard for the District to upload and remove content, manage all documents, manage document remediation, and review reports generated by the Contractor; and
    13. Remediate 1,500 pages identified by the District for the new website in an ADA compliant format.*
2. **Domain Fee.** The Contractor shall pay the annual fee for the domain name of the District's website.
3. **Maintenance and Management of the Website.**
    1. Contractor will manage and maintain the website;
    2. Remediate new documents (a not to exceed 750 pages per year) provided by the District Manager in an ADA compliant format;*
        1. For Agenda Packages, the Contractor shall turn around the documents within 2 business days
    3. District shall be responsible for uploading the ADA compliant documents onto the website. Contractor shall ensure that the District only has the ability to upload or remove documents on the website and cannot alter any other aspect of the website;
    4. Contractor will store all District data, including files, text and parameters; data will be backed-up on a separate storage system at regular intervals; and
    5. The ADA compliant website will be on-line at all times unless maintenance or upgrades require it to be unavailable. When maintenance or upgrades require the website to be unavailable, Contractor will

provide the District with reasonable advance notice in writing.

4. **Monthly Auditing and Remediation Services.**
    1. Every month Contractor will comprehensively audit the website's compliance with (1) WCAG and (2) any applicable laws, rules, and regulations (including, the Department of Justice);
    2. After the audit, Contractor will remediate any web accessibility deficiencies of the website or content on the website; and
    3. The Contractor will provide a written report to the District that summarizes the audit and any remediations made.
5. **Support Services.**

    Contractor will supply telephone and/or email support to the District on a reasonable and necessary basis to within business hours – Monday to Friday 9 am to 6 pm EST, exclusive of holidays. The Contractor will provide a listing of detailed hours, holidays, and service availability on their website, and reserves the right to modify the times technical support is available.

*If certain PDFs are not able to be fully remediated, Contractor shall work with the District to create a summary of the content in the PDF and provide contact information if anyone needs reasonable accommodations to access the full content within that PDF.

Website Creation and Management Agreement

AGREEMENT BETWEEN THE Avalon Groves COMMUNITY DEVELOPMENT DISTRICT AND INNERSYNC STUDIO, LTD., D/B/A CAMPUS SUITE, FOR WEBSITE AUDITING, REMEDIATION, AND MAINTENANCE SERVICES

This Agreement ("**Agreement**") is entered into as of 2019-06-15 by and between:

Avalon Groves Community Development District, a local unit of special-purpose government, established and existing pursuant to Chapter 190, *Florida Statutes*, with a mailing address of 251 International Parkway, Lake Mary, FL 32746 (the "**District**"), and

Innersync Studio, Ltd., d/b/a Campus Suite, an Ohio limited liability company, authorized to do business in Florida, with a mailing address of 752 Dunwoodie Drive, Cincinnati, Ohio 45230 ("**Contractor**").

RECITALS

Whereas, the District is a local unit of special-purpose government, created and existing pursuant to Chapter 190, *Florida Statutes*; and

Whereas, pursuant to section 189.069, *Florida Statutes*, the District must maintain an official website containing, at minimum, the statutorily required information ("**Website**"); and

Whereas, the District has a need to obtain a qualified independent contractor to perform audits of the Website to ensure compliance with the accessibility requirements of Title II of the Americans with Disabilities Act ("**ADA**"), which ADA accessibility requirements and standards may change from time to time, and to remediate or otherwise convert the Website to meet such ADA accessibility requirements, to routinely audit the Website to ensure continued compliance with the ADA and to perform ongoing maintenance of the Website, all as more particularly described herein and in the proposal attached hereto as **Exhibit A** and made a part herein (together, the "**Services**"); and

Whereas, Contractor represents and warrants to the District that it is qualified, willing and capable of providing the Services; and

Whereas, the District and Contractor desire to enter into this Agreement for the purposes stated herein and the District and Contractor warrant and agree that they have all right, power and authority to enter into and be bound by this Agreement.

Now, **therefore**, in consideration of the recitals, agreements and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

Section 1. Recitals. The recitals stated above are true and correct and by this reference are incorporated herein and form a material part of this Agreement.

Section 2. Scope of Work. Contractor shall provide Services in accordance with the terms provided in this Agreement and in **Exhibit A**, which Services include:

A. Initial Website Remediation. Contractor shall migrate the District's existing Website or otherwise create a new Website in order to produce a functional, responsive, working Website compliant with federally recommended ADA best practices for state and local governments as promulgated by federal law and rulemaking, including but not limited to Web Content Accessibility Guidelines 2.1 Level AA, as the same may be amended and updated from time to time (as amended and updated from time to time, "**WCAG**"). Specifically, Contractor shall, at a minimum:

i. provide an ADA compliant Website that meets, at minimum, the currently-effective WCAG standards;
ii. convert up to 1,500 pages of PDF documents identified by the District to accessible formats for assistive technologies. If certain PDFs are not able to be fully remediated, Contractor shall work with the District to create a summary of the content in the PDF and provide contact information if anyone needs reasonable accommodations to access the full content within that PDF;
iii. provide a website accessibility policy that includes a commitment to accessibility for persons with disabilities, the District's engagement of Contractor for ADA specific services, in an effort to bring the Website into ADA compliance, accessibility standard used and applied to the Website (which shall be at a minimum WCAG), and contact information of the District Manager or their designee (email and phone number) for users encountering any problems;
iv. provide options to create a District-branded design (colors, logo, etc.);
v. provide Contractor's ADA compliance shield, seal or certification for display on the Website ("Compliance Shield");
vi. cross-check ADA compliance for accessibility and compatibility of the Website with various technology mediums, including but not limited to mobile phones, smart phones, tablets, laptop computers, desktop computers, and provide "mobile friendly" or "mobile versions" of the Website accessible via various web browsers including but not limited to Internet Explorer, Edge, Mozilla, Safari, and Chrome;
vii. eliminate and prevent any commercial advertising on the Website;
viii. eliminate and prevent exposure to any known spyware, virus or malware affecting functionality or accessibility of the Website;

ix. secure "https" certification and provide secure "cloud" hosting with fail-over back-up measures to ensure continued functionality and accessibility of the Website;

x. provide data back-up and records retention measures as required by Florida law;

xi. provide and/or allow display of a calendar, reservation request form, and newsletter, as applicable or necessary to the District;

xii. provide a "dashboard" accessible to the District Manager or his or her designee which allows the District to upload and remove content, manage documents to be remediated by Contractor, and review ADA compliance reports generated by Contractor. However, Contractor shall ensure that the District does not have the ability to alter any other aspect of the Website which may negatively impact the functionality or accessibility of the Website;

xiii. provide any and all other effort reasonably necessary to allow the District to receive the maximum benefit of the Services contemplated by this Agreement and **Exhibit A**, recognizing the District is relying on Contractor's expertise for Website design/best practices in accordance with the ADA requirements including but not limited to WCAG standards.

B. Maintenance. Starting October 1, 2019, Contractor shall provide on-going maintenance of the Website, to ensure continued compliance with WCAG. Specifically, Contractor shall:

i. manage and maintain the Website;

ii. remediate new documents, up to seven hundred fifty (750) pages per year; for any agenda packages, Contractor shall turn around the remediated version within two (2) business days; any updates or fixes needed to the agenda requiring remediation shall be remediated within 48 hours of the District Manager's submission for such request.

iii. remediate new documents identified by the District to accessible formats for assistive technologies. If certain documents are not able to be fully remediated, Contractor shall work with the District to create a summary of the content in such document and provide contact information if anyone needs reasonable accommodations to access the full content within that document. For any agenda packages, including any updates thereto, Contractor shall turn around the remediated version within two (2) business days of the District Manager's submission for such request.

iv. provide assistive technical support via telephone and/or email, as reasonably needed, within regular business hours between 9 a.m. and 6 p.m., Monday through Friday, exclusive of federal holidays, which shall include but not be limited to assistance in converting newly added documents and upgrading to new ADA recommended standards, if any, and regularly corresponding with the District staff on such items as updates, changes and recommendations;

v. store and retain all District content, including files, texts, parameters, documents, and other types of data by backing up the same in a separate storage system and regularly backing up new content as they are submitted and uploaded to the Website;

vi. ensure that the Website is "live" and "on-line" at all times, unless a scheduled maintenance or upgrades

are required; for any scheduled maintenance or upgrades which would affect the functionality or accessibility of the Website for a prolonged time, Contractor shall provide reasonable advance notice to the District in writing, and post a disclaimer message on the Website during such maintenance or upgrade;

vii. perform monthly comprehensive technological, and human as needed, audits to ensure Website's compliance with WCAG standards or better and any applicable laws, rules and regulations applicable to the Website. After each audit, Contractor shall remediate any deficiencies identified during such audit and provide a written report to the District summarizing the audit and remediations made, if any;

viii. in the event that certain documents are not able to be fully remediated and accessible in accordance with ADA compliance standards, Contractor shall immediately notify the District of such documents and shall provide contact information for anyone who needs reasonable accommodation to access all or any portion of such content;

ix. continue to provide and update, as needed, those Services identified in Section 2(A)(iii), (v), (viii), (x), and (xii); and

x. provide any and all other effort reasonably necessary to allow the District to receive the maximum benefit of the Services contemplated by this Agreement and **Exhibit A**, recognizing the District is relying on Contractor's expertise for Website design/best practices in accordance with the ADA requirements including but not limited to WCAG standards

C. Additional Services. In the event that the District desires additional work or services, Contractor agrees to negotiate in good faith to undertake such additional work or services. Upon successful negotiation regarding the terms of the additional work, including scope and compensation, the parties shall agree in writing to a work order, addendum, addenda, or change order to this Agreement prior to commencement of any such additional work. The following is a non-exhaustive list of possible additional services that the District may request of Contractor:

i. providing a point of contact to respond to requests for Website accommodation;

ii. converting documents for a public records requests received by the District;

iii. providing any other ADA recommended compliance services requested by the District that Contractor is capable of performing.

Section 3. Compensation. As compensation for the Services, the District agrees to pay Contractor in accordance with the following terms:

A. Initial Website Remediation. For performance of the Services as provided in Section 2(A) of this Agreement, the District shall pay Contractor a one-time fee of $1,620.00 [plus ($0.98) per page remediated pursuant to Section 2(A)(ii)]. Contractor shall invoice the District upon substantial completion of the Services provided in Section 2(A).

B. Maintenance. For performance of the Services as provided in Section 2(B) of this Agreement, starting October 1, 2019 the District shall pay Contractor ($1,515.00) per year, payable in one annual installments for Ongoing PDF Accessibility Compliance Service and Website Services. Parties understands and acknowledges that this includes (i) the annual fee for the domain name for the District's Website, which Contractor shall pay, at its sole expense, on behalf of the District; and (ii) document remediation pursuant to Section 2(B)(iii) of up to seven-hundred fifty (750) pages per year ("Annual Max Pages").

C. Additional Conversions. For remediating and converting any documents in excess of the Annual Max Pages included in the maintenance price, Contractor shall provide such services for an amount not to exceed Ninety-Eight Cents ($0.98) per page. Contractor shall perform remediation and conversion of additional documents only upon receipt of written authorization of the District approving the same.

D. Invoices; Payment. Contractor shall maintain records conforming to usual accounting practices. Further, Contractor shall render each invoice to the District in writing, which shall be delivered promptly upon completion of each Service. Each invoice shall contain, at a minimum, the District's name, Contractor's name, the invoice date, an invoice number, an itemized listing of all costs billed on each invoice with a sufficient description of each allowing the District to approve each cost, the time frame within which the Services were provided, and the address or bank information to which payment is to be remitted. Consistent with Florida's Prompt Payment Act, section 218.70, *et al*., *Florida Statutes*, the invoices shall be due and payable within forty-five (45) days of receipt by the District.

Section 4. Term and Termination.

A. Term. This Agreement shall become effective upon the date and year first written above and shall be in effect until terminated by either party in accordance with the terms of this Agreement.

B. Termination. The District agrees that Contractor may terminate this Agreement for cause by providing sixty (60) days' written notice of termination to the District; provided, however, that the District shall be provided a reasonable opportunity to cure any failure under this Agreement. Contractor agrees that the District may terminate this Agreement immediately for cause by providing written notice of termination to Contractor. Contractor agrees that the District may terminate this Agreement without cause; provided that the District shall provide thirty (30) days' written notice of termination without cause. Upon any termination of this Agreement, Contractor shall (i) be entitled to payment for all Services rendered up until the effective termination of this Agreement, subject to whatever claims or offsets the District may have against Contractor as the sole means of recovery for termination; (ii) be permitted to remove the Compliance Shield from the Website as of the effective date of the termination; (iii) provide the District, or its designee, all domain names, authorizations, usernames, passwords, and content (including remediated content) in the format in which it was stored on the service; and (iv) if the Contractor used proprietary and/or licensed software to provide the Services herein to the District, then

Contractor shall coordinate with the District as to the terminated use of such software, including any migration of the Website that may be required pursuant to such termination.

Section 5. Representations, Warranties and Covenants. Contractor represents, warrants, and covenants that (a) the Services will conform to the requirements provided in Section 2 herein and Exhibit A; (b) the Services shall be performed by qualified personnel in a professional, prompt, diligent, good, safe and workmanlike manner in accordance with all laws, industry standards, and all applicable ADA and other website accessibility compliance standards, including but not limited to WCAG 2.1 Level AA and other federally recommended guidelines, as may be amended from time to time; and (c) neither the Services nor any product provided by Contractor shall infringe, misappropriate, or otherwise violate the intellectual property rights of any third-party. To the extent that any defects are found and reported to the Contractor, the Contractor shall correct such defects within thirty (30) days.

Section 6. Intellectual Property.

A. Contractor Materials. Except as provided herein, Contractor shall retain all right, title, and interest in and to (i) all patents, trademarks, service marks, copyrights, and other intellectual property or proprietary rights of Contractor used in or otherwise associated with the Services, and other materials provided to the District hereunder; and (ii) all trade secrets, technical specifications and data to the extent they are intellectual property, and inventions which are authored, conceived, devised, developed, reduced to practice, or otherwise performed by Contractor which arise out of Contractor's performance of the Services, none of which shall be deemed a "work made for hire" under the Copyright Act of 1976 (collectively, "**Contractor Materials**"), and nothing contained herein shall be construed to restrict, impair, transfer, license, convey, or otherwise alter or deprive Contractor of any of its intellectual property and proprietary interests associated therewith. Subject to the foregoing, Contractor grants to the District a non-exclusive, non-transferable worldwide perpetual limited right and license to access and use the Contractor Materials in connection with the ordinary and intended use by the District as contemplated in this Agreement, including viewing, downloading and printing the Contractor Materials for the District's use, and without in any case removing Contractor's copyright, trademark or other intellectual property ownership notices.

B. The District Materials; Publicity and Trademarks. The District shall own the Website, domain name, all e-mail addresses, and all website and e-mail content (including all remediated content provided by the Contractor), under all circumstances. In the event of a termination of this Agreement for any reason, Contractor shall take all necessary steps to transfer, or otherwise allow the District to retain, such website, domain name, e-mail addresses and content of the same. Additionally, to the extent applicable, Contractor shall take commercially reasonable precautions consistent with industry standards to protect confidential information, including, e.g., credit card information and other sensitive information protected under Florida's Public Records Laws. Contractor shall immediately notify the District of any breach or loss of data, and take such steps as are reasonably necessary to

address any such issue. Except as provided herein, the District shall retain all right, title, and interest in and to all intellectual property of the District provided or made available to the Contractor in connection with Contractor's Services (collectively, "District Materials") and nothing contained herein shall be construed to restrict, impair, transfer, license, convey, or otherwise alter or deprive the District of any of its intellectual property or other proprietary interests associated therewith, if any. Subject to the foregoing, the District grants to Contractor a non-exclusive, non-transferable worldwide limited right and license to access and use such District Materials in connection with the provision of the Services as contemplated by this Agreement. Further, the District permits Contractor to identify the District as a customer of Contractor in Contractor's marketing materials (including using the District's name and logo for such limited purposes).

The District further acknowledges and agrees that for Contractor to perform the Services, it must, in some cases, give Contractor remote access to areas behind log-ins that are to be audited hereunder, including, without limitation to content management systems and/or servers (collectively, "**System**"), and agrees that it will furnish to Contractor all necessary information and/or user names and passwords required to do so. Contractor agrees to follow commercially reasonable and accepted security policies for accessing the District's System including any specific security procedures as may be communicated to Contractor by the District prior to Contractor accessing the System. Contractor shall on its own or through coordination with the District's Website provider, create a back-up copy of all data that may be affected by Contractor's access to the System.

C. Right to Display Contractor's Compliance Shield / Accessibility Policy. Pursuant to this Agreement, the Contractor shall provide District a Compliance Shield and customized accessibility policy, which District shall display on its Websites and web applications. The District is expressly prohibited from using the Compliance Shield for any purpose not specifically authorized by this Agreement, and in no event may use such Compliance Shield for or on behalf of any other party or in connection with any domain name and/or organization name other than those being scanned or serviced in connection with the Services.

Section 7. Public Records. Contractor understands and agrees that all documents or on-line content of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Contractor agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to section 119.0701, *Florida Statutes*. Contractor acknowledges that the designated public records custodian for the District is Janet Johns ("Public Records Custodian"). Among other requirements and to the extent applicable by law, Contractor shall 1) keep and maintain public records required by the District to perform the Work; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, *Florida Statutes*; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if Contractor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public

records in Contractor's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by Contractor, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, *FLORIDA STATUTES*, TO CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (___) ___-____, _____@_____.COM, OR AT _____ _____, FLORIDA _____.

Section 8. Indemnity.

A. Contractor agrees to indemnify and hold harmless the District and its officers, supervisors, staff, employees, successors, assigns, members, affiliates, attorneys or representatives from any and all liability, claims, actions, suits, liens, demands, costs, interest, expenses, damages, penalties, fines, or judgments against the District, or loss or damage, whether monetary or otherwise, including but not limited to an ADA website related claim by a third-party, arising out of, wholly or in part by, Contractor's willfully reckless or willfully negligent act(s) or omission(s). Contractor further agrees that nothing herein shall constitute or be construed as a waiver of the District's limitations on liability contained in section 768.28, *Florida Statutes*, or other statute.

B. Obligations under this section shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, arbitration and/or mediation costs, litigation expenses, attorneys' fees, paralegal fees (incurred in court, out of court, on appeal, or in bankruptcy proceedings), any interest, expenses, damages, penalties, fines, or judgments against the District, all as actually incurred.

Section 9. Scrutinized Companies Statement. Contractor certifies that it is not in violation of section 287.135, *Florida Statutes*, and is not prohibited from doing business with the District under Florida law, including but not limited to Scrutinized Companies with Activities in Sudan List or Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List. If Contractor is found to have submitted a false statement, has been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or has been engaged in business operations in Cuba or Syria, or is now or in the future on the Scrutinized Companies that Boycott Israel List, or engaged in a boycott of Israel, the District may immediately terminate the Contract.

Section 10. General Provisions.

A. Conflicts. The terms of this Agreement and Exhibit A are intended to complement each other, and to the extent they conflict, the terms of Exhibit A shall control only to the extent that such provisions provide clarifications on Services and materials to be provided by Contractor pursuant to Exhibit A; in all other respects, the provisions of this Agreement shall control.

B. Authorization. The execution of this Agreement has been duly authorized by the appropriate body or official of the District and Contractor, both the District and Contractor have complied with all the requirements of law, and both the District and Contractor have full power and authority to comply with the terms and provisions of this Agreement.

C. Independent Contractor. It is understood and agreed that at all times the relationship of Contractor and its employees, agents, or anyone directly or indirectly employed by Contractor to the District is the relationship of an independent contractor and not that of an employee, agent, joint-venturer, or partner of the District. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between the District and Contractor or any of its employees, agents, or anyone directly or indirectly employed by Contractor. The parties acknowledge that Contractor is not an employee for state or federal tax purposes. Contractor shall hire and pay all of Contractor's employees, agents, or anyone directly or indirectly employed by Contractor, all of whom shall be employees of Contractor and not employees of the District and at all times entirely under Contractor's supervision, direction, and control.

In particular, the District will not: i) withhold FICA (Social Security) from Contractor's payments; ii) make state or federal unemployment insurance contributions on Contractor's behalf; iii) withhold state or federal income tax from payment to Contractor; iv) make disability insurance contributions on behalf of Contractor; or v) obtain workers' compensation insurance on behalf of Contractor.

D. Dispute Resolution. Before initiating any legal claim or action (except with respect to equitable relief), the parties agree to attempt in good faith to settle any dispute, controversy, or claim arising out of or related to this Agreement or the Services (collectively, "**Dispute**") through discussions which shall be initiated upon written notice of a Dispute by either party to the other. If the parties cannot resolve the Dispute within ten (10) business days, then the parties shall attempt to settle the Dispute by mediation. If mediation is unsuccessful, the parties may then proceed to filing a claim in the appropriate jurisdictional court in accordance with this Agreement. In the event that either party is required to enforce this Agreement by court proceedings or otherwise, then the parties agree that the substantially prevailing party shall be entitled to recover from the other all fees and costs incurred, including reasonable attorneys' fees, paralegal fees, expert witness fees, and costs for trial, alternative dispute resolution, or appellate proceedings.

E. Applicable Law and Venue. This Agreement shall be governed by and construed in accordance with the

laws of the State of Florida without reference to the principles of conflict of laws. Except for actions seeking injunctive relief (which may be brought in any appropriate jurisdiction), suits under this agreement shall only be brought in a court of competent jurisdiction in the county of _____, Florida. This choice of venue is intended by the parties to be mandatory and not permissive in nature, and to preclude the possibility of litigation between the parties with respect to, or arising out of, this Agreement in any jurisdiction other than that specified in this section. The District and Contractor waive any right they may have to assert the doctrine of *forum non conveniens* or similar doctrine, or to object to venue with respect to any proceeding brought in accordance with this Section.

F. Limitations on Governmental Liability. Nothing in this Agreement shall be deemed as a waiver of immunity or limits of liability of the District beyond any statutory limited waiver of immunity or limits of liability which may have been adopted by the Florida Legislature in section 768.28, *Florida Statutes*, or other statute, and nothing in this Agreement shall inure to the benefit of any third-party for the purpose of allowing any claim which would otherwise be barred under the Doctrine of Sovereign Immunity or by operation of law.

G. Third-Party Beneficiaries. This Agreement is solely for the benefit of the District and Contractor and no right or cause of action shall accrue upon or by reason to or for the benefit of any third-party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the District and Contractor any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and shall be binding upon the District and Contractor and their respective representatives, successors, and assigns.

H. Default and Protection against Third-Party Interference. A default by either party under this Agreement shall entitle the other to all remedies available at law or in equity, which may include, but not be limited to, the right of actual damages and/or specific performance. The District shall be solely responsible for enforcing its rights under this Agreement against any interfering third-party. Nothing contained in this Agreement shall limit or impair the District's right to protect its rights from interference by a third-party to this Agreement.

I. Notices. All notices, requests, consents, and other communications under this Agreement ("Notice" or "Notices") shall be in writing and shall be delivered, mailed by Overnight Delivery or First Class Mail, postage prepaid, to the parties, as follows:

If to Contractor:
Innersync Studio, Ltd.,
d/b/a Campus Suite
752 Dunwoodie Drive
Cincinnati, Ohio 45230

Attn: Steven Williams

If to District:
Avalon Groves Community Development District

_____
Attn: District Manager

With a copy to:
Hopping Green & Sams PA
119 South Monroe Street, Suite 300
Tallahassee, Florida 32301
Attn: District Counsel

Except as otherwise provided in this Agreement, any Notice shall be deemed received only upon actual delivery at the address set forth above. Notices delivered after 5:00 p.m. (at the place of delivery) or on a non-business day, shall be deemed received on the next business day. If any time for giving Notice contained in this Agreement would otherwise expire on a non-business day, the Notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Counsel for the District and counsel for Contractor may deliver Notice on behalf of the District and Contractor. Any party or other person to whom Notices are to be sent or copied may notify the other parties and addressees of any change in name or address to which Notices shall be sent by providing the same on five (5) days' written notice to the parties and addressees set forth herein.

J. Entire Agreement. This Agreement, together with Exhibit A, sets forth the entire agreement of the parties, and supersedes any prior agreements or statements with respect to the subject matter hereof.

K. Severability. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part of this Agreement not held to be invalid or unenforceable.

L. Assignment. Neither the District nor Contractor may assign this Agreement without the prior written consent of the other. Any purported assignment without such consent shall be null and void.

M. Amendments. This Agreement may be amended or modified only by a written instrument duly executed by both parties.

N. Force Majeure. If either party is prevented from performing any of its obligations under this Agreement

due to any cause beyond the party's reasonable control, including, without limitations, an “act of God,” fire, flood, war, strike, government regulation, civil or military authority, acts or omissions of transmitters, utilities, providers or hackers, the time for that party's performance will be extended for the period of the delay or inability to perform due to such occurrence.

O. Survival. In addition to such other provisions hereof which, by their terms, survive any termination or expiration of this Agreement, Section 5 (Representations, Warranties and Covenants), Section 6 (Intellectual Property), Section 7 (Public Records), Section 8 (Indemnity), and Section 10 (General Provisions) shall survive any termination or expiration of this Agreement.

P. Waiver. No breach of any term of this Agreement shall be deemed waived unless expressly waived in writing by the party who might assert such breach. Any failure or delay by either party to exercise any right, power, or privilege under this Agreement shall not be deemed a waiver of any such right, power, or privilege under this Agreement on that or any subsequent occasion. Any waiver by either party, whether express or implied, of any provision of this Agreement, any waiver of default, or any course of dealing hereunder, shall not affect such party’s right to thereafter enforce such provision or to exercise any right or remedy in the event of any other default or breach, whether or not similar.

Q. Counterparts. This instrument may be executed in any number of counterparts, each of which, when executed and delivered, shall constitute an original, and such counterparts together shall constitute one and the same instrument. Signature and acknowledgement pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

R. Arm’s Length Transaction. This Agreement has been negotiated fully between the parties as an arm’s length transaction. Both parties participated fully in the preparation of this Agreement and received the advice of counsel. In case of a Dispute concerning the interpretation of any provision of this Agreement, both parties are deemed to have drafted, chosen, and selected the language, and the doubtful language will not be interpreted or construed against either party.

S. Descriptive Headings. The descriptive headings in this Agreement are for convenience only and shall not control nor affect the meaning or construction of any of the provisions of this Agreement.

In witness whereof, the parties have, by their duly authorized representatives, executed this Agreement as of the date and year first set forth above.

ATTEST: Avalon Groves COMMUNITY DEVELOPMENT DISTRICT

_____ . _____

Secretary Chairperson, Board of Supervisors . Date

_____

Print name

WITNESS: INNERSYNC STUDIO, LTD., D/B/A CAMPUS SUITE, an Ohio limited liability company

_____ . _____

Print Name: By: Steven Williams, (Title) . Date

Exhibit A: Proposal for Services

Implementation	Quantity	Subtotal
Onboarding of ADA Compliant Website and Remediation of Historical Documents • Migration website pages and present on a staged website for approval • Initial PDF Accessibility Compliance Service for 1,500 pages of remediation	1	$1,620.00

Ongoing services	Quantity	Subtotal
Website services • Hosting, support and training for users • Website management tools to make updates • Secure certification (https) • Monthly site reporting, monitoring and error corrections	1	$615.00
Ongoing PDF Accessibility Compliance Service • Remediation of all PDFs stored on your website • Remediation of up to 750 PDF pages • Dashboard for reporting and managing all PDFs • 48-hour turnaround for fixes for board agendas • PDF manager dashboard	750*	$900.00
Social Media Manager		Included

EXHIBIT 9

RESOLUTION 2019-05

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING A WEBSITE ACCESSIBILITY POLICY AND DISCLOSURE STATEMENT; AUTHORIZING A CONTRACT FOR WEBSITE AUDITING, REMEDIATION AND MAINTENANCE SERVICES; AND ADDRESSING CONFLICTS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Avalon Groves Community Development District ("**District**") is a local unit of special-purpose government organized and existing under and pursuant to Chapter 190, *Florida Statutes*; and

WHEREAS, pursuant to section 189.069, *Florida Statutes*, the District maintains an official website containing certain statutorily required information ("**Website**"); and

WHEREAS, in order to ensure compliance with the accessibility requirements of Title II of the Americans with Disabilities Act ("**ADA**"), the District desires to adopt a Website accessibility policy, and to authorize a contract with a qualified independent contractor to perform audits, remediation and maintenance of the Website;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT:

1. **AUTHORITY FOR THIS RESOLUTION; INCORPORATION OF RECITALS.** This Resolution is adopted pursuant to the provisions of Florida law, including without limitation Section 189.069, *Florida Statutes* and Chapter 190, *Florida Statutes*.

2. **ADOPTION OF WEBSITE ACCESSIBILITY POLICY AND DISCLOSURE STATEMENT. Exhibit A** attached hereto is hereby approved as the District's official Website accessibility policy and disclosure statement. District Staff is directed to post the policy on the Website, and otherwise implement it.

3. **CONTRACT FOR WEBSITE AUDITING, REMEDIATION AND MAINTENANCE SERVICES. Exhibit B** attached hereto is hereby adopted by the District, and the Chairperson and/or Vice Chairperson are authorized to execute the same on behalf of the District.

4. **CONFLICTS.** All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, superseded and repealed.

5. **SEVERABILITY.** If any section or part of a section of this Resolution is declared to be invalid or unconstitutional, the validity, force, and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unconstitutional.

6. **EFFECTIVE DATE.** This Resolution shall become effective upon its adoption.

PASSED AND ADOPTED this 27th day of June, 2019.

ATTEST:	**AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**
_____	_____
Secretary/Asst. Secretary	Chairman

Exhibit A: *Website Accessibility Policy and Disclosure Statement*
Exhibit B: *Agreement for Website Auditing, Remediation and Maintenance Services*

Exhibit A

Website Accessibility

The CDD strives to maintain a website that is both accessible to all visitors and compliant with the Web Content Accessibility Guidelines (WCAG) put forth by the World Wide Web Consortium (W3C).

How we accomplish our goals

We recognize that accessibility and usability are not always possible in every area of the website or for those visitors using assistive technology and devices. The CDD conducts ongoing accessibility reviews of its website and remediates issues uncovered by these audits. Please be aware that our efforts are ongoing.

Have Feedback or need help?

If you have specific questions or feedback about this site's accessibility or need assistance using specific features, please let us know.

If you have found an inaccessible area on the site, please assist our team by informing us of the issue. Specify the web page and provide any other relevant information to help us locate the problem.

In the event a page cannot be made accessible, we will work to make a text version of the content available. Please request a specific electronic format. Please provide us with your contact information, the format you require, the web page address and the location of the content.

We welcome your questions about this accessibility statement and comments on how to improve our website's accessibility.

Contact Information:

- Name: Patricia Thibault
- Phone: (321)263-0132, ext. 4205
- E-mail: patricia.comings-thibault@dpfg.com
- Postal Address: 250 International Parkway, Suite 280, Lake Mary, Florida 32746

Exhibit B

AGREEMENT FOR
WEBSITE AUDITING, REMEDIATION, AND MAINTENANCE SERVICES

THIS AGREEMENT ("**Agreement**") is entered into as of this ____ day of _____, 2019 by and between:

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government, established and existing pursuant to Chapter 190, *Florida Statutes*, with a mailing address of c/o DPFG Management & Consulting, LLC, 250 International Parkway, Suite 280, Lake Mary, Florida 32746 (the "**District**"), and

INNERSYNC STUDIO, LTD., d/b/a CAMPUS SUITE, an Ohio limited liability company, authorized to do business in Florida, with a mailing address of 752 Dunwoodie Drive, Cincinnati, Ohio 45230 ("**Contractor**").

RECITALS

WHEREAS, the District is a local unit of special-purpose government, created and existing pursuant to Chapter 190, *Florida Statutes*; and

WHEREAS, pursuant to section 189.069, *Florida Statutes*, the District must maintain an official website containing, at minimum, the statutorily required information ("**Website**"); and

WHEREAS, the District has a need to obtain a qualified independent contractor to perform audits of the Website to ensure compliance with the accessibility requirements of Title II of the Americans with Disabilities Act ("**ADA**"), which ADA accessibility requirements and standards may change from time to time, and to remediate or otherwise convert the Website to meet such ADA accessibility requirements, to routinely audit the Website to ensure continued compliance with the ADA and to perform ongoing maintenance of the Website, all as more particularly described herein and in the proposal attached hereto as **Exhibit A** and made a part herein (together, the "**Services**"); and

WHEREAS, Contractor represents and warrants to the District that it is qualified, willing and capable of providing the Services; and

WHEREAS, the District and Contractor desire to enter into this Agreement for the purposes stated herein and the District and Contractor warrant and agree that they have all right, power and authority to enter into and be bound by this Agreement.

NOW, THEREFORE, in consideration of the recitals, agreements and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

SECTION 1. RECITALS. The recitals stated above are true and correct and by this reference are incorporated herein and form a material part of this Agreement.

SECTION 2. SCOPE OF WORK. Contractor shall provide Services in accordance with the terms provided in this Agreement and in **Exhibit A**, which Services include:

A. INITIAL WEBSITE REMEDIATION. Contractor shall migrate the District's existing Website or otherwise create a new Website in order to produce a functional, responsive, working Website compliant

with federally recommended ADA best practices for state and local governments as promulgated by federal law and rulemaking, including but not limited to Web Content Accessibility Guidelines 2.1 Level AA, as the same may be amended and updated from time to time (as amended and updated from time to time, "**WCAG**"). Specifically, Contractor shall, at a minimum:

i. provide an ADA compliant Website that meets, at minimum, the currently-effective WCAG standards;

ii. convert up to 1,500 pages of PDF documents identified by the District to accessible formats for assistive technologies. If certain PDFs are not able to be fully remediated, Contractor shall work with the District to create a summary of the content in the PDF and provide contact information if anyone needs reasonable accommodations to access the full content within that PDF;

iii. provide a website accessibility policy that includes a commitment to accessibility for persons with disabilities, the District's engagement of Contractor for ADA specific services, in an effort to bring the Website into ADA compliance, accessibility standard used and applied to the Website (which shall be at a minimum WCAG), and contact information of the District Manager or their designee (email and phone number) for users encountering any problems;

iv. provide options to create a District-branded design (colors, logo, etc.);

v. provide Contractor's ADA compliance shield, seal or certification for display on the Website ("Compliance Shield");

vi. cross-check ADA compliance for accessibility and compatibility of the Website with various technology mediums, including but not limited to mobile phones, smart phones, tablets, laptop computers, desktop computers, and provide "mobile friendly" or "mobile versions" of the Website accessible via various web browsers including but not limited to Internet Explorer, Edge, Mozilla, Safari, and Chrome;

vii. eliminate and prevent any commercial advertising on the Website;

viii. eliminate and prevent exposure to any known spyware, virus or malware affecting functionality or accessibility of the Website;

ix. secure "https" certification and provide secure "cloud" hosting with fail-over back-up measures to ensure continued functionality and accessibility of the Website;

x. provide data back-up and records retention measures as required by Florida law;

xi. provide and/or allow display of a calendar, reservation request form, and newsletter, as applicable or necessary to the District;

xii. provide a "dashboard" accessible to the District Manager or his or her designee which allows the District to upload and remove content, manage documents to be remediated by Contractor, and review ADA compliance reports generated by Contractor. However, Contractor shall ensure that the District does not have the ability to alter any

other aspect of the Website which may negatively impact the functionality or accessibility of the Website;

xiii. provide any and all other effort reasonably necessary to allow the District to receive the maximum benefit of the Services contemplated by this Agreement and **Exhibit A**, recognizing the District is relying on Contractor's expertise for Website design/best practices in accordance with the ADA requirements including but not limited to WCAG standards.

B. MAINTENANCE. Starting October 1, 2019, Contractor shall provide on-going maintenance of the Website, to ensure continued compliance with WCAG. Specifically, Contractor shall:

i. manage and maintain the Website;

ii. remediate new documents, up to seven hundred fifty (750) pages per year; for any agenda packages, Contractor shall turn around the remediated version within two (2) business days; any updates or fixes needed to the agenda requiring remediation shall be remediated within 48 hours of the District Manager's submission for such request.

iii. remediate new documents identified by the District to accessible formats for assistive technologies. If certain documents are not able to be fully remediated, Contractor shall work with the District to create a summary of the content in such document and provide contact information if anyone needs reasonable accommodations to access the full content within that document. For any agenda packages, including any updates thereto, Contractor shall turn around the remediated version within two (2) business days of the District Manager's submission for such request.

iv. provide assistive technical support via telephone and/or email, as reasonably needed, within regular business hours between 9 a.m. and 6 p.m., Monday through Friday, exclusive of federal holidays, which shall include but not be limited to assistance in converting newly added documents and upgrading to new ADA recommended standards, if any, and regularly corresponding with the District staff on such items as updates, changes and recommendations;

v. store and retain all District content, including files, texts, parameters, documents, and other types of data by backing up the same in a separate storage system and regularly backing up new content as they are submitted and uploaded to the Website;

vi. ensure that the Website is "live" and "on-line" at all times, unless a scheduled maintenance or upgrades are required; for any scheduled maintenance or upgrades which would affect the functionality or accessibility of the Website for a prolonged time, Contractor shall provide reasonable advance notice to the District in writing, and post a disclaimer message on the Website during such maintenance or upgrade;

vii. perform monthly comprehensive technological, and human as needed, audits to ensure Website's compliance with WCAG standards or better and any applicable laws, rules and regulations applicable to the Website. After each audit, Contractor shall remediate any deficiencies identified during such audit and provide a written report to

the District summarizing the audit and remediations made, if any;

viii. in the event that certain documents are not able to be fully remediated and accessible in accordance with ADA compliance standards, Contractor shall immediately notify the District of such documents and shall provide contact information for anyone who needs reasonable accommodation to access all or any portion of such content;

ix. continue to provide and update, as needed, those Services identified in Section 2(A)(iii), (v), (viii), (x), and (xii); and

x. provide any and all other effort reasonably necessary to allow the District to receive the maximum benefit of the Services contemplated by this Agreement and **Exhibit A**, recognizing the District is relying on Contractor's expertise for Website design/best practices in accordance with the ADA requirements including but not limited to WCAG standards.

C. ADDITIONAL SERVICES. In the event that the District desires additional work or services, Contractor agrees to negotiate in good faith to undertake such additional work or services. Upon successful negotiation regarding the terms of the additional work, including scope and compensation, the parties shall agree in writing to a work order, addendum, addenda, or change order to this Agreement prior to commencement of any such additional work. The following is a non-exhaustive list of possible additional services that the District may request of Contractor:

i. providing a point of contact to respond to requests for Website accommodation;

ii. converting documents for a public records requests received by the District; and

iii. providing any other ADA recommended compliance services requested by the District that Contractor is capable of performing.

SECTION 3. COMPENSATION. As compensation for the Services, the District agrees to pay Contractor in accordance with the following terms:

A. INITIAL WEBSITE REMEDIATION. For performance of the Services as provided in Section 2(A) of this Agreement, the District shall pay Contractor a one-time fee of One Thousand Four Hundred and Seventy Dollars ($1,470.00), plus Ninety-Eight Cents ($0.98) per page remediated pursuant to Section 2(A)(ii). Contractor shall invoice the District upon substantial completion of the Services provided in Section 2(A).

B. MAINTENANCE. For performance of the Services as provided in Section 2(B) of this Agreement, starting October 1, 2019 the District shall pay Contractor One Thousand and Fifteen Dollars ($1,515.00) per year, payable in twelve (12) equal monthly installments of One Hundred Twenty Six Dollars and Twenty Five Cents ($126.25). The Parties understand and acknowledge that this includes (i) the annual fee for the domain name for the District's Website, which Contractor shall pay, at its sole expense, on behalf of the District; and (ii) document remediation pursuant to Section 2(B)(iii) of up to seven-hundred fifty (750) pages per year ("Annual Max Pages").

C. ADDITIONAL CONVERSIONS. For remediating and converting any documents in excess of the

Annual Max Pages included in the maintenance price, Contractor shall provide such services for an amount not to exceed Ninety-Eight Cents ($0.98) per page. Contractor shall perform remediation and conversion of additional documents only upon receipt of written authorization of the District approving the same.

D. INVOICES; PAYMENT. Contractor shall maintain records conforming to usual accounting practices. Further, Contractor shall render each invoice to the District in writing, which shall be delivered promptly upon completion of each Service. Each invoice shall contain, at a minimum, the District's name, Contractor's name, the invoice date, an invoice number, an itemized listing of all costs billed on each invoice with a sufficient description of each allowing the District to approve each cost, the time frame within which the Services were provided, and the address or bank information to which payment is to be remitted. Consistent with Florida's Prompt Payment Act, section 218.70, *et al*., *Florida Statutes*, the invoices shall be due and payable within forty-five (45) days of receipt by the District.

SECTION 4. TERM AND TERMINATION.

A. TERM. This Agreement shall become effective upon the date and year first written above and shall be in effect until terminated by either party in accordance with the terms of this Agreement.

B. TERMINATION. The District agrees that Contractor may terminate this Agreement for cause by providing sixty (60) days' written notice of termination to the District; provided, however, that the District shall be provided a reasonable opportunity to cure any failure under this Agreement. Contractor agrees that the District may terminate this Agreement immediately for cause by providing written notice of termination to Contractor. Contractor agrees that the District may terminate this Agreement without cause; provided that the District shall provide thirty (30) days' written notice of termination without cause. Upon any termination of this Agreement, Contractor shall (i) be entitled to payment for all Services rendered up until the effective termination of this Agreement, subject to whatever claims or offsets the District may have against Contractor as the sole means of recovery for termination; (ii) be permitted to remove the Compliance Shield from the Website as of the effective date of the termination; (iii) provide the District, or its designee, all domain names, authorizations, usernames, passwords, and content (including remediated content) in the format in which it was stored on the service; and (iv) if the Contractor used proprietary and/or licensed software to provide the Services herein to the District, then Contractor shall coordinate with the District as to the terminated use of such software, including any migration of the Website that may be required pursuant to such termination.

SECTION 5. REPRESENTATIONS, WARRANTIES AND COVENANTS. Contractor represents, warrants, and covenants that (a) the Services will conform to the requirements provided in Section 2 herein and Exhibit A; (b) the Services shall be performed by qualified personnel in a professional, prompt, diligent, good, safe and workmanlike manner in accordance with all laws, industry standards, and all applicable ADA and other website accessibility compliance standards, including but not limited to WCAG 2.1 Level AA and other federally recommended guidelines, as may be amended from time to time; and (c) neither the Services nor any product provided by Contractor shall infringe, misappropriate, or otherwise violate the intellectual property rights of any third-party. To the extent that any defects are found and reported to the Contractor, the Contractor shall correct such defects within thirty (30) days.

SECTION 6. INTELLECTUAL PROPERTY.

A. CONTRACTOR MATERIALS. Except as provided herein, Contractor shall retain all right, title,

and interest in and to (i) all patents, trademarks, service marks, copyrights, and other intellectual property or proprietary rights of Contractor used in or otherwise associated with the Services, and other materials provided to the District hereunder; and (ii) all trade secrets, technical specifications and data to the extent they are intellectual property, and inventions which are authored, conceived, devised, developed, reduced to practice, or otherwise performed by Contractor which arise out of Contractor's performance of the Services, none of which shall be deemed a "work made for hire" under the Copyright Act of 1976 (collectively, "**Contractor Materials**"), and nothing contained herein shall be construed to restrict, impair, transfer, license, convey, or otherwise alter or deprive Contractor of any of its intellectual property and proprietary interests associated therewith. Subject to the foregoing, Contractor grants to the District a non-exclusive, non-transferable worldwide perpetual limited right and license to access and use the Contractor Materials in connection with the ordinary and intended use by the District as contemplated in this Agreement, including viewing, downloading and printing the Contractor Materials for the District's use, and without in any case removing Contractor's copyright, trademark or other intellectual property ownership notices.

B. THE DISTRICT MATERIALS; PUBLICITY AND TRADEMARKS. The District shall own the Website, domain name, all e-mail addresses, and all website and e-mail content (including all remediated content provided by the Contractor), under all circumstances. In the event of a termination of this Agreement for any reason, Contractor shall take all necessary steps to transfer, or otherwise allow the District to retain, such website, domain name, e-mail addresses and content of the same. Additionally, to the extent applicable, Contractor shall take commercially reasonable precautions consistent with industry standards to protect confidential information, including, e.g., credit card information and other sensitive information protected under Florida's Public Records Laws. Contractor shall immediately notify the District of any breach or loss of data, and take such steps as are reasonably necessary to address any such issue. Except as provided herein, the District shall retain all right, title, and interest in and to all intellectual property of the District provided or made available to the Contractor in connection with Contractor's Services (collectively, "**District Materials**") and nothing contained herein shall be construed to restrict, impair, transfer, license, convey, or otherwise alter or deprive the District of any of its intellectual property or other proprietary interests associated therewith, if any. Subject to the foregoing, the District grants to Contractor a non-exclusive, non-transferable worldwide limited right and license to access and use such District Materials in connection with the provision of the Services as contemplated by this Agreement. Further, the District permits Contractor to identify the District as a customer of Contractor in Contractor's marketing materials (including using the District's name and logo for such limited purposes).

The District further acknowledges and agrees that for Contractor to perform the Services, it must, in some cases, give Contractor remote access to areas behind log-ins that are to be audited hereunder, including, without limitation to content management systems and/or servers (collectively, "**System**"), and agrees that it will furnish to Contractor all necessary information and/or user names and passwords required to do so. Contractor agrees to follow commercially reasonable and accepted security policies for accessing the District's System including any specific security procedures as may be communicated to Contractor by the District prior to Contractor accessing the System. Contractor shall on its own or through coordination with the District's Website provider, create a back-up copy of all data that may be affected by Contractor's access to the System.

C. RIGHT TO DISPLAY CONTRACTOR'S COMPLIANCE SHIELD / ACCESSIBILITY POLICY. Pursuant to this Agreement, the Contractor shall provide District a Compliance Shield and customized accessibility policy,

which District shall display on its Websites and web applications. The District is expressly prohibited from using the Compliance Shield for any purpose not specifically authorized by this Agreement, and in no event may use such Compliance Shield for or on behalf of any other party or in connection with any domain name and/or organization name other than those being scanned or serviced in connection with the Services.

SECTION 7. PUBLIC RECORDS. Contractor understands and agrees that all documents or on-line content of any kind provided to the District in connection with this Agreement may be public records, and, accordingly, Contractor agrees to comply with all applicable provisions of Florida law in handling such records, including but not limited to section 119.0701, *Florida Statutes*. Contractor acknowledges that the designated public records custodian for the District is the District's Manager (per below) ("Public Records Custodian"). Among other requirements and to the extent applicable by law, Contractor shall 1) keep and maintain public records required by the District to perform the Work; 2) upon request by the Public Records Custodian, provide the District with the requested public records or allow the records to be inspected or copied within a reasonable time period at a cost that does not exceed the cost provided in Chapter 119, *Florida Statutes*; 3) ensure that public records which are exempt or confidential, and exempt from public records disclosure requirements, are not disclosed except as authorized by law for the duration of the contract term and following the contract term if Contractor does not transfer the records to the Public Records Custodian of the District; and 4) upon completion of the contract, transfer to the District, at no cost, all public records in Contractor's possession or, alternatively, keep, maintain and meet all applicable requirements for retaining public records pursuant to Florida laws. When such public records are transferred by Contractor, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the District in a format that is compatible with Microsoft Word or Adobe PDF formats.

IF CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, *FLORIDA STATUTES*, TO CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (321) 263-0132, OR BY E-MAIL AT PATRICIA.COMINGS-THIBAULT@DPFG.COM, OR BY REGULAR MAIL AT 250 INTERNATIONAL PARKWAY, SUITE 280, LAKE MARY, FLORIDA 32746.

SECTION 8. INDEMNITY.

A. Contractor agrees to indemnify and hold harmless the District and its officers, supervisors, staff, employees, successors, assigns, members, affiliates, attorneys or representatives from any and all liability, claims, actions, suits, liens, demands, costs, interest, expenses, damages, penalties, fines, or judgments against the District, or loss or damage, whether monetary or otherwise, including but not limited to an ADA website related claim by a third-party, arising out of, wholly or in part by, Contractor's willfully reckless or willfully negligent act(s) or omission(s). Contractor further agrees that nothing herein shall constitute or be construed as a waiver of the District's limitations on liability contained in section 768.28, *Florida Statutes*, or other statute.

B. Obligations under this section shall include the payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, arbitration and/or mediation costs, litigation expenses, attorneys' fees, paralegal fees (incurred in court, out of court, on appeal, or in bankruptcy proceedings), any interest, expenses, damages, penalties, fines, or judgments

against the District, all as actually incurred.

SECTION 9. SCRUTINIZED COMPANIES STATEMENT. Contractor certifies that it is not in violation of section 287.135, *Florida Statutes*, and is not prohibited from doing business with the District under Florida law, including but not limited to Scrutinized Companies with Activities in Sudan List or Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List. If Contractor is found to have submitted a false statement, has been placed on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or has been engaged in business operations in Cuba or Syria, or is now or in the future on the Scrutinized Companies that Boycott Israel List, or engaged in a boycott of Israel, the District may immediately terminate the Contract.

SECTION 10. GENERAL PROVISIONS.

A. CONFLICTS. The terms of this Agreement and **Exhibit A** are intended to complement each other, and to the extent they conflict, the terms of **Exhibit A** shall control only to the extent that such provisions provide clarifications on Services and materials to be provided by Contractor pursuant to **Exhibit A**; in all other respects, the provisions of this Agreement shall control.

B. AUTHORIZATION. The execution of this Agreement has been duly authorized by the appropriate body or official of the District and Contractor, both the District and Contractor have complied with all the requirements of law, and both the District and Contractor have full power and authority to comply with the terms and provisions of this Agreement.

C. INDEPENDENT CONTRACTOR. It is understood and agreed that at all times the relationship of Contractor and its employees, agents, or anyone directly or indirectly employed by Contractor to the District is the relationship of an independent contractor and not that of an employee, agent, joint-venturer, or partner of the District. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between the District and Contractor or any of its employees, agents, or anyone directly or indirectly employed by Contractor. The parties acknowledge that Contractor is not an employee for state or federal tax purposes. Contractor shall hire and pay all of Contractor's employees, agents, or anyone directly or indirectly employed by Contractor, all of whom shall be employees of Contractor and not employees of the District and at all times entirely under Contractor's supervision, direction, and control.

In particular, the District will not: i) withhold FICA (Social Security) from Contractor's payments; ii) make state or federal unemployment insurance contributions on Contractor's behalf; iii) withhold state or federal income tax from payment to Contractor; iv) make disability insurance contributions on behalf of Contractor; or v) obtain workers' compensation insurance on behalf of Contractor.

D. DISPUTE RESOLUTION. Before initiating any legal claim or action (except with respect to equitable relief), the parties agree to attempt in good faith to settle any dispute, controversy, or claim arising out of or related to this Agreement or the Services (collectively, "**Dispute**") through discussions which shall be initiated upon written notice of a Dispute by either party to the other. If the parties cannot resolve the Dispute within ten (10) business days, then the parties shall attempt to settle the Dispute by mediation. If mediation is unsuccessful, the parties may then proceed to filing a claim in the appropriate jurisdictional court in accordance with this Agreement. In the event that either party is required to enforce this Agreement by court proceedings or otherwise, then the parties agree that the substantially

prevailing party shall be entitled to recover from the other all fees and costs incurred, including reasonable attorneys' fees, paralegal fees, expert witness fees, and costs for trial, alternative dispute resolution, or appellate proceedings.

E. APPLICABLE LAW AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without reference to the principles of conflict of laws. Except for actions seeking injunctive relief (which may be brought in any appropriate jurisdiction), suits under this agreement shall only be brought in a court of competent jurisdiction in the County where the District is entirely or primarily located. This choice of venue is intended by the parties to be mandatory and not permissive in nature, and to preclude the possibility of litigation between the parties with respect to, or arising out of, this Agreement in any jurisdiction other than that specified in this section. The District and Contractor waive any right they may have to assert the doctrine of *forum non conveniens* or similar doctrine, or to object to venue with respect to any proceeding brought in accordance with this Section.

F. LIMITATIONS ON GOVERNMENTAL LIABILITY. Nothing in this Agreement shall be deemed as a waiver of immunity or limits of liability of the District beyond any statutory limited waiver of immunity or limits of liability which may have been adopted by the Florida Legislature in section 768.28, *Florida Statutes*, or other statute, and nothing in this Agreement shall inure to the benefit of any third-party for the purpose of allowing any claim which would otherwise be barred under the Doctrine of Sovereign Immunity or by operation of law.

G. THIRD-PARTY BENEFICIARIES. This Agreement is solely for the benefit of the District and Contractor and no right or cause of action shall accrue upon or by reason to or for the benefit of any third-party not a formal party to this Agreement. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person or corporation other than the District and Contractor any right, remedy, or claim under or by reason of this Agreement or any of the provisions or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions contained in this Agreement shall inure to the sole benefit of and shall be binding upon the District and Contractor and their respective representatives, successors, and assigns.

H. DEFAULT AND PROTECTION AGAINST THIRD-PARTY INTERFERENCE. A default by either party under this Agreement shall entitle the other to all remedies available at law or in equity, which may include, but not be limited to, the right of actual damages and/or specific performance. The District shall be solely responsible for enforcing its rights under this Agreement against any interfering third-party. Nothing contained in this Agreement shall limit or impair the District's right to protect its rights from interference by a third-party to this Agreement.

I. NOTICES. All notices, requests, consents, and other communications under this Agreement ("Notice" or "Notices") shall be in writing and shall be delivered, mailed by Overnight Delivery or First Class Mail, postage prepaid, to the parties at the addresses first set forth above. Except as otherwise provided in this Agreement, any Notice shall be deemed received only upon actual delivery at the address set forth above. Notices delivered after 5:00 p.m. (at the place of delivery) or on a non-business day, shall be deemed received on the next business day. If any time for giving Notice contained in this Agreement would otherwise expire on a non-business day, the Notice period shall be extended to the next succeeding business day. Saturdays, Sundays, and legal holidays recognized by the United States government shall not be regarded as business days. Counsel for the District and counsel for Contractor may deliver Notice on behalf of the District and Contractor. Any party or other person to whom Notices are to be sent or

copied may notify the other parties and addressees of any change in name or address to which Notices shall be sent by providing the same on five (5) days' written notice to the parties and addressees set forth herein.

J. **ENTIRE AGREEMENT**. This Agreement, together with **Exhibit A**, sets forth the entire agreement of the parties, and supersedes any prior agreements or statements with respect to the subject matter hereof.

K. **SEVERABILITY**. The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the remaining portions of this Agreement, or any part of this Agreement not held to be invalid or unenforceable.

L. **ASSIGNMENT**. Neither the District nor Contractor may assign this Agreement without the prior written consent of the other. Any purported assignment without such consent shall be null and void.

M. **AMENDMENTS.** This Agreement may be amended or modified only by a written instrument duly executed by both parties.

N. **FORCE MAJEURE**. If either party is prevented from performing any of its obligations under this Agreement due to any cause beyond the party's reasonable control, including, without limitations, an "act of God," fire, flood, war, strike, government regulation, civil or military authority, acts or omissions of transmitters, utilities, providers or hackers, the time for that party's performance will be extended for the period of the delay or inability to perform due to such occurrence.

O. **SURVIVAL**. In addition to such other provisions hereof which, by their terms, survive any termination or expiration of this Agreement, Section 5 (Representations, Warranties and Covenants), Section 6 (Intellectual Property), Section 7 (Public Records), Section 8 (Indemnity), and Section 10 (General Provisions) shall survive any termination or expiration of this Agreement.

P. **WAIVER**. No breach of any term of this Agreement shall be deemed waived unless expressly waived in writing by the party who might assert such breach. Any failure or delay by either party to exercise any right, power, or privilege under this Agreement shall not be deemed a waiver of any such right, power, or privilege under this Agreement on that or any subsequent occasion. Any waiver by either party, whether express or implied, of any provision of this Agreement, any waiver of default, or any course of dealing hereunder, shall not affect such party's right to thereafter enforce such provision or to exercise any right or remedy in the event of any other default or breach, whether or not similar.

Q. **COUNTERPARTS**. This instrument may be executed in any number of counterparts, each of which, when executed and delivered, shall constitute an original, and such counterparts together shall constitute one and the same instrument. Signature and acknowledgement pages, if any, may be detached from the counterparts and attached to a single copy of this document to physically form one document.

R. **ARM'S LENGTH TRANSACTION**. This Agreement has been negotiated fully between the parties as an arm's length transaction. Both parties participated fully in the preparation of this Agreement and received the advice of counsel. In case of a Dispute concerning the interpretation of any provision of this Agreement, both parties are deemed to have drafted, chosen, and selected the language, and the doubtful language will not be interpreted or construed against either party.

S. **DESCRIPTIVE HEADINGS**. The descriptive headings in this Agreement are for convenience only and shall not control nor affect the meaning or construction of any of the provisions of this Agreement.

[*SIGNATURES ON NEXT PAGE*]

IN WITNESS WHEREOF, the parties have, by their duly authorized representatives, executed this Agreement as of the date and year first set forth above.

ATTEST**:**	**THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**
_____	_____
Secretary	Chairperson, Board of Supervisors
WITNESS**:**	**INNERSYNC STUDIO, LTD., D/B/A CAMPUS SUITE**, an Ohio limited liability company
_____	_____
Print Name:	By: Steven Williams, VP of Marketing

Exhibit A: Proposal for Services

Exhibit A

Proposal for Service

Pricing

Effective date: 2019-07-01

Implementation	Quantity	Subtotal
Onboarding of ADA Compliant Website and Remediation of Historical Documents • Migration website pages and present on a staged website for approval • Initial PDF Accessibility Compliance Service for 1,500 pages of remediation	1	$1,470.00

Ongoing services	Quantity	Subtotal
Website services • Hosting, support and training for users • Website management tools to make updates • Secure certification (https) • Monthly site reporting, monitoring and error corrections	1	$615.00
Ongoing PDF Accessibility Compliance Service • Remediation of all PDFs stored on your website • Remediation of up to 750 PDF pages • Dashboard for reporting and managing all PDFs • 48-hour turnaround for fixes for board agendas • PDF manager dashboard	750*	$900.00
Social Media Manager		Included
	Total:	**$2,985.00**

**Maximum PDF pages per 12 month period*

Statement of work

1. **On-boarding of ADA Compliant Website and Remediation of Historical Documents.** Contractor will deliver a functional, responsive, working ADA compliant website that can display content submitted to the Contractor by the District. At a minimum, the website and the documents on the website will:
    1. Comply with the guidelines provided by Web Content Accessibility Guidelines 2.1, as amended and/or replaced by new releases from time to time ("WCAG");
    2. Contain a website accessibility policy that includes: a commitment to accessibility for persons with disabilities, the accessibility standard used and applied to the website (at a minimum WCAG), and contact information of the District Manager or their designee (email and phone number) in case users encounter any problems;
    3. Display an ADA compliance shield, seal, or certification;
    4. Provide options to create a CDD-branded design (colors, logo, etc...)
    5. Be accessible on modern versions of Internet Explorer, Edge, Mozilla, Safari, and Chrome web browsers and be "mobile friendly" and offer a "mobile version" of the sites content for access from tablets or smart phones.
    6. Be free of any commercial advertising;
    7. Be free of any known spyware, virus, or malware;
    8. Secure certification (https)
    9. Secure cloud hosting with fail-overs
    10. Allow for data backups, and record retention as required by law;
    11. Allow for the display a calendar, reservation request form, and newsletter;
    12. Creation of a dashboard for the District to upload and remove content, manage all documents, manage document remediation, and review reports generated by the Contractor; and
    13. Remediate 1,500 pages identified by the District for the new website in an ADA compliant format.*
2. **Domain Fee.** The Contractor shall pay the annual fee for the domain name of the District's website.
3. **Maintenance and Management of the Website.**
    1. Contractor will manage and maintain the website;
    2. Remediate new documents (a not to exceed 750 pages per year) provided by the District Manager in an ADA compliant format;*
        1. For Agenda Packages, the Contractor shall turn around the documents within 2 business days
    3. District shall be responsible for uploading the ADA compliant documents onto the website. Contractor shall ensure that the District only has the ability to upload or

remove documents on the website and cannot alter any other aspect of the website;

4. Contractor will store all District data, including files, text and parameters; data will be backed-up on a separate storage system at regular intervals; and
5. The ADA compliant website will be on-line at all times unless maintenance or upgrades require it to be unavailable. When maintenance or upgrades require the website to be unavailable, Contractor will provide the District with reasonable advance notice in writing.

4. **Monthly Auditing and Remediation Services.**
    1. Every month Contractor will comprehensively audit the website's compliance with (1) WCAG and (2) any applicable laws, rules, and regulations (including, the Department of Justice);
    2. After the audit, Contractor will remediate any web accessibility deficiencies of the website or content on the website; and
    3. The Contractor will provide a written report to the District that summarizes the audit and any remediations made.
5. **Support Services.**

    Contractor will supply telephone and/or email support to the District on a reasonable and necessary basis to within business hours – Monday to Friday 9 am to 6 pm EST, exclusive of holidays. The Contractor will provide a listing of detailed hours, holidays, and service availability on their website, and reserves the right to modify the times technical support is available.

*If certain PDFs are not able to be fully remediated, Contractor shall work with the District to create a summary of the content in the PDF and provide contact information if anyone needs reasonable accommodations to access the full content within that PDF.

EXHIBIT 10

AVALON GROVES

COMMUNITY DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS

September 30, 2018

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
FINANCIAL STATEMENTS
September 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Avalon Groves Community Development District
Lake County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Avalon Groves Community Development District, Lake County, Florida ("District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 7 and page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2019, on our consideration of Avalon Groves Community Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Avalon Groves Community Development District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated April 18, 2019 on our consideration of the District's compliance with requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation Standards established by the American Institute of Certified Public Accountants.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
April 18, 2019

Our discussion and analysis of Avalon Groves Community Development District, Lake County, Florida ("District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year resulting in a deficit net position balance of $1,893,084.

- The change in the District's total net position in comparison with the prior fiscal year was $2,735,324, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.

- At September 30, 2018, the District's governmental funds reported combined ending fund balances of $2,936,978. A portion of fund balance is restricted for debt service and future capital repairs and replacement, and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance and operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund. All funds are major funds. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year. A portion of the District's net position reflects its investment in capital assets (e.g. land, land improvements and infrastructure). These assets are used to provide services to residents; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

Key components of net position were as follows:

Statement of Net Position

	2018	2017
Current assets	$ 3,792,510	$ 6,404,912
Capital assets	12,135,364	7,798,430
Total assets	15,927,874	14,203,342
Current liabilities	1,307,365	1,338,157
Long-term liabilities	12,727,425	13,707,425
Total liabilities	14,034,790	15,045,582
Net position		
Net invested in capital assets	(722,061)	(5,908,995)
Restricted for capital projects	244,377	3,597,346
Restricted for debt service	2,360,900	1,469,409
Unrestricted	9,868	-
Total net position	$ 1,893,084	$ (842,240)

The District's net position increased during the most recent fiscal year. The majority of the change represents the degree to which program revenues exceeded ongoing cost of operations.

Key elements of the District's change in net position are reflected in the following table:

Change in Net Position

	2018	2017
Program revenues	$ 2,831,237	$ 149,087
General revenues	812,069	32,265
Total revenues	3,643,306	181,352
Expenses		
General government	103,917	149,087
Physical environment	60,115	-
Interest on long-term debt	743,950	390,680
Cost of issuance	-	483,825
Total expenses	907,982	1,023,592
Change in net position	2,735,324	(842,240)
Net position - beginning of year	(842,240)	-
Net position - end of year	$ 1,893,084	$ (842,240)

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2018 was $907,982, which primarily consisted of interest on long-term debt and costs associated with constructed and maintaining certain capital improvements. The costs of the District's activities were funded by special assessments and developer contributions.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2018.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2018, the District had $12,135,364 invested in construction in process. Construction in process has not completed as of September 30, 2018 and therefore is not depreciated to date. Once projects are complete, items will transfer to depreciable assets. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2018, the District had $12,857,425 in Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the accompanying notes to the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND OTHER INFORMATION

For the fiscal year 2019, the District anticipates that the cost of general operations will remain fairly constant. In connection with the District's future infrastructure maintenance and replacement plan, the District Board has included in the budget, an estimate of those anticipated future costs and has assigned a portion of current available resources for that purpose.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Avalon Groves Community Development District's Finance Department at 250 International Parkway, Suite 280, Lake Mary, FL 32746.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	$ 39,697
Deposits	453
Prepaid items	5,020
Restricted assets:	
Investments	3,747,340
Capital assets:	
Non-depreciable	12,135,364
TOTAL ASSETS	$ 15,927,874
LIABILITIES	
Accounts payable and accrued expenses	$ 177,305
Due from developer	663,712
Accrued interest payable	321,833
Retainage payable	14,515
Bonds payable, due within one year	130,000
Bonds payable, due in more than one year	12,727,425
TOTAL LIABILITIES	14,034,790
NET POSITION	
Net investment in capital assets	(722,061)
Restricted for:	
Capital projects	244,377
Debt service	2,360,900
Unrestricted	9,868
TOTAL NET POSITION	$ 1,893,084

The accompanying notes are an integral part of this financial statement

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities				
General government	$ 103,917	$ 103,917	$ -	$ -
Physical environment	60,115	30,937	268,063	238,885
Interest on long-term debt	743,950	2,428,320	-	1,684,370
Total governmental activities	$ 907,982	$ 2,563,174	$ 268,063	1,923,255
General revenues:				
Investment earnings				93,069
Miscellaneous income				719,000
Total general revenues				812,069
Change in net position				2,735,324
Net position - October 1, 2017				(842,240)
Net position - September 30, 2018				$ 1,893,084

The accompanying notes are an integral part of this financial statement

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2018

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
ASSETS				
Cash and cash equivalents	$ 39,677	$ -	$ 20	$ 39,697
Deposits	453	-	-	453
Prepaid items	5,020	-	-	5,020
Restricted assets:				
Investments	-	2,682,733	1,064,607	3,747,340
TOTAL ASSETS	$ 45,150	$ 2,682,733	$ 1,064,627	$ 3,792,510
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	$ 35,282	$ -	$ 142,023	$ 177,305
Retainage payable	-	-	14,515	14,515
Due to developer	-	-	663,712	663,712
TOTAL LIABILITIES	35,282	-	820,250	855,532
FUND BALANCES				
Nonspendable:				
Deposits and prepaid items	5,473	-	-	5,473
Restricted for:				
Debt service	-	2,682,733	-	2,682,733
Capital projects	-	-	244,377	244,377
Unassigned	4,395	-	-	4,395
TOTAL FUND BALANCES	9,868	2,682,733	244,377	2,936,978
TOTAL LIABILITIES AND FUND BALANCES	$ 45,150	$ 2,682,733	$ 1,064,627	$ 3,792,510

The accompanying notes are an integral part of this financial statement

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2018

Total Governmental Fund Balances in the Balance Sheet, Page 10	$ 2,936,978
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital asset used in governmental activities are not financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	12,135,364
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(321,833)
Original issue discount	322,575
Governmental bonds payable	(13,180,000)
Net Position of Governmental Activities, Page 8	$ 1,893,084

The accompanying notes are an integral part of this financial statement

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
REVENUES				
Developer contributions	$ 39,046	$ -	$ 229,017	$ 268,063
Special assessments	134,854	2,428,320	-	2,563,174
Miscellaneous revenue	-	-	719,000	719,000
Investment earnings	-	64,987	28,082	93,069
TOTAL REVENUES	173,900	2,493,307	976,099	3,643,306
EXPENDITURES				
General government	103,917	-	-	103,917
Physical environment	60,115	-	-	60,115
Capital outlay	-	-	4,336,934	4,336,934
Debt				
Principal	-	850,000	-	850,000
Interest expense	-	812,797	-	812,797
TOTAL EXPENDITURES	164,032	1,662,797	4,336,934	6,163,763
EXCESS REVENUES OVER (UNDER) EXPENDITURES	9,868	830,510	(3,360,835)	(2,520,457)
OTHER SOURCES (USES)				
Transfers in (out)	-	(7,866)	7,866	-
TOTAL OTHER SOURCES (USES)	-	(7,866)	7,866	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	9,868	822,644	(3,352,969)	(2,520,457)
FUND BALANCE				
Beginning of year	-	1,860,089	3,597,346	5,457,435
End of year	$ 9,868	$ 2,682,733	$ 244,377	$ 2,936,978

The accompanying notes are an integral part of this financial statement

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

Net Change in Fund Balances - Total Governmental Funds, Page 12	$ (2,520,457)
Amount reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are depreciated over their estimated useful lives:	
Capital outlay	4,336,934
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the Statement of Net Position and are eliminated in the Statement of Activities:	
Payments on long-term debt	850,000
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported expenditures in the governmental funds:	
Change in accrued interest payable	68,847
Change in Net Position of Governmental Activities, Page 9	$ 2,735,324

The accompanying notes are an integral part of this financial statement

NOTE A- NATURE OF ORGANIZATION AND REPORTING ENTITY

Avalon Groves Community Development District (the District) was established on April 27, 2016 by Lake County Ordinance 2016-16 pursuant to the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. All of the Board members are affiliated with the Developers. The Supervisors are elected on an at large basis by the qualified electors of the property owners within the District. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing Improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other Items not included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the economic financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures are recorded when a liability is incurred, as under accrual accounting.

Assessments

Assessments are non-ad valorem assessments on benefited lands within the District. Assessments are levied to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments for operations are billed and collected by the County Tax Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest of long-term debt.

Capital Projects Fund

The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major infrastructure with the District.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (continued)

Deposits and Investments (continued)

c) Interest bearing time deposits or savings accounts in qualified public depositories;
d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	20 - 40
Improvements	10 - 20

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (continued)

Capital Assets

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (continued)

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

Committed fund balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance - Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board can assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE C - BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
b) Public hearings are conducted to obtain public comments.
c) Prior to October 1, the budget is legally adopted by the District Board.
d) All budget changes must be approved by the District Board.
e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE D – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances, including certificates of deposit, were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2018:

Investment	Fair Value	Credit Risk	Maturities
Fidelity Investments Money Market Funds - Government Portfolio	$ 3,747,340	S&P AAAm	Weighted average of the fund portfolio: 36 days
Total Investments	$ 3,747,340		

NOTE D – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. The investments listed in the schedule above are not evidenced by securities that exist in physical or book entry form.

Credit risk - For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk - The District places no limit on the amount the District may invest in anyone issuer.

Interest rate risk - The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement - When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;

- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,

- Level 3: Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE E - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

	Balance 10/01/2017	Increases	Decreases	Balance 09/30/2018
Governmental activities:				
Capital assets, not being depreciated:				
Construction in process	$ 7,798,430	$ 4,336,934	$ -	$ 12,135,364
Total capital assets, not being depreciated	7,798,430	4,336,934	-	12,135,364
Governmental activities capital assets - net	$ 7,798,430	$ 4,336,934	$ -	$ 12,135,364

NOTE F – LONG-TERM LIABILITIES

$2,415,000 Special Assessment Bonds, Series 2017 – On March 27, 2017, the District issued $2,415,000 in Special Assessment Bonds, Series 2017. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2048. The Bonds bear interest ranging from 5.0% to 5.75% payable semi-annually on the first day of each May and November. Principal is due serially each November 1, commencing November 2017.

$7,215,000 Special Assessment Bonds, Series 2017A-1 – On March 27, 2017, the District issued $7,215,000 in Special Assessment Bonds, Series 2017A-1. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable in annual principal installments through May 2048. The Bonds bear interest ranging from.5.375% to 6.0% payable semi-annually on the first day of each May and November. Principal is due serially each November 1, commencing November 2017.

$4,400,000 Special Assessment Bonds, Series 2017A-2 – On March 27, 2017, the District issued $4,400,000 in Special Assessment Bonds, Series 2017A-2. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the property within the District. The Bonds are payable May 2029. The Bonds bear interest at 6.0% payable semi-annually on the first day of each May and November. Principal is due serially each November 1, commencing November 2017.

The Bond Indenture has certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The requirements have been met for the fiscal year ended September 30, 2018.

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of activity in the long-term debt of the District for the year ended September 30, 2018:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018	Due Within One Year
Special Assessment Bonds, Series 2017	$ 2,415,000	$ -	$ -	$ 2,415,000	$ 35,000
Special Assessment Bonds, Series 2017A-1	7,215,000	-	-	7,215,000	95,000
Special Assessment Bonds, Series 2017A-2	4,400,000	-	850,000	3,550,000	-
	14,030,000	-	850,000	13,180,000	130,000
Unamortized bond discount	(322,575)	-	-	(322,575)	-
	$ 13,707,425	$ -	$ 850,000	$ 12,857,425	$ 130,000

The annual requirements to amortize the principal and interest of bonded debt outstanding as of September 30, 2018 are as follows:

September 30,	Principal	Interest	Total
2019	$ 130,000	$ 774,081	$ 904,081
2020	135,000	767,224	902,224
2021	140,000	760,101	900,101
2022	150,000	752,706	902,706
2023	155,000	744,794	899,794
2024-2028	915,000	3,591,243	4,506,243
2029-2033	4,765,000	2,453,925	7,218,925
2034-2038	1,635,000	1,832,800	3,467,800
2039-2043	2,195,000	1,285,338	3,480,338
2047-2048	2,960,000	548,100	3,508,100
	$ 13,180,000	$ 13,510,312	$ 16,234,074

NOTE G - MANAGEMENT COMPANY

The District has contracted with a management company to perform services which include financial and accounting advisory services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE H – INSURANCE PROCEEDS

During fiscal year 2018, the District filed claims against a construction company for various defects relating to the elevation of Phases 1 and 2 of the Sawgrass Bay Boulevard. As a result of these claims, the District received $719,000 which has been recorded as miscellaneous income in the accompanying financial statements.

NOTE I – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to September 30, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2018. Management has performed their analysis through April 18, 2019, the audit completion date.

NOTE J - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and environmental remediation. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE K – CONCENTRATION

The Districts activity is dependent upon the continued involvement of the Developer, the loss of which could have a material adverse effect on the District operations.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
Year Ended September 30, 2018

	* BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Developer contributions	$ -	$ 39,046	$ 39,046
Special assessments	300,474	134,854	(165,620)
TOTAL REVENUES	300,474	173,900	(126,574)
EXPENDITURES			
Current			
General government	79,386	103,917	(24,531)
Physical environment	221,088	60,115	160,973
TOTAL EXPENDITURES	300,474	164,032	136,442
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ -	9,868	$ 9,868
FUND BALANCES			
Beginning of year		-	
End of year		$ 9,868	

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes, The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements, The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors, Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2018.

The variance between budgeted and actual general fund revenues is not considered significant. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Supervisors
Avalon Groves Community Development District
Lake County, Florida

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Avalon Groves Community Development District, as of September 30, 2018 and for the year ended September 30, 2018, which collectively comprise Avalon Groves Community Development District's basic financial statements and have issued our report thereon dated April 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
April 18, 2019

DMHB

DiBARTOLOMEO, McBEE, HARTLEY & BARNES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Supervisors
Avalon Groves Community Development District
Lake County, Florida

We have examined the District's compliance with the requirements of Section 218.415, Florida Statutes with regards to the District's investments during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of Avalon Groves Community Development District, Lake County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee Hartley & Barnes, P.A.
Fort Pierce, Florida
April 18, 2019

Management Letter

To the Board of Supervisors
Avalon Groves Community Development District
Lake County, Florida

Report on the Financial Statements

We have audited the financial statements of Avalon Groves Community Development District as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 18, 2019.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 18, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Initial year audit, there were no findings in the prior year.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Refer to Note A in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report results of our determination as to whether or not Avalon Groves Community Development District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that Avalon Groves Community Development District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Avalon Groves Community Development District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for Avalon Groves Community Development District for the fiscal year ended September 30, 2018, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2018. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Chairman and Members of the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.
Fort Pierce, Florida
April 18, 2019