DPFG Management & Consulting, LLC

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

Agenda Package

Board of Supervisors Meeting

Date & Time:

Thursday
February 23,2017
11:30 a.m.

Location:

Cagan Crossing
Community Library
16729 Cagan Oaks
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] 1060 Maitland Center Commons, Suite 340
Maitland, Florida 32751
321-263-0134

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

February 16, 2017

Board of Supervisors
Avalon Groves Community
Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Avalon Park Community Development District is scheduled for Thursday February 23, 2017 at 11:30 a.m. at the Cagan Crossing Community Library 16729 Cagan Oaks Clermont, Florida.

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

District: AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
Date of Meeting: **Thursday, February 23, 2017**
Time: 11:30 a.m.
Location: Cagan Crossing Community Library
16729 Cagan Oaks
Clermont, FL

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

Agenda

I. Roll Call

II. Audience Comments

III. Administrative Matters

A. Approval of Minutes of January 18, 2017 Meeting — Exhibit 1

B. Acceptance of the Unaudited January 2016 Financials — Exhibit 2

IV. Business Items

A. Consideration and Adoption of Revised Engineers Report — Exhibit 3

B. Consideration and Adoption of Revised AMR — Exhibit 4

C. Consideration & Adoption of Resolution 2017-13, Amending & And Restating Resolution 2017-12, 2017 Special Assessments — Exhibit 5

- Exhibit A – Bond Purchase Contract
- Exhibit B – Preliminary Limited Offering Memorandum
- Exhibit C – Continuing Disclosure Agreement
- Exhibit D – First Supplemental Trust Indenture
- Exhibit D – Second Supplemental Trust Indenture
- Exhibit D – Third Supplemental Trust Indenture

D. Consideration & Adoption of Purchase & Sale Agreement — Exhibit 6

E. Consideration & Adoption of the Uniform Method of Collection Agreement with the Lake County Property Appraiser — Exhibit 7

V. Staff Reports

A. Manager

B. Attorney

C. Engineer

VI. Supervisors Requests

VII. Adjournment

EXHIBIT 1.

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 Wednesday, January 18, 2017 at 10:00 a.m. at the Cagan Crossing Community Library, 16729 Cagan Oaks, Clermont, Florida.

FIRST ORDER OF BUSINESS - Roll Call

Mr. Aagaard called the meeting to order.

Present and constituting a quorum were:

Greg Meath	Board Supervisor, Vice Chairman
Troy Simpson	Board Supervisor, Assistant Secretary
Candice Smith (after oath)	Board Supervisor, Assistant Secretary

Also present were:

Maik Aagaard	District Manager
Roy Van Wyk	District Counsel
Gary Miller	District Engineer
Victor Barbosa	District Engineer

SECOND ORDER OF BUSINESS – Audience Comments

There being none, the next item followed.

THIRD ORDER OF BUSINESS – Administrative Matters

A. Approval of Minutes of December 22, 2016 Meeting Minutes

Mr. Aagaard presented the Minutes of the December 22, 2016 Meeting and asked for comments, questions or corrections.

Line 134, correct spelling of Candace to Candice.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board approved the Minutes of the Meeting held on December 22, 2016, as amended, for the Avalon Groves Community Development District.

B. Acceptance of the November 2016 Financials

Mr. Aagaard presented the November 2016 Financials and asked for comments or questions.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board approved the November 2016 Financials for the Avalon Groves Community Development District.

FOURTH ORDER OF BUSINESS – Business Items

A. Oath of Office – Candice Smith – Form 1

Mr. Aagaard presented the Oath of Office to Candice Smith to read and sign. He also stated that the Form 1 was to be filed with the County within 30 days of taking the Oath.

B. Consideration and Adoption of Resolution 2017-11 Designating Officers

Mr. Aagaard presented Resolution 2017-11 Designating Officers and stated that the slate would remain the same except for the resignation of Brad Walker and the addition of Ms. Smith. He then requested a motion to appoint Ms. Smith as Assistant Secretary.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board adopted Resolution **2017-1**1 Designating Officers with Mr. Harvey as Chairman, Mr. Meath as Vice Chairman, Ms. Comings-Thibault as Secretary/Treasurer, Mr. Aagaard as Assistant Treasurer, Ms. Stewart and Ms. Johns as Assistant Secretaries, and Mr. Simpson and Ms. Smith as Assistant Secretaries, for the Avalon Groves Community Development District.

C. Consideration & Award of Serenoa, Phase 1A – Evaluation Criteria

Mr. Aagaard presented Consideration & Award of Serenoa, Phase 1A – Evaluation Criteria and asked the District Engineer, Gary Miller, to review.

Mr. Miller stated that though there were some minor irregularities in the John M. Hall bid, he asked the Board to waive the technical errors and irregularities for John M. Hall and consider their bid responsive.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board approved waiving the John M. Hall bid technical errors and considered their bid responsive for the Avalon Groves Community Development District.

Mr. Miller stated that for the Serenoa 1 and 2 Phase 1A bids were advertised and were opened, read aloud and done in accordance with the bid advertisement. The four bidders that responded were: Kearney Companies, John M. Hall, Jr. Davis Construction, and Watson Civil. A bid summary table was distributed and a clarification for Kearny Companies needed to be made. An alternative number they provided at bottom of summary sheet needs to get added into what would be their base bid, making the total $5,526,801.38.

Discussion ensued. Mr. Miller then reviewed the Evaluation Criteria sheet. After the Board reviewed the bids as a group, the ranking was as follows:

1.	John M. Hall	100.00
2.	Kearney Companies	95.99
3.	Jr. Davis Construction	94.55
4.	Watson Civil	76.28

Motion was requested to accept the rankings and to authorize District Staff to Provide Notice of Selection to all Proposers.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board approved the John M. Hall bid and authorized District Staff to Provide Notice of Selection to all Proposers for the Avalon Groves Community Development District.

D. Approval for District Staff to Provide Notice of Selection to all Proposers

This item was addressed in Item C.

E. Consideration & Adoption of Resolution 2017-12 Delegated Award Resolution

- **Exhibit A – Bond Purchase Contract**
- **Exhibit B – Preliminary Offering Memorandum**
- **Exhibit C – Continuing Disclosure Agreement**
- **Exhibit D – 1st Supplemental Trust Indenture**
  2nd Supplemental Trust Indenture
  3rd Supplemental Trust Indenture

Mr. Van Wyk presented Resolution 2017-12 Delegated Award Resolution and asked for comments or questions.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board adopted Resolution **2017-12** Delegated Award Resolution for the Avalon Groves Community Development District.

FIFTH ORDER OF BUSINESS – Staff Reports

A. Manager

There being none, next item followed.

B. Attorney

Mr. Van Wyk requested a motion to approve a Construction Funding Agreement in substantial form.

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, WITH ALL IN FAVOR, the Board approved the Construction Funding Agreement in substantial form for the Avalon Groves Community Development District.

C. Engineer

There being none, next item followed.

SIXTH ORDER OF BUSINESS – Supervisor Request

Discussion ensued concerning the meeting scheduled for January 26. Mr. Aagaard commented if the meeting was not needed, a notice would be sent out. Next scheduled meeting is for February 23.

SEVENTH ORDER OF BUSINESS – Adjournment

On a MOTION by Mr. Meath, SECONDED by Mr. Simpson, 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 _____.

_____	_____
Signature	**Signature**
_____	_____
Printed Name	**Printed Name**
Title: □ Secretary □ Assistant Secretary	**Title: □ Chairman □Vice Chairman**

EXHIBIT 2.

Avalon Groves
Community Development District

Summary Financial Statements
(Unaudited)

Period Ending
January 31, 2017

Avalon Groves Community Development District
Balance Sheet
Unaudited
January 31, 2017

		GENERAL FUND
ASSETS:		
CASH	$	1,238
INVESTMENTS:		
ACCOUNTS RECEIVABLE		12,602
TOTAL ASSETS	**$**	**13,840**
LIABILITIES:		
ACCOUNTS PAYABLE	$	13,539
FUND BALANCE:		
NONSPENDABLE:		
PREPAID AND DEPOSITS		-
ASSIGNED:		
OPERATING RESERVES		-
RESERVES - ROADWAYS		-
UNASSIGNED:		301
TOTAL LIABILITIES & FUND BALANCE	**$**	**13,840**

Avalon Groves Community Development District

Statement of Revenue, Expenditures And Change In Fund Balance

For The Period Ending January 31, 2017

	FY2017 ADOPTED BUDGET	BUDGET YEAR-TO-DATE	ACTUAL YEAR-TO-DATE	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
SPECIAL ASSESSMENTS (LANDOWNER OFF-ROLL)	$ 220,035	$ 73,345	$ 59,413	$ (13,932)
TOTAL REVENUES	**220,035**	**73,345**	**59,413**	**(13,932)**
EXPENDITURES				
GENERAL ADMINISTRATIVE				
DISTRICT MANAGEMENT SERVICES	32,000	16,000	16,000	-
BANK FEES	150	50	15	35
AUDITING SERVICES	5,500	1,833	-	1,833
REGULATORY & PERMIT FEES	175	175	175	-
LEGAL ADVERTISEMENTS	750	250	2,816	(2,566)
ENGINEERING SERVICES	10,000	3,333	813	2,521
LEGAL SERVICES	10,000	3,333	12,767	(9,433)
TECHNOLOGY & WEBSITE ADMIN.	960	320	320	-
APPRAISAL REPORT	-	-	4,300	(4,300)
MISC. OFFICE (PRINTING)	500	167	-	167
TOTAL GENERAL ADMINISTRATIVE	**60,035**	**25,462**	**37,205**	**(11,743)**
INSURANCE				
INSURANCE (PUBLIC OFFICIALS)	3,300	-	-	-
INSURANCE (PROPERTY & CASUALTY)	7,500	2,410	2,410	-
TOTAL INSURANCE	**10,800**	**2,410**	**2,410**	**-**
DEBT SERVICE ADMIN.				
DISCLOSURE REPORT	5,000	-	-	-
ARBITRAGE REBATE	700	-	-	-
TRUSTEE FEES	3,500	-	-	-
TOTAL DEBT ADMINISTRATION	**9,200**	**-**	**-**	**-**
UTILITIES			-	
UTILITIES-ELECTRICITY	2,500	-	-	-
TOTAL UTILITIES	**2,500**	**-**	**-**	**-**
PHYSICAL ENVIRONMENT				
LAKE & POND MAINTENANCE	2,500	833	-	833
LANDSCAPE MAINTENANCE	25,000	8,333	-	8,333
LANDSCAPE - MISCELLANEOUS	5,000	1,667	-	1,667
WETLAND MITIGATION & MAINTENANCE	5,000	1,667	-	1,667
FIELD CONTINGENCY	100,000	33,333	-	33,333
TOTAL PHYSICAL ENVIRONMENT EXPENDITURES	**137,500**	**45,833**	**-**	**45,833**
TOTAL EXPENDITURES	**220,035**	**73,705**	**39,615**	**34,090**
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	**-**	**-**	**19,799**	**19,799**
FUND BALANCE - BEGINNING	-	-	(19,497)	(19,497)
FUND BALANCE - ENDING	**$ -**	**$ -**	**$ 301**	**$ 301**

Avalon Groves Community Development District
General Fund - Bank Reconciliation
Operating Accounts
January 31, 2017

		BU
Balance Per Bank Statement	$	1,238.10
Less: Outstanding AP Checks		-
Adjusted Bank Balance	**$**	**1,238.10**
Beginning Bank Balance Per Books	$	910.20
Deposits & Interest		19,643.65
Cash Disbursements		(19,315.75)
Balance Per Books	**$**	**1,238.10**

Avalon Groves CDD
Check Register
Operating Account
FY 2017

DATE	CK NO.	PAYEE	TRANSACTION	DEPOSIT	DISBURSMT	BALANCE
9/30/2016		**EOM**	**Balance**			**0.00**
10/21/2016		Deposit	Funding Request 01	19,448.99		19,448.99
10/26/2016	9997	DPFG	CDD Management		8,000.00	11,448.99
10/26/2016	9999	Egis Insurance Risk Advisors	Insurance - FY 2017		2,410.00	9,038.99
10/26/2016	9998	Hopping Green & Sams	Legal Services		7,416.50	1,622.49
10/26/2016	ACH102616	BANK UNITED	New Acct. Checks Ordered		14.80	1,607.69
10/31/2016		**EOM**	**Balance**	**19,448.99**	**17,841.30**	**1,607.69**
11/11/2016	1001	FLORIDA DEPT OF ECONOMIC OPPORTUNIT	Annual Filing FY 2016		100.00	1,507.69
11/11/2016	1002	Orlando Sentinel	Legal Ad		260.50	1,247.19
11/11/2016	1003	Venturesin.com, Inc.	Web Site/Domain		256.99	990.20
11/14/2016	1004	Venturesin.com, Inc.	Web Site Hosting - Nov		80.00	910.20
11/29/2016	1005	FLORIDA DEPT OF ECONOMIC OPPORTUNIT	Annual Filing Fee - FY 2017		175.00	735.20
11/30/2016		**EOM**	**Balance**	**0.00**	**872.49**	**735.20**
12/09/2016		Deposit	Developer funding	7,838.30		8,573.50
12/12/2016	1006	DPFG	CDD Meeting - Oct		4,000.00	4,573.50
12/12/2016	1007	Hopping Green & Sams	Legal Services - Aug/Sep		3,427.55	1,145.95
12/12/2016	1008	Orlando Sentinel	Legal Ad		235.75	910.20
12/31/2016		**EOM**	**Balance**	**7,838.30**	**7,663.30**	**910.20**
01/06/2017		Developer Funding	GF 2017-04	7,933.10		8,843.30
01/09/2017	1009	DPFG	CDD Meeting - November		4,000.00	4,843.30
01/09/2017	1010	Hopping Green & Sams	Legal Svcs - October		3,525.20	1,318.10
01/09/2017	1011	The Daily Commercial	Voided		0.00	1,318.10
01/09/2017	1012	Venturesin.com, Inc.	Web Site Hosting - December		80.00	1,238.10
01/19/2017		Developer Funding	GF 2017-05	7,330.55		8,568.65
01/20/2017	1013	DPFG	CDD Meeting - December		4,000.00	4,568.65
01/20/2017	1014	Hopping Green & Sams	Legal Services		3,330.55	1,238.10
01/23/2017		Developer Funding	GF 2017-06	4,380.00		5,618.10
01/23/2017	1015	Pinel & Carpenter, Inc.	Appraisal Report		4,300.00	1,318.10
01/23/2017	1016	Venturesin.com, Inc.	Web Site Hosting - January		80.00	1,238.10
1/31/2017		**EOM**	**Balance**	**19,643.65**	**19,315.75**	**1,238.10**

EXHIBIT 3.

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

February 20, 2017

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

To Whom It Concerns:

Pursuant to the Board of Supervisor's authorization, Heidt Design, LLC is pleased to submit this Supplemental Engineer's Report for the proposed improvements for the Avalon Groves Community Development District related to the first issuance of Capital Improvement Revenue Bonds. 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 first phase of 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 Land Partners
Roy Van Wyk, Hopping, Green & Sams, P.A.
Alyssa Willson, Hopping, Green & Sams, P.A.
File

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
ENGINEER'S SUPPLEMENTAL REPORT

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

February 20, 2017

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APPENDIX

A. Site Maps

INTRODUCTION

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 first bond issues (collectively, the "Series 2017 Bonds"). Refer to Table 1A for a costs summary associated with the Series 2017 Bonds. Public infrastructure and land improvements needed to service the initial phases of development within the District include the construction of the Sawgrass Bay Boulevard extension from the northwest project boundary through Assessment Areas One and Two. Also included are 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. Construction of the improvements associated with the Series 2017 Bonds commenced in Q4 of 2016 and is anticipated to be complete by December 2019.

As described in the Preliminary Engineer's Report, the Avalon Groves CDD will ultimately consist of three assessment areas geographically positioned as depicted in the Site Map in Appendix A. Assessment Area One is approximately 303 acres located in the northernmost portion of the District property and is being established as a residential active adult community with approximately 580 lots. Assessment Area Two contains approximately 334 acres and is 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 will not be financed with the Series 2017 Bonds.

The initial phases of development for the Serenoa (fka Avalon Groves) community include infrastructure within Assessment Areas One and Two and contain approximately 1,059 residential housing units and various parks and recreational facilities. An Amenity site is planned within Assessment Area Two; however, at this time, it is anticipated to be private and not funded by the District. Updated permit status information is provided in the "Permit Status" section of this report.

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. 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 necessary for the initial phases of development of the Serenoa community within the boundaries of the District. As mentioned in the Preliminary Engineer's Report, 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 1A.

LAND ACQUISITION

The District intends to acquire wetland and upland areas that are necessary for the lands that comprise the District to meet regulatory requirements related to wetland systems, stormwater management systems, wetland setbacks, open space, and other 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. 92 acres of wetlands and 81 acres of uplands located within Assessment Area One and 151 acres of wetlands and 76 acres of uplands located within Assessment Area Two will be conveyed to the District as part of the initial development; however, the acreages are still being finalized and are subject to change.

MASTER ROADS AND STREETS

Sawgrass Bay Boulevard: Only those portions of Sawgrass Bay Blvd associated with Assessment Areas One and Two will be constructed as part of the initial phase of development. As indicated in the Preliminary Engineer's Report, the proposed cross-section consists of 106-foot wide right-of-way with four lanes of pavement divided by a central median; however, only two lanes will be constructed by the District. The District intends to construct the roadway, including utility transmission mains, landscape, irrigation, and lighting within this collector roadway as well as make required off-site modifications to the existing roadway west of the District limits. All construction plans and permitting efforts were performed and funded by the Developer. Construction of Phases 1 and 2 of the Sawgrass Bay Boulevard improvements commenced in the 4th quarter of 2016. The approximate LF of Sawgrass Bay Boulevard associated with each Assessment Area is as follows: Assessment Area 1: 2,720 LF, Assessment Area 2: 3,320 LF, Assessment Area 3: 3,035 LF. Some of the proceeds of the Series 2017 Bonds will fund Sawgrass Bay Blvd costs which are impact fee creditable. The cost to the District for such improvements will be adjusted by the amount of such impact fee credits. The Developer will be prepaying the Series 2017 A-2 Bonds at each lot closing and, therefore, will receive the benefit of the credits derived from the improvements.

MASTER WATER AND WASTEWATER

The Water Distribution, Sanitary Sewer Collection and Reuse Water Distribution systems will be owned and maintained by Utilities, Inc., a private utility owner. Consequently, the Water,

Wastewater and Reuse systems will be Developer funded and any costs associated with those utilities are excluded from this Report.

MASTER SURFACE WATER MANAGEMENT

The District will provide the master surface water management infrastructure for the Avalon Groves project within the District in accordance with St. Johns River Water Management District (SJRWMD) and U.S. Army Corps of Engineers (ACOE) permit approvals. Any surplus of excavated material is anticipated to be used within the development for road sub-base, perimeter landscape berms, and/or site grading. Components of the surface water management infrastructure related to the first phases of development and associated with wetland / listed species mitigation are described below:

Wetland Mitigation: A comprehensive wetland compensation plan is being proposed to mitigate for unavoidable wetland impacts within the Serenoa project. It is anticipated that all wetland and listed species mitigation costs will be divided between all lots within the Avalon Groves CDD. Components of the mitigation plan are summarized below:

> Environmental Impact Compensation Plan: The proposed wetland impacts are being compensated for by creating wetlands in mitigation areas located within the District and mitigation credits from mitigation bank purchases. Only the costs for mitigation bank purchases from public mitigation banks will be reimbursable by the District.
>
> Wetland Enhancement and Preservation: Numerous isolated wetlands are being preserved on the site. Enhancement for a portion of these wetland systems is to be achieved by removing nuisance species and restoring the historic hydroperiods.

Threatened and Endangered Species Mitigation: The District will also provide for the cost of relocation and/or mitigation credit purchases for the adversely affected gopher tortoise and sand skink population or other protected species within the District.

SUBDIVISION INFRASTRUCTURE

Residential: The District presently intends to provide supporting infrastructure for the residential portion of the Serenoa project. Subdivision infrastructure improvements include roadway, utilities and stormwater management facilities and associated grading necessary for the stormwater system to function. The current land plan shows approximately 28,000 lineal feet (5.3 miles) of local roadway construction within the residential neighborhoods to be funded by the District. An additional 28,800 LF (5.5 miles) of local roads are anticipated to be private (gated) roadways. Asphalt for the private roadways is not CDD eligible and will be Developer funded.

LANDSCAPING AND MONUMENT SIGNS

The District presently intends to provide certain landscape improvements and facilities within the Serenoa project. These improvements may include landscaping and irrigation, retaining walls, common signage, stormwater management and treatment areas with landscape enhancements. The collector roadway network (rights-of-way and medians) and stormwater management facilities will also be landscaped consistent with the theme of the Serenoa project.

Entrance Landscaping and Signage: The District collector roadway will be landscaped with special attention given to the primary entrance, which may include monument walls and signage. Only Phases 1 and 2 of Sawgrass Bay Boulevard will be constructed and landscaped at this time.

Monument Walls: The monument walls/signs associated with the Series 2017 Bonds are as follows:

- Active Adult Village (Assessment Area 1)
- Village 1 (Assessment Area 2)
- Village 2 (Assessment Area 2)

Common Area Irrigation System: The extensive landscaping areas and the collector road right-of-way will be irrigated with a common system of irrigation distribution lines.

PARKS AND RECREATION FACILITIES

The District presently intends to provide numerous parks and recreation facilities within the project.

Neighborhood Park Facilities: The park facilities include the construction of neighborhood parks to be accessed by the public, some with play equipment. The District intends to provide hard surface pedestrian and bicycle trails throughout the project.

Recreation Facilities: The recreation facilities include an Amenity Center to be centrally located within the project. Currently, this Amenity is anticipated to be funded by the Developer and would remain a private facility.

DRY UTILITIES FACILITIES

The dry utilities improvements include undergrounding of facilities needed to serve the residential development within the project.

PROFESSIONAL FEES

Professional Fees include civil engineering costs for site design, permitting, inspection, and master planning, survey costs for construction staking and as-builts as well as preparation of preliminary and final plats, geotechnical costs for pre-design soil borings, underdrain analysis and construction staking, and architectural costs for landscape and recreation design. Also included in this category are fees associated with environmental consultation and permitting. The professional fees are a proportionate amount of the overall costs to design, permit, and construct the project relating to the public infrastructure to be financed by the District. Design fees associated with the private utilities

funded by the Developer are not included in these estimate fee projections.

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.

The Engineer recommends 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.

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.

PERMIT STATUS UPDATE

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

	PERMIT	STATUS
1.	Lake County – Villages 1 and 2 Preliminary Plat	Approved
2.	Lake County – Villages 1 and 2-Phase 1A Construction Plans	Pending *
3.	SJRWMD Environmental Resource Permit Villages 1 and 2-Phase 1A	Pending *
4.	Lake County - Sawgrass Bay Blvd. Construction Plans	Approved
5.	SJRWMD Environmental Resource Permit Sawgrass Bay Blvd. – Permit #135777-3	Approved
6.	USACOE Individual Permit #SAJ-2015-01634	Pending *
7.	Lake County Zoning (PUD) Amendment Ord. 2016-20	Approved
8.	Florida Fish and Wildlife Conservation Commission (GT) Permit Sawgrass Bay Blvd & Villages 1 and 2-Phase 1A	Approved
9.	Lake County – Active Adult Village Preliminary Plat	Pending
10.	Lake County – Active Adult Village-Phase 1&2 Construction Plans	Pending

The remainder of the construction plans for the required infrastructure within the Avalon Groves Community Development District is in the planning process and will be submitted for final permits in Phases as development progresses.

Pending Permit Issuance

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

* Permits will be issued prior to Bond issuance

NOTE: AA One and some AA Two permits will not be issued prior to bond issuance

Avalon Groves Community Development District			
Table 1A			
			Series 2017 Bond
Item	**Assessment Area One**	**Assessment Area Two**	**Issuance Totals**
	(Active Adult)	(Villages 1&2)	AA One and AA Two
	580 Lots / 303 Ac.	479 Lots / 334 Ac.	1,059 Lots / 636 Ac.
Master Infrastructure			
Land Acquisition (1)	$2,450,850	$2,493,600	$4,944,450
Clearing / Earthwork (2)	$2,464,414	$3,732,685	$6,197,099
Master Stormwater Management	$1,719,152	$1,481,068	$3,200,220
Master Collector Road (2 lanes, excl. utilities)	$1,807,890	$1,807,890	$3,615,780
Parks and Recreational Facilities / Amenities	$100,000	$1,862,500	$1,962,500
Professional Fees (3)	$1,072,500	$936,000	$2,008,500
Master Utilities (Water, Wastewater, Reuse)	$0	$0	$0
Sub-total	$9,614,806	$12,313,743	$21,928,549
Residential Tract Costs			
Roadway (Local Streets)	$1,993,260	$1,604,186	$3,597,446
Landscaping, Entry Features and Signs	$834,000	$720,000	$1,554,000
Sub-total	$2,827,260	$2,324,186	$5,151,446
Contingency	$1,244,207	$1,056,455	$2,300,662
Project Total	**$13,686,273**	**$15,694,385**	**$29,380,657**
Anticipated Buildout Assessment Area One	December, 2019		
Anticipated Buildout Assessment Area 2 (221 Lots)	December, 2017		
Anticipated Buildout Assessment Area 2 (258 Lots)	December, 2018		
(1) Assumes $26,850 for Uplands & $3,000 for Wetlands; Land Acquisition values are based on appraisal received by 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 2016 Dollars			

NOTE: As of 1/31/17, the Developer has spent approximately $1,536,670 for CDD public improvements. It is anticipated the District will reimburse the Developer for any CDD eligible costs per the approved funding agreement.

ENGINEER'S OPINION

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

It is my professional opinion that the infrastructure costs associated herein for the district improvements are reasonable to complete the construction of the infrastructure described herein and that these infrastructure improvements will benefit and add value to the assessable lands within the District. The assessable property within 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.

The labor market future costs of equipment and materials, increased regulatory actions and the actual construction process are all beyond control. 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

Appendix A

EXHIBIT 4.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

FIRST SUPPLEMENTAL SPECIAL ASSESSMENT METHODOLOGY REPORT FOR THE ISSUANCE OF PROPOSED

ASSESSMENT AREA ONE

$ __,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)

AND

ASSESSMENT AREA TWO

$ __,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)

$ __,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)

January 16, 2017

DPFG Management and Consulting, LLC

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AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
FIRST SUPPLEMENTAL ASSESSMENT METHODOLOGY REPORT

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A. Purpose of this Report

This First Supplemental Special Assessment Methodology Report describes and explains the Assessment Area One Special Assessments, Series 2017A-1 Special Assessments (Assessment Area Two Project), and Series 2017A-2 Special Assessments (Assessment Area Two Project) (collectively, the **"Series 2017 Assessments Assessment Area Two Project"**) assigned and pledged in connection with the Avalon Groves Community Development District's (the **"District"**) issuance of its

- $__,000 Special Assessment Bonds, Series 2017 (Assessment Area One) (the "**Series 2017 Bonds AA One**"),

- $__,000 Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "**Series 2017A-1 Bonds (AA Two Project**)"),

- $__,000 Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "**Series 2017A-2 Bonds (AA Two Project**)"),

Altogether, the "**Series 2017 Bonds**".

This report supplements the District's Master Special Assessment Methodology Report, dated October 27, 2016 (the "**Master Methodology Report**"). The District has previously conducted assessment proceedings and levied a master special assessment lien over all real property within the District in accordance with the Master Methodology report, with the understanding that such lien would become "activated" in conjunction with any bonds issued by the District in the future and in connection with the financing of the District's capital improvement plan and upon adoption of a supplemental assessment methodology report. Accordingly, this Report is intended to supplement the Master Methodology Report, which remains in full force and effect. This Report and the Master Methodology Report shall be construed to the maximum extent possible to give full force and effect to the provisions of each report.

B. Purpose of the District and Issuer Information

The District is an independent unit of special purpose local government of the State of Florida, created and established in accordance with Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes (the "**Act**"), as amended, and by Ordinance No. 2016-16 approved by the Lake County, enacted April 19, 2016. The District was created for the purpose of delivering certain community development services and facilities within its jurisdiction, including the design, acquisition and/or construction of certain public infrastructure improvements consisting of, but not limited to, roadways, storm water management, water supply, sewer and wastewater management, landscape/hardscape, community amenities, professional services, and permitting pursuant to the Act. The District has the power to issue bonds to fund public improvements.

The District encompasses approximately 971.265 acres. The lands within the District are located entirely within the jurisdictional boundaries of Lake County and such lands are also part of a master planned residential community known as Avalon Groves (the "**Development**"). The Development is planned for approximately 1,352 total residential units within the District. Certain public infrastructure is needed in order to for property within the District to be developed. The District Engineer in the Engineer's Report, dated _____, (the "**Engineer's Report**") has identified certain public, master and subdivision infrastructure improvements necessary for development of production lots within Villages 1 and 2 Phase

1A and Phase 1B of the development, and certain master and subdivision infrastructure improvements necessary for development of active adult lots within the Development. In order to finance portions of the infrastructure improvements, the District plans to issue the Series 2017 Bonds, to designate assessment areas and assign special assessments to repay these bonds, including interest, and other financing costs to certain real property within the District as described herein.

C. Overall Financing Plan and Purpose of the Series 2017 Bond Issuance

The Series 2017 Bonds are being issued for the primary purpose of funding costs related to the Series 2017 Project. In addition, net proceeds of the Series 2017 Bonds will be used to provide funds to (i) fund debt service reserve accounts for the Series 2017 Bonds, (ii) pay the costs of issuance of the Series 2017 Bonds, and (iii) pay capitalized interest. The Series 2017 Bonds are secured by and payable from Series 2017 Assessments (as described herein).

Summary of District Debt

A sources and uses table of the bond financing is enclosed herein in the Appendix. The following table summarizes the total estimated Series 2017 Bonds principal amount and maximum annual debt service amounts ("**MADS**") of the Series 2017 Bonds.[1]

Table 1 - Total District Debt and Maximum Annual Debt Service

Bond	Par Amount	MADS
Series 2017 Bond (AA One)	$2,335,000	$174,000
2017A-1 Bond (AA Two Project)	$7,090,000	$528,800
2017A-2 Bond (AA Two Project)	$4,210,000	$263,000
Total	**$13,635,000**	**$965,800**

Each fiscal year, the CDD will certify for collection the Series 2017 Assessments on all 2017 Assessable Property (described below), apportioned proportionately to the 2017 Assessable Property until the aggregate amount of the Series 2017 Assessments has satisfied all of the debt service requirement for the Series 2017 Bonds.

D. Designation of 2017 Assessment Areas

As described in the Master Methodology Report, it is expected that the District will issue multiple series of bonds secured by special assessments as development advances within the District. At this time, the District will issue its Series 2017 Bonds to fund improvements related to two assessment areas in the District, namely "**Assessment Area One**" and "**Assessment Area Two**" (and collectively the "**2017 Assessment Areas**"), which accommodates and aligns the bond financing with the Series 2017 Area One Project, and the Series 2017 Area Two Project, respectively, (collectively the "**Series 2017 Project**"). The Series 2017 Bonds are expected to be repaid from special assessments assigned on only those units planned within each respective 2017 Assessment Areas.

[1] Excluding early payment discount and County collection charges

Development in the 2017 Assessment Areas

At buildout, the Development is anticipated to contain a total of 1,352 single family residential lots, and it is anticipated to be developed in multiple construction phases with multiple assigned Assessment Areas. At this point, the Series 2017 Area One Project and Series 2017 Area Two Project are planned to include certain public improvements and community facilities, including District land, roads, water management and control, landscaping, hardscape, irrigation, water supply, sewer and wastewater management, professional services, and permitting. The total cost of the Series 2017 Project has been estimated to be approximately $29 million. Refer to the Engineer's Report for further details on the relevant public improvements and community facilities. The table below shows an overview of the 2017 Assessment Areas and associated lot count and acreage.

Table 2 – Acreage and Proposed Lot Count for the 2017 Assessment Areas

Assessment Area One	**Assessment Area Two**
Initially comprised of **303 gross acres**, assessments securing the Series 2017 Bonds (AA One) will be levied on the first **580 lots** comprising Active Adults Lots.	Initially comprised of **328 gross acres**, assessments securing the Series 2017 A-1 Bonds (AA Two Project) will be levied and assigned to the first **479 platted lots**; and assessments securing the Series 2017A-2 Bonds (AA Two Project) will be levied, assigned to, and absorbed by the first **221 platted lots** comprising Villages 1&2-Phases 1A and 1B production lots.

E. Series 2017 Assessments and Assessable Property

The District will acquire or construct a portion of the Series 2017 Project, utilizing developer contributions, which are more specifically described in the Engineer's Report (the "Developer Contributions"), and proceeds from the Series 2017 Bonds, which are secured by the Series 2017 Assessments. The benefits related to the Assessable Property in the 2017 Assessment Areas are the completed public infrastructure with estimated costs in the amount of $31 million. The Developer has spent approximately $340,000 in public improvements to date. The table below shows the special assessments levied and collected on certain assessable land securing the Series 2017 Bonds.

Table 3 - Overview of Assessable Property, Special Assessments and Bonds

Assessable Property within	**Benefiting From**	**Is Subject To**	**Securing**
AA One	Series 2017 Area One Project	Assessment Area One Special Assessments	Series 2017 Bonds AA One
AA Two	Series 2017 Area Two Project	Series 2017A-1 Special Assessments	Series 2017A-1 Bonds (AA Two Project)
AA Two	Series 2017 Area Two Project	Series 2017A-2 Special	Series 2017A-2 Bonds

		Assessments	(AA Two Project)

Any Developer Contributions will reduce the allocation of assessments for the associated properties that a Developer Contribution has been made for. At this time, the Developer has chosen to contribute $226,143 towards reducing the Series 2017 A-1 Assessments for 479 lots in Assessment Area Two, as opposed to all other units within the 2017 Assessment Areas that benefit from the Series 2017 Project. The following table summarizes the Adjustment and Developer Contribution.

Table 4 - Allocation of Adjustment and Developer Contribution

Description	Adjustment To Series 2017A-1 Special Assessments	Developer Contribution	Multiple
$ Amount (proxy for benefit)	$226,143	340,000	1.50

Since the Developer Contribution is approximately 1.5 times larger than the Adjustment, it essentially offsets the benefit derived from the Adjustment in an amount sufficient to effectively "pay off" the assessment that would otherwise be assigned to the benefitting units, other than the lots planned for in Assessment Areas Two.[2]

Assessment Area One Assessable Property

As described in the table above, the Assessment Area One Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017 Bonds AA One. The Assessment Area One Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017 Bonds AA One, and on the basis of benefit received on the assessable lands within Assessment Area One of the District, at least initially, as a result of the Series 2017 Area One Project. The following table provides an overview of the Assessable Property in Assessment Area One.

Table 5 - Assessable Property Assessment Area One

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured by
Series 2017 Bonds AA One	303 acres	580 Active Adult Lots	AA One Assessments

[reduce acreage for proposed land sale]

In Assessment Area One, the AA One Assessments, which secure the Series 2017 Bonds AA One, will be assigned prior to plat map recordation and development on an equal acreage basis across all of Assessment Area One. After plat map recordation, the AA One Assessments will attach on a first platted, first assessed basis to the first 580 lots comprising Active Adult Lots as described in the following table.

[2] The Developer Contribution is 1.5 times that of the Adjustment (i.e., per $1 of Adjustment, the Developer directly contributes $1.5 for the District to fund the public infrastructure system). Given that all lots' benefits must be equal to or in excess of the assessments thereon, and therefore, assessments must be the same or less than the public improvement cost per unit, the implication is that the Developer Contribution has 1.5 times the benefit of the Adjustment costs/assessments.

Table 6 – Series 2017A-1: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Assigned ERU	Units	Par Amount	Par/Unit	MADS	MADS/Unit
50'	1.0	580	$2,335,000	$4,026	$174,000	$300

Assessment Area Two Project Assessable Property

The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments constitute that portion of the District's assessments that are assigned to secure repayment of the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively. The Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments are apportioned in an amount corresponding to the debt service on the Series 2017A-1 Bonds (AA Two Project) and Series 2017A-2 Bonds (AA Two Project), respectively, and on the basis of benefit received on the assessable lands within Assessment Area Two of the District, at least initially, as a result of the Series 2017 Area Two A Project adjusted for developer contributions (described below). The following table provides and overview of the Assessable Property in Assessment Area Two.

Table 7 - Assessable Property Assessment Area Two

Bond Series	Prior to Plat Map Recordation and Development	After Plat Map Recordation and Development	Payable from, and Secured
Series 2017A-1 Bonds (AA Two Project)	328.0 acres	479 Single Family Detached Lots	Series 2017A-1 Special Assessments
Series 2017A-2 Bonds (AA Two Project)	328.0 acres	221 Single Family Detached Lots	Series 2017A-2 Special Assessments

Developer Contribution and Adjustment

The table below summarizes the adjustment to reduce the Series 2017 A-1 Assessments.

Table 8 - Overview of Assignment of Benefit and the Adjustment to the Series 2017 A-1 Special Assessments

Lot Product Type	Lots	ERU	Total ERU	% ERU	Par Amount	Buydown	Par after Buydown	Par/Unit
40	83	0.90	74.70	15.21%	$1,112,840	$0	$1,112,840	$13,408
50	294	1.00	294.00	59.87%	$4,379,854	($43,799)	$4,336,055	$14,748
60	102	1.20	122.40	24.92%	$1,823,449	($182,345)	$1,641,104	$16,089
Total	**479**		**491.10**	**100.00%**	**$7,316,143**	**($226,143)**	**$7,090,000**	

In Assessment Area Two, the Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments will be assigned prior to plat map recordation and development on an equal acreage basis across all of the 328 acres Assessment Area Two. After plat map recordation, the Series 2017A-1 Assessments will attach on a first platted, first assessed basis to the 479 lots comprising production lots as described in the following table.

Table 9 – Series 2017A-1 Special Assessments and Assessable Units After Plat Map Recordation

Lot Product Type	Units	Par Amount after Adjustment	Par/Unit	MADS	MADS/Unit
40	83	$1,112,840	$13,408	$83,000	$1,000
50	294	$4,336,055	$14,748	$323,400	$1,100
60	102	$1,641,104	$16,089	$122,400	$1,200
Total	**479**	**$7,090,000**		**$528,800**	

In addition, the Series 2017A-2 Assessments, which secure the Series 2017A-2 Bonds, will also be initially assigned on an equal acreage basis across all of Assessment Area Two. However, at the time the first 221 lots are fully developed and platted, the Series 2017A-2 Assessments are expected to be paid in full at closing with a builder as described in the following table.

Table 10 – Series 2017A-2: Assignment of Benefit and 2017 Assessable Units After Plat Map Recordation

Lot Product Type	Units	ERU	Total ERU	% ERU	Par Amount	Par/Unit	MADS	MADS/Unit
40	53	0.90	47.70	20.86%	$878,080	$16,568	$54,854	$1,035
50	103	1.00	103.00	45.04%	$1,896,065	$18,408	$118,448	$1,150
60	65	1.20	78.00	34.11%	$1,435,855	$22,090	$89,698	$1,380
Total	**221**		**228.70**	**100.00%**	**$4,210,000**		**$263,000**	

F. Exemptions and Non-Benefitted Property

No Special Assessment 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

The District levied and imposed special assessment liens for lands within the District in order to secure the repayment of any bonds issued in connection with the financing of the District's capital improvement plan. As part of the Series 2017 Project, the District has designated the 2017 Assessment Areas, because the Development will be developed in multiple construction phases. In each 2017 Assessment Areas, the Series 2017 Assessments are apportioned in an amount corresponding to the debt service on the respective Series 2017 Bonds, and on the basis of benefit received by the real property that is assessable within the 2017 Assessment Areas as a result of the Series 2017 Project. It is expected that each 2017 Assessment Areas will have peculiar benefits from the Series 2017 Project at the time that such 2017 Assessment Areas is platted and individual lots are sold, that are in excess of the Series 2017 Special Assessments that are being levied thereon. The construction costs associated with the Series 2017 Project are used as a proxy for benefit, and are the basis upon which to assign the Series 2017 Assessments to the proposed lots in the 2017 Assessment Areas.

Benefit Analysis and Allocation

In terms of benefit, the Series 2017 Project functions as a part of the total public infrastructure system provided by the District for each 2017 Assessment Areas. The estimated total cost of the public infrastructure system provided by the District, which includes the Series 2017 Project, is $45.663 million for the completion of water management and control, roads, water supply, sewer and wastewater management, landscaping, irrigation, hardscaping on public tracts of land, and other public improvements and community facilities. Approximately $_____ million of public infrastructure improvements that are part of the Series 2017 Project, in the aggregate, are anticipated to be funded with the Series 2017 Bonds. The Series 2017 Project is a logical component of the District's public infrastructure system related to each 2017 Assessment Areas.

In terms of allocation, the Series 2017 Assessments are assigned over all undeveloped property on an equal acreage basis prior to plat map recordation for their respective 2017 Assessment Areas. The land within the District is currently undeveloped. The following table shows the Series 2017 Assessments allocation to undeveloped land.

Table 11 - Series 2017 Allocation to Assessable Property Prior to Plat Map Recordation

Assessment Area	Bond Series	Par Amount	Acreage	Par Amount per
One	Series 2017 Bonds AA One	$2,335,000	302	$7,731.79
Two Project	Series 2017A-1 Bonds (AA Two Project)	$7,090,000	328	$21,615.85
Two Project	Series 2017A-2 Bonds (AA Two Project)	$4,210,000	328	$12,835.37
Total		**$13,635,000**		

[reduce acreage for land sale]

H. Series 2017 Bonds Assessment Standard

To finance costs of a portion of the Series 2017 Project, the District assigns special assessments in each respective 2017 Assessment Areas, which are pledged to repay the District's Series 2017 Bonds. 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. See Sections 170.01 – 170.02 of Florida Statutes.

Although the general public outside the District will arguably benefit from the Series 2017 Project, such benefits are incidental. The facilities comprising the Series 2017 Project meet the needs of the developed property within the 2017 Assessment Areas. Since the Series 2017 Project is not necessary for neighboring developments to obtain development approvals, the property owners within the respective 2017 Assessment Areas are therefore receiving special benefits not received by those outside the boundaries and outside of any other assessment areas within the District, and direct and cumulative benefits accrue mainly to residents. The benefits are quantified and assigned to parcels based on construction timing and costs. The costs will be spent on each of the 2017 Assessment Areas, and so, at the time when portions of the Series 2017 Project are complete and the 2017 Assessment Areas are platted, it is anticipated that the Production Lots in Assessment Area One and the Active Adult Lots in Assessment Area Two , that are subject to special assessments as described herein, will benefit more from the components comprising the Series 2017 Project, than the remaining lots in other areas in the District and will also benefit in excess of the Series 2017 Special Assessment amounts that are being levied thereon in accordance with this report.

I. True-Up

As of this date, the Developer (defined below) has informed the District that it plans to construct a total of 580 lots in connection with Assessment Area One, which represents a total of 580.0 ERUs, and 479 lots in connection with Assessment Area Two Project, which represents 491.10 ERUs. As development occurs, it is possible that the number of lots and lot mix may change within the respective 2017 Assessment Areas. In order to ensure that the Series 2017 Assessment 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 Series 2017 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 issuance of the Series 2017 Bonds, prior to the time a parcel within the respective 2017 Assessment Areas 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 2017 Assessment Areas are developed, the allocation of the amounts assessed to and constituting a lien upon the 2017 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 Series 2017 Assessments to the 2017 Assessable Property reflected in such plat or Entitlement Transfer Document in accordance with the applicable land use classifications, and the remaining 2017 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 Series 2017 Bond debt does not accumulate disproportionately on Undeveloped Property within the District's 2017 Assessment Areas. 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 respective 2017 Assessment Areas 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 Series 2017 Assessments and ensure that the Series 2017 Assessments continue to be allocated ratably against the actual density within the District's 2017 Assessment Areas 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.

J. Preliminary Assessment Roll and Collection

A Preliminary Assessment Roll is attached in the Appendix. The District expects to bill and collect directly the assessments associated with the Series 2017 Bonds. Once platted, the County tax collector will collect the assessments on behalf of the District.

K. Document Review

The documents associated with the above referenced financing program, assessment plat and assessment roll are available for review at the District Offices at 1060 Maitland Center Commons Blvd., Suite 340, Maitland, FL 32751 Tel: (321) 263-0132.

L. Conclusion

The acquisition and construction of the Series 2017 Project using the Series 2017 Bond proceeds will be utilized for common District purposes associated with each 2017 Assessment Areas. The Series 2017 Assessments will be assigned over all 2017 Assessable Property on a fair and equitable basis for each

Assessment Area as described herein. The 2017 Assessable Property will receive benefits in excess of the allocated Series 2017 Assessments. Accordingly, this is an appropriate District project that will significantly benefit the 2017 Assessable Property and enhance the District.

Special Benefit

The Series 2017 Project will provide special benefit to parcels within the District. The Series 2017 Project yields benefits to parcel owners in terms of meeting development needs and increasing property values.

Assessment Apportionment

The assessments are fairly and equally apportioned over all 2017 Assessable Property. The benefits are quantified and assigned to parcels based on construction costs, developer contributions, and phasing.

Reasonableness of Assessment Apportionment

It is reasonable, proper and just to assess the costs of the Series 2017 Project against lands in the District. As a result of the Series 2017 Project, properties in the District receive special benefit and increase in value. Based on the premise that the Series 2017 Project makes the properties more valuable, in return it is reasonable for the District to assign the assessments on the 2017 Assessable Property within 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 Series 2017 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.

M. Prepayment Calculation Method

The Series 2017 Special Assessment obligation of a lot may be prepaid in full or in part at lot closing, and the obligation of the lot to pay the Series 2017 Special Assessment may be permanently satisfied; provided that a prepayment may be made only if there are no delinquent Series 2017 Special Assessments with respect to such lot at time of prepayment. The Series 2017 Special Assessment 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)

N. Sources and Uses of Funds for the Series 2017 Project

ASSESSMENT AREA ONE

$ __,000 SPECIAL ASSESSMENT BONDS, SERIES 2017
(Assessment Area One)

Sources	**A-1**
Par Amount	
Uses	
Net Construction Proceeds	
Capitalized Interest	
Debt Service Reserve Fund	
Cost of Issuance	

ASSESSMENT AREA TWO Project

$__,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(Assessment Area Two Project)

$__,000 SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(Assessment Area Two Project)

Sources	**A-1**	**A-2**	**Total**
Par Amount			
Uses			
Net Construction Proceeds			
Capitalized Interest			
Debt Service Reserve Fund			
Cost of Issuance			

O. Allocation of Public Improvements Costs and Proposed Debt

Public improvements are a proxy for benefit. The following tables allocate public improvement costs to the properties within the District based on lot size.

Assessment Area One

Table 12 - Allocation of Public Improvement Costs

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit)[8]	Benefit Per Lot
50'	580	1.00	580.00	100.00%	$13,686,273	$23,597

Table 13 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit)

Lot Width	Series 2017 Area Two B Project Principal	Benefit Per Lot	Debt Over/(Under) Benefit
50'	$4,026	$23,597	($19,571)

Assessment Area Two Project

Table 14- Allocation of Public Improvement Costs – AA Two Project

Lot Width	Total Lots All Phases	ERU	Total ERU	% ERU	Total Cost of Public Improvements (as proxy for benefit)[3]	Benefit Per Lot
40	83	0.90	74.70	15.21%	$2,514,728	$30,298
50	294	1.00	294.00	59.87%	$9,897,323	$33,664
60	102	1.20	122.40	24.92%	$4,120,518	$40,397
Total	**479.00**		**491.10**	**100.00%**	**$16,532,569**	

[3] The public improvement costs listed above, exclude expenses and uses specific to the bond financing transaction, such as capitalized interest, debt service reserve fund deposit and cost of issuance. Refer to the Master Engineer's Report for public improvement cost details.

Table 15 - Series 2017 Assessment Compared with Total Cost of Public Improvements (as proxy for benefit) – AA Two Project

Lot Width	Series 2017A-1 Bonds (AA Two – A Project) Principal	Series 2017A-2 Bonds (AA Two – A Project) Principal	Total Principal	Benefit Per Lot	Debt Over/(Under) Benefit
40	$13,408	$16,568	$29,975	$30,298	($323)
50	$14,748	$18,408	$33,157	$33,664	($507)
60	$16,089	$22,090	$38,179	$40,397	($2,218)

P. Preliminary Assessment Roll

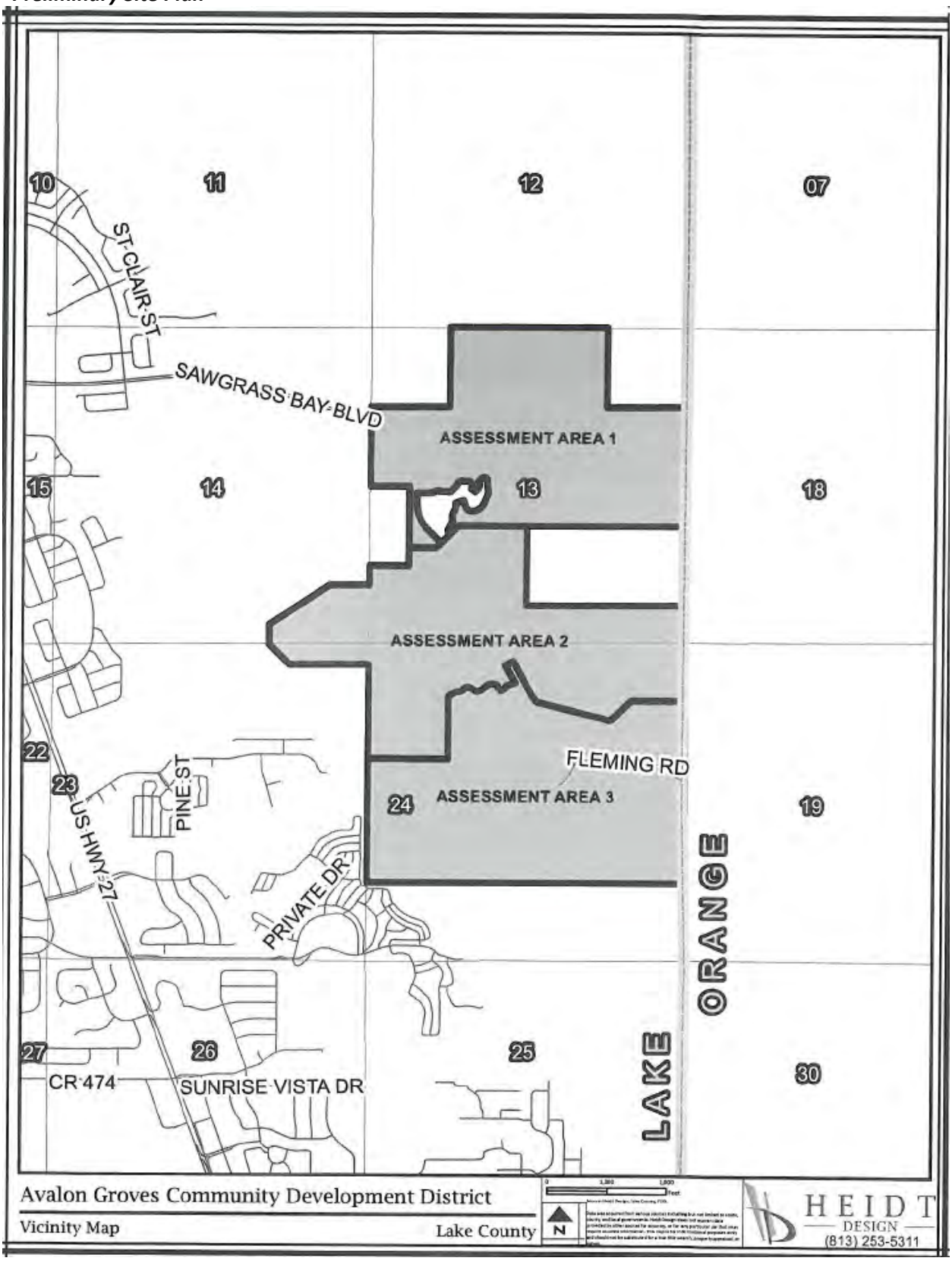
Table 16 - Summary of Preliminary Assessment Roll

Assessment Area /(b)	Owner /(b)	Total Acreage (a)	Total District Debt /(c)	Total District Debt per acre/(c)	Total MADS /(d)	Total MADS per acre /(d)
One	VK Avalon Groves, LLC	302.0	$2,335,000	$7,731.79	$174,000	$576.16
Two Project	VK Avalon Groves, LLC	328.0	$11,300,000	$34,451.22	$791,800	$2,414.02
Total		**630.0**	**$13,635,000**		**$965,800**	

Footnotes:

(a) Estimate based on County Property Appraiser records. Acreage includes lowlands. Total size of the District is approximately _____ acre.
(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 2017 Assessable Property is platted.
(d) Excluding County collection charges and early payment discounts.

Preliminary Site Plan



Legal Descriptions

EXHIBIT 5.

RESOLUTION NO. 2017–13

A RESOLUTION AMENDING AND RESTATING RESOLUTION NO. 2017-12, THE TITLE OF WHICH SHALL READ AS FOLLOWS: "A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT (THE "DISTRICT") AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $5,000,000 AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, SPECIAL ASSESSMENT BONDS, SERIES 2017 (ASSESSMENT AREA ONE PROJECT) (THE "ASSESSMENT AREA ONE BONDS"), THE ISSUANCE OF NOT EXCEEDING $13,000,000 CONSISTING OF THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT SPECIAL ASSESSMENT BONDS, SERIES 2017A-1 (ASSESSMENT AREA TWO PROJECT), AND THE AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT SPECIAL ASSESSMENT BONDS, SERIES 2017A-2 BONDS (ASSESSMENT AREA TWO PROJECT) (COLLECTIVELY, THE "ASSESSMENT AREA TWO BONDS" AND, TOGETHER WITH THE ASSESSMENT AREA ONE BONDS, THE "BONDS"), TO FINANCE CERTAIN PUBLIC INFRASTRUCTURE WITHIN DESIGNATED ASSESSMENT AREAS 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 FIRST SUPPLEMENTAL TRUST INDENTURE GOVERNING THE ASSESSMENT AREA ONE BONDS AND A SECOND SUPPLEMENTAL TRUST INDENTURE AND A THIRD SUPPLEMENTAL TRUST INDENTURE GOVERNING THE ASSESSMENT AREA TWO BONDS, RESPECTIVELY; 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, on January 18, 2017, the Board adopted Resolution No. 2017-12 (herein, the "Initial Delegation Resolution"); and

WHEREAS, based on the development plans of the Developer, the Board deems it necessary to amend and restate the Delegation Resolution; and

WHEREAS, pursuant to the Initial Bond Resolution, the Board approved the form of Master Trust Indenture (the "Master Indenture") to be entered into by the District and Regions Bank, as trustee (the "Trustee"), and a Supplemental Trust Indenture (herein, the "Supplemental Trust Indenture") also to be entered into by the District and the Trustee; and

WHEREAS, based on the current development plans of the Developer of the lands within the District to be designated herein as "Assessment Area One" and "Assessment Area Two," the Board finds it necessary to finance a portion of the public infrastructure necessary for the development of Assessment Area One and Assessment Area Two; and

WHEREAS, based on the proposed current structure, the Board deems it necessary to approve new forms of the Supplemental Trust Indenture; and

WHEREAS, the Board hereby determines to issue its Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One Project) (the "Assessment Area One Bonds") in the principal amount of not exceeding $5,000,000 for the purpose of providing funds to finance a portion of the public infrastructure within Assessment Area One of the District – specifically, the "Assessment Area One Project" and "Assessment Area Two Project," as described in the District's *Preliminary Engineer's Report* dated October 11, 2016, as revised ("Engineer's Report"); and

WHEREAS, the Board hereby determines also to issue its Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two-1 Bonds") and its Avalon Groves Community Development District Special Assessment Bonds, Series 2017A (Assessment Area Two Project) (the "Assessment Area Two-2 Bonds") (collectively, the "Assessment Area Two Bonds") in the principal amount of not exceeding $13,000,000 in the aggregate for the purpose of providing funds to finance all or a portion of the public infrastructure within Assessment Area Two-A identified in the Engineer's Report (herein, the "Assessment Area Two-A Project"); and

WHEREAS, the Assessment Area One Project and the Assessment Area Two Project are hereby determined to be necessary to coincide with the Developer's plan of development; and

WHEREAS, in light of certain required changes in the structure and in replacement of the Supplemental Trust Indenture previously approved by the Board, the Board hereby finds it necessary to approve the form of and authorize the execution and delivery of a new First Supplemental Trust Indenture (the "First Supplemental" and, together with the Master Indenture, the "Assessment Area One Indenture") which will govern the Assessment Area One Bonds, a Second Supplemental Trust Indenture (the "Second Supplemental" and, together with the Master Indenture, the "Assessment Area Two-1 Indenture"), which will govern the issuance and terms of the Assessment Area Two-1 Bonds, and a Third Supplemental Trust Indenture (the "Third Supplemental" and, together with the Master Indenture, the "Assessment Area Two-2 Indenture") which will govern the issuance of the Assessment Area Two-2 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;

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

(v) the Second Supplemental between the District and the Trustee, substantially in the form attached hereto as Composite Exhibit D; and

(vi) the Third Supplemental between the District and the Trustee, substantially in the form attached hereto as Composite Exhibit D; and

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 ("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 Assessment Area One Bonds, in the aggregate principal amount of not exceeding $5,000,000 and that the Assessment Area Two-1 Bonds and Assessment Area Two-2 Bonds (herein collectively, the "Assessment Area Two Bonds") in the aggregate principal amount of not exceeding $13,000,000 shall 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 has authorized its capital improvement plan for the parcels comprising Assessment Area One and Assessment Area Two, 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 the assessable lands within the District and such lands are hereby designated as "Assessment Area One" and "Assessment Area Two" within the District by issuing the respective series of Bonds to finance all or a portion of the Assessment Area One Project and the Assessment Area Two Project, collectively, the "Projects." The Projects include, but are not limited to, stormwater drainage facilities including related earthwork, water and sewer facilities, public roadway improvements, landscaping in public rights-of-way including entrance features and related costs, including the acquisition of land for such purpose, 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 Assessment Area One Bonds issued does not exceed $5,000,000 and the principal amount of the Assessment Area Two Bonds issued does not exceed in the aggregate $13,000,000; (iii) the average coupon rate on the Bonds shall not exceed the maximum statutory rate; (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 with respect to the Assessment Area One Bonds and the Assessment Area Two-A Bonds and in all cases 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 97.5% of the principal amount of the Bonds issued (exclusive of any original issuance discount and underwriter's counsel fee).

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 $5,000,000 with respect to the Assessment Area One Bonds, $13,000,000 in the aggregate with respect to the Assessment Area Two 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 First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, and the Third Supplemental Trust Indenture; 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 Second Supplemental Indenture between the District and the Trustee. The previously approved Master Indenture will be applicable to the Bonds. The Assessment Area One Indenture, the Assessment Area Two-1 Indenture and the Assessment Area Two-2 Indenture (collectively, the "Indenture") shall provide for the security of the Assessment Area One Bonds, the Assessment Area Two-1 Bonds and the Assessment Area Two-2 Bonds, respectively, and express the contract between the District and the owners of the Bonds. The First Supplemental, the Second Supplemental and the Third Supplemental shall be substantially in the forms attached hereto as Composite 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 forms of the First Supplemental, the Second Supplemental and the Third Supplemental attached hereto as Composite 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 One Project and 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**. Upon adoption of this Resolution, the Delegation Resolution shall be of no force and effect. All other 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 23rd day of February, 2017.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

ATTEST:

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title: Chairperson, Board of Supervisors

EXHIBIT A

FORM OF BOND PURCHASE CONTRACT

DRAFT-3
GrayRobinson, P.A.
February 14, 2017

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
(LAKE COUNTY, FLORIDA)

$_____*	**$_____***	**$_____***
Special Assessment Bonds, Series 2017 (Assessment Area One Project)	**Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)**	**Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)**

BOND PURCHASE CONTRACT

_____, 2017

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: (a) $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One Project) (the "Assessment Area One Bonds"), (b) $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds"), and (c) $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds" and, collectively with the Assessment Area One Bonds and the Assessment Area Two A-1 Bonds, the "Series 2017 Bonds"). The Series 2017 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 Assessment Area One Bonds shall be $_____ (representing the $_____ aggregate principal amount of the Assessment Area One Bonds, [less original issue discount of $_____ and] less an underwriter's discount of $_____). The purchase price for the Assessment Area Two A-1 Bonds shall be $_____ (representing the $_____ aggregate principal amount of the Assessment Area Two A-1 Bonds, [less original issue discount of $_____ and] less an underwriter's discount of $_____). The purchase price for the Assessment Area Two A-2 Bonds

shall be $_____ (representing the $_____ aggregate principal amount of the Assessment Area Two A-2 Bonds, [less original issue discount of $_____and] less an underwriter's discount of $_____). Payment of the purchase price and delivery of the Series 2017 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 2017 Bonds**. The Series 2017 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 2017 Bonds are being issued pursuant to the Act and secured pursuant to the provisions of a Master Trust Indenture dated as of _____ 1, 2017 (the "Master Indenture"), as amended and supplemented, with respect to the Assessment Area One Bonds by a First Supplemental Trust Indenture dated as of _____ 1, 2017 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area One Indenture"), with respect to the Assessment Area Two A-1 Bonds by a Second Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-1 Indenture"), and with respect to the Assessment Area Two A-2 Bonds by a Third Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-2 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. 2017-12, adopted by the Board on January 18, 2017, as amended and restated by Resolution No. 2017-13, adopted by the Board on February 23, 2017 (collectively, the "Bond Resolution"). The Assessment Area One Indenture, the Assessment Area Two A-1 Indenture, and the Assessment Area Two A-2 Indenture are sometimes collectively referred to herein as the "Indentures."

The Assessment Area One Special Assessments, comprising the Pledged Revenues for the Assessment Area One Bonds, have been levied by the District on those lands within the District specially benefited by the Assessment Area One Project pursuant to the Assessment Resolutions (as such term is defined in the Assessment Area One Indenture). The Assessment Area Two A-1 Special Assessments, comprising the Pledged Revenues for the Assessment Area Two A-1 Bonds, have been levied by the District on those lands within the District specially benefited by the Assessment Area Two Project pursuant to the Assessment Resolutions (as such term is defined in the Assessment Area Two A-1 Indenture). The Assessment Area Two A-2 Special Assessments, comprising the Pledged Revenues for the Assessment Area Two A-2 Bonds, have been levied by the District on those lands within the District specially benefited by the Assessment Area Two Project pursuant to the Assessment Resolutions (as such term is defined in the Assessment Area Two A-2 Indenture).

3. **Underwriter**. It shall be a condition to the District's obligation to sell and to deliver the Series 2017 Bonds to the Underwriter, and to the Underwriter's obligation to purchase, accept delivery of and pay for the Series 2017 Bonds, that the entire principal amount of the Series 2017 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. The Underwriter agrees to deliver at the Closing a certificate in form satisfactory to Bond Counsel, in its reasonable opinion, as to the initial offering prices or yields of the Series 2017 Bonds.

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 _____, 2017

(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 2017 Bonds, being herein collectively called the "Preliminary Limited Offering Memorandum") of the District related to the Series 2017 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 2017 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 2017 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 _____, 2017 (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 2017 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 Indentures, the Series 2017 Bonds, the Continuing Disclosure Agreement to be dated as of the Closing Date, by and among the District, VK Avalon Groves, LLC, a Florida limited liability company (the "Developer"), and DPFG Management and 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 (Assessment Area One Project) by and between the District and the Developer dated as of the Closing Date, and the Completion Agreement (Assessment Area Two Project) by and between the District and the Developer dated as of the Closing Date, (collectively, the "Completion Agreements"), 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 Assessment Area One, in recordable form, by and between the District and the Developer dated as of the Closing Date, and the Collateral Assignment and Assumption of Development and Contract Rights Relating to Assessment Area Two, in recordable form, by and between the District and the Developer dated as of the Closing Date (collectively, the "Collateral Assignments"), the Agreement Regarding the True-Up and Payment of Series 2017 Special Assessments (Assessment Area One) in recordable form by and between the District and the Developer dated as of the Closing Date, and the Agreement Regarding the True-Up and Payment of Series 2017 Special Assessments (Assessment Area Two) in recordable form by and between the District and the Developer dated as of the Closing Date (collectively, the "True-Up Agreements") and the Declaration of Consent to Jurisdiction of the Avalon Groves Community Development District and to Impose Special Assessments in recordable form by the Developer 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 2017 Bonds to the Underwriter as provided herein; (iv) apply the proceeds of the sale of the Series 2017 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 and the Limited Offering Memoranda, including but not limited to entering into the Collection Agreement to provide for the collection of the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments, and the Assessment Area Two A-2 Special Assessments using the Uniform Method of collection in accordance with the Indentures. 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 2017 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, the Series 2017 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 and the Series 2017 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 2017 Bonds. Upon execution and delivery by the District and the Trustee (and assuming the due authorization, execution and delivery of the Indentures by the Trustee), the Indentures 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 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 2017 Bonds, the Financing Documents, the Ancillary

Agreements 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 2017 Bonds and the Indentures. 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 2017 Bonds, the Ancillary Agreements 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 2017 Bonds, or under the Series 2017 Bonds, the Bond Resolution, the Assessment Resolutions, the Financing Documents or the Ancillary Agreements 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 2017 Bonds;

(f) The descriptions of the Series 2017 Bonds, the Financing Documents, the Ancillary Agreements, the Assessment Area One Project and the Assessment Area Two Project (collectively, the "Projects"), to the extent referred to in the Preliminary Limited Offering Memorandum, conform in all material respects to the Series 2017 Bonds, the Financing Documents, the Ancillary Agreements and the Projects, respectively;

(g) The Series 2017 Bonds, when issued, executed and delivered in accordance with the Indentures 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 Indentures and upon such issuance, execution and delivery of the Series 2017 Bonds, the Indentures will provide, for the benefit of the holders from time to time of each Series of the Series 2017 Bonds, a legally valid and binding pledge of and first lien on the respective Series of Pledged Revenues. On the Closing Date, all conditions precedent to the issuance of the Series 2017 Bonds set forth in the respective Indentures 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 2017 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 Series 2017 Special Assessments, or the pledge of and lien on the respective Pledged Revenues pursuant to the Indentures; (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 2017 Bonds,

or the authorization of the Projects, 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 2017 Bonds for the purposes set forth in the Preliminary Limited Offering Memorandum; (iv) contesting the federal tax status of the Series 2017 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 2017 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 2017 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 2017 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 2017 BONDS – Book-Entry Only System," "THE DEVELOPMENT," "THE DEVELOPER," "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 2017 BONDS – Book-Entry Only System," "THE DEVELOPMENT," "THE DEVELOPER," "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 2017 Bonds, the Financing Documents or the Ancillary Agreements, 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 3E- 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 respective Series of Series 2017 Bonds), notes or other obligations payable from the Pledged Revenues for any Series of Series 2017 Bonds.

7. **Closing**. At 10:00 a.m. prevailing time on _____, 2017 (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 2017 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 2017 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 2017 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 2017 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 2017 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 Indentures 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 forms 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 Shuffield, Lowman & Wilson, 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 Series 2017 Special Assessments, as described in the respective Indentures; and (v) the Limited Offering Memorandum (other than the information under the captions "DESCRIPTION OF THE SERIES 2017 BONDS – Book-Entry Only System," "THE DEVELOPMENT," "THE DEVELOPER," "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 2017 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 each Series of the Series 2017 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 Indentures to be delivered as a condition precedent to the issuance of the Series 2017 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 2017 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;

(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 2017 Bonds;

(24) A copy of the Master Assessment Methodology Report dated October 27, 2016 (the "Master Methodology") as supplemented by the First Supplemental Special Assessment Methodology Report dated _____, 2017;

(25) A Declaration of Consent to Jurisdiction of Avalon Groves Community Development District and to Impose Special Assessments executed and delivered by the Developer and any other entity owning any land in the District as of the Closing Date with respect to all real property owned by such entity(ies) within the District which is subject to the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments, or the Assessment Area Two A-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 2017 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 and the Developer 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds, or the market price generally of obligations of the general character of the Series 2017 Bonds; (ii) the District or the Developer 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 Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments, or the Assessment Area Two A-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 Indentures; (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 2017 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 2017 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 2017 Bonds, if any.

11. No Advisory or Fiduciary Role. The District acknowledges and agrees that (i) the purchase and sale of the Series 2017 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 2017 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 2017 Bonds and (v) the Underwriter has financial and other interests that differ from those of the Issuer.

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 and 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 2017 Bonds, regardless of: (i)

any investigations made by or on behalf of the Underwriter and (ii) delivery of and payment for the Series 2017 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.

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Very truly yours,

FMSBONDS, INC.

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

Accepted and agreed to this
__ day of _____, 2017.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

By: _____
James Harvey,
Chairperson, Board of Supervisors

EXHIBIT A

DISCLOSURE AND TRUTH-IN-BONDING STATEMENT

_____, 2017

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

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area Two Project) (the "Assessment Area One Bonds"), $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds"), and $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds") (collectively, the "Series 2017 Bonds")

Dear Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and with respect to the issuance of the Series 2017 Bonds, FMSbonds, Inc. (the "Underwriter"), pursuant to a Bond Purchase Contract dated _____, 2017 (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 Assessment Area One Bonds is approximately $____ per $1,000.00 or $_____, and the underwriting discount paid to the Underwriter pursuant to the Bond Purchase Contract for the Assessment Area Two A-1 Bonds is approximately $____ per $1,000.00 or $_____, and the underwriting discount paid to the Underwriter pursuant to the Bond Purchase Contract for the Assessment Area Two A-2 Bonds is approximately $____ per $1,000.00 or $_____, for a combined total underwriting discount paid to the Underwriter of approximately $____ per $1,000.00 or $_____ for the Series 2017 Bonds.

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 2017 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 2017 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 2017 Bonds to any person not regularly employed or retained by the Underwriter in connection with the Series 2017 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 Assessment Area One Bonds for the purpose providing funds for (i) the Costs of acquiring all or a portion of the Assessment Area One Project, (ii) the funding of the Assessment Area One Reserve Account, (iii) the payment of Capitalized Interest on Assessment Area One Bonds through _____, and (iv) the payment of the costs of issuance of the Assessment Area One Bonds.

The District is proposing to issue $_____ aggregate amount of the Assessment Area Two A-1 Bonds for the purpose providing funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20__, (iii) the funding of the Assessment Area Two A-1 Reserve Account, and (iv) the payment of the costs of issuance of the Assessment Area Two A-1 Bonds.

The District is proposing to issue $_____ aggregate amount of the Assessment Area Two A-2 Bonds for the purpose of providing funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20__, (iii) the funding of the Assessment Area Two A-2 Reserve Account (as defined herein), and (iv) the payment of the costs of issuance of the Assessment Area Two A-2 Bonds.

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

The debt evidenced by the Assessment Area Two A-1 Bonds is expected to be repaid over a period of approximately _____ (___) years. At the interest rates set out in Exhibit B to this Purchase Contract, total interest paid over the life of the Assessment Area Two A-1 Bonds will be $_____.

The debt evidenced by the Assessment Area Two A-2 Bonds is structured to be repaid over a period of approximately _____ (___) years. At the interest rates set out in Exhibit B to this Purchase Contract, total interest paid over the life of the Assessment Area Two A-2 Bonds, if paid upon final maturity, will be $_____.

The source of repayment for the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds are the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, respectively, imposed and collected by the District. Based solely upon the assumptions set forth in the paragraphs above, (a) the issuance of the Assessment Area One Bonds will result in approximately $_____ (representing the average annual debt service payments due on the Assessment Area One Bonds) of the Assessment Area One Special Assessment revenues not being available to the District on an annual basis to finance other services of the District, (b) the issuance of the Assessment Area Two A-1

Bonds will result in approximately $_____ (representing the average annual debt service payments due on the Assessment Area Two A-1 Bonds) of the Assessment Area Two A-1 Special Assessments revenues not being available to the District on an annual basis to finance other services of the District, and (c) the issuance of the Assessment Area Two A-2 Bonds will result in approximately $_____ (representing the average annual debt service payments due on the Assessment Area Two A-2 Bonds) of the Assessment Area Two A-2 Special Assessments 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 Assessment Area One Bonds, the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds were not issued, the District would not be entitled to impose and collect the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, respectively, in the amount of the principal of and interest to be paid on the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds, respectively.

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Sincerely,

FMSBONDS, INC.

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

SCHEDULE I

Expenses for the Assessment Area One Bonds:

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

Expenses for the Assessment Area Two A-1 Bonds:

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

Expenses for the Assessment Area Two A-2 Bonds:

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

EXHIBIT B

TERMS OF BONDS

1. **Purchase Price for the Assessment Area One Bonds:** $_____ (representing the $_____ aggregate principal amount of the Assessment Area One Bonds, [less original issue discount of $_____ and] less an underwriter's discount of $_____).

2. **Purchase Price for the Assessment Area Two A-1 Bonds:** $_____ (representing the $_____ aggregate principal amount of the Assessment Area Two A-1 Bonds, [less original issue discount of $_____ and] less an underwriter's discount of $_____).

3. **Purchase Price for the Assessment Area Two A-2 Bonds:** $_____ (representing the $_____ aggregate principal amount of the Assessment Area Two A-2 Bonds, [original issue discount of $_____ and] less an underwriter's discount of $_____).

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

Assessment Area One Bonds

Amount	Maturity Date	Rate	Price

Assessment Area Two A-1 Bonds

Amount	Maturity Date	Rate	Price

Assessment Area Two A-2 Bonds

Amount	Maturity Date	Rate	Price

5. **Redemption Provisions:**

Optional Redemption

Assessment Area One Bonds

The Assessment Area One 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, ____ (less than all Assessment Area One Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Assessment Area One 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 2017 Optional Redemption Subaccount of the Series 2017 Bond Redemption Account established under the Assessment Area One Indenture.

Assessment Area Two A-1 Bonds

The Assessment Area Two A-1 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, ____ (less than all Assessment Area Two A-1 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Assessment Area Two A-1 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 2017A-1 Optional Redemption Subaccount of the Series 2017A-1 Redemption Account established under the Assessment Area Two A-1 Indenture.

Assessment Area Two A-2 Bonds

The Assessment Area Two A-2 Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption

Assessment Area One Bonds

The Assessment Area One Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 Sinking Fund Account established under the Assessment Area One Indenture 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 Assessment Area One Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 Sinking Fund Account established under the Assessment Area One Indenture 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 Assessment Area One Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 Sinking Fund Account established under the Assessment Area One Indenture 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 Assessment Area One 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 Assessment Area One Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Assessment Area One 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 Assessment Area One 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.

Assessment Area Two A-1 Bonds

The Assessment Area Two A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 Sinking Fund Account established under the Assessment Area Two A-1 Indenture 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 Assessment Area Two A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 Sinking Fund Account established under the Assessment Area Two A-1 Indenture 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 Assessment Area Two A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 Sinking Fund Account established under the Assessment Area Two A-1 Indenture 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 Assessment Area Two A-1 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 Assessment Area Two A-1 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Assessment Area Two A-1 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 Assessment Area Two A-1 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.

Assessment Area Two A-2 Bonds

The Assessment Area Two A-2 Bonds are not subject to mandatory sinking fund redemption.

Extraordinary Mandatory Redemption

Assessment Area One Bonds

The Assessment Area One 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 Assessment Area One Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Assessment Area One Prepayment Principal deposited into the Series 2017 Prepayment Subaccount of the Series 2017 Bond Redemption Account established under the Assessment Area One Indenture, following the payment in whole or in part of Assessment Area One Special Assessments on any assessable property within Assessment Area One of the District in accordance with the provisions of the First Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017 Rebate Fund and the Series 2017 Acquisition and Construction Account established under the Assessment Area One Indenture), sufficient to pay and redeem all Outstanding Assessment Area One Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Assessment Area One Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2017 Acquisition and Construction Account established under the Assessment Area One Indenture not otherwise reserved to complete the Assessment Area One Project and which have been transferred to the Series 2017 General Redemption Subaccount of the Series 2017 Bond Redemption Account established under the Assessment Area One Indenture.

Assessment Area Two A-1 Bonds

The Assessment Area Two A-1 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 Assessment Area Two A-1 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Assessment Area Two A-1 Prepayment Principal deposited into the Series 2017A-1 Prepayment Subaccount of the Series 2017A-1 Bond Redemption Account established under the Assessment Area Two A-1 Indenture following the payment in whole or in part of Assessment Area Two A-1 Special Assessments on any assessable property within Assessment Area Two of the District in accordance with the provisions of the Second Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-1 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017A-1 Rebate Fund and the Series 2017A-1 Acquisition and Construction Account established under the Assessment Area Two A-1 Indenture) sufficient to pay and redeem all Outstanding Assessment Area Two A-1 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Assessment Area Two A-1 Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2017A-1 Acquisition and Construction Account not otherwise reserved to complete a portion of the Assessment Area Two Project and which have been transferred to the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account established under the Assessment Area Two A-1 Indenture.

Assessment Area Two A-2 Bonds

The Assessment Area Two A-2 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 Assessment Area Two A-2 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Assessment Area Two A-2 Prepayment Principal deposited into the Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 Bond Redemption Account established under the Assessment Area Two A-2 Indenture following the payment in whole or in part of Assessment Area Two A-2 Special Assessments on any assessable property within Assessment Area Two of the District in accordance with the provisions of the Third Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-2 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017A-2 Rebate Fund and the Series 2017A-2 Acquisition and Construction Account established under the Assessment Area Two A-2 Indenture) sufficient to pay and redeem all Outstanding Assessment Area Two A-2 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Assessment Area Two A-2 Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2017A-2 Acquisition and Construction Account established under the Assessment Area Two A-2 Indenture not otherwise reserved to complete a portion of the Assessment Area Two Project and which have been transferred to the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account established under the Assessment Area Two A-2 Indenture.

EXHIBIT C

BOND COUNSEL'S SUPPLEMENTAL OPINION

_____, 2017

Avalon Groves Community Development District
Lake County, Florida

FMSbonds, Inc.
North Miami Beach, Florida

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area Two Project) (the "Assessment Area One Bonds"), $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds"), and $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds") (collectively, the "Series 2017 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 2017 (Assessment Area One Project) (the "Assessment Area One Bonds"), its $_____ original aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds"), and its $_____ original aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds" and, together with the Assessment Area One Bonds and the Assessment Area Two A-1 Bonds, the "Series 2017 Bonds"). In such capacity, we have rendered our final approving opinions (the "Opinions") of even date herewith relating to the Series 2017 Bonds. The Assessment Area Two A-1 Bonds are secured pursuant to that certain Master Trust Indenture dated as of _____ 1, 2017 (the "Master Indenture"), as amended and supplemented, with respect to the Assessment Area One Bonds by a First Supplemental Trust Indenture dated as of _____ 1, 2017 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area One Indenture"), with respect to the Assessment Area Two A-1 Bonds by a Second Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-1 Indenture"), and with respect to the Assessment Area Two A-2 Bonds by a Third Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-2 Indenture") (the Assessment Area One Indenture, the Assessment Area Two A-1 Indenture and the Assessment Area Two A-2 Indenture being collectively referred to herein as the "Indentures"), each by and between the District and Regions Bank, as Trustee.

In connection with the rendering of the Opinions, we have reviewed records of the acts taken by the District in connection with the authorization, sale and issuance of the Series 2017 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 _____, 2017 (the "Purchase Contract"), for the purchase of the Series 2017 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 2017 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 Indentures are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

3. The information in the Limited Offering Memoranda under the captions "INTRODUCTION," "DESCRIPTION OF THE SERIES 2017 BONDS," "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS," "and "APPENDIX A: PROPOSED FORMS OF THE INDENTURES," insofar as such statements constitute descriptions of the Series 2017 Bonds and the Indentures, 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 2017 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 2017 Bonds.

Very truly yours,

EXHIBIT D

ISSUER'S COUNSEL'S OPINION

_____, 2017

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 2017 (Assessment Area One Project), $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), and $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)

Ladies and Gentlemen:

We serve as counsel to the Avalon Groves Community Development District (the "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 2017 (Assessment Area One Project) (the "**Assessment Area One Bonds**"), $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "**Assessment Area Two A-1 Bonds**"), and $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "**Assessment Area Two A-2 Bonds**") (collectively, 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 First Supplemental Trust Indenture (defined below), Section 2.09(c) of the Second Supplemental Trust Indenture (defined below), and Section 2.09(c) of the Third 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 No. 2016-16, enacted by the Board of County Commissioners of Lake County, Florida on April 19, 2016 and effective on April 27, 2016 ("**Establishment Ordinance**");
2. the *Master Trust Indenture*, dated as of _____ 1, 2017 ("**Master Indenture**"), as supplemented with respect to the Assessment Area One Bonds by the *First Supplemental Trust Indenture*, dated as of _____ 1, 2017 (**"First Supplemental Trust Indenture"** and, together with the Master Indenture, "**Assessment Area One Indenture**"), with respect to the Assessment Area Two A-1 Bonds by the *Second*

Supplemental Trust Indenture, dated as of _____ 1, 2017 ("**Second Supplemental Trust Indenture**," and together with the Master Indenture, "**Assessment Area Two A-1 Indenture"**), and with respect to the Assessment Area Two A-2 Bonds by the *Third Supplemental Trust Indenture*, dated as of _____ 1, 2017 ("**Third Supplemental Trust Indenture**," and together with the Master Indenture, "**Assessment Area Two A-2 Indenture"**), each by and between the District and Regions Bank, as trustee ("**Trustee**"), referred to collectively as the "**Indentures**";

3. Resolution Nos. 2016-21, 2017-12 and 2017-13, adopted by the District on April 28, 2016, January 18, 2017 and February 23, 2017, respectively (collectively, "**Bond Resolution**");
4. *Avalon Groves Community Development District Preliminary Engineer's Report* dated October 1, 2017, as supplemented by the *Avalon Groves Community Development District Engineer's Supplemental Report* dated _____, 2017 (collectively, "**Engineer's Report**"), which describes among other things, the "**Assessment Area One Project**" and the "**Assessment Area Two Project**" (collectively, "**Projects**");
5. *Master Assessment Methodology Report* dated October 27, 2016, as supplemented by the *First Supplemental Special Assessment Methodology Report* dated _____, 2017 (collectively, "**Assessment Methodology**");
6. Resolution Nos. 2017-01, 2017-02 and 2017-___ (collectively, "**Assessment Resolution**"), establishing the debt service special assessments ("**Debt Assessments**"), securing the Bonds;
7. the *Final Judgment* issued on June 22, 2016, by the Circuit Court for the Fifth Judicial Circuit in and for Lake County, Florida in Case No. _____ and the Certificate of No Appeal issued therefor;
8. the Preliminary Limited Offering Memorandum dated _____, 2017 ("**PLOM**") and Limited Offering Memorandum dated _____, 2017 ("**LOM**");
9. certain certifications by FMSbonds, Inc. ("**Underwriter**"), as underwriter to the sale of the Bonds;
10. certain certifications of Heidt Design, as District Engineer;
11. certain certifications of DPFG Management and 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;
14. an opinion of Aponte & Associates, P.A. ("**Trustee Counsel**"), issued to the District and Underwriter in connection with the sale and issuance of the Bonds;
15. an opinion of Shuffield, Lowman & Wilson, 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 _____, 2017, by and among the District, VK Avalon Groves LLC ("**Developer** "), and a dissemination agent;
    (b) the Bond Purchase Contract between Underwriter and the District and dated _____, 2017 ("**BPA**");
    (c) [the Acquisition Agreement (2017 Bonds), between the District and the Developer dated _____, 2017;]
    (d) [the Completion Agreement (Assessment Area One), between the District and the Developer dated _____, 2017 and the Completion Agreement (Assessment Area Two), between the District and the Developer dated _____, 2017;]

(e) [the True-Up Agreement (Assessment Area One), between the District and the Developer dated _____, 2017 and the True-Up Agreement (Assessment Area Two), between the District and the Developer dated _____, 2017; and]

(f) [the Collateral Assignment and Assumption Agreement (Assessment Area One), between the District and the Developer dated _____, 2017 and the Collateral Assignment and Assumption Agreement (Assessment Area Two), between the District and the Developer dated _____, 2017;]

17. Declaration of Consent to Jurisdiction executed by the Developer; 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, C.2, 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 Indentures, 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 Pledged Revenues to secure the Bonds as provided in the Indentures; (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 Indentures.

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) Indentures, and (d) Bond Agreements (assuming due authorization, execution and delivery of documents (c) – (d) 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 appeals were 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, PLOM, and LOM; (c) the execution and delivery of the Indentures 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 with respect to the PLOM, 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: "INTRODUCTION" (as it relates to the District only), "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Prepayment of Series 2017 Special Assessments, "–General," "–Covenant Against Sale or Encumbrance," and "–Collateral Assignments and Assumptions of Development and Contract Rights," "ENFORCEMENT OF ASSESSMENT COLLECTIONS," "THE DISTRICT" (excluding the subcaptions "District Manager and Other Consultants"), "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS," "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 inquiry of 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 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 Projects*** – The District has good right and lawful authority under the Act to undertake, finance, acquire, construct, own, and operate the Assessment Area One Project and the Assessment Area Two Project ("**Projects**"), 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; and (4) that all public records, certifications, agreements and other documents have been properly authorized and are binding on each of the other parties thereto. 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 Landowners are able to convey good and marketable title to any particular real property or interest therein and related to the Projects.

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.

Sincerely,

Hopping Green & Sams P.A.

_____

For the Firm

EXHIBIT E

DEVELOPER'S COUNSEL'S OPINION

_____, 2017

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 2017 (Assessment Area One Project), and

$_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), and

$_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)

Ladies and Gentlemen:

We are counsel to VK Avalon Groves, a Florida limited liability company (the "**Developer**") in connection with the issuance by Avalon Groves Community Development District (the "**District**") of its Special Assessment Bonds, Series 2017 (Assessment Area One Project) in the amount of $_____ (the "**Assessment Area One Bonds**"), and its Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) in the amount of $_____ (the "**Assessment Area Two A-1 Bonds**"), and its Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) in the amount of $_____ (the "**Assessment Area Two A-2 Bonds**" and, together with the Assessment Area One Bonds and the Assessment Area Two A-1 Bonds, the "**Series 2017 Bonds**"), as described in the District's Limited Offering Memorandum dated _____, 2017 (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 Florida Department of State on _____.

3. Certificate of the Florida Department of State, dated _____, 2017, regarding the active status of the Developer.

4. Operating Agreement 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 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 PROJECTS" 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 Contracts" under the Caption "THE DEVELOPMENT" and under the Caption "THE DEVELOPER" 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 2017 Bonds or the Development.

6. To our knowledge, the levy of the Series 2017 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 Projects 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 2017 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 2017 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,

SHUFFIELD, LOWMAN & WILSON, P.A.

EXHIBIT F

CERTIFICATE OF DEVELOPER

VK AVALON GROVE, a Florida limited liability company (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 _____, 2017 (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 2017 (Assessment Area One Project), its $_____ original aggregate principal amount of Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), and its $_____ original aggregate principal amount of Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (collectively, the "Series 2017 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 _____, 2017 and the Limited Offering Memorandum, dated _____, 2017, 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 _____, 2017 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 PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "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 Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, and hereby consents to the levy of the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments on the lands in the District owned by the Developer. The levy of the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-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 2017 Bonds have the debt service requirements set forth in the Limited Offering Memorandum and that the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-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 2017 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 Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments or the Assessment Area Two A-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 Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments, or the Assessment Area Two A-2 Special Assessments imposed on lands in the District owned by the Developer within thirty (30) days following completion of the Projects and acceptance thereof by the District.

15. [The Developer has never entered into any continuing disclosure obligations pursuant to SEC Rule 15c2-12.]

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

Dated: _____, 2017.

VK AVALON GROVE,
a Florida limited liability company

By: _____
Name: _____
Title: _____

APPENDIX G

CERTIFICATE OF ENGINEER

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

1. This certificate is furnished pursuant to Section 8(c)(17) of the Bond Purchase Contract dated _____, 2017 (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 2017 (Assessment Area One Project), the $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), and the $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (collectively, 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 _____, 2017 and the Limited Offering Memorandum, dated _____, 2017, 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 Projects (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 Projects 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 Supplemental Report" dated _____, 2017 (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 Projects are included in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions "THE CAPITAL IMPROVEMENT PLAN AND THE PROJECTS" 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 Projects 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: _____, 2017

HEIDT DESIGN

By: _____
Print Name:_____
Title:_____

EXHIBIT H

CERTIFICATE OF DISTRICT MANAGER AND METHODOLOGY CONSULTANT

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

1. This certificate is furnished pursuant to Section 8(c)(18) of the Bond Purchase Contract dated _____, 2017 (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 2017 (Assessment Area One Project), the $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), and the $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (collectively, the "Series 2017 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 2017 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 2017 Bonds and has participated in the preparation of the Preliminary Limited Offering Memorandum dated _____, 2017 and the Limited Offering Memorandum, dated _____, 2017, including the appendices attached thereto (collectively, the "Limited Offering Memoranda").

3. In connection with the issuance of the Series 2017 Bonds, we have been retained by the District to prepare the Master Assessment Methodology Report dated October 27, 2016 (the "Master Methodology") as supplemented by the First Supplemental Special Assessment Methodology Report dated _____, 2017 (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 Projects, 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 PROJECTS," "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 2017 Bonds, or in any way contesting or affecting the validity of the Series 2017 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 2017 Bonds, or the existence or powers of the District.

7. The Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments, and the Assessment Area Two A-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 Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments, and the Assessment Area Two A-2 Special Assessments, are sufficient to enable the District to pay the debt service on the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds, and the Assessment Area Two A-2 Bonds, respectively, through the respective final maturities thereof.

Dated: _____, 2017.

DPFG MANAGEMENT AND 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 2017 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-3
GrayRobinson, P.A.
February 14, 2017

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY ___, 2017

NEW ISSUES - BOOK-ENTRY ONLY
LIMITED OFFERING

NOT RATED

In the opinions of Greenberg Traurig, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions and assuming continuing compliance with certain covenants and the accuracy of certain representations, (a) interest on the Series 2017 Bonds (as hereinafter defined) will be excludable from gross income for federal income tax purposes, (b) interest on the Series 2017 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (c) interest on the Series 2017 Bonds will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, and (d) the Series 2017 Bonds and the interest thereon will not be subject to taxation under the laws of the State of Florida, except estate taxes and taxes under Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations as defined therein. For a more complete discussion such opinions of Bond Counsel, see "TAX MATTERS" herein.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
(LAKE COUNTY, FLORIDA)

$_____*	$_____*	$_____*
Special Assessment Bonds, Series 2017 (Assessment Area One Project)	**Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)**	**Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)**

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

The Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One Project) (the "Assessment Area One Bonds"), the Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds") and the Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds" and, together with the Assessment Area One Bonds and the Assessment Area Two A-1 Bonds, the "Series 2017 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 2017 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 _____ 1, 2017. The Series 2017 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 2017 Bonds will be made only in book-entry form. Accordingly, principal of and interest on the Series 2017 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 2017 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 2017 Bond. See "DESCRIPTION OF THE SERIES 2017 BONDS – Book-Entry Only System" herein.

The Series 2017 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 2017-12, adopted by the Board on January 18, 2017, as amended and restated by Resolution No. 2017-13, adopted by the Board on February 23, 2017 (collectively, the "Bond Resolution"), and a Master Trust Indenture dated as of _____ 1, 2017 (the "Master Indenture"), as amended and supplemented, with respect to the Assessment Area One Bonds, by a First Supplemental Trust Indenture dated as of _____ 1, 2017 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area One Indenture"), with respect to the Assessment Area Two A-1 Bonds, by a Second Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-1 Indenture"), and with respect to the Assessment Area Two A-2 Bonds, by a Third Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-2 Indenture") (the Assessment Area One Indenture, the Assessment Area Two A-1 Indenture and the Assessment Area Two A-2 Indenture being collectively referred to herein as the "Indentures"), each by and between the District and the Trustee. Capitalized terms not defined herein shall have the meanings assigned to them in the respective Indentures. See "APPENDIX A: PROPOSED FORMS OF THE INDENTURES" herein.

Proceeds of the Assessment Area One Bonds will be used to provide funds for (i) the Costs of acquiring all or a portion of the Assessment Area One Project, (ii) the funding of the Assessment Area One Reserve Account (as defined herein), (iii) the payment of Capitalized

Interest on Assessment Area One Bonds through _____, and (iv) the payment of the costs of issuance of the Assessment Area One Bonds. See "PURPOSE OF THE SERIES 2017 BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Proceeds of the Assessment Area Two A-1 Bonds will be used to provide funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20__, (iii) the funding of the Assessment Area Two A-1 Reserve Account (as defined herein), and (iv) the payment of the costs of issuance of the Assessment Area Two A-1 Bonds. See "PURPOSE OF THE SERIES 2017 BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Proceeds of the Assessment Area Two A-2 Bonds will be used to provide funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20__, (iii) the funding of the Assessment Area Two A-2 Reserve Account (as defined herein), and (iv) the payment of the costs of issuance of the Assessment Area Two A-2 Bonds. See "PURPOSE OF THE SERIES 2017 BONDS" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

While the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds are being issued simultaneously, each Series of Series 2017 Bonds is separately secured under a separate supplemental indenture, as previously noted herein.

The Assessment Area One Bonds will be secured by a pledge of the Assessment Area One Pledged Revenues. "Assessment Area One Pledged Revenues" shall mean (a) all revenues received by the District from the Assessment Area One Special Assessments (as defined herein) levied and collected on the assessable lands within Assessment Area One of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area One Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area One Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Assessment Area One Indenture created and established with respect to or for the benefit of the Assessment Area One Bonds; provided, however, that Assessment Area One Pledged Revenues shall not include (A) any moneys transferred to the Series 2017 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2017 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 Assessment Area One 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 2017 BONDS" herein.

The Assessment Area Two A-1 Bonds will be secured by a pledge of the Assessment Area Two A-1 Pledged Revenues. "Assessment Area Two A-1 Pledged Revenues" shall mean (a) all revenues received by the District from the Assessment Area Two A-1 Special Assessments (as defined herein) levied and collected on certain assessable lands within Assessment Area Two of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area Two A-1 Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area Two A-1 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Assessment Area Two A-1 Indenture created and established with respect to or for the benefit of the Assessment Area Two A-1 Bonds; provided, however, that Assessment Area Two A-1 Pledged Revenues shall not include (A) any moneys transferred to the Series 2017A-1 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2017A-1 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 Assessment Area Two A-1 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 2017 BONDS" herein.

The Assessment Area Two A-2 Bonds will be secured by a pledge of the Assessment Area Two A-2 Pledged Revenues. "Assessment Area Two A-2 Pledged Revenues" shall mean (a) all revenues received by the District from the Assessment Area Two A-2 Special Assessments (as defined herein) levied and collected on certain assessable lands within Assessment Area Two of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area Two A-2 Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area Two A-2 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Assessment Area Two A-2 Indenture created and established with respect to or for the benefit of the Assessment Area Two A-2 Bonds; provided, however, that Assessment Area Two A-2 Pledged Revenues shall not include (A) any moneys transferred to the Series 2017A-2 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2017A-2 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 Assessment Area Two A-2 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 2017 BONDS" herein.

Even though the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments are initially to be levied on the same assessable lands within Assessment Area Two, they represent two separate liens of the District.

The Assessment Area One Bonds and the Assessment Area Two A-1 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. The Assessment Area Two A-2 Bonds are subject to extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein. The Assessment Area Two A-2 Bonds are <u>not</u> subject to optional or mandatory sinking fund redemption. See "DESCRIPTION OF THE SERIES 2017 BONDS – Redemption Provisions" herein.

THE ASSESSMENT AREA ONE BONDS, THE ASSESSMENT AREA TWO A-1 BONDS AND THE ASSESSMENT AREA TWO A-2 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE ASSESSMENT AREA ONE PLEDGED REVENUES, THE ASSESSMENT AREA TWO A-1 PLEDGED REVENUES AND THE ASSESSMENT AREA TWO A-2 PLEDGED REVENUES, RESPECTIVELY, PLEDGED THEREFOR UNDER THE RESPECTIVE INDENTURES, 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 2017 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE RESPECTIVE INDENTURES TO LEVY AND TO EVIDENCE AND CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, THE ASSESSMENT AREA ONE SPECIAL ASSESSMENTS, THE ASSESSMENT AREA TWO A-1 SPECIAL ASSESSMENTS AND THE ASSESSMENT AREA TWO A-2 SPECIAL ASSESSMENTS TO SECURE AND PAY THE ASSESSMENT AREA ONE BONDS, THE ASSESSMENT AREA TWO A-1 BONDS AND THE ASSESSMENT AREA TWO A-2 BONDS, RESPECTIVELY. THE SERIES 2017 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 2017 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 2017 Bonds. The Series 2017 Bonds are not credit enhanced or rated and no application has been made for a rating with respect to the Series 2017 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2017 Bonds. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision.

The initial sale of the Series 2017 Bonds is subject to certain conditions precedent, including, without limitation, receipt of the opinions of Greenberg Traurig, P.A., West Palm Beach, Florida, Bond Counsel, as to the validity of each Series of the Series 2017 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, Shuffield, Lowman & Wilson, P.A., Orlando, Florida, and for the Underwriter by its counsel, GrayRobinson, P.A., Tampa, Florida. It is expected that the Series 2017 Bonds will be delivered in book-entry form through the facilities of DTC on or about _____ __, 2017.

FMSbonds, Inc.

Dated: _____, 2017

_____

* Preliminary, subject to change.

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
(LAKE COUNTY, FLORIDA)

$_____* Special Assessment Bonds, Series 2017 (Assessment Area One Project)	$_____* Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)	$_____* Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)

MATURITY SCHEDULE

$_____ – ___% Series 2017 Assessment Area One Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2017 Assessment Area One Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2017 Assessment Area One Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**

$_____ – ___% Series 2017A-1 Assessment Area Two A-1 Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2017A-1 Assessment Area Two A-1 Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2017A-1 Assessment Area Two A-1 Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**

$_____ – ___% Series 2017A-2 Assessment Area Two A-2 Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2017A-2 Assessment Area Two A-2 Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**
$_____ – ___% Series 2017A-2 Assessment Area Two A-2 Term Bond due November 1, 20__, Yield _____%, Price _____ CUSIP # _____**

_____
* 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*
David Langhout, Assistant Secretary*
Troy Simpson, Assistant Secretary*
Candice Smith, Assistant Secretary*

* Employee of, or affiliated with, the Developer or a Landowner affiliate

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.
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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 2017 BONDS AND THERE SHALL BE NO OFFER, SOLICITATION, OR SALE OF THE SERIES 2017 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 PROJECTS (AS SUCH TERMS ARE HEREINAFTER DEFINED) SINCE THE DATE HEREOF.

THE SERIES 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE INDENTURES 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 2017 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 2017 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 SERIES 2017 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 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)

$_____*	$_____*	$_____*
Special Assessment Bonds, Series 2017 (Assessment Area One Project)	**Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)**	**Special Assessment Bonds, Series 2017A-2 (Assessment Area Two 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 $_____∗ Special Assessment Bonds, Series 2017 (Assessment Area One Project) (the "Assessment Area One Bonds"), its $_____∗ Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds"), and its $_____* Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds" and, together with the Assessment Area One Bonds and the Assessment Area Two A-1 Bonds, the "Series 2017 Bonds").

THE SERIES 2017 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. PURSUANT TO APPLICABLE STATE LAW, THE UNDERWRITER IS LIMITING THIS INITIAL OFFERINGS OF THE SERIES 2017 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 2017 BONDS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SERIES 2017 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 "Sereona" (the "Development"). The Development is being developed in multiiple phases and is currently planned for a total of approximately

∗ Preliminary, subject to change.

1,352 housing units, various recreational facilities and an amenity site. See "THE DEVELOPMENT" herein. VK Avalon Groves LLC, a Florida limited liability company (the "Developer") is the sole owner of the land in the District. See "THE DEVELOPER" herein for more information regarding the Developer.

The District contains three separate assessment areas. "Assessment Area One," which contains approximately 303 acres, is planned for 580 residential lots to be developed as an active adult community. "Assessment Area Two, which contains approximately [328] acres, is planned for 479 residential lots to be developed in two tracts ("Villages 1 and 2"), which will separated by Sawgrass Bay Boulevard. "Assessment Area Three," which contains approximately [354] acres, is located in the southern portion of the District Lands is planned for development at a later time. The development of Assessment Area One and Assessment Area Two will be financed in part with the proceeds of the Series 2017 Bonds, as more particularly described herein. The development of Assessment Area Three is not currently being financed. See "ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS" and "THE DEVELOPMENT" herein for additional information about each of the Assessment Areas.

The Series 2017 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 2017-12, adopted by the Board on January 18, 2017, as amended and restated by Resolution No. 2017-13, adopted by the Board on February 23, 2017 (collectively, the "Bond Resolution"), and a Master Trust Indenture dated as of _____ 1, 2017 (the "Master Indenture"), as amended and supplemented, with respect to the Assessment Area One Bonds by a First Supplemental Trust Indenture dated as of _____ 1, 2017 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area One Indenture"), with respect to the Assessment Area Two A-1 Bonds by a Second Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-1 Indenture"), and with respect to the Assessment Area Two A-2 Bonds by a Third Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-2 Indenture") (the Assessment Area One Indenture, the Assessment Area Two A-1 Indenture, and the Assessment Area Two A-2 Indenture, being collectively referred to herein as the "Indentures"), 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 respective Indentures. See "APPENDIX A: PROPOSED FORMS OF THE INDENTURES" herein.

While the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds are being issued simultaneously, each Series of Series 2017 Bonds is separately secured under a separate supplemental indenture as previously noted herein.

The Assessment Area One Bonds will be secured by a pledge of the Assessment Area One Pledged Revenues (as defined herein), which consist primarily of the revenues received by the District from the Assessment Area One Special Assessments (as defined herein) levied and collected on the assessable lands within Assessment Area One of the District. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS" herein.

The Assessment Area Two A-1 Bonds will be secured by a pledge of the Assessment Area Two A-1 Pledged Revenues (as defined herein), which consist primarily of the revenues received by the District from the Assessment Area Two A-1 Special Assessments (as defined herein) levied and collected on certain assessable lands within Assessment Area Two of the District. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS" herein.

The Assessment Area Two A-2 Bonds will be secured by a pledge of the Assessment Area Two A-2 Pledged Revenues (defined herein), which consist primarily of the revenues received by the District from the Assessment Area Two A-2 Special Assessments (as defined herein) levied and collected on certain assessable lands within Assessment Area Two of the District. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS" herein.

Even though the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments are initially to be levied on the same assessable lands within Assessment Area Two, they represent two separate liens of the District.

There follows in this Limited Offering Memorandum a brief description of the District, the Developer, the Development, the Projects (as defined herein) and summaries of the terms of the Series 2017 Bonds, the Indentures and certain provisions of the Act. All references herein to the Indentures and the Act are qualified in their entirety by reference to such documents and statute, and all references to the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds are qualified by reference to the respective definitive form thereof and the information with respect thereto contained in the Indentures. The proposed forms of the Master Indenture, First Supplemental Indenture, Second Supplemental Indenture and Third 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 2017 BONDS

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

Proceeds of the Assessment Area Two A-1 Bonds will be used to provide funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20__, (iii) the funding of the Assessment Area Two A-1 Reserve Account (as defined herein), and (iv) the payment of the costs of issuance of the Assessment Area Two A-1 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Proceeds of the Assessment Area Two A-2 Bonds will be used to provide funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20__, (iii) the funding of the Assessment Area Two A-2 Reserve Account (as defined herein), and (iv) the payment of the costs of issuance of the Assessment Area Two A-2 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

DESCRIPTION OF THE SERIES 2017 BONDS

General Description

The Series 2017 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 Indentures. The Series 2017 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 2017 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2017 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 _____ 1, 2017, any Quarterly Redemption Date (defined in the Indentures as February 1, May 1, August 1 and November 1 of any year), and any other date the principal of the Series 2017 Bonds is paid. Interest on the Series 2017 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 _____ 1, 2017, 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. Interest on the Series 2017 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 each Series of Series 2017 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 each Series of Series 2017 Bonds will be made in book-entry only form. As long as any Series of the Series 2017 Bonds is held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes under the applicable 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 each Series of Series 2017 Bonds ("Beneficial Owners"). Principal of and interest on any Series of Series 2017 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 2017 Bonds, through DTC Participants and Indirect Participants. During the period for which Cede & Co. is registered owner of any Series of Series 2017 Bonds, any notices to be provided to any Beneficial Owner of such Series 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 such Series of Series 2017 Bonds may be exchanged for an equal aggregate principal amount of the applicable Series of Series 2017 Bonds in other Authorized Denominations upon surrender thereof at the designated corporate trust office of the Trustee. See "DESCRIPTION OF THE SERIES 2017 BONDS – Book-Entry Only System" below.

The Series 2017 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 2017 Bonds. See "SUITABILITY FOR INVESTMENT" below.

Regions Bank is initially serving as the Trustee, Registrar and Paying Agent for the Series 2017 Bonds.

Redemption Provisions

Optional Redemption

Assessment Area One Bonds

The Assessment Area One 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, ____ (less than all Assessment Area One Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Assessment Area One 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 2017 Optional Redemption Subaccount of the Series 2017 Bond Redemption Account established under the Assessment Area One Indenture.

Assessment Area Two A-1 Bonds

The Assessment Area Two A-1 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, ____ (less than all Assessment Area Two A-1 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Assessment Area Two A-1 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 2017A-1 Optional Redemption Subaccount of the Series 2017A-1 Redemption Account established under the Assessment Area Two A-1 Indenture.

Assessment Area Two A-2 Bonds

The Assessment Area Two A-2 Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption

Assessment Area One Bonds

The Assessment Area One Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 Sinking Fund Account established under the Assessment Area One Indenture 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 Assessment Area One Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 Sinking Fund Account

established under the Assessment Area One Indenture 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 Assessment Area One Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 Sinking Fund Account established under the Assessment Area One Indenture 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 Assessment Area One 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 Assessment Area One Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Assessment Area One 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 Assessment Area One 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.

Assessment Area Two A-1 Bonds

The Assessment Area Two A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 Sinking Fund Account established under the Assessment Area Two A-1 Indenture 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 Assessment Area Two A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 Sinking Fund Account established under the Assessment Area Two A-1 Indenture 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 Assessment Area Two A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 Sinking Fund Account established under the Assessment Area Two A-1 Indenture 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 Assessment Area Two A-1 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 Assessment Area Two A-1 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Assessment Area Two A-1 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 Assessment Area Two A-1 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.

Assessment Area Two A-2 Bonds

The Assessment Area Two A-2 Bonds are not subject to mandatory sinking fund redemption.

Extraordinary Mandatory Redemption

Assessment Area One Bonds

The Assessment Area One 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 Assessment Area One Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Assessment Area One Prepayment Principal deposited into the Series 2017 Prepayment Subaccount of the Series 2017 Bond Redemption Account established under the Assessment Area One Indenture, following the payment in whole or in part of Assessment Area One Special Assessments on any assessable property within Assessment Area One of the District in accordance with the provisions of the First Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017 Rebate Fund and the Series 2017 Acquisition and Construction Account established under the Assessment Area One Indenture), sufficient to pay and redeem all Outstanding Assessment Area One Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Assessment Area One Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2017 Acquisition and Construction Account established under the Assessment Area One Indenture not otherwise reserved to complete the Assessment Area One Project and which have been transferred to the Series 2017 General Redemption Subaccount of the Series 2017 Bond Redemption Account established under the Assessment Area One Indenture.

Assessment Area Two A-1 Bonds

The Assessment Area Two A-1 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 Assessment Area Two A-1 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Assessment Area Two A-1 Prepayment Principal deposited into the Series 2017A-1 Prepayment Subaccount of the Series 2017A-1 Bond Redemption Account established under the Assessment Area Two A-1 Indenture following the payment in whole or in part of Assessment Area Two A-1 Special Assessments on any assessable property within Assessment Area Two of the District in accordance with the provisions of the Second Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-1 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017A-1 Rebate Fund and the Series 2017A-1 Acquisition and Construction Account established under the Assessment Area Two A-1 Indenture) sufficient to pay and redeem all Outstanding Assessment Area Two A-1 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Assessment Area Two A-1 Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2017A-1 Acquisition and Construction Account not otherwise reserved to complete a portion of the Assessment Area Two Project and which have been transferred to the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account established under the Assessment Area Two A-1 Indenture.

Assessment Area Two A-2 Bonds

The Assessment Area Two A-2 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 Assessment Area Two A-2 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Assessment Area Two A-2 Prepayment Principal deposited into the Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 Bond Redemption Account established under the Assessment Area Two A-2 Indenture following the payment in whole or in part of Assessment Area Two A-2 Special Assessments on any assessable property within Assessment Area Two of the District in accordance with the provisions of the Third Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-2 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017A-2 Rebate Fund and the Series 2017A-2 Acquisition and Construction Account established under the Assessment Area Two A-2 Indenture) sufficient to pay and redeem all Outstanding Assessment Area Two A-2 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the Assessment Area Two A-2 Indenture.

(iii) upon the Completion Date, from any funds remaining on deposit in the Series 2017A-2 Acquisition and Construction Account established under the Assessment Area Two A-2 Indenture not otherwise reserved to complete a portion of the Assessment Area Two Project and which have been transferred to the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account established under the Assessment Area Two A-2 Indenture.

Notice of Redemption and of Purchase

When required to redeem or purchase Bonds of any Series of Series 2017 Bonds under any provision of the related 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 Bonds of such Series of Series 2017 Bonds to be redeemed or purchased (as such Owners appear on the Bond Register on the fifth (5th) day prior to such mailing), at their registered addresses, but failure to mail any such notice or defect in the notice or in the mailing thereof shall not affect the validity of the redemption or purchase of the Bonds of such Series of Series 2017 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 Bonds of the Series of Series 2017 Bonds called for redemption or purchase, such notice shall state that it is subject to the deposit of the redemption or purchase moneys with the Trustee or Paying Agent, as the case may be, not later than the opening of business on the redemption or purchase date, and such notice shall be of no effect unless such moneys are so deposited. If the amount of funds deposited with the Trustee for such redemption, or otherwise available, is insufficient to pay the Redemption Price and accrued interest on the Bonds of such Series of Series 2017 Bonds so called for redemption on the redemption date, the Trustee shall redeem and pay on such date an amount of the Bonds of such Series of Series 2017 Bonds for which funds are sufficient, selecting the Bonds of such Series of Series 2017 Bonds to be redeemed randomly from among all Bonds of such Series of the Series 2017 Bonds called for redemption on such date, and among different maturities of Bonds of such Series of Series 2017 Bonds in the same manner as the initial selection of Bonds of such Series of Series 2017 Bonds to be redeemed, and from and after such redemption date, interest on such Series of Series 2017 Bonds or portions thereof so paid shall cease to accrue and become payable; but interest on any Bond of such Series of Series 2017 Bonds or portions thereof not so paid shall continue to accrue until paid at the same rate as it would have had such Series of Series 2017 Bonds not been called for redemption. The Trustee is authorized under the Indentures to provide conditional notices of redemption.

Purchase of Series 2017 Bonds

At the written direction of the District, the Trustee shall apply moneys from time to time available in an applicable Series 2017 Sinking Fund Account to the purchase Bonds of the applicable Series of Series 2017 Bonds in accordance with the applicable 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 2017 Bonds. The Series 2017 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 2017 Bond certificate will be issued for each maturity of each Series of the Series 2017 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 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 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 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017 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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Bond documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 2017 Bonds of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2017 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bond certificates will be printed and delivered to DTC.

SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS

General

THE ASSESSMENT AREA ONE BONDS, THE ASSESSMENT AREA TWO A-1 BONDS AND THE ASSESSMENT AREA TWO A-2 BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY OUT OF THE ASSESSMENT AREA ONE PLEDGED REVENUES, THE ASSESSMENT AREA TWO A-1 PLEDGED REVENUES AND THE ASSESSMENT AREA TWO A-2 PLEDGED REVENUES, RESPECTIVELY, PLEDGED THEREFOR UNDER THE RESPECTIVE INDENTURES, 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 2017 BONDS, EXCEPT THAT THE DISTRICT IS OBLIGATED UNDER THE RESPECTIVE INDENTURES TO LEVY AND TO EVIDENCE AND

CERTIFY, OR CAUSE TO BE CERTIFIED, FOR COLLECTION, THE ASSESSMENT AREA ONE SPECIAL ASSESSMENTS, THE ASSESSMENT AREA TWO A-1 SPECIAL ASSESSMENTS AND THE ASSESSMENT AREA TWO A-2 SPECIAL ASSESSMENTS TO SECURE AND PAY THE ASSESSMENT AREA ONE BONDS, THE ASSESSMENT AREA TWO A-1 BONDS AND THE ASSESSMENT AREA TWO A-2 BONDS, RESPECTIVELY. THE SERIES 2017 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 Assessment Area One Bonds will be secured by a pledge of the Assessment Area One Pledged Revenues. "Assessment Area One Pledged Revenues" shall mean (a) all revenues received by the District from the Assessment Area One Special Assessments (as defined herein) levied and collected on the assessable lands within Assessment Area One of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area One Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area One Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Assessment Area One Indenture created and established with respect to or for the benefit of the Assessment Area One Bonds; provided, however, that Assessment Area One Pledged Revenues shall not include (A) any moneys transferred to the Series 2017 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2017 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 Assessment Area One Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso).

The Assessment Area Two A-1 Bonds will be secured by a pledge of the Assessment Area Two A-1 Pledged Revenues. "Assessment Area Two A-1 Pledged Revenues" shall mean (a) all revenues received by the District from the Assessment Area Two A-1 Special Assessments (as defined herein) levied and collected on certain assessable lands within Assessment Area Two of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area Two A-1 Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area Two A-1 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the Assessment Area Two A-1 Indenture created and established with respect to or for the benefit of the Assessment Area Two A-1 Bonds; provided, however, that Assessment Area Two A-1 Pledged Revenues shall not include (A) any moneys transferred to the Series 2017A-1 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2017A-1 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 Assessment Area Two A-1 Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso).

The Assessment Area Two A-2 Bonds will be secured by a pledge of the Assessment Area Two A-2 Pledged Revenues. "Assessment Area Two A-2 Pledged Revenues" shall mean (a) all revenues received by the District from the Assessment Area Two A-2 Special Assessments (as defined herein) levied and collected on certain assessable lands within Assessment Area Two of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area Two A-2 Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area Two A-2 Special Assessments, and (b) all moneys on deposit in the

Funds and Accounts established under the Assessment Area Two A-2 Indenture created and established with respect to or for the benefit of the Assessment Area Two A-2 Bonds; provided, however, that Assessment Area Two A-2 Pledged Revenues shall not include (A) any moneys transferred to the Series 2017A-2 Rebate Fund established thereunder and investment earnings thereon, (B) moneys on deposit in the Series 2017A-2 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 Assessment Area Two A-2 Indenture shall not apply to any of the moneys described in the foregoing clauses (A), (B) and (C) of this proviso).

Even though the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments are initially to be levied on the same assessable lands within Assessment Area Two, they represent two separate liens of the District.

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

"Assessment Area Two A-1 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area Two of the District as a result of the District's acquisition and/or construction of a portion of the Assessment Area Two Project, corresponding in amount to the debt service on the Assessment Area Two A-1 Bonds and designated as such in the Assessment Methodology.

"Assessment Area Two A-2 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area Two of the District as a result of the District's acquisition and/or construction of a portion of the Assessment Area Two Project, corresponding in amount to the debt service on the Assessment Area Two A-2 Bonds and designated as such in the Assessment Methodology.

The Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments are collectively referred to herein as the "Series 2017 Special Assessments."

The Series 2017 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 Indentures) 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 Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments will constitute separate liens against the land as to which the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, respectively, are imposed. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. The Assessment Methodology, which describes the methodology for allocating the Series 2017 Special Assessments to the Assessment Areas within the District, is included as APPENDIX D attached hereto.

In the Master Indenture, the District will covenant 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 applicable Series 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 Series 2017 Special Assessments

[TO BE UPDATED UPON RECEIPT OF DRAFT EQUALIZING RESO – Pursuant to the Assessment Proceedings, an owner of property subject to the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments or the Assessment Area Two A-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 related Series of Series 2017 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 Series 2017 Special Assessments may pay the entire balance of the Series 2017 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, as the sole owner of the property within the District, will covenant to waive this right on behalf of itself and its successors and assigns in connection with the issuance of the Series 2017 Bonds.

Each Series of the Series 2017 Bonds are subject to extraordinary redemption as indicated under "DESCRIPTION OF THE SERIES 2017 BONDS - Redemption Provisions - Extraordinary Mandatory Redemption" from optional prepayments of applicable Series 2017 Special Assessments by property owners.

Covenant Against Sale or Encumbrance

In the Master Indenture, the District will covenant that (a) except for those improvements comprising any Project that are 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: PROPOSED FORMS OF THE INDENTURES" attached hereto for more information.

Additional Bonds

Assessment Area One Bonds

In the Assessment Area One Indenture, the District will covenant not to issue any other Bonds or other debt obligations secured by Assessment Area One Special Assessments levied against the assessable lands within Assessment Area One. Such covenant shall not prohibit the District from issuing refunding bonds. Subject to the covenant of the District described above, the District shall be authorized to issue other Bonds secured by other Special Assessments levied against the assessable lands within Assessment Area One to finance the balance of the Assessment Area One Project, which other Special Assessments

securing such other Bonds will be on parity with the Assessment Area One Special Assessments, provided the total annual Special Assessments levied on each residential unit within Assessment Area One does not exceed $1,500.00, taking into account the Assessment Area One Special Assessments. The Trustee and the District may rely on a certificate from the District Manager regarding the level of such annual Special Assessments. Notwithstanding any of the foregoing, the District shall not be precluded from imposing Special Assessments or non-ad valorem assessments on lands within the District for purposes of remediating any natural disaster, catastrophic damage or failure that has occurred with respect to the Assessment Area One Project or any component thereof.

Assessment Area Two A-1 Bonds

[TO BE UPDATED – In the Assessment Area Two A-1 Indenture, the District will covenant not to issue any other Bonds or other debt obligation secured by Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments levied against any assessable lands within Assessment Area Two, other than the Assessment Area Two A-2 Bonds, until the Assessment Area Two A-1 Special Assessments have been Substantially Absorbed and all of the Assessment Area Two A-2 Bonds have been paid in full. "Substantially Absorbed" shall mean the date when at least ninety% of the principal portion of the Assessment Area Two A-1 Special Assessments have been assigned to residential units within Assessment Area Two that have received certificates of occupancy. Such covenant of the District will not prevent the District from issuing refunding bonds or preclude the District from imposing Special Assessments or other non–ad valorem assessments on any lands within Assessment Area Two in connection with capital projects that are necessary for health, safety or welfare reasons or to remediate any natural disaster. The District and the Trustee may rely on a written certificate from the District Manager regarding the status of the aforementioned platting and residential units.]

Assessment Area Two A-2 Bonds

In the Assessment Area Two A-2 Indenture, the District will covenant not to issue any other Bonds or other debt obligation secured by Special Assessments levied against any assessable lands within Assessment Area Two, other than the Assessment Area Two A-1 Bonds, until the Assessment Area Two A-1 Special Assessments have been Substantially Absorbed (as defined above) and all of the Assessment Area Two A-2 Bonds have been paid in full. Such covenant of the District will not prevent the District from issuing refunding bonds or preclude the District from imposing Special Assessments or other non–ad valorem assessments on any lands within Assessment Area Two in connection with capital projects that are necessary for health, safety or welfare reasons or to remediate any natural disaster. The District and the Trustee may rely on a written certificate from the District Manager regarding the status of the aforementioned platting and residential units.

Additional Considerations

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 Series 2017 Special Assessments. The District and/or other public entities may impose taxes or other special assessments on the same properties encumbered by the Series 2017 Special Assessments without the consent of the Owners of the related Series of Series 2017 Bonds. The District expects to impose certain non-ad valorem special assessments called maintenance assessments, which are of equal dignity with the Series 2017 Special Assessments, on the same lands upon which the Series 2017 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.

Acquisition and Construction Accounts

Assessment Area One Acquisition and Construction Account

The Assessment Area One Indenture establishes a separate account within the Acquisition and Construction Fund designated therein as the "Series 2017 Acquisition and Construction Account" (referred to herein as the "Assessment Area One Acquisition and Construction Account"). Proceeds of the Assessment Area One Bonds will be deposited into the Assessment Area One Acquisition and Construction Account in the amount set forth in the First Supplemental Indenture and used to fund costs of the Assessment Area One Project.

Assessment Area Two A-1 Acquisition and Construction Account

The Assessment Area Two A-1 Indenture establishes a separate account within the Acquisition and Construction Fund designated therein as the "Series 2017A-1 Acquisition and Construction Account" (referred to herein as the "Assessment Area Two A-1 Acquisition and Construction Account"). Proceeds of the Assessment Area Two A-1 Bonds will be deposited into the Assessment Area Two A-1 Acquisition and Construction Account in the amount set forth in the Second Supplemental Indenture and used to fund costs of the Assessment Area Two Project. Moneys on deposit in the Assessment Area Two A-1 Acquisition and Construction Account shall be requisitioned Pro-Rata with the money on deposit in the Assessment Area Two A-2 Acquisition and Construction Account (defined below). "Pro-Rata" shall mean the ratio of the Outstanding principal amount of the Assessment Area Two A-2 Bonds over the Outstanding amount of the Assessment Area Two A-1 Bonds.

Assessment Area Two A-2 Acquisition and Construction Account

The Assessment Area Two A-2 Indenture establishes a separate account within the Acquisition and Construction Fund designated therein as the "Series 2017A-2 Acquisition and Construction Account" (referred to herein as the "Assessment Area Two A-2 Acquisition and Construction Account"). Proceeds of the Assessment Area Two A-2 Bonds will be deposited into the Assessment Area Two A-2 Acquisition and Construction Account in the amount set forth in the Third Supplemental Indenture and used to fund costs of the Assessment Area Two Project. Moneys on deposit in the Assessment Area Two A-2 Acquisition and Construction Account shall be requisitioned Pro-Rata with the money on deposit in the Assessment Area Two A-1 Acquisition and Construction Account.

Acquisition and Construction Accounts Generally

The amounts in any Series Account of the Acquisition and Construction Fund, until applied as provided in the applicable Indenture, shall be held for the security of the Series of Series 2017 Bonds in respect of which such Series Account was established. Upon presentment to the Trustee of a properly signed requisition in substantially the form attached to the respective Supplemental Indentures, the Trustee shall withdraw moneys from the applicable Series Acquisition and Construction Account and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. The Trustee shall not pay any requisition submitted if an Event of Default as to which the Trustee is deemed to have knowledge under the applicable Indenture has occurred and is continuing unless directed in writing by the Majority Holders of the related Series of Series 2017 Bonds.

On the date of completion of a Project, or if sufficient moneys are retained in the corresponding Series Account of the Acquisition and Construction Fund to complete the Cost of such Project, in either case, as evidenced by the delivery to the Trustee of a Certificate of the Consulting Engineer and adoption of a resolution by the Board accepting such Project as provided by Section 170.09, Florida Statutes (the

"Completion Date"), the balance in the applicable Series Account of the Acquisition and Construction Fund not reserved by the District for the payment of any remaining part of the Cost of such Project shall be transferred by the Trustee to the General Redemption Subaccount of the corresponding Series Bond Redemption Account and applied as set forth in the respective Indentures.

See "APPENDIX A: PROPOSED FORMS OF THE INDENTURES" attached hereto for more information.

Series 2017 Reserve Accounts

Assessment Area One Reserve Account

The First Supplemental Indenture establishes a "Series 2017 Reserve Account" within the Debt Service Reserve Fund for the Assessment Area One Bonds (referred to herein as the "Assessment Area One Reserve Account"). The Assessment Area One Reserve Account will, at the time of delivery of the Assessment Area One Bonds, be funded from a portion of the proceeds of the Assessment Area One Bonds in the amount of the Assessment Area One Reserve Requirement. The "Assessment Area One Reserve Requirement" shall mean an amount equal to _____ percent (__%) of the maximum annual debt service with respect to the initial principal amount of the Assessment Area One Bonds. Any amount in the Assessment Area One Reserve Account may, upon final maturity or redemption of all Outstanding Assessment Area One Bonds be used to pay principal of and interest on the Assessment Area One Bonds at that time. The Assessment Area One Reserve Requirement shall be equal to $_____.

Assessment Area Two A-1 Reserve Account

The Second Supplemental Indenture establishes a "Series 2017A-1 Reserve Account" within the Debt Service Reserve Fund for the Assessment Area Two A-1 Bonds (referred to herein as the "Assessment Area Two A-1 Reserve Account"). The Assessment Area Two A-1 Reserve Account will, at the time of delivery of the Assessment Area Two A-1 Bonds, be funded from a portion of the proceeds of the Assessment Area Two A-1 Bonds in the amount of the Assessment Area Two A-1 Reserve Requirement. The "Assessment Area Two A-1 Reserve Requirement" shall mean an amount equal to _____ percent (__%) of the maximum annual debt service with respect to the initial principal amount of the Assessment Area Two A-1 Bonds. Any amount in the Assessment Area Two A-1 Reserve Account may, upon final maturity or redemption of all Outstanding Assessment Area Two A-1 Bonds, be used to pay principal of and interest on the Assessment Area Two A-1 Bonds at that time. The Assessment Area Two A-1 Reserve Requirement shall be equal to $_____.

Assessment Area Two A-2 Reserve Account

The Third Supplemental Indenture establishes a "Series 2017A-2 Reserve Account" within the Debt Service Reserve Fund for the Assessment Area Two A-2 Bonds (referred to herein as the "Assessment Area Two A-2 Reserve Account"). The Assessment Area Two A-2 Reserve Account will, at the time of delivery of the Assessment Area Two A-2 Bonds, be funded from a portion of the proceeds of the Assessment Area Two A-2 Bonds in the amount of the Assessment Area Two A-2 Reserve Requirement. The "Assessment Area Two A-2 Reserve Requirement" shall mean an amount equal to the maximum annual interest on the Assessment Area Two A-2 Bonds[, determined on the date of issuance. TO BE UPDATED – Any amount in the Assessment Area Two A-2 Reserve Account may, upon final maturity or redemption of all Outstanding Assessment Area Two A-2 Bonds, be used to pay principal of and interest on the Assessment Area Two A-2 Bonds at that time.] The Assessment Area Two A-2 Reserve Requirement shall be equal to $_____.

Reserve Accounts Generally

Moneys deposited into a Series Reserve Account shall be applied for the purposes provided in the applicable Indenture. All investment earnings on moneys in a Series Reserve Account shall remain on deposit therein. Notwithstanding any of the foregoing, amounts on deposit in a Series Reserve Account shall be transferred by the Trustee, in the amounts directed in writing by the Majority Holders of the related Series of Series 2017 Bonds to the General Redemption Subaccount of the corresponding Series 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 Series 2017 Special Assessments and applied to redeem a portion of the corresponding Series of Series 2017 Bonds are less than the principal amount of such Series of Series 2017 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 Reserve Account established thereunder is less than the Reserve Requirement for such Series Reserve Account as a result of the Trustee withdrawing an amount therefrom to satisfy the Debt Service Requirements of the corresponding Series of Series 2017 Bonds and such amount has not been restored within thirty (30) days of such withdrawal.

Deposit and Application of the Pledged Revenues

Assessment Area One Pledged Revenues

The First Supplemental Indenture establishes a "Series 2017 Revenue Account" within the Revenue Fund for the Assessment Area One Bonds (referred to herein as the "Assessment Area One Revenue Account"). Pursuant to the First Supplemental Indenture, Assessment Area One Special Assessments (except for Prepayments of Assessment Area One Special Assessments, which shall be identified as such by the District to the Trustee and deposited in the corresponding Series 2017 Prepayment Subaccount) shall be deposited by the Trustee into the Assessment Area One Revenue Account. The Trustee shall transfer from amounts on deposit in the Assessment Area One Revenue Account to the corresponding 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 preceding each May 1 commencing May 1, 20__, to the corresponding Series 2017 Interest Account of the Debt Service Fund, an amount from the Assessment Area One Revenue Account equal to the interest on the Assessment Area One Bonds becoming due on the next succeeding May 1, less any amounts on deposit in such corresponding Series 2017 Interest Account or the corresponding Series 2017 Capitalized Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day preceding each November 1 commencing November 1, 2017, to the corresponding Series 2017 Interest Account of the Debt Service Fund, an amount from the Assessment Area One Revenue Account equal to the interest on the Assessment Area One Bonds becoming due on the next succeeding November 1, less any amount on deposit in the corresponding Series 2017 Interest Account or the corresponding Series 2017 Capitalized Interest Account not previously credited;

THIRD, no later than the Business Day preceding each November 1, commencing November 1, 20__, to the corresponding Series 2017 Sinking Fund Account of the Debt Service Fund, an amount from the Assessment Area One Revenue Account equal to the principal amount of Assessment Area One Bonds subject to sinking fund redemption on such November 1, less any

amount on deposit in such corresponding Series 2017 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 Assessment Area One Bonds, to the corresponding Series 2017 Principal Account of the Debt Service Fund, an amount from the Assessment Area One Revenue Account equal to the principal amount of Assessment Area One Bonds Outstanding maturing on such November 1, less any amounts on deposit in such corresponding Series 2017 Principal Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Assessment Area One Bonds remain Outstanding, to the Assessment Area One Reserve Account, an amount from the Assessment Area One Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Assessment Area One Bonds;

SIXTH, notwithstanding the foregoing, at any time the Assessment Area One Bonds are subject to redemption on a date which is not an Interest Payment Date, the Trustee shall be authorized to transfer from the Assessment Area One Revenue Account to the corresponding Series 2017 Interest Account, the amount necessary to pay interest on the Assessment Area One Bonds subject to redemption on such date; and

SEVENTH, subject to the foregoing paragraphs, the balance of any moneys remaining after making the foregoing deposits shall be first deposited into the corresponding Series 2017 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Assessment Area One Bonds and next, any balance in the Assessment Area One Revenue Account shall remain on deposit in such Assessment Area One Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the corresponding Series 2017 Rebate Fund, in which case, the District shall direct the Trustee to make such deposit thereto.

Notwithstanding that the District will fund the corresponding Series 2017 Capitalized Interest Account to pay interest on the Assessment Area One Bonds through at least _____ 1, 20__, moneys on deposit in the such corresponding Series 2017 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 Assessment Area One Bonds on any subsequent Interest Payment Date if moneys remain after _____ 1, 20__. When such Account has been depleted of all funds, the Trustee shall be authorized to close such Account.

Assessment Area Two A-1 Pledged Revenues

The Second Supplemental Indenture establishes a "Series 2017A-1 Revenue Account" within the Revenue Fund for the Assessment Area Two A-1 Bonds (referred to herein as the "Assessment Area Two A-1 Revenue Account"). Pursuant to the Second Supplemental Indenture, Assessment Area Two A-1 Special Assessments (except for Prepayments of Assessment Area Two A-1 Special Assessments, which shall be identified as such by the District to the Trustee and deposited in the corresponding Series 2017A-1 Prepayment Subaccount) shall be deposited by the Trustee into the Assessment Area Two A-1 Revenue Account. The Trustee shall transfer from amounts on deposit in the Assessment Area Two A-1 Revenue Account to the corresponding 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 preceding each May 1 commencing May 1, 20__, to the corresponding Series 2017A-1 Interest Account of the Debt Service Fund, an amount from the Assessment Area Two A-1 Revenue Account equal to the interest on the Assessment Area Two A-1 Bonds becoming due on the next succeeding May 1, less any amounts on deposit in the corresponding Series 2017A-1 Interest Account or the corresponding Series 2017A-1 Capitalized Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day preceding each November 1 commencing November 1, 201__, to the corresponding Series 2017A-1 Interest Account of the Debt Service Fund, an amount from the Assessment Area Two A-1 Revenue Account equal to the interest on the Assessment Area Two A-1 Bonds becoming due on the next succeeding November 1, less any amount on deposit in such corresponding Series 2017A-1 Interest Account or the corresponding Series 2017A-1 Capitalized Interest Account not previously credited;

THIRD, no later than the Business Day preceding each November 1, commencing November 1, 20__, to the corresponding Series 2017A-1 Sinking Fund Account of the Debt Service Fund, an amount from the Assessment Area Two A-1 Revenue Account equal to the principal amount of Assessment Area Two A-1 Bonds subject to sinking fund redemption on such November 1, less any amount on deposit in such corresponding Series 2017A-1 Sinking Fund Account not previously credited;

FOURTH, no later than the Business Day next preceding the November 1, which is the principal payment date for any Assessment Area Two A-1 Bonds, to the corresponding Series 2017A-1 Principal Account of the Debt Service Fund, an amount from the Assessment Area Two A-1 Revenue Account equal to the principal amount of Assessment Area Two A-1 Bonds Outstanding maturing on such November 1, less any amounts on deposit in such corresponding Series 2017A-1 Principal Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Assessment Area Two A-1 Bonds remain Outstanding, to the Assessment Area Two A-1 Reserve Account, an amount from the Assessment Area Two A-1 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Assessment Area Two A-1 Bonds;

SIXTH, notwithstanding the foregoing, at any time the Assessment Area Two A-1 Bonds are subject to redemption on a date which is not a Quarterly Redemption Date, the Trustee shall be authorized to transfer from the Assessment Area Two A-1 Revenue Account to the corresponding Series 2017A-1 Interest Account, the amount necessary to pay interest on the Assessment Area Two A-1 Bonds subject to redemption on such date; and

SEVENTH, subject to the foregoing paragraphs, the balance of any moneys remaining after making the foregoing deposits shall be first deposited into the corresponding Series 2017A-1 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Assessment Area Two A-1 Bonds and next, any balance in the Assessment Area Two A-1 Revenue Account shall remain on deposit in such Assessment Area Two A-1 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the corresponding Series 2017A-1 Rebate Fund, in which case, the District shall direct the Trustee to make such deposit thereto.

Notwithstanding that the District has funded the corresponding Series 2017A-1 Capitalized Interest Account to pay interest on the Assessment Area Two A-1 Bonds through at least _____ 1,

20__, moneys on deposit in the corresponding Series 2017A-1 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 Assessment Area Two A-1 Bonds on any subsequent Interest Payment Date if moneys remain after _____ 1, 20__. When such Account has been depleted of all funds, the Trustee shall be authorized to close such Account.

Assessment Area Two A-2 Pledged Revenues

The Third Supplemental Indenture establishes a "Series 2017A-2 Revenue Account" within the Revenue Fund for the Assessment Area Two A-2 Bonds (referred to herein as the "Assessment Area Two A-2 Revenue Account"). Pursuant to the Third Supplemental Indenture, Assessment Area Two A-2 Special Assessments (except for Prepayments of Assessment Area Two A-2 Special Assessments, which shall be identified as such by the District to the Trustee and deposited in the corresponding Series 2017A-2 Prepayment Subaccount) shall be deposited by the Trustee into the Assessment Area Two A-2 Revenue Account. The Trustee shall transfer from amounts on deposit in the Assessment Area Two A-2 Revenue Account to the corresponding 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 preceding each May 1 commencing May 1, 201__, to the corresponding Series 2017A-2 Interest Account of the Debt Service Fund, an amount from the Assessment Area Two A-2 Revenue Account equal to the interest on the Assessment Area Two A-2 Bonds becoming due on the next succeeding May 1, less any amount on deposit in such corresponding Interest Account or the corresponding Series 2017A-2 Capitalized Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day preceding each November 1 commencing November 1, 20__, to the corresponding Series 2017A-2 Interest Account of the Debt Service Fund, an amount from the Assessment Area Two A-2 Revenue Account equal to the interest on the Assessment Area Two A-2 Bonds becoming due on the next succeeding November 1, less any amounts on deposit in such corresponding Series 2017A-2 Interest Account or the corresponding Series 2017A-2 Capitalized Interest Account not previously credited;

THIRD, no later than the Business Day preceding the November 1, which is the principal payment date for any Assessment Area Two A-2 Bonds, to the corresponding Series 2017A-2 Principal Account of the Debt Service Fund, an amount from the Assessment Area Two A-2 Revenue Account equal to the principal amount of Assessment Area Two A-2 Bonds Outstanding maturing on such November 1, less any amounts on deposit in such corresponding Series 2017A-2 Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day preceding each Interest Payment Date while Assessment Area Two A-2 Bonds remain Outstanding, to the Assessment Area Two A-2 Reserve Account, an amount from the Assessment Area Two A-2 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Assessment Area Two A-2 Bonds;

FIFTH, notwithstanding the foregoing, at any time the Assessment Area Two A-2 Bonds are subject to redemption on a date which is not a Quarterly Redemption Date, the Trustee shall be authorized to transfer from the Assessment Area Two A-2 Revenue Account to the corresponding Series 2017A-2 Interest Account, the amount necessary to pay interest on the Assessment Area Two A-2 Bonds subject to redemption on such date; and

SIXTH, subject to the foregoing paragraphs, the balance of any moneys remaining after making the foregoing deposits shall be first deposited into the corresponding Series 2017A-2 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Assessment Area Two A-2 Bonds and next, any balance in the Assessment Area Two A-2 Revenue Account shall remain on deposit in such Assessment Area Two A-2 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the corresponding Series 2017A-2 Rebate Fund, in which case, the District shall direct the Trustee to make such deposit thereto.

Notwithstanding that the District has funded the corresponding Series 2017A-2 Capitalized Interest Account to pay interest on the Assessment Area Two A-2 Bonds through at least _____ 1, 20__, moneys on deposit in such corresponding Series 2017A-2 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 Assessment Area Two A-2 Bonds on any subsequent Interest Payment Date if moneys remain after _____ 1, 20__. 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 respective Indentures. 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 Indentures, 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 Indentures.

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 Indentures 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 Indentures, 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: PROPOSED FORMS OF THE INDENTURES" attached hereto for more information.

Collateral Assignments and Assumptions of Development and Contract Rights

[Assessment Area One Bonds

As a condition precedent to the issuance of the Assessment Area One Bonds, and as an inducement for the Bondholders to purchase the Assessment Area One Bonds, the Developer will execute and deliver to the District a Collateral Assignment and Assumption of Development Rights Relating to Assessment Area One (the "Assessment Area One Collateral Assignment"), pursuant to which the Developer will collaterally assign to the District, to the extent assignable, to the extent accepted by the District in its sole discretion and to the extent that they are solely owned or controlled by the Developer or subsequently acquired by the Developer, and subject to the limitations set forth below, all of its development rights relating to the development of Assessment Area One (collectively, the "Assessment Area One Development Rights"), subject to the terms and conditions therein. The Assessment Area One Development Rights include the following as they pertain to the development of Assessment Area One: (a) engineering and construction plans and specifications for grading, roadways, site drainage, stormwater drainage, signage, water distribution, waste water collection, and other improvements; (b) preliminary and final site plans; (c) architectural plans and specifications for buildings and other improvements to the developable property within Assessment Area One; (d) permits, approvals, resolutions, variances, licenses and franchises granted by governmental authorities, or any of their respective agencies, for or affecting the Assessment Area One Project; (e) contracts with engineers, architects, land planners, landscape architects, consultants, contractors, and suppliers for or relating to the construction of the Assessment Area One Project; (f) all prepaid impact fees and impact fee credits; and (g) all future creations, changes, extensions, revisions, modifications, substitutions, and replacements of any of the foregoing. The Assessment Area One Development Rights specifically exclude any portion of the Assessment Area One Development Rights listed above which relate solely to Lots (as defined in the Assessment Area One Collateral Assignment) or any property which has been or is in the future conveyed to the County, the District, any utility provider, any unaffiliated homebuilder, any governmental or quasi-governmental entity, any applicable homeowner's association or other governing entity or association as may be required by applicable permits, approvals, plats, entitlements or regulations affecting the District, if any, or to end user residents.

Notwithstanding the above provisions to the contrary, in the event the District forecloses on the lands subject to the Assessment Area One Special Assessments as a result of the Developer's or any subsequent landowners failure to pay such Special Assessments, there is a risk that the District will not have all permits and entitlements necessary to complete the Assessment Area One Project or the development of Assessment Area One. See "BONDOWNERS' RISKS" and "THE DEVELOPMENT" herein.

Assessment Area Two A-1 Bonds and Assessment Area Two A-2 Bonds

As a condition precedent to the issuance of the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds, and as an inducement for the Bondholders to purchase such bonds, the Developer will execute and deliver to the District a Collateral Assignment and Assumption of Development Rights Relating to Assessment Area Two (the "Assessment Area Two Collateral

Assignment"), pursuant to which the Developer will collaterally assign to the District, to the extent assignable, to the extent accepted by the District in its sole discretion and to the extent that they are solely owned or controlled by the Developer or subsequently acquired by the Developer, and subject to the limitations set forth below, all of its development rights relating to the development of Assessment Area Two (collectively, the "Assessment Area Two Development Rights"), subject to the terms and conditions therein. The Assessment Area Two Development Rights include the following as they pertain to the development of Assessment Area Two: (a) engineering and construction plans and specifications for grading, roadways, site drainage, stormwater drainage, signage, water distribution, waste water collection, and other improvements; (b) preliminary and final site plans; (c) architectural plans and specifications for buildings and other improvements to the developable property within Assessment Area Two; (d) permits, approvals, resolutions, variances, licenses and franchises granted by governmental authorities, or any of their respective agencies, for or affecting the Assessment Area Two Project; (e) contracts with engineers, architects, land planners, landscape architects, consultants, contractors, and suppliers for or relating to the construction of the Assessment Area Two Project; (f) all prepaid impact fees and impact fee credits; and (g) all future creations, changes, extensions, revisions, modifications, substitutions, and replacements of any of the foregoing. The Assessment Area Two Development Rights specifically exclude any portion of the Assessment Area Two Development Rights listed above which relate solely to Lots (as defined in the Assessment Area Two Collateral Assignment) or any property which has been or is in the future conveyed to the County, the District, any utility provider, any unaffiliated homebuilder, any governmental or quasi-governmental entity, any applicable homeowner's association or other governing entity or association as may be required by applicable permits, approvals, plats, entitlements or regulations affecting the District, if any, or to end user residents.

Notwithstanding the above provisions to the contrary, in the event the District forecloses on the lands subject to the Assessment Area Two A-1 Special Assessments and Assessment Area Two A-2 Special Assessments as a result of the Developer's or any subsequent landowners failure to pay such Special Assessments, there is a risk that the District will not have all permits and entitlements necessary to complete the Assessment Area Two Project or the development of Assessment Area Two. Certain rights of the Developer are also subject to mortgages in favor of homebuilders securing deposit releases. See "BONDOWNERS' RISKS" and "THE DEVELOPMENT" herein.]

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

The Master Indenture will contain 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 Series of Series 2017 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 will acknowledge and agree that, although the Series 2017 Bonds will be issued by the District, the Beneficial Owners of such Series 2017 Bonds are categorically the party with a financial stake in the repayment of the Series 2017 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 applicable Series 2017 Special Assessments, the applicable Series of Series 2017 Bonds or any rights of the Trustee or applicable Series of Series 2017 Bondholders under the Master Indenture or the applicable Supplemental Indentures 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 applicable Series 2017 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 Series 2017 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 Indentures, with respect to a Series of the Series 2017 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 applicable 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 respective 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 Bonds of such Series; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if, and so long as, the

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 applicable Series Reserve Account is less than the applicable Series Reserve Requirement as a result of the Trustee withdrawing an amount therefrom to satisfy the Debt Service Requirement on the Bonds of any Series 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 Series 2017 Special Assessments are levied to secure the respective Series 2017 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 of Series 2017 Bonds shall be subject to acceleration. Upon the occurrence and continuance of an Event of Default with respect to a Series of Series 2017 Bonds, no optional redemption or extraordinary mandatory redemption of such Series of Series 2017 Bonds pursuant to the applicable Indenture shall occur unless all of the Bonds of such Series of Series 2017 Bonds where an Event of Default has occurred will be redeemed or 100% of the Holders of the such Series of Series 2017 Bonds agree to such redemption.

If any Event of Default with respect to a Series of the Series 2017 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 Bonds of such Series of Series 2017 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 applicable Series of Series 2017 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 such Series of Series 2017 Bonds and to perform its or their duties under the Act;

(b) bring suit upon the applicable Series of Series 2017 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 applicable Series of Series 2017 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 applicable Series of Series 2017 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 applicable Series of Series 2017 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 applicable Indenture as though no such proceeding had been taken.

The Majority Holders of a Series of Series 2017 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 Indentures.

No Bondholder shall have any right to pursue any remedy under the applicable Indenture unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Majority Holders of the applicable Series of Series 2017 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 Indentures to the contrary notwithstanding, the District will acknowledge in the Indentures that, upon the occurrence of an Event of Default with respect to a Series of Series 2017 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 applicable Indenture. The District will also acknowledge and agree that, from and after an Event of Default with respect to a Series of Series 2017 Bonds, the Trustee is authorized to exercise the District's rights under the applicable Collateral Assignment at the direction of the Majority Holders of the affected Series of Series 2017 Bonds, but without the consent or approval of the District, and the District will covenant not to enter into any contract regarding the applicable Project from and after an Event of Default without the written direction of the Majority Holders of the affected Series of Series 2017 Bonds.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

General

The primary sources of payment for each Series of Series 2017 Bonds are the respective Series 2017 Special Assessments imposed on certain lands in the District specially benefited by the related 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 Series 2017 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, Series 2017 Special Assessments during any year. Such delays in the collection of Series 2017 Special Assessments, or complete inability to collect Series 2017 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 related Series of Series 2017 Bonds. See "BONDOWNERS' RISKS." To the extent that Developer fails to pay the Series 2017 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 related Series of Series 2017 Bonds. The Act provides for various methods of collection of delinquent Series 2017 Special Assessments by reference to other provisions of the Florida Statutes. See

"BONDOWNERS' RISKS" herein. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes but is qualified in its entirety by reference to such statutes.

Alternative Uniform Tax Collection Procedure for Series 2017 Special Assessments

Initially, the Developer and any subsequent landowners will directly pay the Series 2017 Special Assessments to the District. As residential parcels within the District lands are platted, the Series 2017 Special Assessments will be collected pursuant to the Uniform Method (as hereinafter defined) of collection. At such time as the Series 2017 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 Series 2017 Special Assessments to be levied and then collected in this manner. The District's election to use a certain collection method with respect to the Series 2017 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 Series 2017 Special Assessments, such Series 2017 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 Series 2017 Special Assessments, if any, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2017 Special Assessments. Upon any receipt of moneys by the Tax Collector from the Series 2017 Special Assessments, such moneys will be delivered to the District, which will remit such Series 2017 Special Assessments to the Trustee for deposit to the applicable Series Revenue Account within the Revenue Fund, except that any Prepayments of Series 2017 Special Assessments shall be deposited to the Prepayment Subaccount within the applicable Series Bond Redemption Account of the Bond Redemption Fund created under the Indentures and applied in accordance therewith.

All County, school and special district, including the District, ad valorem taxes, non-ad valorem special assessments, including the Series 2017 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 Series 2017 Special Assessments are to be collected pursuant to the Uniform Method, any failure to pay any one line item, would cause such Series 2017 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 related Series of the Series 2017 Bonds.

Under the Uniform Method, if the Series 2017 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 2017 Bonds (1) that the past experience of the Tax Collector with regard to tax and special assessment delinquencies is applicable in any way to the Series 2017 Special Assessments, (2) that future landowners and taxpayers in the District will pay such Series 2017 Special Assessments, (3) that a market may exist in the future for tax certificates in the event of sale of such certificates for taxable units within the District, and (4) that the eventual sale of tax certificates for real property within the District, if any, will be for an amount sufficient to pay amounts due under the Assessment Proceedings to discharge the lien of the Series 2017 Special Assessments and all other liens that are coequal therewith.

Collection of delinquent Series 2017 Special Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for payment of the Series 2017 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 Series 2017 Special Assessments), interest, costs and charges on the real property described in the certificate. The demand for such certificates is dependent upon various factors, which include the rate of interest that can be earned by ownership of such certificates and the underlying value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying market value of the property within the District may affect the demand for certificates and the successful collection of the Series 2017 Special Assessments, which are the primary source of payment of the Series 2017 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 Series 2017 Special Assessments are being collected pursuant to the Uniform Method. In the event that the District, itself, directly levies and enforces, pursuant to Chapters 170 and 190, Florida Statutes, the collection of the Series 2017 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 a Series 2017 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 Series 2017 Special Assessments and the ability to foreclose the liens of such Series 2017 Special Assessments upon the failure to pay such Series 2017 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 2017 Bonds offered hereby and are set forth below. Prospective investors in the Series 2017 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 2017 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 2017 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 2017 Bonds.

Concentration of Land Ownership

As of the date of delivery of the Series 2017 Bonds, the Developer owns all of the assessable lands within the District, including (i) Assessment Area One, which will initially be subject to the Assessment Area One Special Assessments securing the Assessment Area One Bonds and (ii) Assessment Area Two, which will initially be subject to the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, securing the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds, respectively. Non-payment of any Series 2017 Special Assessments by the Developer or the other future landowners owning lands subject to such Series 2017 Assessments would have a substantial adverse impact upon the District's ability to pay debt service on the related Series of Series 2017 Bonds. See "THE DEVELOPER" and "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS" herein.

THE ASSESSMENT AREA ONE BONDS, THE ASSESSMENT AREA TWO A-1 BONDS AND THE ASSESSMENT AREA TWO A-2 BONDS ARE SEPARATELY SECURED BY THE ASSESSMENT AREA ONE SPECIAL ASSESSMENTS, THE ASSESSMENT AREA TWO A-1 SPECIAL ASSESSMENTS AND THE ASSESSMENT AREA TWO A-2 SPECIAL ASSESSMENTS, RESPECTIVELY.

Bankruptcy Risks

In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any other owner of benefited property, delays could occur in the payment of debt service on the Series 2017 Bonds, as such bankruptcy could negatively impact the ability of: (i) the Developer and any other landowner to pay the Series 2017 Special Assessments; (ii) the Tax Collector to sell tax certificates in relation to such property with respect to the Series 2017 Special Assessments being collected pursuant to the Uniform Method; and (iii) the District to foreclose the lien of the Series 2017 Special Assessments not being collected pursuant to the Uniform Method. In addition, the remedies available to the Owners of each Series of the Series 2017 Bonds under the applicable 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 Indentures and the Series 2017 Bonds, including, without limitation, enforcement of the obligation to pay Series 2017 Special Assessments and the ability of the District to foreclose the liens of the Series 2017 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 2017 Bonds (including Bond Counsel's approving opinions) 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 a Series of the Series 2017 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 2017 Bonds – Master Indenture Provisions Relating to Bankruptcy of Developer or Other Obligated Person." The District cannot express any view whether such delegation would be enforceable.

Series 2017 Special Assessments Are Non-Recourse

The principal security for the payment of the principal and interest on each Series of the Series 2017 Bonds is the timely collection of the related Series 2017 Special Assessments. The Series 2017 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 or subsequent landowners will be able to pay the Series 2017 Special Assessments or that they will pay such Series 2017 Special Assessments even though financially able to do so. Neither the Developer nor any other subsequent landowners have any personal obligation to pay the Series 2017 Special Assessments. Neither

the Developer nor any subsequent landowners are guarantors of payment of any Series 2017 Special Assessments, and the recourse for the failure of the Developer or any subsequent landowner to pay the Series 2017 Special Assessments is limited to the collection proceedings against the land subject to such unpaid Series 2017 Special Assessments, as described herein. Therefore the likelihood of collection of the Series 2017 Special Assessments may ultimately depend on the market value of the land subject to taxation. While the ability of the Developer or subsequent landowners to pay the Series 2017 Special Assessments is a relevant factor, the willingness of the Developer or subsequent landowners to pay the taxes, which may also be affected by the value of the land subject to taxation, is also an important factor in the collection of Series 2017 Special Assessments. The failure of the Developer or subsequent landowners to pay the Series 2017 Special Assessments could render the District unable to collect delinquent Series 2017 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 corresponding Series of Series 2017 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 the Assessment Areas and the likelihood of timely payment of principal and interest on the Series 2017 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 2017 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 the respective Assessment Areas.

Economic Conditions and Changes in Development Plans

The successful development of the respective Assessment Areas and the sale of residential units therein, once such homes are built, and the development and sale of the commercial properties within the portion of the Development adjacent to the District, 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. Moreover, the Developer has the right to modify or change plans for development of the Assessment Areas 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. A change in the plan of development for an Assessment Area may result in an unscheduled true-up payment, which would cause a portion of the related Series of Series 2017 Bonds to be subject to extraordinary mandatory redemption. See "DESCRIPTION OF THE SERIES 2017 BONDS – Redemption Provisions – Extraordinary Mandatory Redemption" herein.

Other Taxes and Assessments

The willingness and/or ability of an owner of benefited land to pay the Series 2017 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 Series 2017 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 Series 2017 Special Assessments. In addition, lands within the District may also be subject to assessments by property and homeowner associations. See "THE DEVELOPMENT – Taxes, Fees and Assessments" for additional information.

Limited Secondary Market for Series 2017 Bonds

The Series 2017 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2017 Bonds in the event an Owner thereof determines to solicit purchasers for the Series 2017 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2017 Bonds may be sold. Such price may be lower than that paid by the current Owners of each Series of the Series 2017 Bonds, depending on the progress of development of the Development and the lands within the Assessment Areas, as applicable, existing real estate and financial market conditions and other factors.

Inadequacy of Reserve Accounts

Some of the risk factors discussed herein, which, if materialized, would result in a delay in the collection of the Series 2017 Special Assessments, may not adversely affect the timely payment of debt service on a Series of the Series 2017 Bonds because of the Reserve Account corresponding to each Series. The ability of the Reserve Accounts to fund deficiencies caused by delinquencies in the corresponding Series 2017 Special Assessments is dependent on the amount, duration and frequency of such deficiencies. Moneys on deposit in each Reserve Account may be invested in certain obligations permitted under the Indentures. Fluctuations in interest rates and other market factors could affect the amount of moneys in such Reserve Account to make up deficiencies. If the District has difficulty in collecting the Series 2017 Special Assessments, the Reserve Accounts could be rapidly depleted and the ability of the District to pay debt service on the corresponding Series of Series 2017 Bonds could be materially adversely affected. In addition, during an Event of Default under the Indentures, the Trustee may withdraw moneys from the applicable Reserve Account and such other Funds, Accounts and subaccounts created under the applicable Indenture to pay its extraordinary fees and expenses incurred in connection with such Event of Default. If in fact a 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 corresponding Series 2017 Special Assessments in order to provide for the replenishment of the applicable Reserve Account.

THE SERIES RESERVE ACCOUNT ESTABLISHED WITH RESPECT TO EACH SERIES OF SERIES 2017 BONDS IS NOT AVAILABLE TO PAY DEBT SERVICE ON ANY OTHER SERIES OF SERIES 2017 BONDS. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE Series 2017 Bonds – Reserve Accounts" herein for more information about the Reserve Accounts.

Legal Delays

If the District should commence a foreclosure action against a landowner for nonpayment of any Series 2017 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 Indentures 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 corresponding Series of Series 2017 Bonds to allow funds on deposit under the related Indenture to be used to pay the costs of the foreclosure action. Under the Code, there are limitations on the amounts of proceeds from each Series of the Series 2017 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 fund 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 March 9, 2016, the IRS released corrections to the transition rules in the proposed regulations providing that the new definition of political subdivision will not apply to bonds issued prior to the general applicability date, which is a date ninety (90) days after the proposed regulations are published in final form in the Federal Register. Accordingly, the proposed regulations, if finalized in their current form, would not be applicable to the Series 2017 Bonds, but may impact future series of bonds planned for the District.

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 five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years from the date of establishment of the community development district or the time at which there are 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 Developer. 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 any Series of the Series 2017 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 2017 Bonds are advised that, if the IRS does audit the Series 2017 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 2017 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 2017 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 2017 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 2017 Bonds would adversely affect the availability of any secondary market for the Series 2017 Bonds. Should interest on the Series 2017 Bonds become includable in gross income for federal income tax purposes, not only will Owners of Series 2017 Bonds be required to pay income taxes on the interest received on such Series 2017 Bonds and related penalties, but because the interest rate on such Series 2017 Bonds will not be adequate to compensate Owners of the Series 2017 Bonds for the income taxes due on such interest, the value of the Series 2017 Bonds may decline.

THE INDENTURES DO NOT PROVIDE FOR ANY ADJUSTMENT IN THE INTEREST RATES ON THE SERIES 2017 BONDS IN THE EVENT OF AN ADVERSE DETERMINATION BY THE IRS WITH RESPECT TO THE TAX-EXEMPT STATUS OF INTEREST ON THE SERIES 2017 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2017 BONDS SHOULD EVALUATE WHETHER THEY CAN OWN THE SERIES 2017 BONDS IN THE EVENT THAT THE INTEREST

ON THE SERIES 2017 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 2017 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 exemptions 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 2017 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 2017 Bonds would need to ensure that subsequent transfers of the Series 2017 Bonds are made pursuant to a transaction that is not subject to the registration requirements of the Securities Act.

Federal Tax Reform

Various proposals are mentioned from time to time by members of the Congress of the United States of America and others concerning reform of the internal revenue (tax) laws of the United States. In addition, the Service may, in the future, issue rulings that have the effect of changing the interpretation of existing tax laws. Certain of these proposals and interpretations, if implemented or upheld, could have the effect of diminishing the value of obligations of states and their political subdivisions, such as the Series 2017 Bonds, by eliminating or changing the tax-exempt status of interest on certain of such bonds. Whether any of such proposals will ultimately become or be upheld as law, and if so, the effect such proposals could have upon the value of bonds such as the Series 2017 Bonds, cannot be predicted. However, it is possible that any such law or interpretation could have a material and adverse effect upon the availability of a liquid secondary market and/or the value of the Series 2017 Bonds. 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 2017 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 Projects or the Construction of Homes within the Assessment Areas

There can be no assurance, in the event the District does not have sufficient moneys on hand to complete the Projects, that the District will be able to raise through the issuance of bonds, or otherwise, the moneys necessary to complete the Projects. Further, pursuant to the Indentures, the District will make certain covenants that substantially limit its ability to issue any other bonds or other debt obligations secured by the Series 2017 Special Assessments or other non-ad valorem special assessments on assessable lands within the District. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Additional Bonds" for more information.

Further, it is expected that the cost to finish the Projects will exceed the net proceeds from the Series 2017 Bonds. The Developer will enter into completion agreements to fund or cause to be funded the completion of the Projects to the extent that net proceeds of the applicable Series of Series 2017 Bonds are not sufficient to pay for such Projects. There is no assurance that the Developer will have sufficient resources to perform under such completion agreements. Such obligation of the Developer is an unsecured obligation, and the Developer is a special-purpose entity whose assets consist primarily of its interests in the District Lands. See "THE DEVELOPER" herein for more information.

Further, there is a possibility that, even if the Assessment Areas are developed, the Builders (as defined herein) may not close on all or any of the parcels and lots subject to the Builder Contracts (as defined herein), and such failure to close could negatively impact the construction of homes in the Assessment Areas. The Builder Contracts may also be terminated by the Builders upon the occurrence or failure to occur of certain conditions set forth therein. See "THE DEVELOPMENT – Builder Contracts" herein for more information about the Builders and the Builder Contracts.

Payment of Series 2017 Special Assessments after Bank Foreclosure

In the event a bank forecloses on property because of a default on a mortgage on any of the assessable lands within the District and then the bank itself fails, the Federal Deposit Insurance Corporation (the "FDIC"), as receiver, will then become the fee owner of such property. In such event, the FDIC will not, pursuant to its own rules and regulations, likely be liable to pay the Series 2017 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 2017 (Assessment Area One Project) Bonds	Series 2017A-1 (Assessment Area Two Project) Bonds	Series 2017A-2 (Assessment Area Two Project) Bonds
Par Amount			
[Net Original Issue Discount]			
Total Sources			
Use of Funds			
Deposit to applicable Series Acquisition and Construction Account			
Deposit to applicable Series Capitalized Interest Account			
Deposit to applicable Series 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 2017 Bonds.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Series 2017 Bonds:

Year Ended November 1	Assessment Area One Bonds		Assessment Area Two A-1 Bonds		Assessment Area Two A-2 Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
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 Sereona (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 2017 Bonds.

Board of Supervisors

The governing body of the District is its Board of Supervisors (the "Board"), which is composed of five Supervisors (the "Supervisors"). The Act provides that, at the initial meeting of the Developer, Supervisors must be elected by the Developer with the two Supervisors receiving the highest number of votes to serve for four years and the remaining Supervisors to serve for a two-year term. Three of the five Supervisors are elected to the Board every two years in November. At such election the two Supervisors receiving the highest number of votes are elected to four-year terms and the remaining Supervisor is elected to a two-year term. Until the later of six (6) years after the initial appointment of Supervisors and the year in which there are at least 250 qualified electors in the District, or such earlier time as the Board may decide to exercise its ad valorem taxing power, the Supervisors are elected by vote of the Developer of the District. Ownership of the land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number and, for purposes of determining voting interests, platted lots shall be counted individually and rounded up to the nearest whole acre and shall not be aggregated for determining the number of voting units held). Upon the later of six (6) years after the initial appointment of Supervisors and the year in which there are at least 250 qualified electors in the District, the Supervisors whose terms are expiring will be elected (as their terms expire) by qualified electors of the District, except as described below. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State of Florida and a citizen of the United States. At the election where Supervisors are first elected by qualified electors, two Supervisors must be qualified electors and be elected by qualified electors, both to four-year terms. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve four-year terms. If there is a vacancy on the Board, whether as a result of the resignation or removal of a Supervisor or because no elector qualifies for a seat to be filled in an election, the remaining Board members are to fill such vacancy for the unexpired term.

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

The 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 the Developer or of any entity affiliated with the Developer.

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 2018
Greg Meath*	Vice Chairman	November 2018
David Langhout*	Assistant Secretary	November 2018
Troy Simpson*	Assistant Secretary	November 2018
Candice Smith*	Assistant Secretary	November 2018

* Employee of, or affiliated with, the Developer or an affiliate of 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 2017 Bonds.

No Outstanding Indebtedness

The District has not previously issued any bonds or other debt obligations.

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THE CAPITAL IMPROVEMENT PLAN AND THE PROJECTS

In 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 Supplemental Report" dated _____, 2017 (collectively, 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 (the "CIP"). The CIP will be implemented in at least three phases over multiple years.

The Engineer's Report estimates the overall cost of the CIP for the entire development to be $45,663,392. A breakdown of that portion of the CIP related to the development of Assessment Area One and Assessment Area Two, which is estimated to have a total cost of $29,380,657 is provided below. Assessment Area Three is expected to be developed at a later time. See "APPENDIX C: ENGINEER'S REPORT" for more information regarding the improvements.

Item	Assessment Area One	Assessment Area Two	Totals
Master Infrastructure			
Land Acquisition*	$2,450,850	$2,493,600	$4,944,450
Clearing/Earthwork	2,464,414	3,732,685	6,197,099
Master Stormwater Management	1,719,152	1,481,086	3,200,220
Master Collector Road (2 lanes, excl. utilities)	1,807,890	1,807,890	3,615,780
Parks and Recreational Facilities/Amenities	100,000	1,862,500	1,962,500
Professional Fees	1,072,500	936,000	2,008,500
Master Utilities (Water, Wastewater, Reuse)	0	0	0
Sub-totals:	$9,614,806	$12,313,743	$21,928,549
Residential Tract Costs			
Roadway (Local Streets)	$1,993,260	$1,604,186	$3,597,446
Landscaping, Entry Features and Signs	834,000	720,000	1,554,000
Sub-totals:	$2,827,260	$2,324,186	$5,151,446
Contingency	$1,244,207	$1,056,455	$2,300,662
Project Totals	**$13,686,273**	**$15,694,385**	**$29,380,657**

* The District and the Developer will enter into an Escrow Agreement prior to the closing on the Series 2017 Bonds, whereby the proceeds from the land acquisition will be used for the design, permitting, and construction of a portion of the master water distribution system, master sanitary sewer collection system and master reuse water distribution system for the District.

Assessment Area One

Assessment Area One is comprised of approximately 303 gross acres of land planned for approximately 580 active-adult lots. The Assessment Area One Project commenced in January 2017 and is expected to be completed in December 2019, with the master infrastructure in Assessment Area One expected to be completed in September 2017. It is expected that the net proceeds from the Assessment Area One Bonds available to pay costs of the Assessment Area One Project will be approximately $1.9 million, which proceeds will be used for a portion of the master infrastructure costs. It is anticipated that the District will issue additional bonds in the future to fund land development in Assessment Area One that will be on parity with the Assessment Area One Bonds. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Additional Bonds" herein for more information.

Assessment Area Two

Assessment Area Two is comprised of approximately [328] gross acres of land planned for approximately single-family 479 lots. The Assessment Area Two Project commenced in February 2017 and is expected to be completed in December 2018, with the master infrastructure for Assessment Area Two expected to be completed in [_____, 20___]. It is expected that the net proceeds from the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds will be approximately $5.8 million and $3.5 million, respectively, for aggregate proceeds of approximately $9.3 million.

Projects

The Developer will enter into completion agreements to fund or cause to be funded the completion of both of the above Projects to the extent that net proceeds of the applicable Series of Series 2017 Bonds are not sufficient to pay for such Projects. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Projects or the Construction of Homes within the Assessment Areas."

The District Engineer has indicated that all permits necessary to construct the improvements described in the Engineer's Report in the District 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 the Development.

ASSESSMENT METHODOLOGY AND THE ALLOCATION OF ASSESSMENTS

General

The Master Assessment Methodology Report dated October 27, 2016 (the "Master Methodology"), as supplemented by the First Supplemental Special Assessment Methodology Report dated January 17, 2017 (the "Supplemental Methodology" and together with the Master Methodology, the "Assessment Methodology"), which allocates the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-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 2017 Bonds are determined, the Supplemental Methodology will be revised to reflect such final terms. Once levied and imposed, the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-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.

Assessment Area One

The Assessment Area One Bonds are payable from and secured by a pledge of the Assessment Area One Pledged Revenues, which consist primarily of the Assessment Area One Special Assessments. The Assessment Area One Special Assessments are initially being levied on an equal acre basis against the approximately 303 gross acres in Assessment Area One. As properties are developed and platted, the Assessment Area One Special Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology.

Upon development and platting of the planned [580] lots, the proposed annual Assessment Area One Special Assessments to be levied and allocated to developed and platted units to pay debt service on the Assessment Area One Bonds and the total Assessment Area One Bonds par per unit are as follows, per product type:

Product Type	Units	Assessment Area One Annual Assessments[(1)]	Assessment Area One Bonds Par per Unit[(1)]
Active Adult 50' Lots	[580]	$300	$4,021

(1) Preliminary, subject to change. [Assessment amounts do not include allowance for collection costs and discount for early payment.] The District anticipates issuing additional bonds on Assessment Area One in the future on a parity basis with the Assessment Area One Bonds up to an aggregate annual assessment of $1,500. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Additional Bonds" herein for more information.

Assessment Area Two

The Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds are payable from and secured by a pledge of Assessment Area Two A-1 Pledged Revenues and Assessment Area Two A-2 Pledged Revenues, respectively, which are comprised primarily by the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, respectively, initially being levied on an equal acreage basis against the approximately 328 gross acres of lands in Assessment Area Two. As properties are developed and platted, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology. [The Assessment Area Two A-1 Special Assessments are expected to be allocated to all 479 lots planned in Assessment Area Two. The Assessment Area Two A-2 Special Assessments will be allocated on a first platted, first assigned basis and are expected to be absorbed by the first 221 lots planned in Assessment Area Two.]

Upon development and platting of Assessment Area Two, the proposed annual Assessment Area Two A-1 Special Assessments and Assessment Area Two A-2 Special Assessments to be levied and allocated to developed and platted units to pay debt service on the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds, respectively, and the total Assessment Area Two A-1 Bonds and Assessment Areas Two A-2 Bonds par per unit are as follows, per product type:

Product Type	Units	AA Two A-1 Annual Assessment[1]	AA Two A-2 Annual Assessment[2]	Total AA Two A-1 & A-2 Annual Assessment per Unit[2]	AA Two A-1 Par Per Unit[1]	AA Two A-2 Par Per Unit[2]	Total AA Two A-1 &A-2 Par per Unit[2]
Phase 1							
SF 40'	53	$1,000			$29,014	$16,000	$45,014
SF 50'	103	1,100			31,916	20,000	51,916
SF 60'	65	1,200			34,817	20,000	54,817
Subtotal	**221**						
Phase 2							
SF 40'	30	$1,000	$0	$1,000	$29,014	$0	$29,014
SF 50'	191	1,100	$0	1,100	31,916	$0	31,916
SF 60'	37	1,200	$0	1,200	34,817	$0	34,817
Subtotal	**258**						

(1) Preliminary, subject to change. [Assessment amounts do not include allowance for collection costs and discount for early payment.]

(2) Preliminary, subject to change. [Assessment amounts do not include allowance for collection costs and discount for early payment.] Assessment Area Two A-2 Special Assessments are interest only and such assessments are expected to be paid off on lots in connection with closing of such lots by the Developer to homebuilders.

Additional Assessments and Taxes

As noted above, the District anticipates issuing additional bonds on Assessment Area One in the future on a parity basis with the Assessment Area One Bonds up to an aggregate annual assessment of $1,500. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Additional Bonds" herein for more information. In addition, the District anticipates issuing additional bonds that will be secured by assessments on lands not subject to the Assessment Area One Special Assessments, the Assessment Area Two A-1 Special Assessments or the Assessment Area Two A-2 Special Assessments.

The District also anticipates levying assessments to cover its operation and administrative costs that are initially expected to be $700 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 be $500 per residential lot annually for lots in the ungated portions of the Development and $700 per residential lot annually for lots in the gated portions of the Development, which amounts are subject to change. The land within the District has been and will continue to be subject to taxes and assessments imposed by taxing authorities other than the District. These taxes would be payable in addition to the Series 2017 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 Board of Lake County 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.

Map of the District and the Assessment Areas

A map of the District is set forth below:

[Insert Map]

The following information appearing below under the captions "THE DEVELOPMENT" and "THE DEVELOPER" 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 obligations to pay the Series 2017 Special Assessments are no greater than the obligation of any other subsequent landowner to pay the Series 2017 Special Assessments. The Developer is not a guarantor of payment as to any land within the District and the recourse for the Developer's failure to pay is limited to its ownership interests in the land.

THE DEVELOPMENT

General

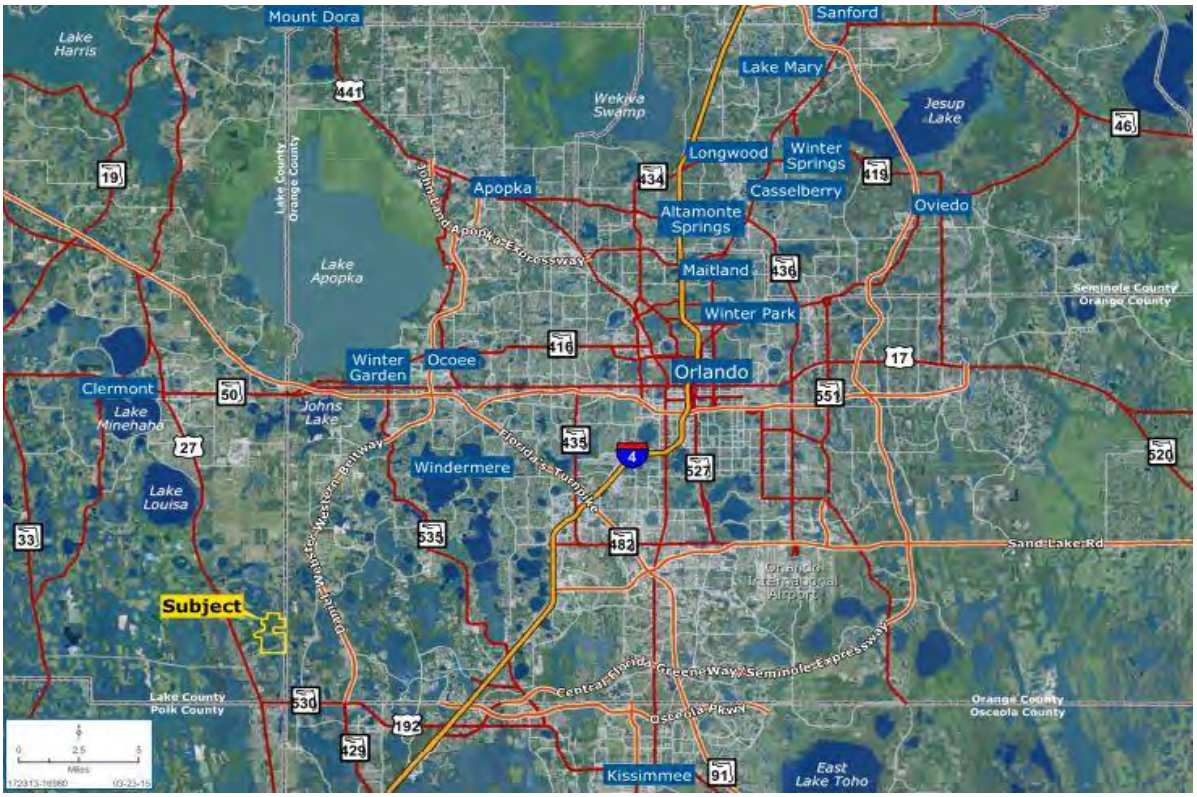
The District is being developed as part of an amenitized, multi-product master-planned community that will be known as Serenoa (the "Development"), which is generally located east of U.S. 27 in eastern Lake County. The Development consists of approximately 971.265 gross acres of land planned for residential 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 ten miles north of Interstate 4 and approximately 6.5 miles south of U.S. Highway 50 in the area known as Clermont.

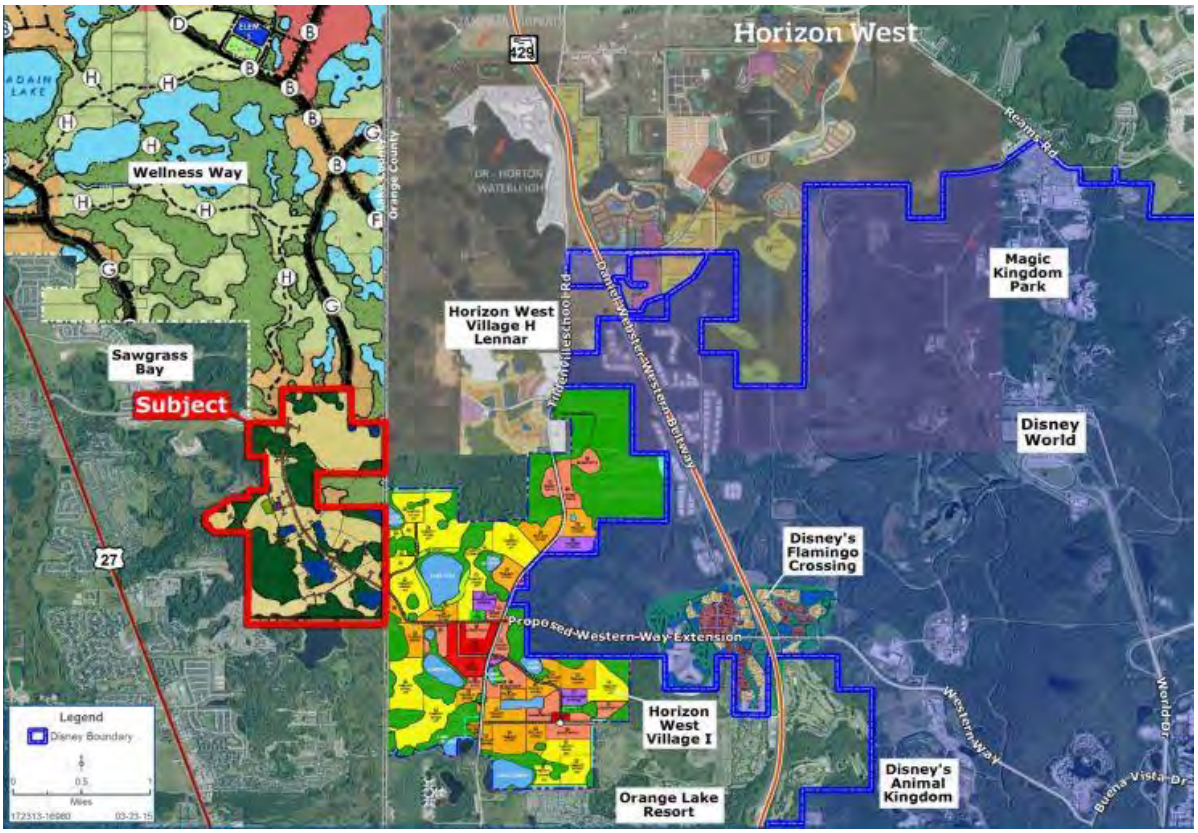
Access to the Development is via Sawgrass Bay Boulevard, which is an existing four-lane boulevard accessed from U.S. 27. As part of the CIP for the Development, Sawgrass Bay Boulevard is being extended approximately 9,000 linear feet to the east to connect with the Horizons West are of west Orange County. Horizons West is among the fastest-selling areas in Orange County, with home prices averaging approximately $366,000 for a 2,650 square-foot home on a 50' lot. The Developer expects to market homes in the Development by offering a similar product at approximately $50,000 to $70,000 less than in Horizons West. See "–Lot Prices and Residential Product Offerings" herein.

The Developer is the sole landowner in the District. See "THE DEVELOPER" herein for more information. The Developer has entered into contracts with homebuilders to sell developed lots to homebuilders for vertical construction. See "–Builder Contracts" below for additional information on existing contracts. The Developer anticipates that homes in the District will be marketed to both active-adult, first-time and move-up homebuyers and that homes will be marketed to Orlando-area residents as lower cost options compared to homes in adjacent Orange County.

Set forth below are maps depicting the location of the Development within the greater Orlando area and the western Orange County / eastern Lake County housing market:

[Remainder of page intentionally left blank.]


Mount Dora
Sanford
Lake Harris
Lake Mary
Wekiva Swamp
Jesup Lake
Longwood
Winter Springs
Apopka
Casselberry
Oviedo
Altamonte Springs
Lake Apopka
Maitland
Winter Park
Seminole County
Orange County
Winter Garden
Ocoee
Orlando
Clermont
Lake Minehaha
Johns Lake
Windermere
Lake Louisa
Subject
Sand Lake Rd
Orlando International Airport
Lake County
Polk County
Orange County
Osceola County
Kissimmee
East Lake Toho


Horizon West
Wellness Way
Sawgrass Bay
Subject
Horizon West Village H Lennar
Magic Kingdom Park
Disney World
Disney's Flamingo Crossing
Proposed Western Way Extension
Horizon West Village I
Orange Lake Resort
Disney's Animal Kingdom
Legend
Disney Boundary

Assessment Areas

Assessment Area One

The Assessment Area One Bonds will be secured by the Assessment Area One Pledged Revenues, which consist primarily of the Assessment Area One Special Assessments initially being levied on the approximately 303 gross acres of lands in Assessment Area One. The Developer anticipates developing the Assessment Area One lands into approximately 580 active adult lots.

Assessment Area Two

The Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds will be secured by the Assessment Area Two A-1 Pledged Revenues and Assessment Area Two A-2 Pledged Revenues, respectively, which consist primarily of the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, respectively, initially being levied on the approximately 328 gross acres of lands in Assessment Area Two. The Developer anticipates developing the Assessment Area Two lands in two phases, with the first phase expected to contain 221 lots and the second phase expected to contain 258 lots. The Assessment Area Two A-1 Special Assessments are expected to be absorbed by all 479 single-family lots in both phases of Assessment Area Two, while the Assessment Area Two A-2 Special Assessments are expected to be absorbed by the 221 lots planned in the first phase of development.

Other District Lands

The remaining approximately [340] gross acres of District Lands designated in the Engineer's Report as Assessment Area Three will not be subject to any of the Series 2017 Special Assessments. It is anticipated that the District will issue additional bonds in the future secured by special assessments on such lands.

Land Acquisition

The Developer acquired the approximately 971.265 gross acres of lands in the District, along with approximately 13.735 gross acres of adjacent lands intended for commercial development, on October 12, 2016, for approximately $16.5 million. There are no mortgages on such property except for certain mortgages entered into in connection with Builder Contracts. See "Builder Contracts" below for more information.

Development Plan and Status

Assessment Area One

Land development in Assessment Area One is expected to commence in _____, 2017, with an application for preliminary plat approval being submitted in [February 2017], and is expected to be completed in _____, 20___. It is anticipated that Assessment Area One will contain approximately 580 active adult lots and will be developed over approximately four phases.

Assessment Area Two

Land development in Assessment Area Two is being conducted in two phases, with the first phase, known as Phase 1A of Villages 1 &2, planned for 221 single-family lots, and the second phase, known as Phase 1B of Villages 1 &2, planned for the remaining 258 single-family lots in Assessment

Area Two. Development of Phase 1A commenced in February 2017 and is expected to be completed in December 2017. Land development in Phase 1B is expected to commence in September 2018 and to be completed in September 2020.

Development Finance Plan

The Developer anticipates that the total cost to develop Assessment Area One and Assessment Area Two to be approximately $_____$_____ and $_____, respectively, for a total cost of approximately [$39 million].

Net proceeds from the Assessment Area One Bonds available to pay costs of the Assessment Area One Project will be approximately $1.9 million, which proceeds will be used for a portion of the master infrastructure costs for the Assessment Area One Project. Net proceeds from the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds will be approximately $5.8 million and $3.5 million, respectively, for aggregate proceeds of approximately $9.3 million, which proceeds will be used to pay for a portion of the Assessment Area Two Project.

The Developer will enter into completion agreements to fund or cause to be funded the completion of both of the Projects to the extent that net proceeds of the applicable Series of Series 2017 Bonds are not sufficient to pay for the applicable Project. It is anticipated that the District will issue additional bonds in the future to fund land development in Assessment Area One that will be on parity with the Assessment Area One Bonds. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Additional Bonds" herein for more information. The remaining costs of developing Assessment Area One and Assessment Area Two are expected to be paid from Developer equity contributions. See "BONDOWNERS' RISKS – Insufficient Resources or Other Factors Causing Failure to Complete the Projects or the Construction of Homes within the Assessment Areas" herein.

Builder Contracts

[All of the existing Builder Contracts are for lots in Assessment Area Two.] [Assessment Area One contract – to come.] Currently, 250 lots are under contract, which includes all of the 221 lots planned for the first phase of Assessment Area Two and 29 lots of the 258 lot planned for the second phase of Assessment Area Two.] Set forth below is a summary of the Builder Contracts, followed by a more detailed summary of each Builder Contract and Builder.

Builder	Lots Under Contract	Lot Sizes	Base Purchase Price Per Lot	Escalator	Initial Takedown	Takedown Schedule
Ashton	25 30 55	50' Lots 60' Lots	$63,500 $75,000	1% every 90 days starting one year after initial takedown	12 lots after development conditions met (est. August 2017)	6 lots per quarter starting 6 months after 1st takedown
NVR	32 38 70	40' lots 50' lots	$51,000 $62,500	1% every 90 days starting one year after initial takedown	2 lots after development conditions met	4 lots 120 days after initial takedown and then 10 lots per quarter commencing six months after initial takedown

Builder	Lots Under Contract	Lot Sizes	Base Purchase Price Per Lot	Escalator	Initial Takedown	Takedown Schedule
Pulte	32 38 70	40' lots 50' lots	$50,000 $62,500	1% every 90 days starting one year after initial takedown	20 lots after development conditions met	10 lots per quarter commencing six months after initial takedown
Weekley	25 30 55	50' gated 60' gated	$63,750 $75,000	1% every 90 days starting one year after initial takedown	6 lots after development conditions met	6 lots 90 days after initial takedown and then 6 lots per quarter thereafter

[Agreement with D.R. Horton – to come.]

Agreement of Sale and Purchase of Lots with Ashton Orlando Residential, L.L.C.

The Developer entered into an Agreement of Sale and Purchase of Lots dated October 13, 2016, (the "Ashton Orlando Residential Builder Contract") with Ashton Orlando Residential, L.L.C., a Nevada limited liability company ("Ashton Orlando Residential") for the sale of 55 developed lots within Phase 1A of Village 2, consisting of 25 fifty-foot lots and 30 sixty-foot lots. The purchase price of the lots will be $63,500 per fifty-foot lot and $75,000 per sixty-foot lot, subject to a purchase price escalator increase of 1% every 90 days. The initial closing date is anticipated to occur in August 2017 and commencing six months after the initial closing date, Ashton Orlando Residential is expected to close on a minimum of six developed lots per quarter until all lots have been purchased. Ashton Orlando Residential has made an initial deposit to the escrow agent in the amount of $383,750, which deposit is nonrefundable except in the event of a default by the Developer or if certain conditions are not met. The deposit shall be applied as credit to the purchase price of each lot in the amount of $6,350 per each fifty foot lot and $7,500 per each sixty foot lot. The deposit is secured by a mortgage on a portion of the lands in [Assessment Area Two]. The Developer is obligated to build an Amenity Center under the Ashton Orlando Residential Builder Contract with a budget of not less than $3 million. Ashton Orlando Residential has a right of first offer for up to 74 additional lots in Phase 1A.

According to its website, Ashton Homes Residential is headquartered in Atlanta, Georgia and sells new homes in Atlanta, Austin, Charleston, Dallas, Houston, Naples, Orlando, Phoenix, Raleigh, San Antonio, Sarasota and Tampa.

Lot Purchase Agreement with NVR, Inc. (d/b/a Ryan Homes)

The Developer entered into a Lot Purchase Agreement dated August 8, 2016 (as amended, the "NVR Builder Contract"), with NVR, Inc., a Virginia corporation d/b/a Ryan Homes ("NVR") for the sale of 70 developed lots, consisting of 32 forty-foot lots and 38 fifty-foot lots. The purchase price of the lots will be $51,000 for each forty-foot lot and $62,500 for each fifty-foot lot, subject to a purchase price escalator increase of 1% every 90 days. NVR has made a deposit to the escrow agent in the amount of $395,000 which deposit is nonrefundable except in the event of a default by the Developer or if certain conditions are not met. The deposit shall be applied as credit to the purchase price of each lot in the amount of $5,000 per each forty-foot lot and $6,184 per each fifty-foot lot. The deposit is secured by a mortgage on a portion of the lands in [Assessment Area Two]. The NVR Builder Contract provides for two lots to be taken down within 15 days after certain development conditions are met (the "Initial Closing Date"). Thereafter, it requires four lots to be taken down within 120 days after the Initial Closing

Date and then 10 lots per quarter commencing six months after the Initial Closing Date until all 70 developed lots have been taken down. The Developer is obligated to build an Amenity Center under the NVR Builder Contract with a budget of not less than $3 million.

NVR is a Virginia corporation and the parent company of Ryan Homes, NVHomes and Fox Ridge Homes, which construct new homes, NVR Mortgage, which provides a variety of house financing programs, and NVR Settlement Services, which provides settlement and title services. NVR operates in two business segments: house building and mortgage banking. NVR's stock trades on the New York Stock Exchange under the symbol NVR. NVR is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "SEC"). The file number for NVR is No-0000906163. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street NW, Judiciary Plaza, Washington, DC, and at the SEC's internet website at http://www.sec.gov. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by NVR pursuant to the requirements of the Exchange Act after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

Agreement of Sale and Purchase of Lots with Pulte Home Corporation

The Developer entered into an Agreement of Sale and Purchase of Lots dated August 4, 2016 (as amended, the "Pulte Builder Contract") with Pulte Home Corporation ("Pulte) for the sale of 70 developed lots, consisting of 32 forty-foot lots and 38 fifty-foot lots. The purchase price of the lots will be $50,000 for each forty-foot lot and $62,500 for each fifty-foot lot, subject to a purchase price escalator increase of 1% every 90 days after the one-year anniversary of the initial closing. Pulte has made a deposit to the escrow agent in the amount of $397,500 which deposit is nonrefundable except in the event of a default by the Developer or if certain conditions are not met. The deposit shall be applied as credit to the purchase price of each lot in the amount of $5,000 per each forty-foot lot and $6,250 per each fifty-foot lot. The deposit is secured by a mortgage on a portion of the lands in [Assessment Area Two]. The Pulte Builder Contract provides for 10 forty-foot lots and 10 fifty-foot lots to be taken down within 15 days after certain development conditions are met (the "Initial Closing Date"). Thereafter, it requires 5 forty-foot lots and 5 fifty-foot lots to be taken down commencing six months after the Initial Closing Date, and every quarter thereafter, until all 70 developed lots have been taken down. The Developer is obligated to build an Amenity Center under the Pulte Builder Contract with a budget of not less than $3 million. Pulte has right of first offer to purchase an additional 52 developed lots.

Pulte stock trades on the New York Stock Exchange under the symbol PHM. Pulte is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements, and other information with the SEC. The file number for Pulte is No. 1-9804. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at http://www.sec.gov. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. All documents subsequently filed by Pulte. pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

Agreement of Sale and Purchase of Lots with Weekley Homes, LLC

The Developer entered into an Agreement of Sale and Purchase of Lots dated August 9, 2016 (as amended, the "Weekley Builder Contract") with Weekley Homes, LLC, a Delaware limited liability

company ("Weekley) for the sale of 55 developed lots, consisting of 25 fifty-foot gated lots and 30 sixty-foot gated lots. The purchase price of the lots will be $63,750 for each fifty-foot gated lot and $75,000 for each sixty-foot gated lot, subject to a purchase price escalator increase of 1% every 90 days after the one-year anniversary of the initial closing. Weekley has made an initial deposit to the escrow agent in the amount of [$100,000] which deposit is nonrefundable except in the event of a default by the Developer or if certain conditions are not met. Additional deposits of $50,000 and $157,500 are due on March 1, 2017 and the date all development obligations are completed or waived under the Weekley Builder Contract. The deposit shall be applied as credit to the purchase price of each lot in the amount of $5,100 per each fifty-foot gated lot and $6,000 per each sixty-foot gated lot. The deposit is secured by a mortgage on a portion of the lands in [Assessment Area Two]. The Weekley Builder Contract provides for six lots to be taken down within after certain development conditions are met (the "Initial Closing Date"). Thereafter, it requires six lots to be taken down every three months after the Initial Closing Date until all 55 developed lots have been taken down. The Developer is obligated to build an Amenity Center under the Weekley Builder Contract with a budget of not less than $3 million.

According to its website, Weekley Homes does business as David Weekley Homes and began in 1976 in Houston, Texas and has grown to become the largest privately-held home builder in America.

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
SF 40' Ungated Lots	3/2½	2,000	$50,000	$220,000
SF 50' Ungated Lots	4/2½	2,400	$62,500	$265,000
SF 50' Gated Lots	4/2½	2,450	$63,750	$290,000
SF 60' Gated Lots	4/3½	2,550	$75,000	$325,000
Active Adult Duplex	2/2	1,450	$52,000	$190,000
Active Adult 40' Lots	3/2	1,600	$62,000	$250,000
Active Adult 50' Lots	3/2	2,300	$72,000	$300,000

The Developer anticipates that approximately 250 homes in the Development will be sold per year. 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.

All homebuilders will construct one or more model homes to market their respective product types within the Development. The full community marketing and sales plan is still being determined by the Developer and homebuilders.

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 "PUD Ordinance"). [Describe any material development obligations under PUD.] The District Lands are also subject to a Roadway Improvement Agreement initially between the County and Avalon Groves of Florida, LLC, and assigned to the Developer, regarding the Sawgrass Bay Boulevard Extension Project (the "Development Agreement"). The Development Agreement requires the Developer to construct or cause to be constructed the roadway improvements through the District for the Sawgrass Bay Boulevard Extension Project as a condition to the development of up to 1,659 dwelling units, up to 350,000 square feet of retail, commercial and/or office uses and up to 175,000 square feet of institutional/civic units. The Developer anticipates the total cost of the roadway improvements contemplated by the Development Agreement to be approximately $4,650,000, of which approximately $50,000 has been spent to date by the Developer and [$2,750,800 is expected to be paid for with proceeds of the Series 2017 Bonds. [All County, Florida Fish and Wildlife, St. Johns River Water Management District ("SJRWMD") and U.S. Army Corps of Engineers ("Corps") environmental permits for the development of Assessment Area One and Assessment Area Two have been obtained from the respective agencies.]

Environmental

A Phase 1/II Environmental Site Assessment (the "ESA") was performed on the District Lands on January 15, 2016. 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. See "BONDOWNERS' RISKS – Regulatory and Environmental Risks" herein for more information regarding potential environmental risks.

Amenities

For residents of Assessment Areas Two and Three, the Development will have an approximately 5,700 square-foot clubhouse, resort pool, fitness room and walking trails on approximately three acres of land. The estimated cost of these amenities is approximately $3,000,000, which will be funded by the Developer and, upon completion, will be owned and maintained by the homeowners' association. Construction of these amenities is excepted to commence in January 2018 and be completed by November 2018.

For residents of Assessment Area One, the Development will have a separate private amenity consisting of _____. The estimated cost of this amenity is approximately $_____, which will be funded by _____ and, upon completion, will be owned and maintained by [the homeowners' association]. Construction of theis amenities is excepted to commence in _____ and be completed by _____.

Utilities

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

Taxes, Fees and Assessments

Assessment Area One

The Assessment Area One Bonds are payable from and secured by a pledge of the Assessment Area One Pledged Revenues, which consist primarily of the Assessment Area One Special Assessments. The Assessment Area One Special Assessments are initially being levied on an equal acre basis against the approximately 303 gross acres in Assessment Area One. As properties are developed and platted, the Assessment Area One Special Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology.

Upon development and platting of the planned [580] lots, the proposed annual Assessment Area One Special Assessments to be levied and allocated to developed and platted units to pay debt service on the Assessment Area One Bonds and the total Assessment Area One Bonds par per unit are as follows, per product type:

Product Type	Units	Assessment Area One Annual Assessments[(1)]	Assessment Area One Bonds Par per Unit[(1)]
Active Adult 50' Lots	[580]	[$300]	[$4,021]

(1) Preliminary, subject to change. [Assessment amounts do not include allowance for collection costs and discount for early payment.] The District anticipates issuing additional bonds on Assessment Area One in the future on a parity basis with the Assessment Area One Bonds up to an aggregate annual assessment of $1,500. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE SERIES 2017 BONDS – Additional Bonds" herein for more information.

Assessment Area Two

The Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds are payable from and secured by a pledge of Assessment Area Two A-1 Pledged Revenues and Assessment Area Two A-2 Pledged Revenues, respectively, which consist primarily of the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments, respectively, initially being levied on an equal acreage basis against the approximately 328 gross acres of lands in Assessment Area Two. As properties are developed and platted, the Assessment Area Two A-1 Special Assessments and the Assessment Area Two A-2 Special Assessments will be assigned to the developed and platted properties in accordance with the Assessment Methodology. [The Assessment Area Two A-1 Special Assessments are expected to be allocated to all 479 lots planned in Assessment Area Two. The Assessment Area Two A-2 Special Assessments will be allocated on a first platted, first assigned basis and are expected to be absorbed by the first 221 lots planned in Assessment Area Two.]

Upon development and platting of Assessment Area Two, the proposed annual Assessment Area Two A-1 Special Assessments and Assessment Area Two A-2 Special Assessments to be levied and allocated to developed and platted units to pay debt service on the Assessment Area Two A-1 Bonds and the Assessment Area Two A-2 Bonds, respectively, and the total Assessment Area Two A-1 Bonds and Assessment Areas Two A-2 Bonds par per unit are as follows, per product type:

Product Type	Units	AA Two A-1 Annual Assessment[1]	AA Two A-2 Annual Assessment[2]	Total AA Two A-1 & A-2 Annual Assessment per Unit[2]	AA Two A-1 Par Per Unit[1]	AA Two A-2 Par Per Unit[2]	Total AA Two A-1 &A-2 Par per Unit[2]
Phase 1							
SF 40'	53	$1,000			$29,014	$16,000	$45,014
SF 50'	103	1,100			31,916	20,000	51,916
SF 60'	65	1,200			34,817	20,000	54,817
Subtotal	**221**						
Phase 2							
SF 40'	30	$1,000	$0	$1,000	$29,014	$0	$29,014
SF 50'	191	1,100	$0	1,100	31,916	$0	31,916
SF 60'	37	1,200	$0	1,200	34,817	$0	34,817
Subtotal	**258**						

(1) Preliminary, subject to change. [Assessment amounts do not include allowance for collection costs and discount for early payment.]

(2) Preliminary, subject to change. [Assessment amounts do not include allowance for collection costs and discount for early payment.] Assessment Area Two A-1 Special Assessments are interest only and such assessments are expected to be paid off on lots in connection with closing of such lots by the Developer to homebuilders.

Other Taxes, Assessments and Fees

The District anticipates levying assessments to cover its administrative and operation costs that will be approximately $700 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 be $500 per residential lot annually for lots in the ungated portions of the Development and $700 per residential lot annually for lots in the gated portions of the Development, 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 14.8 mills. These taxes would be payable in addition to the Series 2017 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, Assessment Area One (the active adult section of the Development) 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).

Assessment Area Two is expected to compete with Sawgrass Bay (located immediately to the west of the Development where DR Horton and Home Dynamics are the builders), and Horizon West (located just east of the Development where a number of builders are involved).

This section 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.

THE DEVELOPER

VK Avalon Groves LLC, a Delaware limited liability company (the "Landowner"), owns all of the developable land in the District. The Landowner was organized on March 3, 2016 and is a single-purpose investment entity whose sole asset is the land it owns in the District. The sole member of the Landowner is VK JV1 LLC, a Delaware limited liability company ("VK JV1"), and the sole members of VK JV1 are Hastagare LLC, a Delaware limited liability company ("Hastagare"), which owns a 90% interest in Hastagare, and VK JV1 Funding LLC, a Florida limited liability company ("VKJV1 Funding"), which owns the remaining 10% interest in Hastagare. VK JV1 Funding is managed by The Kolter Group LLC.

The Kolter Group LLC, a Florida limited liability company (the "Kolter Group"), was organized in December 2009 and is managed by Kevin Voller, Howard Erbstein, William Johnson and Robert Julien. The Kolter Group is a private investment firm focused on real estate development, investment and construction, based in West Palm Beach, Florida. The Kolter Group and its affiliates (collectively, "Kolter") have sponsored over $9 billion of real estate transactions throughout the southeastern United States, including numerous transactions throughout Florida. Since 2007, Kolter has acquired over 40 projects in Florida, consisting of nearly 10,000 homesites. Kolter is actively developing projects in the Orlando-area market, including Solterra Resort located in Davenport south of the Development, Meadows of Maude Helen located in Apopka north of the Development, and Victoria Park, a 3,000-unit master-planned community located in DeLand north of the Development. Additionally, Kolter has completed projects at Calabria and Lake Charm in recent years.

Hastagare is owned by private investment funds managed by Värde Management, L.P., the SEC-registered investment adviser for the Värde organization. Varde Partners is a $12 billion global alternative investment firm that employs a credit-oriented, value-based approach to investing across a broad array of geographies, segments and asset types, including real estate, corporate credit, mortgages, specialty finance, transportation and infrastructure. The firm sponsors and manages a family of private investment funds with a global investor base that includes foundations and endowments, pension plans, insurance companies, other institutional investors and private clients. Now in its third decade, Värde employs 250 people with main offices in Minneapolis, London and Singapore and additional offices around the world.

Neither VKJV1, VKJV1 Funding, Hastagare, Kolter Group nor Kolter, nor any other person or entity owning any beneficial interest in the Developer or any of such entities has any liability, nor is any of them guaranteeing any of the Developer's obligations with respect to the Development or their completion or any of the Developer's other obligations incurred in connection with the issuance of the Series 2017 Bonds.

TAX MATTERS

General

In the opinions of Greenberg Traurig, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions and assuming continuing compliance with certain covenants and the accuracy of certain representations, (1) interest on the Series 2017 Bonds will be excludable from gross income for federal income tax purposes, (2) interest on the Series 2017 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (3) interest on the Series 2017 Bonds will be taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, and (4) the Series 2017 Bonds and the interest thereon will not be subject to taxation under the laws of the State, except estate taxes and taxes under Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations as defined therein.

The above opinions on federal tax matters with respect to the Series 2017 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 2017 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 tax consequences regarding the Series 2017 Bonds.

The Internal Revenue Code of 1986, as amended (the "Code") prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excludable from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excludable from the date of issuance. Noncompliance with these requirements by the District may cause the interest on the Series 2017 Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Series 2017 Bonds. The District has covenanted to take the actions required of it for the interest on the Series 2017 Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that excludability.

Except as described herein, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt of interest on, or disposition of the Series 2017 Bonds. Prospective purchasers of the Series 2017 Bonds should be aware that the ownership of the Series 2017 Bonds may result in other collateral federal tax consequences, including, without limitation, (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2017 Bonds or, in the case of a financial institution, that portion of an owner's interest expense allocable to interest on the Series 2017 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by a percentage of certain items, including interest on the Series 2017 Bonds; (iii) the inclusion of interest on the Series 2017 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

interest on the Series 2017 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 2017 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 2017 Bonds. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions will be 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 thereof. Bond Counsel assumes no duty to update or supplement its respective 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, the opinions of Bond Counsel are not guarantees 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.

[Original Issue Discount]

[The Series 2017 Bonds that have an original yield above their respective interest rates, as shown on the cover of this Limited Offering Memorandum (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.]

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the Series 2017 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 2017 Bonds from gross income for federal income tax purposes. However, in connection with that information reporting requirement, the Code subjects certain noncorporate owners of Series 2017 Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2017 Bonds and proceeds from the sale of Series 2017 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2017 Bonds. This withholding generally applies if the owner of Series 2017 Bonds (a) fails to furnish the payor such owner's social security number or other taxpayer identification number, (b) furnishes the payor an incorrect taxpayer identification number, (c) fails to properly report interest, dividends or other "reportable payments" as defined in the Code or, (d) 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 taxpayer identification number provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2017 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 in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations issued or executed and delivered prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2017 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2017 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE SERIES 2017 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2017 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2017 BONDS.

AGREEMENT BY THE STATE

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the Series 2017 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 2017 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 2017 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 2017 Bonds. Investment in the Series 2017 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 respective Series of the Series 2017 Bonds upon an event of default under the applicable 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 Indentures and the Series 2017 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 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 2017 Bonds, or in any way contesting or affecting (i) the validity of the Series 2017 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 2017 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 Projects or the development of the lands in the District as described herein, materially and adversely affect the ability of the Developer to pay the Series 2017 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.

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 2017 Bonds. Except for the payment of fees to the District Engineer and the Methodology Consultant, the payment of fees of the other professionals is each contingent upon the issuance of the Series 2017 Bonds.

NO RATING

No application for a rating for the Series 2017 Bonds has been made to any rating agency, nor is there any reason to believe that an investment grade rating for the Series 2017 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 2017 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 attached 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, 2017. Attached hereto as APPENDIX E is a copy of the District's most recent unaudited financial statements for the period ending _____, 2016. The District does not have audited financial statements because the District was only recently established. The Series 2017 Bonds are not general obligation bonds of the District and are payable solely from the respective Series Pledged Revenues, as set forth in the Indentures.

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. The District currently has a website which is located at http://avalongrovescdd.org.

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 and the Developer will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement"), the proposed form of which is set forth in the attached APPENDIX F, for the benefit of the Series 2017 Bondholders (including owners of beneficial interests in such Series 2017 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 Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"). 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 or the Developer or any other future obligated party to comply with their obligations under the Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indentures, but such event of default under the Disclosure Agreement would allow the Assessment Area One Bondholders, the Assessment Area Two A-1 Bondholders and the Assessment Area Two A-2 Bondholders (including owners of beneficial interests in such Series 2017 Bonds), as applicable, to bring an action for specific performance.

Neither the District [nor the Developer] has previously entered into any continuing disclosure agreements in connection with Rule 15c2-12 (the "Rule") promulgated under the Securities Exchange Act of 1934, as amended. The District will appoint the District Manager to serve as dissemination agent under the Disclosure Agreements for the Series 2017 Bonds.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed, pursuant to a contract with the District, subject to certain conditions, (i) to purchase the Assessment Area One Bonds from the District at a purchase price of $_____ (par amount of the Assessment Area One Bonds, less [an original issue discount of $_____ and] an Underwriter's discount of $_____), (ii) to purchase the Assessment Area Two A-1 Bonds from the District at a purchase price of $_____ (par amount of the Assessment Area Two A-1 Bonds, less [an original issue discount of $_____ and] an Underwriter's discount of $_____), and (iii) to purchase the Assessment Area Two A-2 Bonds from the District at a purchase price of $_____ (par amount of the Assessment Area Two A-2 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 a Series of Series 2017 Bonds if any Series 2017 Bonds of such Series are purchased.

The Underwriter intends to offer the Series 2017 Bonds to accredited investors at the offering prices set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Series 2017 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 2017 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, Shuffield, Lowman & Wilson, 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 2017 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 2017 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 each Series of the Series 2017 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 2017 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

PROPOSED FORMS OF THE INDENTURES

APPENDIX B

PROPOSED FORMS OF OPINIONS 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

EXHIBIT C

FORM OF CONTINUING DISCLOSURE AGREEMENT

DRAFT-3
GrayRobinson, P.A.
February 14, 2017

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated as of _____, 2017, is executed and delivered by the Avalon Groves Community Development District (the "Issuer" or the "District"), VK Avalon Groves LLC, a Florida limited liability company (the "Developer"), and DPFG Management and Consulting, LLC as dissemination agent (together with its successors and assigns, the "Dissemination Agent") in connection with Issuer's Special Assessment Bonds, Series 2017 (Assessment Area One Project) (the "Assessment Area One Bonds"), its Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two A-1 Bonds"), and its Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two A-2 Bonds" and, together with the Assessment Area One Bonds and the Assessment Area Two A-1 Bonds, the "Bonds"). The Series 2017 Bonds are secured pursuant to a Master Trust Indenture dated as of _____ 1, 2017 (the "Master Indenture"), as amended and supplemented, with respect to the Assessment Area One Bonds, by a First Supplemental Trust Indenture dated as of _____ 1, 2017 (the "First Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area One Indenture"), with respect to the Assessment Area Two A-1 Bonds, by a Second Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-1 Indenture"), and with respect to the Assessment Area Two A-2 Bonds, by a Third Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Assessment Area Two A-2 Indenture"), 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 Assessment Area One Indenture, the Assessment Area Two A-1 Indenture and the Assessment Area Two A-2 Indenture are sometimes collectively referred to herein as the "Indentures." The Issuer, the Developer 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 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 Areas" shall mean Assessment Area One and Assessment Area Two, as such are defined in the Limited Offering Memorandum.

"Assessments" shall mean the non-ad valorem Assessment Area One Special Assessments, Assessment Area Two A-1 Special Assessments, and Assessment Area Two A-2 Special Assessments (as defined in the Limited Offering Memorandum) pledged to the payment of the Assessment Area One Bonds, the Assessment Area Two A-1 Bonds, and the Assessment Area Two A-2 Bonds, respectively, pursuant to the Assessment Area One Indenture, the Assessment Area Two A-1 Indenture and the Assessment Area Two A-2 Indenture, respectively.

"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 and Consulting, LLC, has been designated as the initial Dissemination Agent hereunder.

"District Manager" shall mean DPFG Management and 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.

"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 _____, 2017, 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 a Series of 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 its affiliates for so long as the Developer or its 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 related Assessments securing a Series of Bonds.

"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 [May 1, 2017].

"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 ended September 30, 2017. 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 (15th) day prior to each Annual Filing Date or the Audited Financial Statements Filing Date, as applicable, the Dissemination Agent has not received a copy of the Annual Report or Audited Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be via email) to remind the Issuer of its undertaking to provide the Annual Report or Audited Financial Statements, as applicable, pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report or the Audited Financial Statements, as applicable, in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report or Audited Financial Statements, as applicable, within the times

required under this Disclosure Agreement, state the date by which the Annual Report or the Audited Financial Statements for such year, as applicable, will be provided and instruct the Dissemination Agent that a Listed Event as described in Section 6(a)(xv) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1st) Business Day following the Annual Filing Date for the Annual Report or the Audited Financial Statements by 12:00 noon on the first (1st) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 6(a)(xv) 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 each of the Assessments levied in each Assessment Area for the most recent prior Fiscal Year.

(ii) The amount of each of the Assessments collected in each Assessment Area from the property owners during the most recent prior Fiscal Year.

(iii) If available, the amount of delinquencies in each 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 applicable Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold for lands within each 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 each Series of the Bonds.

(vi) The total amount of Bonds Outstanding for each Series.

(vii) The amount of principal and interest to be paid on each Series of 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) 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 for each Assessment Area and each Series of Bonds to the extent available:

(i) The number and type of lots in each Assessment Area subject to Assessments.

(ii) The number and type of lots planned for each Assessment Area.

(iii) The number and type of lots platted in each Assessment Area.

(iv) The number and type of lots owned in each Assessment Area by the Obligated Person.

(v) The number and type of lots in each Assessment Area owned by the Obligated Person under contract with a home builder and closed with a home builder and the name of such builder.

(vi) The number and type of homes under construction and the number and type of homes constructed in each Assessment Area by the Obligated Person.

(vii) The number and type of homes under contract with homebuyers in each Assessment Area by the Obligated Person.

(viii) The number and type of homes closed with homebuyers (delivered to end users) in each Assessment Area by the Obligated Person.

(ix) Any change to the number or type of lots planned to be developed in each Assessment Area by the Obligated Person.

(x) Materially adverse changes or determinations to permits/approvals for the development of each Assessment Area which necessitate changes to the land use plans of any Obligated Person.

(xi) The occurrence of any new or modified mortgage debt on the land owned by the Obligated Person in each 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 an 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 from 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)(xv) 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 Listed 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;

∗ The Bonds are not credit enhanced at their date of issuance.

(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 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; and

(xv) 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 give, or cause to be given, notice of the occurrence of any of the above subsection (a) Listed Events to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10) Business Days after its occurrence, with the exception of the Listed Event described in Section 6(a)(xv), which notice will be given in a timely manner. 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 Dissemination Agent to disseminate the information (provided that such

* The Bonds are not rated at their time of issuance.

date is not later than the tenth (10th) Business Day after the occurrence of the Listed Event or such earlier time period as required under this Agreement).

(c) Each Obligated Person shall notify the Issuer of the occurrence of a Listed Event described in subsections (a)(x), (xii), (xiii) or (xv) 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.

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 and Consulting, LLC. The acceptance of such designation is evidenced by the execution of this Disclosure Agreement by a duly authorized signatory of DPFG Management and Consulting, LLC. DPFG Management and 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 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 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 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 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

VK AVALON GROVES, AS DEVELOPER

By: _____
Name: _____
Title: _____

DPFG MANAGEMENT AND CONSULTING, LLC, AS DISSEMINATION AGENT

By: _____
Name: _____
Title: _____

CONSENTED TO AND AGREED TO BY:

DISTRICT MANAGER

DPFG MANAGEMENT AND 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 2017 (Assessment Area One Project), and $_____ original aggregate principal amount of Special Assessment Bonds, Series 2017A-1 (Assessment Area Two A Project), and $_____ original aggregate principal amount of Special Assessment Bonds, Series 2017A-2 (Assessment Area Two A Project)
Obligated Person(s):	Avalon Groves Community Development District; [_____]
Original Date of Issuance:	_____, 2017
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 _____, 2017 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

COMPOSITE EXHIBIT D

FORMS OF FIRST SUPPLEMENTAL TRUST INDENTURE, SECOND SUPPLEMENTAL TRUST INDENTURE, AND THIRD SUPPLEMENTAL TRUST INDENTURE

WPB 383939580v6/166843.010100

EXHIBIT 6.

FIRST SUPPLEMENTAL TRUST INDENTURE

BETWEEN

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

AND

REGIONS BANK

as Trustee

Dated as of _____ 1, 2017

Authorizing and Securing
$_____
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2017
(ASSESSMENT AREA ONE)

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THIS FIRST SUPPLEMENTAL TRUST INDENTURE (the "First Supplemental Indenture"), dated as of _____ 1, 2017 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 First 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" (collectively the "Assessment Areas"); and

WHEREAS, the Series 2017 Bonds (as herein defined) will be issued pursuant to that certain Master Trust Indenture dated as of _____ 1, 2017 by and between the Issuer and the Trustee, the form of which was approved pursuant to the Original Authorizing Resolution (the "Master Indenture") and this First Supplemental Indenture to finance all or a portion of the public infrastructure to be built for the benefit of the assessable lands within Assessment Area One as referred to on Exhibit A attached hereto (herein the "Assessment Area One Project"); and

WHEREAS, VK Avalon Groves LLC, a Florida limited liability company (the "Developer") is the master developer of a residential community to be located within the District and will construct all of the public infrastructure necessary to serve such residential community which will be built in at least three (3) phases to coincide with the aforementioned Assessment Areas, a portion of which constituting the Assessment Area One Project will be purchased by the Issuer with a portion of the proceeds of the herein described Series 2017 Bonds; and

WHEREAS, the Issuer has determined to issue a first Series of Bonds, designated as the Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One) (the "Series 2017 Bonds"), pursuant to the Master Indenture and this First Supplemental Indenture (hereinafter sometimes collectively referred to as the "Indenture"); and

WHEREAS, in the manner provided herein, the proceeds of the Series 2017 Bonds will be used to provide funds for (i) the Costs of acquiring all or a portion of the Assessment Area One Project, (ii) the funding of the Series 2017 Reserve Account, (iii) funding Capitalized Interest on Series 2017 Bonds through _____, and (iv) the payment of the costs of issuance of the Series 2017 Bonds; and

WHEREAS, the Series 2017 Bonds will be secured by a pledge of Assessment Area One Pledged Revenues (as hereinafter defined) to the extent provided herein.

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2017 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 2017 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2017 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 Assessment Area One 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 2017 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 2017 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2017 Bonds issued and to be issued under this First Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this First Supplemental Indenture) of any one Series 2017 Bond over any other Series 2017 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 2017 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 2017 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 First Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this First Supplemental Indenture to be and remain in full force and effect.

ARTICLE I
DEFINITIONS

In this First 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 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 _____, 2017, relating to certain restrictions on arbitrage under the Code with respect to the Bonds.

"Assessment Area One" shall mean the area within the District described on Exhibit E attached hereto that the Issuer will levy the Assessment Area One Special Assessments.

"Assessment Area One Pledged Revenues" shall mean (a) all revenues received by the Issuer from Assessment Area One Special Assessments levied and collected on the assessable lands within Assessment Area One of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Assessment Area One Special Assessments or from the issuance and sale of tax certificates with respect to such Assessment Area One 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 2017 Bonds; provided, however, that Assessment Area One Pledged Revenues shall not include (A) any moneys transferred to the Series 2017 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2017 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).

"Assessment Area One Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area One within the District as a result of the Issuer's acquisition and/or construction of the Assessment Area One Project, corresponding in amount to the debt service on the Series 2017 Bonds and designated as such in the methodology report relating thereto.

"Assessment Resolutions" shall mean Resolution No. 2017-01, Resolution No. 2017-02 and Resolution No. 2017-__ of the Issuer adopted on October 27, 2016, October 27, 2016 and December 22, 2016, respectively, as amended and supplemented from time to time.

"Authorized Denomination" shall mean, with respect to the Series 2017 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 2017 Bonds at the time of initial delivery of the Series 2017 Bonds, such beneficial owner must either execute and deliver to the Underwriter on the date of delivery of the Series 2017 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 2017 Bonds which will be paid, or is expected to be paid, from the proceeds of the Series 2017 Bonds.

"Collateral Assignment" shall mean that certain instrument executed by the Developer in favor of the Issuer whereby all of the material documents necessary to complete the Assessment Area One Project are collaterally assigned as security for the Developer's obligation to pay the Assessment Area One Special Assessments imposed against lands within 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 2017 Bonds, dated _____, 2017, 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 2017 Bonds.

"Defeasance Securities" shall mean, with respect to the Series 2017 Bonds, to the extent permitted by law, (a) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) hereof), and (b) direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury) which are non-callable and non-prepayable.

"District Manager" shall mean DPFG Management and Consulting, LLC, and its successors and assigns.

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

"Interest Payment Date" shall mean May 1 and November 1 of each year, commencing May 1, 2017, any Quarterly Redemption Date and any other date the principal of the Series 2017 Bonds is paid.

"Majority Holders" means the Beneficial Owners of more than fifty percent (50%) of the Outstanding Series 2017 Bonds.

"Master Indenture" shall mean the Master Trust Indenture, dated as of _____ 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 2017 Bonds (as opposed to supplements or amendments relating to any Series of Bonds other than the Series 2017 Bonds as specifically defined in this First Supplemental Indenture).

"Quarterly Redemption Dates" shall mean February 1, May 1, August 1, and November 1 of any year.

"Paying Agent" shall mean Regions Bank, and its successors and assigns as Paying Agent hereunder.

"Prepayment" shall mean the payment by any owner of property of the amount of the Assessment Area One 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 Assessment Area One Special Assessments. "Prepayments" shall include, without limitation, Series 2017 Prepayment Principal.

"Redemption Price" shall mean the principal amount of any Series 2017 Bond payable upon redemption thereof pursuant to this First 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. 2017-20 of the Issuer adopted on April 28, 2017, 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. 2017-__ of the Issuer adopted on _____, 2017, pursuant to which the Issuer authorized, among other things, the issuance of the Series 2017 Bonds in an aggregate principal amount of not exceeding $_____ to finance the acquisition of all or a portion of the Assessment Area One Project, specifying the details of the Series 2017 Bonds and awarding the Series 2017 Bonds to the Underwriter pursuant to parameters established therein.

"Series 2017 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 First Supplemental Indenture.

"Series 2017 Bond Redemption Account" shall mean the Series 2017 Bond Redemption Account established as a separate Account within the Bond Redemption Fund pursuant to Section 4.01(g) of this First Supplemental Indenture.

"Series 2017 Bonds" shall mean the $_____ aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One), to be issued as fully registered Bonds in accordance with the provisions of the Master Indenture and this First Supplemental Indenture, and secured and authorized by the Master Indenture and this First Supplemental Indenture.

"Series 2017 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 First Supplemental Indenture.

"Series 2017 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 First Supplemental Indenture.

"Series 2017 General Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017 Bond Redemption Account pursuant to Section 4.01(g) of this First Supplemental Indenture.

"Series 2017 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 First Supplemental Indenture.

"Series 2017 Optional Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017 Bond Redemption Account pursuant to Section 4.01(g) of this First Supplemental Indenture.

"Series 2017 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of Assessment Area One Special Assessments being prepaid pursuant to Section 4.05 of this First Supplemental Indenture or as a result of an acceleration of the Assessment Area One Special Assessments pursuant to Section 170.10, Florida Statutes, if such Assessment Area One Special Assessments are being collected through a direct billing method.

"Series 2017 Prepayment Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017 Bond Redemption Account pursuant to Section 4.01(g) of this First Supplemental Indenture.

"Series 2017 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 First Supplemental Indenture.

"Series 2017 Rebate Fund" shall mean the Fund so designated, established pursuant to Section 4.01(j) of this First Supplemental Indenture.

"Series 2017 Reserve Account" shall mean the Series 2017 Reserve Account established as a separate Account within the Debt Service Reserve Fund pursuant to Section 4.01(f) of this First Supplemental Indenture.

"Series 2017 Reserve Requirement" or "Reserve Requirement" shall mean an amount equal to _____ percent (_____%) of the maximum annual debt service with respect to the initial principal amount of the Series 2017 Bonds. Any amount in the Series 2017 Reserve Account may, upon final maturity or redemption of all Outstanding Series 2017 Bonds be used to pay principal of and interest on the Series 2017 Bonds at that time. The Series 2017 Reserve Requirement shall be equal to $_____.

"Series 2017 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 First Supplemental Indenture.

"Series 2017 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 First Supplemental Indenture.

"Underwriter" shall mean FMSbonds, Inc., the underwriter of the Series 2017 Bonds.

The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the form of Series 2017 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 2017 BONDS

SECTION 2.01. Amounts and Terms of Series 2017 Bonds; Issue of Series 2017 Bonds. No Series 2017 Bonds may be issued under this First 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 2017 Bonds that may be issued under this First Supplemental Indenture is expressly limited to $_____. The Series 2017 Bonds shall be numbered consecutively from R-1 and upwards.

(b) Any and all Series 2017 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 2017 Bonds upon execution of this First 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 2017 Bonds and deliver them as specified in the request to the Underwriter.

SECTION 2.02. Execution. The Series 2017 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2017 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2017 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 2017 Bonds.

(a) The Series 2017 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 Assessment Area One Project, (ii) fund the Series 2017 Reserve Account in an amount equal to the Series 2017 Reserve Requirement; (iii) pay Capitalized Interest through at least _____; and (iv) to pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds shall be designated "Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One)," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2017 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2017 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2017 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 May 1, 2017, 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 First Supplemental Indenture in connection with a book entry only system of registration of the Series 2017 Bonds, the principal or Redemption Price of the Series 2017 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 2017 Bonds. Except as otherwise provided in Section 2.07 of this First Supplemental Indenture in connection with a book entry only system of registration of the Series 2017 Bonds, the payment of interest on the Series 2017 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2017 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 2017 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 2017 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 2017 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 2017 Bonds.

(a) The Series 2017 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 2017 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 2017 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2017 Bond Proceeds. From the net proceeds of the Series 2017 Bonds received by the Trustee in the amount of $_____.

(a) $_____ derived from the net proceeds of the Series 2017 Bonds (which is an amount equal to the Series 2017 Reserve Requirement) shall be deposited in the Series 2017 Reserve Account of the Debt Service Reserve Fund;

(b) $_____ derived from the net proceeds of the Series 2017 Bonds shall be deposited in the Series 2017 Capitalized Interest Account of the Debt Service Fund;

(c) $_____ derived from the net proceeds of the Series 2017 Bonds shall be deposited into the Series 2017 Costs of Issuance Account of the Acquisition and Construction Fund for payment of the costs of issuing the Series 2017 Bonds; and

(d) $_____ representing the balance of the net proceeds of the Series 2017 Bonds shall be deposited in the Series 2017 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 2017 Bonds. The Series 2017 Bonds shall be issued as one fully registered bond for each maturity of Series 2017 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 2017 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 2017 Bonds ("Beneficial Owners").

Principal and interest on the Series 2017 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 2017 Bonds, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2017 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 2017 Bonds in the form of fully registered Series 2017 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 2017 Bonds may be exchanged for an equal aggregate principal amount of Series 2017 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 2017 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 2017 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 2017 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2017 Bonds, all the Series 2017 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 First 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 Assessment Area One Project being financed with the proceeds of the Series 2017 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 Assessment Area One Project, (iii) all proceedings undertaken by the Issuer with respect to the Assessment Area One Special Assessments have been in accordance with Florida law, (iv) the Issuer has taken all action necessary to levy and impose the Assessment Area One Special Assessments, and (v) the Assessment Area One Special Assessments are legal, valid and binding liens upon the property against which such Assessment Area One 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 2017 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this First Supplemental Indenture; and

(e) A copy of the Collateral Assignment.

[END OF ARTICLE II]

ARTICLE III
REDEMPTION OF SERIES 2017 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2017 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 2017 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2017 Bonds are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall select the Series 2017 Bonds or portions of the Series 2017 Bonds to be redeemed randomly. Partial redemptions of Series 2017 Bonds shall be made in such a manner that the remaining Series 2017 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2017 Bond.

The Series 2017 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 2017 Bonds shall be made on the dates specified below. Upon any redemption of Series 2017 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 2017 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 2017 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 2017 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 2017 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, _____ (less than all Series 2017 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Series 2017 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 2017 Optional Redemption Subaccount of the Series 2017 Bond Redemption Account.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2017 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 2017 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2017 Prepayment Principal deposited into the Series 2017 Prepayment Subaccount of the Series 2017 Bond Redemption Account following the

payment in whole or in part of Assessment Area One Special Assessments on any assessable property within the District in accordance with the provisions of Section 4.05(a) of this First Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017 Funds, Accounts and subaccounts in the Funds and Accounts (other than the Series 2017 Rebate Fund and the Series 2017 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2017 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 2017 Acquisition and Construction Account not otherwise reserved to complete the Assessment Area One Project and which have been transferred to the Series 2017 General Redemption Subaccount of the Series 2017 Bond Redemption Account.

(c) Mandatory Sinking Fund Redemption. The Series 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 Bonds maturing on November 1, _____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds under any provision of this First Supplemental Indenture or directed to redeem Series 2017 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2017 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 2017 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 2017 Acquisition and Construction Account." Proceeds of the Series 2017 Bonds shall be deposited into the Series 2017 Acquisition and Construction Account in the amount set forth in Section 2.06 of this First Supplemental Indenture, together with any moneys transferred to the Series 2017 Acquisition and Construction Account, and such moneys in the Series 2017 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 2017 Acquisition and Construction Account after payment of all costs of the 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 2017 General Redemption Subaccount of the Series 2017 Bond Redemption Account. 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 2017 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 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 2017 Costs of Issuance Account." Proceeds of the Series 2017 Bonds shall be deposited into the Series 2017 Costs of Issuance Account in the amount set forth in Section 2.06 of this First 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 2017 Costs of Issuance Account to pay the costs of issuing the Series 2017 Bonds. Six months after the issuance of the Series 2017 Bonds, any moneys remaining in the Series 2017 Costs of Issuance Account in excess of the actual costs of issuing the Series 2017 Bonds requested to be disbursed by the Issuer shall be deposited into the Series 2017 Interest Account. Any deficiency in the amount allocated to pay the cost of issuing the Series 2017 Bonds shall be paid from excess Assessment Area One Pledged Revenues on deposit in the Series 2017 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 2017 Revenue Account." Assessment Area One Special Assessments (except for Prepayments of Assessment Area One Special Assessments which shall be identified as such by the Issuer to the Trustee and deposited in the Series 2017 Prepayment Subaccount) shall be deposited by the Trustee into the Series 2017 Revenue Account which shall be applied as set forth in Section 6.03 of the Master Indenture and Section 4.02 of this First 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 2017 Principal Account." Moneys shall be deposited into the Series 2017 Principal Account as

provided in Section 6.04 of the Master Indenture and Section 4.02 of this First 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 2017 Interest Account" and the Series 2017 Capitalized Interest Account. Moneys deposited into the Series 2017 Interest Account pursuant to Section 6.04 of the Master Indenture and Section 4.02 of this First Supplemental Indenture and into the Series 2017 Capitalized Interest Account pursuant to Section 2.06 of this First 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 2017 Sinking Fund Account." Moneys shall be deposited into the Series 2017 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 First 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 2017 Reserve Account." Proceeds of the Series 2017 Bonds shall be deposited into the Series 2017 Reserve Account in the amount set forth in Section 2.06 of this First Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2017 Reserve Account shall be applied for the purposes provided therein and in this Section 4.01(f) of this First Supplemental Indenture. All investment earnings on moneys in the Series 2017 Reserve Account shall remain on deposit therein.

Notwithstanding any of the foregoing, amounts on deposit in the Series 2017 Reserve Account shall be transferred by the Trustee, in the amounts directed in writing by the Majority Holders of the Series 2017 Bonds to the Series 2017 General Redemption Subaccount of the Series 2017 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 Assessment Area One Special Assessments and applied to redeem a portion of the Series 2017 Bonds is less than the principal amount of Series 2017 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 2017 Bond Redemption Account" and within such Account, a "Series 2017 General Redemption Subaccount," a "Series 2017 Optional Redemption Subaccount," and a "Series 2017 Prepayment Subaccount." Except as otherwise provided in this First Supplemental Indenture regarding Prepayments or in connection with the optional redemption of the Series 2017 Bonds, moneys to be deposited into the Series 2017 Bond Redemption Account as provided in Section 6.06 of the Master Indenture, shall be deposited to the Series 2017 General Redemption Subaccount of the Series 2017 Bond Redemption Account.

(h) Moneys that are deposited into the Series 2017 General Redemption Subaccount of the Series 2017 Bond Redemption Account (including all earnings on investments held therein) shall be used to call Series 2017 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 2017 Prepayment Subaccount of the Series 2017 Bond Redemption Account (including all earnings on investments held in such Series 2017 Prepayment Subaccount of the Series 2017 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 2017 Bonds, subject to rounding to the nearest Authorized Denomination, equal to the amount of money transferred to the Series 2017 Prepayment Subaccount of the Series 2017 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 2017 Rebate Fund designated as the "Series 2017 Rebate Fund." Moneys shall be deposited into the Series 2017 Rebate Fund, as provided in the Arbitrage Certificate and applied for the purposes provided therein.

(k) Moneys on deposit in the Series 2017 Optional Redemption Subaccount shall be used to optionally redeem all or a portion of the Series 2017 Bonds pursuant to Section 3.01(a) hereof.

SECTION 4.02. Series 2017 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2017 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 May 1 commencing _____ 1, 2017, to the Series 2017 Interest Account of the Debt Service Fund, an amount from the Series 2017 Revenue Account equal to the interest on the Series 2017 Bonds becoming due on the next succeeding May 1, less any amount on deposit in the Series 2017 Interest Account and Series 2017 Capitalized Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each November 1 commencing _____ 1, 2017, to the Series 2017 Interest Account of the Debt Service Fund, an amount from the Series 2017 Revenue Account equal to the interest on the Series 2017 Bonds becoming due on the next succeeding November 1, less any amounts on deposit in the Series 2017 Interest Account and Series 2017 Capitalized Interest Account not previously credited;

THIRD, no later than the Business Day next preceding each November 1, commencing November 1, 20XX, to the Series 2017 Sinking Fund Account of the Debt Service Fund, an amount from the Series 2017 Revenue Account equal to the principal amount of Series 2017 Bonds subject to sinking fund redemption on such November 1, less any amount on deposit in the Series 2017 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 2017 Bonds, to the Series 2017 Principal Account of the Debt Service Fund, an amount from the Series 2017 Revenue Account equal to the principal amount of Series 2017 Bonds Outstanding maturing on such

November 1, less any amounts on deposit in the Series 2017 Principal Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2017 Bonds remain Outstanding, to the Series 2017 Reserve Account, an amount from the Series 2017 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Series 2017 Bonds; and

SIXTH, notwithstanding the foregoing, at any time the Series 2017 Bonds are subject to redemption on a date which is not an Interest Payment Date, the Trustee shall be authorized to transfer from the Series 2017 Revenue Account to the Series 2017 Interest Account, the amount necessary to pay interest on the Series 2017 Bonds subject to redemption on such date; 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 2017 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2017 Bonds and next, any balance in the Series 2017 Revenue Account shall remain on deposit in such Series 2017 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the Series 2017 Rebate Fund, in which case, the Issuer shall direct the Trustee to make such deposit thereto.

Notwithstanding that the Issuer has funded the Series 2017 Capitalized Interest Account to pay interest on the Series 2017 Bonds through at least _____ 1, _____, moneys on deposit in the Series 2017 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 2017 Bonds on any subsequent Interest Payment Date if moneys remain after _____ 1, _____. 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 2017 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2017 Bonds, to execute and deliver the Indenture and to pledge the Assessment Area One Pledged Revenues for the benefit of the Series 2017 Bonds to the extent set forth herein. The Assessment Area One 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 2017 Bonds, except as otherwise permitted under the Master Indenture. The Series 2017 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 2017 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Assessment Area One Project to Conform to Consulting Engineers Report. Upon the issuance of the Series 2017 Bonds, the Issuer will promptly proceed to construct or acquire the 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 2017 Special Assessment Liens.

(a) At any time any owner of property subject to the Assessment Area One Special Assessments may, at its option, or as a result of acceleration of the Assessment Area One Special Assessments because of non-payment thereof, or by operation of law 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 Assessment Area One Special Assessments by paying or causing there to be paid, to the Issuer all or a portion of the Assessment Area One Special Assessment, which shall constitute Series 2017 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 Assessment Area One Special Assessment owned by such owner.

(b) Upon receipt of Series 2017 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 Assessment Area One Special Assessment has been paid in whole or in part and that such Assessment Area One 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 Assessment Area One 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 Assessment Area One Special Assessments relating to the acquisition and construction of the Assessment Area One Project through the Uniform Method of Collection (the "Uniform Method") afforded by Chapter 197, Florida Statutes. Pursuant to the terms and provisions of the Master Indenture, the Issuer shall, pursuant to the provisions of the Assessment Resolutions, directly collect the Assessment Area One 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 First Supplemental Indenture and in the Master Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the Assessment Area One Special Assessments, and to levy the Assessment Area One Special Assessments in such manner as will generate funds sufficient to pay debt service on the Series 2017 Bonds when due. All Assessment Area One 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 2017 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 Assessment Area One Special Assessments levied against the assessable lands within Assessment Area One. Such covenant shall not prohibit the Issuer from issuing refunding bonds.

Subject to the covenant of the Issuer described above with respect to the financing of the Assessment Area One Project, the Issuer shall be authorized to issue other Bonds secured by other Special Assessments levied against the assessable lands within Assessment Area One to finance the balance of the Assessment Area One Project which other Assessments securing such other Bonds will be on parity with the Assessment Area One Special Assessments provided the total annual Special Assessments levied on each residential unit within Assessment Area One does not exceed $1,500.00 taking into account the Series 2017 Special Assessments. The Trustee and the Issuer may rely on a certificate from the District Manager regarding the level of annual Special Assessments. Notwithstanding any of the foregoing, the Issuer shall not be

precluded from imposing Special Assessments or non-ad valorem assessments on lands within the District for purposes of remediating any natural disaster, catastrophic damage or failure that has occurred with respect to the Assessment Area One 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 2017 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 2017 Bonds, the Series 2017 Bonds are payable solely from the Assessment Area One 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 2017 Bonds, (i) the Assessment Area One Pledged Revenues include, without limitation, all amounts on deposit in the Series 2017 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) the Assessment Area One Pledged Revenues may not be used by the Issuer (whether to pay costs of a portion of the Assessment Area One Project or otherwise) without the consent of the Majority Holders, and (iii) the Assessment Area One 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 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 2017 Bonds.

SECTION 6.02. Trustee's Duties. The Trustee shall not be responsible in any manner for the due execution of this First Supplemental Indenture by the Issuer or for the recitals contained herein (except for the certificate of authentication on the Series 2017 Bonds), all of which are made solely by the Issuer. Except as otherwise expressly stated in this First Supplemental Indenture, 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 First Supplemental Indenture. This First Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2017 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this First Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the First Supplemental Indenture shall be read and construed as one document.

SECTION 7.02. Amendments. Any amendments to this First Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

SECTION 7.03. Counterparts. This First 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 First Supplemental Indenture are hereby incorporated herein and made a part of this First 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 2017 Bonds or the date fixed for the redemption of any Series 2017 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 2017 Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Avalon Groves Community Development District has caused this First 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 First 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: _____
Title: Chairperson, Board of Supervisors

By: _____
Name: _____
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 _____)

On this ____ day of _____, 2017, before me, a notary public in and for the State and County aforesaid, personally appeared _____ and _____, 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 _____, 2017, 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 his free act and deed as such officer and the free act and deed of the Trustee; that he appeared before me on this day in person and acknowledged that he, 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 ASSESSMENT AREA ONE PROJECT

The Assessment Area One Project includes the public infrastructure described in the Engineer's Report prepared by Heidt Design, LLC, dated October 11, 2016, as amended and supplemented from time to time.

Stormwater management and control facilities, including, but not limited to, related earthwork;
Water and wastewater systems;
Onsite and offsite roadway improvements, including street lighting;
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 2017 BOND]

R-1 **$_____**

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF LAKE
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BOND, SERIES 2017
(ASSESSMENT AREA ONE)

Interest Rate	Maturity Date	Date of Original Issuance	CUSIP
_____%	November 1, _____		

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 2017 Bonds are in book-entry only form such presentation shall only be required at final maturity or final payment of the Series 2017 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 _____ 1, 2017 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 _____ 1, 2017, 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 ASSESSMENT AREA ONE 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, ASSESSMENT AREA ONE SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE SERIES 2017 BONDS. THE SERIES 2017 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 2017 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 2017 (Assessment Area One)" (the "Bonds" or the "Series 2017 Bonds"), in the aggregate principal amount of _____ MILLION _____ THOUSAND AND 00/100 DOLLARS ($_____.00) of like date, tenor and effect, except as to number, denomination, interest rate and maturity date. The Series 2017 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 Assessment Area One Project (as defined in the herein referred to Indenture). The Series 2017 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 _____ 1, 2017 (the "Master Indenture"), as amended and supplemented by a First Supplemental Trust Indenture dated as of _____ 1, 2017 (the "First 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 2017 Bonds issued under the Indenture, the operation and application of the Debt Service Fund, the Series 2017 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 2017 Bonds, the levy and the evidencing and certifying for collection, of the Assessment Area One Special Assessments, the nature and extent of the security for the Series 2017 Bonds, the terms and conditions on which the Series 2017 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 2017 Bonds, the conditions under which such Indenture may be amended with the consent of the Majority Holders of the Series 2017 Bonds outstanding, and as to other rights and remedies of the registered owners of the Series 2017 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 Assessment Area One 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 Assessment Area One 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 Assessment Area One Special Assessments to secure and pay the Bonds.

The Series 2017 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 2017 Bonds shall be made on the dates specified below. Upon any redemption of Series 2017 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 2017 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 2017 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 2017 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 2017 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, ____ (less than all Series 2017 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of the Series 2017 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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 2017 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017 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

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 2017 Prepayment Principal deposited into the Series 2017 Prepayment Subaccount of the Series 2017 Bond Redemption Account following the payment in whole or in part of Assessment Area One Special Assessments on any assessable lands within the District in accordance with the provisions of Section 4.05(a) of the First Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017 Funds, Accounts and Subaccounts in the Funds and Accounts (other than the Series 2017 Rebate Fund and the Series 2017 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2017 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 2017 Acquisition and Construction Account not otherwise reserved to complete the Assessment Area One Project and which have been transferred to the Series 2017 General Redemption Subaccount of the Series 2017 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 2017 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 2017 Bonds at the designated corporate trust office of the Registrar in Jacksonville, Florida. Subject to the restrictions contained in the Indenture, the Series 2017 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 2017 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 2017 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 Assistant 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 2017 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 2017 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 2017
(ASSESSMENT AREA ONE)

(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 _____ 1, 2017, as supplemented by that certain First Supplemental Trust Indenture dated as of _____ 1, 2017 (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) Amount Payable:

(E) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments):

(F) Fund or Account and subaccount, if any, from which disbursement to be made:

Series 2017 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 2017 Acquisition and Construction Account;

3. each disbursement set forth above was incurred in connection with the acquisition and/or construction of the Assessment Area One Project; and

4. each disbursement represents a Cost of the 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 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 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 2017
(Assessment Area One)

(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 _____ 1, 2017, as supplemented by that certain First Supplemental Trust Indenture dated as of _____ 1, 2017 (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 2017 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 2017 Costs of Issuance Account that have not previously been paid;
2. each disbursement set forth above is a proper charge against the Series 2017 Costs of Issuance Account;
3. each disbursement set forth above was incurred in connection with the issuance of the Series 2017 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 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, Inc.
15310 Amberly Drive, Suite 175
Tampa, Florida 33647
Attention: Maik Aagaard

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

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One)

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 _____ 1, 2017 (the "Master Indenture") and a First Supplemental Trust Indenture dated as of _____1, 2017 ("First 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 _____, 2017 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 ASSESSMENT AREA ONE

WPB 383739921v13/166843.010100

CONTRACT OF SALE AND PURCHASE

THIS CONTRACT OF SALE AND PURCHASE (this "Contract"), dated as of the Effective Date, is by and between VK AVALON GROVES LLC, a Delaware limited liability company ("Seller"); and AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes ("Buyer"). The effective date of this Contract (the "Effective Date") shall be the last date on which this Contract shall be signed by Seller or Buyer, as indicated below their respective executions hereon.

RECITALS:

A. Seller is the owner of certain real estate located in Lake County, Florida.

B. Buyer desires to buy said real estate from Seller and Seller is willing to sell same to Buyer, all on and subject to the terms, covenants and conditions hereinafter set forth.

IT IS THEREFORE, agreed by the parties hereto, in consideration of TEN DOLLARS ($10.00) in hand paid, the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each being legally advised in the premises and intending to be legally bound hereby, as follows:

1. PURCHASE AND SALE OF PROPERTY. Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, the following (sometimes, collectively, the "Property"):

(a) Land. Those certain wetland areas, upland/property buffers, flooplain compensation mitigation areas, stormwater ponds, and parks as are more particularly depicted on Exhibit A attached hereto, together with all plants, shrubs and trees located thereon, and together with all rights, ways and easements appurtenant thereto, including, without limitation, all of Seller's right, title and interest in and to the land underlying and the air space overlying any public or private ways or streets crossing or abutting said real estate, rights of ingress and egress, subsurface rights, mineral rights, riparian and littoral rights (collectively, the "Land"). Seller and Buyer acknowledge that Seller is in the process of developing legal descriptions for the various parcels which constitute the Land which legal descriptions for the portion of the Land to be acquired at any particular Closing will be as set forth in the Initial Closing Notice or the Takedown Notice, as is appropriate for the Closing in question, for each Closing;

(b) Improvements. All buildings, structures and other improvements of any and every nature located on the Land and all fixtures attached or affixed, actually or constructively, to the Land or to any such buildings, structures or other improvements (the "Improvements", and, collectively with the Land, the "Real Property").

(c) Miscellaneous Personal Property Interests. All of the following (collectively, the "Miscellaneous Personal Property Interests"):

(i) Plans and Specifications. All of the right, title, interest, powers, privileges, benefits and options of Seller, if any, or otherwise accruing to the owner of the Real Property, in, to and under any and all architectural and engineering plans, drawings and specifications developed by Seller or by others pertaining to the Real Property;

(ii) Licenses and Permits. All of the right, title, interest, powers, privileges, benefits and options of Seller, if any, or otherwise accruing to the owner of the Real Property, in, to and under any and all certificates of occupancy, licenses, permits, and other governmental approvals pertaining to the Real Property, and the use thereof;

(iii) Warranties. All of the right, title, interest, powers, privileges, benefits and options of Seller, if any, or otherwise accruing to the owner of the Real Property, in, to and under any and all existing warranties pertaining to the Real Property; and

(iv) Entitlements. All (A) land use approvals, permits, licenses and authorizations, and applications therefor, whether approved or in process; (B) development rights, trip generation rights, transportation concurrency rights, allocations of development density or other similar rights allocated to or attributable to the Land or the Improvements; (C) utility capacity allocated to or attributable to the Land; whether the matters described in the preceding clauses (A), (B), and (C) arise under or pursuant to governmental requirements, administrative or formal action by governmental authorities, or agreement with governmental authorities or third parties.

2. PURCHASE PRICE. The purchase price for the Property shall be calculated at the price of Twenty Six Thousand Eight Hundred Fifty and No/100th Dollars ($26,850.00) per upland acre and the price of Three Thousand and No/100ths Dollars ($3,000.00) per wetland acre (the "Purchase Price") payable in U.S. Dollars. The Purchase Price for any particular Closing shall be calculated by multiplying the upland acreage and wetland acreage, as applicable, as set forth on Exhibit B attached hereto by the upland acreage price and the wetland acreage price as set forth above for the parcels to be acquired at such Closing as set forth in the Takedown Notice for such Closing. The net balance of the Purchase Price calculated for the portion of the Property to be acquired at any particular Closing, subject to the prorations and adjustments provided for in this Contract, shall be held and disbursed in accordance with the terms of that certain Escrow Agreement attached hereto as Exhibit C. Provided however, and notwithstanding any provision to the contrary contained herein, in no event shall the cumulative Purchase Price for that portion of the Property located in Assessment Area 1 (as depicted on Exhibit A) exceed $2,450,850 and for that portion of the Property located in Assessment Area 2 exceed $2,493,600. In the event of any Closings for any portion of the Property located in Assessment Area 1 or Assessment Area 2 following payment by the Buyer of the respective maximum price therefor as established by the previous sentence, no additional payment of any portion of the Purchase Price shall be payable by Buyer in connection with such Closings.

3. INSPECTIONS.

(a) Access. From and after the Effective Date, Buyer shall have the continuing right to enter upon the Real Property at any time for the purpose of performing surveying, engineering, environmental tests and studies, test borings and such other investigatory work as Buyer shall consider appropriate and to conduct any tests necessary to satisfy Buyer as to the suitability of the Property for Buyer's purposes. Buyer shall provide Seller with prior notice of any entry onto the Real Property in accordance with the terms of this Contract, and Seller hereby grants to Buyer a limited right of access to permit Buyer's examinations and inspections (including access through all applicable gated entrances as may be necessary to reach the Real Property), subject to the terms and provisions hereof. In the event any of Buyer's inspections require that the condition of the Real Property be materially changed from that which presently exists, Buyer shall promptly restore the Real Property to substantially its condition as of the Effective Date. Further, Buyer shall obtain Seller's consent prior to conducting any invasive environmental testing upon the Real Property (provided a Phase I Environmental Site Assessment shall not be deemed to constitute invasive testing), which consent will not be unreasonably withheld, conditioned or delayed, and in any event shall not be withheld if such invasive testing is based upon the recommendation of a qualified environmental consultant. Subject to and without waiver or expansion of Section 768.28, Florida Statutes, Buyer agrees to defend, indemnify and hold Seller harmless from any loss, damages, liability, obligations, costs, expenses and fees (including reasonable attorneys' and paralegals' fees) resulting from: (i) claims for injury to person or damage to property, to the extent directly resulting from the activities of Buyer or Buyer's agents or designees on the Real Property; or (ii) liens on the Property filed by contractors, materialmen or laborers performing work and test(s) for Buyer.

(b) Inspection Period; Termination. Buyer shall have a period commencing as of the Effective Date and terminating on the Initial Closing Date (the "Inspection Period") in which to determine, in Buyer's sole and absolute judgment and discretion, whether the Property is suitable and satisfactory to Buyer. In the event that Buyer shall determine, in Buyer's sole and absolute judgment and discretion, that the Property is in any manner unsuitable or unsatisfactory to Buyer, then Buyer shall have the right, at Buyer's option, to terminate this Contract by giving written notice thereof to Seller on or before the last day of the Inspection Period, in which event, all rights and obligations of the parties under this Contract shall expire, and this Contract shall become null and void. Seller acknowledges that Buyer will expend time, money and other resources in connection with the examination and investigation of the Property, and that, notwithstanding Buyer's right to terminate this Contract pursuant to this Paragraph 3(b), such time, money and other resources expended, constitute good, valuable, sufficient and adequate consideration for Seller's execution of and entry into this Contract.

4. CLOSING. Subject to the provisions of Paragraph 9, the closing of the purchase and sale of the Property (each a "Closing"), shall occur in a series of Closings to be held by mail in accordance with escrow instructions delivered to Hopping Green & Sams, P.A., 119 South Monroe Street, Suite 300, Tallahassee, Florida 32301 (the "Closing Agent"). The initial Closing shall occur five (5) days following occurrence of the Initial Condition Precedent (the "Initial Closing Date"), or

such earlier date and time as may be agreed upon in writing by Buyer and Seller. Prior to the end of the Inspection Period, Seller shall deliver to Buyer metes and bounds legal descriptions prepared by a Florida licensed surveyor for the portion of the Property to be conveyed at the Initial Closing (the "Initial Closing Notice"). The Initial Closing Notice shall also set forth Seller's calculation of the portion of the Purchase Price payable at such Closing as calculated as provided in Section 2 and Exhibit B. For all subsequent Closings following the initial Closing, each Closing shall occur ____ days following delivery by Seller to Buyer and Closing Agent of a notice (each a "Takedown Notice") which: (a) identifies the portion of the Property to be conveyed at such Closing; (b) furnishes metes and bound legal descriptions prepared by a Florida licensed surveyor for the Portion of the Property to be conveyed at such Closing; (c) sets forth Seller's computation of the Purchase Price therefor in the manner provided in Section 2 and Exhibit B; and (d) provides a proposed closing date for such Closing (each a "Closing Date"), which date shall be no less than fifteen (15) days from the date of such Takedown Notice. Should Buyer dispute Seller's calculation of the Purchase Price as set forth in any Takedown Notice, Buyer shall give prompt written notice of such fact to Seller, and thereafter Buyer and Seller shall cooperate with one another in good faith to resolve such dispute. In no event shall the Closing on the last of the Property located in Assessment Areas 1 and 2 occur later than _____ months from the date of the initial Closing.

5. PRORATIONS AND APPORTIONMENTS; COSTS OF CLOSING.

(a) The following prorations and adjustments shall be made between Buyer and Seller at each Closing, or thereafter if Buyer and Seller shall agree:

(i) All city, state and county ad valorem taxes and similar impositions levied or imposed upon or assessed against the portion of the Property to be conveyed at a Closing for the year in which such Closing occurs (excluding however any debt or operations and maintenances assessments imposed by the District) shall be prorated as of the applicable Closing Date in accordance with the procedures provided by Section 196.295, Florida Statutes.

(ii) All assessments levied or imposed upon or assessed against the portion of the Property to be conveyed at a Closing pursuant to any applicable declaration of covenants for the applicable assessment period or billing period therefor in which such Closing occurs shall be prorated as of the applicable Closing Date.

In the event that the amount of any item to be prorated is not determinable at the time of the applicable Closing, such proration shall be made on the basis of the best available information, and the parties shall re-prorate such item promptly upon receipt of the applicable bill therefor and shall make between themselves any equitable adjustment required by reason of any difference between the estimated amount used as a basis for the proration at the applicable Closing and the actual amount subject to proration. In the event any prorated item is due and payable at the time of any applicable Closing, the same shall be paid at said Closing. If any prorated item is not paid at said Closing, Seller shall deliver to Buyer the bill therefor promptly upon receipt thereof and Buyer shall be responsible for the payment in full thereof within the time fixed for payment thereof and before the same shall become delinquent.

(b) Seller shall pay for the cost of: (i) the Documentary Stamps on the Deed, (ii) charges for the title search and Title Commitment, and the title insurance premium for the Title Policy, (iii) the fees of Seller's attorneys and (iv) charges for the Survey. Buyer shall pay for the cost of: (i) recording the Deed; and (ii) fees of Buyer's attorneys.

6. TITLE.

(a) Title Commitment and Survey. Within ten (10) days after the Effective Date, Seller shall obtain, at Seller's expense, and deliver to Buyer an ALTA commitment for the Title Policy (the "Title Commitment") issued by Closing Agent on behalf of First American Title Insurance Company (in such capacity, "Title Company"). The Title Commitment shall name Buyer as the proposed insured, be in the amount of the Purchase Price, and include copies of all documents referenced therein as exceptions (the "Exception Documents"). Prior to any Closing, Buyer may, at Seller's expense, cause the Property to be conveyed at such Closing to be surveyed by a Florida licensed surveyor (each a "Survey").

(i) Buyer shall have until the last day of the Inspection Period in which to examine the Title Commitment, the Exception Documents and, if available, the Survey, and in which to give Seller written notice (the "Initial Notice") of objections which render Seller's title less than good and marketable fee simple title. Thereafter, Buyer shall have until each applicable Closing Date in which to have the Title Commitment updated as to the portion of the Property to be acquired at the applicable Closing and in which to give Seller written notice (each such notice, a "Subsequent Notice") of any additional objections disclosed by such update (provided, however, that Buyer shall not have the right in any such Subsequent Notice to object to any matters reflected in the version of the Title Commitment referenced in the Initial Notice).

(ii) Seller shall have until the applicable Closing Date in which to cure and satisfy all objections specified in the Initial Notice or any Subsequent Notice. Seller shall have no obligation to cure and satisfy any such title objections, other than: (i) objections that are based upon a lien, mortgage, deed of trust, judgment or other liquidated monetary claim (a "Monetary Encumbrance"); and (ii) objections that arise or first appear of record subsequent to the Effective Date and are due to the act of Seller (or the failure of Seller to act in circumstances where it had an obligation under this Contract), or with the consent of Seller (a "New Encumbrance"). Seller shall be obligated to cure and satisfy all Monetary Encumbrances and New Encumbrances at or prior to Closing.

(iii) If Seller does not cure and satisfy all of Buyer's title objections, then, at the option of Buyer, Buyer may: (i) terminate this Contract, in which event all rights and obligations of the parties under this Contract shall expire and this Contract shall become null and void; or (ii) as to any Monetary Encumbrance, cure and satisfy the objection, and deduct from the portion of the Purchase Price to be paid at any Closing the cost of curing and satisfying the same; or (iii) waive such cure and satisfaction and consummate the purchase and sale of the Property;

or (iv) if, but only if, any uncured objection is a Monetary Encumbrance or a New Encumbrance, exercise such rights and remedies as may be provided for or allowed under Paragraph 10 by reason of a default of Seller.

(b) Permitted Exceptions. Seller covenants to convey to Buyer at each Closing good and marketable fee simple title in and to the portion of the Real Property to be acquired at such Closing and to convey any and all rights, title and interest which Seller may possess, without warranty, as to Miscellaneous Personal Property Interests. For the purposes of this Contract, "good and marketable fee simple title" shall mean fee simple ownership which is: (i) free of all defects, claims, liens and encumbrances of any kind or nature whatsoever other than the Permitted Exceptions; and (ii) insurable by First American Title Insurance Company, at then current standard rates under the ALTA 6-17-2006 (Florida Modified Form) Owner's Policy of Title Insurance Form, with the standard or printed exceptions therein deleted, and without exception other than for the Permitted Exceptions (the "Title Policy"). For the purposes of this Contract, the term "Permitted Exceptions" shall mean:

(i) Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the Real Property.

(ii) Taxes and assessments for the year of any applicable Closing and subsequent years.

(iii) The nature or extent of riparian and littoral rights.

(iv) As to lands located in or within the Real Property, neither the (A) title to the beds or bottoms of lakes, or other bodies of water, nor (B) the title to any artificially filled in lands, nor (C) title to any portion of the Property lying below the ordinary high water mark shall be guaranteed, or warranted.

(v) Zoning, restrictions, prohibitions and other requirements imposed by governmental authority.

7. CLOSING DOCUMENTS. At each Closing, the following documents and instruments shall be executed and delivered between Seller and Buyer (the "Closing Documents"):

(a) Seller's Documents. At each Closing, Seller shall execute or cause to be executed by the appropriate persons and/or deliver to Buyer the following:

(i) A counterpart of the Closing Statement;

(ii) A Special Warranty Deed to Buyer in the form attached hereto as Exhibit D, conveying the portion of the Land and the Improvements to be acquired at such Closing (the "Deed");

(iii) A General Assignment in the form attached hereto as Exhibit E, transferring and assigning the Miscellaneous Personal Property Interests to be acquired at such Closing (the "General Assignment");

(iv) Such corrective instruments as may be required to deliver good and marketable fee simple title, pursuant to the provisions of Paragraph 6;

(v) A seller's affidavit for the portion of the Property to be acquired at such Closing in form and content as may be reasonably required by Title Company necessary to issue at Closing, an endorsement to the Title Commitment deleting the standard "gap" exception, the standard construction lien exception and the standard parties in possession exception;

(vi) A non-foreign affidavit evidencing that Buyer shall not be liable for transfer liability under Section 1445 of the Internal Revenue Code, as amended;

(vii) Evidence in form and substance reasonably satisfactory to Buyer and to Title Company that Seller has the power and authority to have executed and entered into this Contract and to consummate the sale of the Property, that any and all actions required to authorize and approve the execution of and entry into this Contract by Seller, the performance by Seller of all of Seller's duties and obligations under this Contract, and the execution and delivery by Seller of all documents and other items to be delivered to Title Company or Buyer at each applicable Closing have been accomplished, and that the person executing the Closing Documents on behalf of Seller has full right, power and authority to do so; and

(viii) Any other documents reasonably necessary or advisable to consummate the transactions contemplated hereby.

(b) Buyer's Documents. At each Closing, Buyer shall execute or cause to be executed by the appropriate persons and/or deliver to Seller the following:

(i) A counterpart of the Closing Statement;

(ii) The General Assignment;

(iii) Evidence in form and substance satisfactory to Seller and to Title Company that Buyer has the power and authority to have executed and entered into this Contract and to consummate the purchase of the Property, that any and all actions required to authorize and approve the execution of and entry into this Contract by Buyer, the performance by Buyer of all of Buyer's duties and obligations under this Contract, and the execution and delivery by Buyer of all documents and other items to be delivered to Title Company or Seller at each applicable Closing have been accomplished, and that the person executing the Closing Documents on behalf of Buyer has full right, power and authority to do so;

(iv) The net cash balance of the Purchase Price due at the applicable Closing for the portion of the Property to be acquired at such Closing, pursuant to the Closing Statement; and

(v) Any other documents reasonably necessary or advisable to consummate the transactions contemplated hereby.

8. POSSESSION. Subject to the terms hereof, including the Permitted Exceptions, possession of the portion of the Property acquired at any applicable Closing shall be delivered to Buyer at such Closing.

9. CONDITIONS TO BUYER'S OBLIGATIONS. Buyer's obligations to consummate the purchase and sale of that portion of the Property lying within Assessment Areas 1 and 2 on the Initial Closing Date and any subsequent Closings shall be subject to the issuance by the Buyer of its Avalon Groves Community Development District Special Assessment Bonds Series 2017 (the "2017 Bonds") in the amount of $_____ (the "Initial Condition Precedent"). Should the Initial Condition Precedent not be satisfied on or before the date which is sixty (60) days from the expiration of the Inspection Period, Buyer shall, by delivery of written notice to Seller of such election, have the right to extend the Closing Date for a period not to exceed sixty (60) days. Provided however, should the Initial Condition Precedent not be satisfied within such time, then either Buyer or Seller may thereafter terminate this Contract by delivering written notice to the non-terminating party. Buyer's obligations to consummate the purchase and sale of that portion of the Property lying within Assessment Area 3, as depicted on Exhibit A, shall be subject to (1) the issuance by the Buyer of additional bonds in an amount sufficient to pay the portion of the Purchase Price allocated to the Property located in Assessment Area 3, and (2) Buyer obtaining an appraisal prepared by a MAI certified appraiser acceptable to Buyer which appraisal values such portion of the Property at an amount in excess of the portion of the Purchase Price applicable thereto (the "Additional Conditions Precedent" and together with the Initial Condition Precedent, the "Conditions Precedent"). Should the Additional Condition Precedent not be satisfied on or before the date which is _____ months from the date of the Closing at which Buyer acquires the last of the Property located in Assessment Areas 1 and 2, then either Buyer or Seller may thereafter terminate this Contract by delivering written notice to the non-terminating party. In the event this Contract is terminated on account of the non-occurrence of any Conditions Precedent, this Contract shall become null and void and all rights and obligations of Seller and Buyer shall expire. Notwithstanding any provision of this Contract to the contrary, the indemnification provisions of Paragraphs 3 and 20 shall survive any termination of this Contract.

10. DEFAULT.

(a) In the event that (i) Seller shall have failed to perform in any respect any of the covenants and agreements contained herein to be performed by Seller within the time for performance as specified herein (including Seller's obligation to consummate the transactions contemplated hereby), or (ii) the purchase and sale of the Property is otherwise not consummated in accordance with the terms and provisions of this Contract due to circumstances or conditions which constitute a default by Seller under this Contract, then Buyer may exercise the following rights and remedies: (1) Buyer shall have the right to

terminate this Contract, in which event all rights and obligations of the parties under this Contract shall expire, and this Contract shall become null and void; (2) Buyer shall have the right to sue Seller for specific performance of this Contract. Buyer hereby acknowledges that Buyer's remedies shall specifically exclude the right to recover monetary damages against Seller of any type or nature whatsoever including, but not limited to, actual, special, consequential or punitive damages.

(b) If the purchase and sale of the Property is not consummated in accordance with the terms and provisions of this Contract due to circumstances or conditions which constitute a default by Buyer under this Contract, then Seller may exercise the following rights and remedies: (1) Seller shall have the right to terminate this Contract, in which event all rights and obligations of the parties under this Contract shall expire, and this Contract shall become null and void; (2) Seller shall have the right to sue Buyer for specific performance of this Contract. Notwithstanding the foregoing, the foregoing limitation of remedies shall not apply to any liability of Buyer under the indemnification provisions of Paragraphs 3 or 20, as to all of which Seller shall have all rights and remedies provided for or allowed by law or in equity; provided, however, that in no event shall Buyer be liable to Seller for special, consequential or punitive damages under this Contract.

11. RISK OF LOSS AND INSURANCE. Between the date of this Contract and Closing, the risks and obligations of ownership and loss of the Property and the correlative rights against insurance carriers and third parties shall belong to Seller. In the event of the damage or destruction of any portion of the Property prior to Closing, Buyer shall have the right, at Buyer's option, to terminate this Contract by giving written notice thereof to Seller prior to Closing, in which event all rights and obligations of Seller and Buyer under this Contract shall expire, and this Contract shall become null and void. If Buyer does not so terminate this Contract, the Purchase Price shall be reduced by the total of any insurance proceeds received by Seller prior to Closing by reason of such damage or destruction and by the amount of any deductible applicable to the policy of insurance, and, at Closing, Seller shall assign to Buyer all insurance proceeds to be paid or to become payable after closing by reason of such damage or destruction.

12. CONDEMNATION. In the event of the taking of all or any part of the Property by eminent domain proceedings, or the commencement or bona fide threat of the commencement of any such proceedings, prior to Closing, Buyer shall have the right, at Buyer's option, to terminate this Contract by giving written notice thereof to Seller prior to Closing, in which event all rights and obligations of Seller and Buyer under this Contract shall expire, and this Contract shall become null and void. If Buyer does not so terminate this Contract, the Purchase Price shall be reduced by the total of any awards or other proceeds received by Seller prior to Closing with respect to any taking, and, at Closing, Seller shall assign to Buyer all rights of Seller in and to any awards or other proceeds to be paid or to become payable after Closing by reason of any taking. Seller shall notify Buyer of eminent domain proceedings within five (5) days after Seller learns thereof.

13. FURTHER ASSURANCES; SURVIVAL. At each Closing, and from time to time thereafter, Seller shall do all such additional and further acts, and shall execute and deliver all such additional and further deeds, affidavits, instruments, certificates and documents, as Buyer, Buyer's counsel or Title Company may reasonably require fully to vest in and assure to Buyer full right, title

and interest in and to that portion of the Property acquired at such Closing to the full extent contemplated by this Contract and otherwise to effectuate the purchase and sale of such Property as contemplated by and provided for in this Contract. Notwithstanding any provision of this Contract to the contrary, the indemnification provisions of Paragraphs 3 and 20 shall survive any termination of this Contract.

14. ATTORNEYS' FEES AND COSTS. In the event of any litigation between Buyer and Seller arising under or in connection with this Contract, the prevailing party shall be entitled to recover from the other party the expenses of litigation (including reasonable attorneys' fees, expenses and disbursements) incurred by the prevailing party. For purposes of this Paragraph 14, the phrase "prevailing party" shall mean the party who receives substantially the relief desired, whether by dismissal, summary judgment, judgment, settlement or otherwise.

15. NOTICES. Whenever any notice, demand or request is required or permitted under this Contract, such notice, demand or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or be sent by nationally recognized commercial courier for next business day delivery, to the address for each party set forth below, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below, or to such other numbers as are specified by written notice given in accordance herewith:

(a) If to Buyer, then to:

Avalon Groves Community Development District
c/o Development Planning & Financing Group, Inc.
1060 Maitland Center Commons, Suite 340
Maitland, Florida 32751
Telephone: (321) 263-0132 Ext. 4205
Email: patricia.comings-thibault@dpfg.com

With a copy to:

Hopping Green & Sams, P.A.
119 South Monroe Street, Suite 300
Tallahassee, Florida 32301
Attention: Roy Van Wyk
Telephone: (850) 222-7500
Facsimile: (850) 224-8551
Email: RoyV@hgslaw.com

(b) If to Seller, then to:

VK Avalon Groves LLC
701 S. Olive Avenue, Suite 104
West Palm Beach, Florida 33401
Attention: Jim Harvey
Telephone: (813) 615-1244 Ext. 201

Email: jharvey@kolter.com

All notices, demands or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal.

16. ASSIGNMENT. Buyer shall not assign this Contract without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed. No assignment shall relieve Buyer of its obligations hereunder.

17. TIME. Time is of the essence of this Contract. Should any time period referenced herein expire on a Saturday, Sunday or "Legal Holiday" (days upon which either National Banks or the Lake County, Florida Courthouse are closed for usual business) such time period shall be extended to 5:00 P.M. on the next full business day. The final day of any time period under this Contract or any deadline under this Contract shall be the specified day or date, and shall include the period of time through and including such specified day or date.

18. MISCELLANEOUS. This Contract shall be construed in accordance with and governed in all respects by the internal laws of the State of Florida. Neither this Contract nor any term, covenant, or condition hereof may be modified or amended, except by written agreement signed by both parties. The headings of the paragraphs and subparagraphs hereof are for purposes of convenience only and shall in no way affect the construction. Each and all of the exhibits hereto are attached to this Contract and are hereby incorporated herein in full. This Contract and the Exhibits hereto comprise the entire agreement between the parties hereto. No promises, covenants, representations, or warranties of any kind, other than those expressly set forth herein, have been made to induce either party to enter into this Contract. This Contract and all of the terms, covenants and conditions hereof and of the various instruments executed and delivered pursuant hereto shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors, and assigns. Notwithstanding any statutory or decisional law to the contrary, a facsimile transmittal or electronic transmittal of a .pdf shall be deemed to be "written" and a "writing" for all purposes of this Contract. Capitalized terms used in this Contract shall have the meanings ascribed to them at the point where first defined, irrespective of where their use occurs, with the same effect as if the definitions of such terms were set forth in full and at length every time such terms are used. Wherever appropriate in this Contract, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Failure by any party to complain of any action, non-action or breach of any other party shall not constitute a waiver of any aggrieved party's rights hereunder. Waiver by any party of any right arising from any breach of any other party shall not constitute a waiver of any other right arising from a subsequent breach of the same obligation or for any other default, past, present or future. This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

19. CONTRACT NOT RECORDABLE. Neither this Contract nor any evidence of the existence of this Contract shall be recorded in the Public Records of any County in the State

of Florida; provided, however, that the foregoing shall not prohibit or restrict Buyer from filing for record a *lis pendens* or other record notice of the existence of this Contract in connection with Buyer's exercise of its rights and remedies in the event of default by Seller.

20. BROKER'S COMMISSION. Seller and Buyer represent and warrant to each other that neither they nor any of their representatives, employees, or agents have dealt with or consulted with any real estate broker in connection with the transaction contemplated by this Agreement. To the extent permitted by Section 768.28, Florida Statutes, and without waiver thereof, Buyer shall indemnify and hold harmless the Seller from and against any loss, damages, liability, obligations, costs, expenses and fees (including reasonable attorneys' and paralegals' fees) arising out of any and all claims or demands with respect to any brokerage fees or agent's commissions or other compensation asserted by any person, firm or corporation in connection with this Contract or the transaction contemplated hereby arising from any action on the part of Buyer. Seller shall indemnify and hold harmless the Buyer from and against any loss, damages, liability, obligations, costs, expenses and fees (including reasonable attorneys' and paralegals' fees) arising out of any and all claims or demands with respect to any brokerage fees or agent's commissions or other compensation asserted by any person, firm or corporation in connection with this Contract or the transaction contemplated hereby arising from any action on the part of Seller.

21. EFFECT ON OTHER AGREEMENTS. Seller and Buyer acknowledge that nothing contained in this Contract shall modify or affect the provisions of any other agreement to which either Seller or Buyer may be a party executed in connection with Buyer's issuance of the 2017 Bonds, including but not limited to that certain Acquisition Agreement (2017 Bonds) between Seller and Buyer.

[Signatures on following page]

IN WITNESS WHEREOF the parties have hereunto set their hands and seals the day and year set forth below their signatures.

"SELLER"	"BUYER"
VK AVALON GROVES LLC, a Delaware limited liability company By: The Kolter Group LLC, a Florida limited liability company As its Manager	AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
Date executed by Seller: February ___, 2017	Date executed by Buyer: February ___, 2017

SCHEDULE OF EXHIBITS

Exhibit A - Depiction of the Land
Exhibit B - Acreage Calculation Spreadsheet
Exhibit C - Form of Escrow Agreement
Exhibit D - Form of Deed
Exhibit E - Form of General Assignment

EXHIBIT A

DEPICTION OF THE LAND

[See Attached]

EXHIBIT B

ACREAGE CALCULATION SPREADSHEET

[See Attached]

EXHIBIT C

FORM OF ESCROW AGREEMENT

[See Attached]

EXHIBIT D

FORM OF DEED

This instrument prepared by,
And when recorded, return to:

Jason E. Merritt, Esq.
Hopping Green & Sams, P.A.
119 South Monroe Street, Suite 300
Tallahassee, FL 32301

Property appraisers parcel identification (Folio) numbers:

SPECIAL WARRANTY DEED

THIS INDENTURE is made this _____ day of _____, 20__, by and between **VK AVALON GROVES LLC**, a Delaware limited liability company, whose address is 701 South Olive Avenue, Suite 104, West Palm Beach, Florida 33401 ("Grantor"); and **AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes, whose address is c/o Development Planning & Financing Group, Inc., 1060 Maitland Center Commons, Suite 340, Maitland, Florida 32751 ("Grantee"). The words "Grantor" and "Grantee" include the neuter, masculine and feminine genders, and the singular and the plural.

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the sum of Ten Dollars ($10.00) in hand paid to Grantor by Grantee at and before the execution, sealing and delivery hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, convey and confirm unto Grantee, and the successors, legal representatives and assigns of Grantee, all that tract or parcel of land lying and being in Lake County, Florida, being more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "Property").

TO HAVE AND TO HOLD the Property, together with any and all of the rights, members and appurtenances thereof to the same being, belonging or in anywise appertaining to the only proper use, benefit and behoof of Grantee forever, in fee simple; and

This conveyance is subject to the matters listed on Exhibit B, attached hereto and incorporated herein by this reference ("Permitted Exceptions"); provided, however, that the reference to the Permitted Exceptions shall not be deemed to reimpose any of the same.

Grantor does hereby covenant with Grantee that, except as to the Permitted Exceptions, at the time of the delivery of this Deed, the Property is free from any encumbrance made by Grantor, and that Grantor will specially warrant title to the Property and will defend it against the lawful claims of all persons claiming by through or under Grantor, but against none other.

IN WITNESS WHEREOF, Grantor has caused its duly authorized representative to execute, seal and deliver this indenture, all the day and year first written above.

Signed, sealed and delivered
in the presence of:

Witness:

_____
Name: _____

Witness:

_____
Name: _____

GRANTOR:

VK AVALON GROVES LLC, a Delaware limited liability company

By: The Kolter Group LLC, a Florida limited liability company
As its: Manager

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as _____ of The Kolter Group LLC, a Florida limited liability company, as Manager of VK Avalon Groves LLC, a Delaware limited liability company, on behalf of the companies. He/She is personally known to me or has produced _____ as identification.

_____
Notary Public
Name: _____
State of Florida at Large
Commission Expires: _____

(NOTARY SEAL)

Exhibit A to Deed

Exhibit B to Deed

EXHIBIT E

FORM OF GENERAL

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made this ____ day of _____, 2016 (the "Effective Date"), by and between **VK AVALON GROVES LLC**, a Delaware limited liability limited partnership ("Assignor"), and **AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor has on the date hereof conveyed unto Assignee certain real property lying and being in Lake County, Florida, more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "Land"); and

WHEREAS, in connection with the conveyance of the Land, Assignor and Assignee intend that certain related assets with respect to the Land be assigned and transferred by Assignor to Assignee.

NOW, THEREFORE, in consideration of the foregoing premises, the sum of Ten and No/100 Dollars ($10.00) in hand paid by Assignee to Assignor at and before the execution, sealing and delivery hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby convey and agree, and Assignee does hereby agree, as follows:

1. Assignment.

(a) As of the Effective Date Assignor hereby assigns, conveys, sets over and transfers to Assignee all rights, title, interest, powers, privileges, benefits and options of Assignor, if any, or otherwise accruing to the owner of the Land, in, to and under, all of the following (collectively, the "Assigned Interests"):

(i) Plans and Specifications. All architectural and engineering plans, drawings and specifications developed by Assignor pertaining to the Land;

(ii) Licenses and Permits. All of the right, title, interest, powers, privileges, benefits and options of Assignor, or otherwise accruing to the owner of the Land, in, to and under any and all certificates of occupancy, licenses, permits, and other governmental approvals pertaining to the Land, and the use thereof;

(iii) Warranties. All existing warranties pertaining to the Land, to the extent assignable; and

(iv) Entitlements. All (A) land use approvals, permits, licenses and authorizations, and applications therefor, whether approved or in process; (B) development rights, trip generation rights, transportation concurrency rights, allocations of development density or other similar rights allocated to or attributable to the Land or the Improvements; (C) utility capacity allocated to or attributable to the Land; whether the matters described in the preceding clauses (A), (B), and (C) arise under or pursuant to governmental requirements, administrative or formal action by governmental authorities, or agreement with governmental authorities or third parties.

(b) Assignor does not warrant the quality or nature of Assignor's title to or ownership of the Assigned Interests. Assignor does warrant that Assignor has not previously transferred, sold, conveyed, assigned or encumbered Assignor's interest, if any, in the Assigned Interests.

2. Acceptance. Assignee hereby accepts the assignment of the Assigned Interests as of the Effective Date.

3. Indemnification.

(a) Assignor shall, and does hereby, indemnify, defend and forever hold harmless Assignee from, against, and in respect of any and all liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including reasonable and actual attorneys' fees and disbursements) suffered, incurred or sustained by Assignee as a result, by reason of or in connection with: (i) the acts or omissions of Assignor with respect to the Assigned Interests prior to the Effective Date; or (ii) the duties or obligations of Assignor under or with respect to the Assigned Interests arising prior to the Effective Date.

(b) Subject to and without waiver of the provisions of Section 768.28, Florida Statutes, Assignee shall, and does hereby, indemnify, defend and forever hold harmless Assignor from, against, and in respect of any and all liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including reasonable and actual attorneys' fees and disbursements) suffered, incurred or sustained by Assignor as a result, by reason of or in connection with: (i) the acts or omissions of Assignee with respect to the Assigned Interests from and after the Effective Date; or (ii) the duties or obligations of Assignee under or with respect to the Assigned Interests arising from and after the Effective Date.

4. Further Assurances. Assignor shall do all such additional and further acts, and shall execute and deliver all such additional and further instruments and documents, as Assignee or Assignee's counsel may reasonably require fully to vest in and assure to Assignee full right, title and interest in and to the Assigned Interests to the full extent contemplated by this Assignment.

5. Miscellaneous. This Assignment shall be binding upon and enforceable against, and shall inure to the benefit of, Assignor and Assignee and their respective legal representatives, successors and assigns. This Assignment shall be governed by, construed under and interpreted and enforced in accordance with the laws of the State of Florida. This Assignment may be

executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Signatures on following page]

IN WITNESS WHEREOF, Assignor has caused its duly authorized representative, to execute, seal and deliver this Assignment, and Assignee has caused its duly authorized representatives to execute, seal and accept delivery of this Assignment, all the day and year first written above.

Signed, sealed and delivered
in the presence of:

Witness:

_____

Name: _____

Witness:

_____

Name: _____

ASSIGNOR:

VK AVALON GROVES LLC, a Delaware limited company

By: The Kolter Group LLC, a Florida limited liability company
As its: Manager

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as _____ of The Kolter Group LLC, a Florida limited liability company, as Manager of VK Avalon Groves LLC, a Delaware limited liability company, on behalf of the companies. He/She is personally known to me or has produced _____ as identification.

_____
Notary Public
Name: _____

State of Florida at Large

Commission Expires: _____

(NOTARY SEAL)

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURES CONTINUE FROM PREVIOUS PAGE]

Signed, sealed and delivered
in the presence of:

Witness:

_____

Name: _____

Witness:

_____

Name: _____

ASSIGNEE:

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes.

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as Chairman/Vice Chairman of the Avalon Groves Community Development District, a local unit of special purpose government established pursuant to Chapter 190, Florida Statutes, on behalf of the District. He/She is personally known to me or has produced _____ as identification.

_____
Notary Public
Name: _____

State of Florida at Large

Commission Expires: _____

(NOTARY SEAL)

Exhibit A to General Assignment

SECOND SUPPLEMENTAL TRUST INDENTURE

BETWEEN

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

AND

REGIONS BANK

as Trustee

Dated as of _____ 1, 2017

Authorizing and Securing
$_____
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(ASSESSMENT AREA TWO PROJECT)

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THIS SECOND SUPPLEMENTAL TRUST INDENTURE (the "Second Supplemental Indenture"), dated as of _____ 1, 2017 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, a 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 bank or trust company becoming successor trustee under this Second 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 and becoming effective on April 27, 2016; 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 certain 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 certain 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 in one or more Series (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 supplemental indenture; and

WHEREAS, the Issuer has determined to create three (3) separate and distinct assessment areas within the District, namely the "Assessment Area One," "Assessment Area Two" and "Assessment Area Three"; and

WHEREAS, to the extent not constructed by the Issuer, VK Avalon Groves LLC, a Florida limited liability company (the "Developer") is the master developer of a residential community to be located within the District and may construct all of the public infrastructure necessary to serve such residential community which will be built in multiple phases (herein, the "Development"), and a portion of such public infrastructure is necessary to develop Assessment Area Two, which will be constructed and/or purchased by the Issuer with a portion of the proceeds of the herein described Series 2017A-1 Bonds (such public infrastructure as described on Exhibit A is herein collectively referred to as the "Assessment Area Two Project"); and

WHEREAS, the Issuer has determined to issue the first Series of Bonds with respect to the financing of a portion of the Assessment Area Two Project designated as the Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Series 2017A-1 Bonds"), pursuant to the Master Indenture and this Second Supplemental Indenture (hereinafter sometimes collectively referred to as the "A-1 Indenture"); and

WHEREAS, the Issuer has also determined to issue a second Series of Bonds, with respect to financing all or a portion of the Assessment Area Two Project not financed with the Series 2017A-1 Bonds, designated as the Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Series 2017A-2 Bonds), pursuant to the Master Indenture and the Third Supplemental Indenture (as hereinafter defined) (hereinafter sometimes referred to as the "A-2 Indenture"); and

WHEREAS, the Series 2017A-1 Bonds and Series 2017A-2 Bonds are collectively referred to as the "Series 2017A Bonds"; and

WHEREAS, in the manner provided herein, the proceeds of the Series 2017A-1 Bonds will be used to provide funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20XX, (iii) the funding of the Series 2017A-1 Reserve Account, and (iv) the payment of the costs of issuance of the Series 2017A Bonds; and

WHEREAS, the Series 2017A-1 Bonds will be secured by a pledge of Series 2017A-1 Pledged Revenues (as hereinafter defined) to the extent provided herein; and

WHEREAS, the Series 2017-2 Bonds will be secured by a pledge of Series 2017A-2 Pledged Revenues (as defined in the Third Supplemental Indenture).

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2017A-1 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 2017A-1 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2017A-1 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 Series 2017A-1 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 2017A-1 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 2017A-1 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2017A-1 Bonds issued and to be issued under this Second Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this Second Supplemental Indenture) of any one Series 2017A-1 Bond over any other Series 2017A-1 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 2017A-1 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 2017A-1 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 Second Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Second Supplemental Indenture to be and remain in full force and effect.

ARTICLE I
DEFINITIONS

In this Second 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:

"A-2 Indenture" shall mean the Master Indenture and the Third Supplemental Indenture.

"Acquisition Agreement" shall mean that certain Acquisition and Completion Agreement relating to the acquisition of the Assessment Area Two 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 _____ ___, 2017, relating to certain restrictions on arbitrage under the Code with respect to the Series 2017A Bonds.

"Assessment Area Two" shall mean an assessment area within the District that the Issuer will levy both the Series 2017A-1 Special Assessments and Series 2017A-2 Special Assessments as such area is described in the Assessment Resolutions.

"Assessment Resolutions" shall mean Resolution No. 2017-03, Resolution No. 2017-04 and Resolution No. 2017-_____ of the Issuer adopted on October 27, 2016, October 27, 2016 and December 22, 2016, respectively, as amended and supplemented from time to time.

"Authorized Denomination" shall mean, with respect to the Series 2017A-1 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 2017A-1 Bonds at the time of initial delivery of the Series 2017A-1 Bonds, such beneficial owner must

execute and deliver to the Issuer and the Underwriter on the date of delivery of the Series 2017A-1 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 1936, 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 2017A-1 Bonds, which will be paid, or is expected to be paid, from the proceeds of the Series 2017A-1 Bonds.

"Collateral Assignment" shall mean that certain instrument executed by the Developer in favor of the Issuer whereby all of the Project Documents and other material documents necessary to complete that portion of the Development within Assessment Area Two (comprising all of the development planned for Assessment Area Two including any recreational amenities) are collaterally assigned as security for the Developer's obligation to pay the Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments imposed against lands within the Assessment Area Two owned by the Developer, any successor thereto or builders from time to time.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2017A Bonds, dated _____ __, 2017, 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 2017A Bonds.

"Defeasance Securities" shall mean, with respect to the Series 2017A-1 Bonds, to the extent permitted by law, (a) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) hereof), and (b) direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury) which are non-callable and non-prepayable.

"District Manager" shall mean DPFG Management and Consulting, LLC, and its successors and assigns.

"Indenture" or "A-1 Indenture" shall mean collectively, the Master Indenture and this Second Supplemental Indenture.

"Interest Payment Date" shall mean May 1 and November 1 of each year commencing _____ 1, 2017, each Quarterly Redemption Date and any other date the principal of the Series 2017A-1 Bonds is paid.

"Majority Holders" means the beneficial owners of more than fifty percent (50%) of the Outstanding Series 2017A-1 Bonds.

"Master Indenture" shall mean the Master Trust Indenture, dated as of _____ 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 2017A-1 Bonds (as opposed to supplements or amendments relating to any other Series of Bonds).

"Paying Agent" shall mean Regions Bank, and its successors and assigns as Paying Agent hereunder.

"Prepayment" shall mean the payment by any owner of property within Assessment Area Two of the amount of the Series 2017A-1 Special Assessments encumbering its property, in whole or in part, prior to its scheduled due date, including optional prepayments. The term "Prepayment" also means any proceeds received as a result of accelerating and/or foreclosing the Series 2017A-1 Special Assessments. "Prepayments" shall include, without limitation, Series 2017A-1 Prepayment Principal.

"Pro-Rata" shall mean the ratio of the Outstanding principal amount of the Series 2017A-1 Bonds over the Outstanding principal amount of the Series 2017A-1 Bonds and the Seies 2017A-2 Bonds.

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

"Redemption Price" shall mean the principal amount of any Series 2017A-1 Bond payable upon redemption thereof pursuant to this Second 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, (ii) Resolution No. 2017-12 of the Issuer adopted on January 18, 2017, pursuant to which the Issuer authorized, among other things, the issuance of the Series 2017A Bonds in an aggregate principal amount of $20,000,000 to finance the acquisition of all or a portion of the Assessment Area Two Project, specifying the details of the Series 2017A Bonds and awarding the Series 2017A Bonds to the Underwriter of the Series 2017A Bonds, pursuant to the parameters established thereunder, and (iii) Resolution No. 2017-__ the Issuer adopted on February ___, 2017 amending and supplementing the Delegation Resolution.

"Second Supplemental Indenture" shall mean this Second Supplemental Indenture dated as of _____ 1, 2017 by and between the Issuer and the Trustee and pursuant to which, together with the Master Indenture, the Series 2017A-1 Bonds have been issued.

"Series 2017A-1 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 Second Supplemental Indenture.

"Series 2017A-1 Bond Redemption Account" shall mean the Series 2017A-1 Bond Redemption Account established as a separate Account within the Bond Redemption Fund pursuant to Section 4.01(g) of this Second Supplemental Indenture.

"Series 2017A-1 Bonds" shall mean the $_____ aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), to be issued as fully registered Bonds in accordance with the provisions of the Master Indenture and this Second Supplemental Indenture, and secured and authorized by the Master Indenture and this Second Supplemental Indenture.

"Series 2017A-1 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 this Second Supplemental Indenture.

"Series 2017A-1 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 Second Supplemental Indenture.

"Series 2017A-1 General Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017A-1 Bond Redemption Account pursuant to Section 4.01(g) of this Second Supplemental Indenture.

"Series 2017A-1 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 Second Supplemental Indenture .

"Series 2017A-1 Optional Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017A-1 Bond Redemption Account pursuant to Section 4.01(g) of this Second Supplemental Indenture.

"Series 2017A-1 Pledged Revenues" shall mean (a) all revenues received by the Issuer from the Series 2017A-1 Special Assessments levied and collected on certain assessable lands within Assessment Area Two of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2017A-1 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2017A-1 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the A-1 Indenture created and established with respect to or for the benefit of the Series 2017A-1 Bonds; provided, however, that Series 2017A-1 Pledged Revenues shall not include (A) any moneys transferred to the Series 2017A-1 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2017A-1 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).

"Series 2017A-1 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of the Series 2017A-1 Special Assessments being prepaid pursuant to Section 4.05 of this Second Supplemental Indenture or as a result of an acceleration of the Series 2017A-1 Special Assessments pursuant to Section 170.10, Florida Statutes, if such Series 2017A-1 Special Assessments are being collected through a direct billing method.

"Series 2017A-1 Prepayment Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017A-1 Bond Redemption Account pursuant to Section 4.01(g) of this Second Supplemental Indenture.

"Series 2017A-1 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 Second Supplemental Indenture.

"Series 2017A-1 Rebate Fund" shall mean the Fund so designated, established pursuant to Section 4.01(j) of this Second Supplemental Indenture.

"Series 2017A-1 Reserve Account" shall mean the Series 2017A-1 Reserve Account established as a separate Account within the Debt Service Reserve Fund pursuant to Section 4.01(f) of this Second Supplemental Indenture.

"Series 2017A-1 Reserve Requirement" or "Reserve Requirement" shall mean an amount equal to _____% of the maximum annual debt service with respect to the initial principal amount of the Series 2017A-1 Bonds determined on the date of issuance. Any amount in the Series 2017A-1 Reserve Account may, upon final maturity or redemption of all Outstanding Series 2017A-1 Bonds be used to pay principal of and interest on the Series 2017A-1 Bonds at that time. The Series 2017A-1 Reserve Requirement shall be equal to $_____.

"Series 2017A-1 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 Second Supplemental Indenture.

"Series 2017A-1 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 Second Supplemental Indenture.

"Series 2017A-1 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area Two of the District as a result of the Issuer's acquisition and/or construction of a portion of the Assessment Area Two Project, corresponding in amount to the debt service on the Series 2017A-1 Bonds and designated as such in the methodology report relating thereto.

"Series 2017A-2 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 the Third Supplemental Indenture.

"Series 2017A-2 Bonds" shall mean the $_____ aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project), to be issued as fully registered Bonds in accordance with the provisions of the Master Indenture and the Third Supplemental Indenture, and secured and authorized by the Master Indenture and the Third Supplemental Indenture.

"Series 2017A-2 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area Two of the District as a result of the Issuer's acquisition and/or construction of a portion of the Assessment Area Two Project, corresponding in amount to the debt service on the Series 2017A-2 Bonds and designated as such in the methodology report relating thereto.

"Substantially Absorbed" shall mean the date when at least 90% of the principal portion of the Series 2017A-1 Special Assessments have been assigned to residential units within Assessment Area Two that have received certificates of occupancy.

"Third Supplemental Indenture" shall mean that certain Third Supplemental Indenture dated as of _____ 1, 2017 by and between the Issuer and the Trustee and pursuant to which, together with the Master Indenture, the Series 2017A-2 Bonds have been issued.

"Underwriter" shall mean FMSbonds, Inc., the underwriter of the Series 2017A-1 Bonds.

The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the form of Series 2017A-1 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 2017A-1 BONDS

SECTION 2.01. Amounts and Terms of Series 2017A-1 Bonds; Issue of Series 2017A-1 Bonds. No Series 2017A-1 Bonds may be issued under this Second 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 2017A-1 Bonds that may be issued under this Second Supplemental Indenture is expressly limited to $_____. The Series 2017A-1 Bonds shall be numbered consecutively from RA1-1 and upwards.

(b) Any and all Series 2017A-1 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 2017A-1 Bonds upon execution of this Second 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 2017A-1 Bonds and deliver them as specified in the request.

SECTION 2.02. Execution. The Series 2017A-1 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2017A-1 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2017A-1 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 2017A-1 Bonds.

(a) The Series 2017A-1 Bonds are being issued hereunder in order to provide funds (i) for the payment of the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) to fund the Series 2017A-1 Reserve Account in an amount equal to the Series 2017A-1 Reserve Requirement; (iii) to fund Capitalized Interest through at least November 1, 20XX; and (iv) to pay the costs of issuance of the Series 2017A-1 Bonds. The Series 2017A-1 Bonds shall be designated "Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2017A-1 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2017A-1 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2017A-1 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 [May 1, 2017], 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 Second Supplemental Indenture in connection with a book entry only system of registration of the Series 2017A-1 Bonds, the principal or Redemption Price of the Series 2017A-1 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 2017A-1 Bonds. Except as otherwise provided in Section 2.07 of this Second Supplemental Indenture in connection with a book entry only system of registration of the Series 2017A-1 Bonds, the payment of interest on the Series 2017A-1 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 Bonds.

(a) The Series 2017A-1 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 2017A-1 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 2017A-1 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2017A-1 Bond Proceeds. From the net proceeds of the Series 2017A-1 Bonds received by the Trustee in the amount of $_____, .

(a) $_____ derived from the net proceeds of the Series 2017A-1 Bonds (which is an amount equal to the Series 2017A-1 Reserve Requirement) shall be deposited in the Series 2017A-1 Reserve Account of the Debt Service Reserve Fund;

(b) $_____ derived from the net proceeds of the Series 2017A-1 Bonds shall be deposited into the Series 2017A-1 Capitalized Interest Account to pay Capitalized Interest;

(c) $_____ derived from the net proceeds of the Series 2017A-1 Bonds shall be deposited into the Series 2017A-1 Costs of Issuance Account of the Acquisition and Construction Fund for payment of the costs of issuing the Series 2017A-1 Bonds; and

(d) $_____ representing the balance of the net proceeds of the Series 2017A-1 Bonds shall be deposited in the Series 2017A-1 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 2017A-1 Bonds. The Series 2017A-1 Bonds shall be issued as one fully registered bond for each maturity of Series 2017A-1 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 2017A-1 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 2017A-1 Bonds ("Beneficial Owners").

Principal and interest on the Series 2017A-1 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 2017A-1 Bonds, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2017A-1 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 2017A-1 Bonds in the form of fully registered Series 2017A-1 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 2017A-1 Bonds may be exchanged for an equal aggregate principal amount of Series 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2017A-1 Bonds, all the Series 2017A-1 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 Second 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 and/or purchase the Assessment Area Two Project being financed with the proceeds of the Series 2017A-1 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 Assessment Area Two Project, (iii) all proceedings undertaken by the Issuer with respect to the Series 2017A-1 Special Assessments have been in accordance with Florida law, (iv) the Issuer has taken all action necessary to levy and impose the Series 2017A-1 Special Assessments, and (v) the Series 2017A-1 Special Assessments are legal, valid and binding liens upon the property against which such Series 2017A-1 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 2017A-1 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this Second Supplemental Indenture;

(e) An opinion of Bond Counsel;

(f) A certificate of the Issuer's methodology consultant that the benefit from the proposed Assessment Area Two Project equals or exceeds the amount of corresponding Series 2017A-1 Special Assessments and Series 2017A-2 Special Assessments, that the Series 2017A-1 Special Assessments are fairly and reasonably allocated across the land that are subject to the Series 2017A-1 Special Assessments, and that the Series 2017A-1 Special Assessments are sufficient to pay the Debt Service on the Series 2017A-1 Bonds; and

(g) A copy of the Collateral Assignment.

[END OF ARTICLE II]

ARTICLE III
REDEMPTION OF SERIES 2017A-1 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2017A-1 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 2017A-1 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2017A-1 Bonds are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall select the Series 2017A-1 Bonds or portions of the Series 2017A-1 Bonds to be redeemed by lot. Partial redemptions of Series 2017A-1 Bonds shall be made in such a manner that the remaining Series 2017A-1 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2017A-1 Bond.

The Series 2017A-1 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 2017A-1 Bonds shall be made on the dates specified below.

(a) Optional Redemption. The Series 2017A-1 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, ____ (less than all Series 2017A-1 Bonds of a maturity to be selected randomly), at a Redemption Price equal to the principal amount of Series 2017A-1 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 2017A-1 Optional Redemption Subaccount of the Series 2017A-1 Bond Redemption Account.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2017A-1 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 2017A-1 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2017A-1 Prepayment Principal deposited into the Series 2017A-1 Prepayment Subaccount of the Series 2017A-1 Bond Redemption Account following the payment in whole or in part of Series 2017A-1 Special Assessments on any assessable property within Assessment Area Two of the District in accordance with the provisions of Section 4.05(a) of this Second Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-1 Funds, Accounts and Subaccounts in the Funds and Accounts (other than the Series 2017A-1 Rebate Fund and the Series 2017A-1 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2017A-1 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the A-1 Indenture.

(iii) Upon the Completion Date, from any funds remaining on deposit in the Series 2017A-1 Acquisition and Construction Account not otherwise reserved to complete a portion of the Assessment Area Two Project and which have been transferred to the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account.

(c) Mandatory Sinking Fund Redemption. The Series 2017A-1 Bonds maturing on November 1, _____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 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 2017A-1 Bonds maturing on November 1, _____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 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 2017A-1 Bonds maturing on November 1, ____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 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

The Series 2017A-1 Bonds maturing on November 1, _____ are subject to mandatory sinking fund redemption from the moneys on deposit in the Series 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 Bonds under any provision of this Second Supplemental Indenture or directed to redeem Series 2017A-1 Bonds by the Issuer, the Trustee shall give or cause to be given to Owners of the Series 2017A-1 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 2017A-1 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 2017A-1 Acquisition and Construction Account." Proceeds of the Series 2017A-1 Bonds shall be deposited into the Series 2017A-1 Acquisition and Construction Account in the amount set forth in Section 2.06 of this Second Supplemental Indenture, together with any moneys transferred to the Series 2017A-1 Acquisition and Construction Account, and such moneys in the Series 2017A-1 Acquisition and Construction Account shall be applied as set forth in Section 5.01 of the Master Indenture. Moneys on deposit in the Series 2017A-1 Acquisition and Construction Account shall be requisitioned Pro-Rata with the money on deposit in the Series 2017A-2 Acquisition and Construction Account created and established under the A-2 Indenture. After the Completion Date, any moneys remaining in the Series 2017A-1 Acquisition and Construction Account, 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 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account. 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 2017A-1 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 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 2017A-1 Costs of Issuance Account." Proceeds of the Series 2017A-1 Bonds shall be deposited into the Series 2017A-1 Costs of Issuance Account in the amount set forth in Section 2.06 of this Second 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 2017A-1 Costs of Issuance Account to pay the costs of issuing the Series 2017A-1 Bonds. Six months after the issuance of the Series 2017A-1 Bonds, any moneys remaining in the Series 2017A-1 Costs of Issuance Account in excess of the actual costs of issuing the Series 2017A-1 Bonds requested to be disbursed by the Issuer shall be deposited into the Series 2017A-1 Interest Account. Any deficiency in the amount allocated to pay the cost of issuing the Series 2017A-1 Bonds shall be paid from excess Series 2017A-1 Pledged Revenues on deposit in the Series 2017A-1 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 2017A-1 Revenue Account." Series 2017A-1 Special Assessments (except for Prepayments of Series 2017A-1 Special Assessments which shall be identified as such by the Issuer in writing to the Trustee and deposited in the Series 2017A-1 Prepayment Subaccount) shall be deposited by the Trustee into the Series 2017A-1 Revenue Account which shall be applied as set forth in Section 6.03 of the Master Indenture and Section 4.02 of this Second 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 2017A-1 Principal Account." Moneys shall be deposited into the Series 2017A-1 Principal Account as provided in Section 6.04 of the Master Indenture and Section 4.02 of this Second Supplemental Indenture, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish two (2) separate Accounts within the Debt Service Fund designated as the "Series 2017A-1 Interest Account" and the "Series 2017A-1 Capitalized Interest Account." Moneys deposited into the Series 2017A-1 Interest Account and Series 2017A-1 Capitalized Interest Account pursuant to Section 6.04 of the Master Indenture and Sections 2.06 and 4.02 of this Second 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 2017A-1 Sinking Fund Account." Moneys shall be deposited into the Series 2017A-1 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 Second Supplemental Indenture.

(f) Pursuant to Section 6.05 of the Master Indenture, the Trustee shall establish a separate Account within the Reserve Fund designated as the "Series 2017A-1 Reserve Account." Proceeds of the Series 2017A-1 Bonds shall be deposited into the Series 2017A-1 Reserve Account in the amount set forth in Section 2.06 of this Second Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2017A-1 Reserve Account shall be applied for the purposes provided therein and in this Section 4.01(f) of this Second Supplemental Indenture. All investment earnings on moneys in the Series 2017A-1 Reserve Account shall remain on deposit therein.

Notwithstanding any of the foregoing, amounts on deposit in the Series 2017A-1 Reserve Account shall be transferred by the Trustee, in the amounts directed in writing by the Majority Holders of the Series 2017A-1 Bonds to the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 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 Series 2017A-1 Special Assessments and applied to redeem a portion of the Series 2017A-1 Bonds is less than the principal amount of Series 2017A-1 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 2017A-1 Bond Redemption Account" and within such Account, a "Series 2017A-1 General Redemption Subaccount," a "Series 2017A-1 Optional Redemption Subaccount," and a "Series 2017A-1 Prepayment Subaccount." Except as otherwise provided in this Second Supplemental Indenture regarding Prepayments or in connection with the optional redemption of the Series 2017A-1 Bonds, moneys to be deposited into the Series 2017A-1 Bond Redemption Account as provided in Section 6.06 of the Master Indenture, shall be deposited to the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account.

(h) Moneys that are deposited into the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account (including all earnings on investments held therein) shall be used to call Series 2017A-1 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 2017A-1 Prepayment Subaccount of the Series 2017A-1 Bond Redemption Account (including all earnings on investments held in such Series 2017A-1 Prepayment Subaccount of the Series 2017A-1 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 2017A-1 Bonds equal to the amount of money transferred to the Series 2017A-1 Prepayment Subaccount of the Series 2017A-1 Bond Redemption Account, subject to rounding to the nearest Authorized Denomination, 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 2017A-1 Rebate Fund designated as the "Series 2017A-1 Rebate Fund." Moneys shall be deposited into the Series 2017A-1 Rebate Fund, as provided in the Arbitrage Certificate and applied for the purposes provided therein.

(k) Moneys on deposit in the Series 2017A-1 Optional Redemption Subaccount shall be used to optionally redeem all or a portion of the Series 2017A-1 Bonds pursuant to Section 3.01(a) hereof.

SECTION 4.02. Series 2017A-1 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2017A-1 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 May 1 commencing _____ 1, 2017, to the Series 2017A-1 Interest Account of the Debt Service Fund, an amount from the Series 2017A-1 Revenue Account equal to the interest on the Series 2017A-1 Bonds becoming due on the next succeeding May 1, less any amounts on deposit in the Series 2017A-1 Capitalized Interest Account or the Series 2017A-1 Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each November 1 commencing _____ 1, 2017, to the Series 2017A-1 Interest Account of the Debt Service Fund, an amount from the Series 2017A-1 Revenue Account equal to the interest on the Series 2017A-1 Bonds becoming due on the next succeeding November 1, less any amount on deposit in the Series 2017A-1 Capitalized Interest Account or the Series 2017A-1 Interest Account not previously credited;

THIRD, no later than the Business Day next preceding each November 1, commencing November 1, 20XX, to the Series 2017A-1 Sinking Fund Account of the Debt Service Fund, an amount from the Series 2017A-1 Revenue Account equal to the principal amount of Series 2017A-1 Bonds subject to sinking fund redemption on such

November 1, less any amount on deposit in the Series 2017A-1 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 2017A-1 Bonds, to the Series 2017A-1 Principal Account of the Debt Service Fund, an amount from the Series 2017A-1 Revenue Account equal to the principal amount of Series 2017A-1 Bonds Outstanding maturing on such November 1, less any amounts on deposit in the Series 2017A-1 Principal Account not previously credited;

FIFTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2017A-1 Bonds remain Outstanding, to the Series 2017A-1 Reserve Account, an amount from the Series 2017A-1 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Series 2017A-1 Bonds; and

SIXTH, notwithstanding the foregoing, at any time the Series 2017A-1 Bonds are subject to redemption on a date which is not a Quarterly Redemption Date, the Trustee shall be authorized to transfer from the Series 2017A-1 Revenue Account to the Series 2017A-1 Interest Account, the amount necessary to pay interest on the Series 2017A-1 Bonds subject to redemption on such date; 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 2017A-1 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2017A-1 Bonds and next, any balance in the Series 2017A-1 Revenue Account shall remain on deposit in such Series 2017A-1 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the Series 2017A-1 Rebate Fund, in which case, the Issuer shall direct the Trustee to make such deposit thereto.

Notwithstanding that the Issuer has funded the Series 2017A-1 Capitalized Interest Account to pay interest on the Series 2017A-1 Bonds through at least _____ 1, _____, moneys on deposit in the Series 2017A-1 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 2017A-1 Bonds on any subsequent Interest Payment Date if moneys remain after _____ 1, _____. 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 2017A-1 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2017A-1 Bonds, to execute and deliver the Indenture and to pledge the Series 2017A-1 Pledged Revenues for the benefit of the Series 2017A-1 Bonds to the extent set forth herein. The Series 2017A-1 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 2017A-1 Bonds, except the lien created by the Series 2017A-2 Special Assessments and as otherwise permitted under the Master Indenture. The Series 2017A-1 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 2017A-1 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Assessment Area Two Project to Conform to Consulting Engineers Report. Upon the issuance of the Series 2017A-1 Bonds, the Issuer will promptly proceed to construct or acquire the Assessment Area Two 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 2017A-1 Special Assessment Liens.

(a) At any time any owner of property subject to the Series 2017A-1 Special Assessments may, at its option, or as a result of acceleration of the Series 2017A-1 Special Assessments because of non-payment thereof, or by operation of law or contractually, including true-up payments, and shall require the Issuer to reduce or release and extinguish the lien upon its property by virtue of the levy of the Series 2017A-1 Special Assessments by paying or causing there to be paid, to the Issuer all or a portion of the Series 2017A-1 Special Assessment, which shall constitute Series 2017A-1 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 Series 2017A-1 Special Assessment owned by such owner.

(b) Upon receipt of Series 2017A-1 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 District that the Series 2017A-1 Special Assessment has been paid in whole or in part and that such Series 2017A-1 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 Series 2017A-1 Special Assessments. Pursuant to the terms and provisions of the Master Indenture, the Issuer shall collect the Series 2017A-1 Special Assessments relating to the acquisition and construction of the Assessment Area Two Project through the Uniform Method of Collection (the "Uniform Method") afforded by Chapter 197, Florida Statutes. Pursuant to the terms and provisions of the Master Indenture, the Issuer shall, pursuant to the provisions of the Assessment Resolutions, directly collect the Series 2017A-1 Special Assessments levied in lieu of the Uniform Method with respect to any assessable lands which have not yet been platted or for platted lots that are owned by the Developer, unless the Trustee at the direction of the Majority Holders directs the Issuer otherwise or the timing for using the Uniform Method will not yet allow for using such method. In addition, and not in limitation of, the covenants contained elsewhere in this Second Supplemental Indenture and in the Master Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2017A-1 Special Assessments, and to levy the Series 2017A-1 Special Assessments in such manner as will generate funds sufficient to pay debt service on the Series 2017A-1 Bonds when due. All Series 2017A-1 Special Assessments that are collected directly by the Issuer shall be due and payable by the Developer 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 2017A-1 Accounts and subaccounts therein created hereunder and Funds relating thereto.

SECTION 5.04. Additional Obligations. The Issuer covenants not to issue any other Bonds or other debt obligation secured by Series 2017A-1 Special Assessments. In addition, the Issuer covenants not to issue any other Bonds or other debt obligations secured by any Special Assessments levied against any assessable lands within Assessment Area Two, other than the Series 2017A-2 Bonds until the Series 2017A-1 Special Assessments have been Substantially Absorbed and all of the Series 2017A-2 Bonds have been paid in full. Such covenant of the Issuer will not prevent the Issuer from issuing refunding bonds or preclude the Issuer from imposing Special Assessments or other non–ad valorem assessments on any lands within Assessment Area Two in connection with capital projects that are necessary for health, safety or welfare reasons or to remediate any natural disaster. The Issuer and the Trustee may rely on a written certificate from the District Manager regarding the Series 2017A-1 Special Assessments having been Substantially Absorbed.

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 2017A-1 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 2017A-1 Bonds, the Series 2017A-1 Bonds are payable solely from the Series 2017A-1 Pledged Revenues and any other moneys held by the Trustee under the Indenture for such purpose. Anything in the Indenture to the contrary notwithstanding, the Issuer hereby acknowledges that, upon the occurrence of an Event of Default with respect to the Series 2017A-1 Bonds, (i) the 2017A-1 Pledged Revenues include, without limitation, all amounts on deposit in the Series 2017A-1 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) the Series 2017A-1 Pledged Revenues may not be used by the Issuer (whether to pay costs of the Assessment Area Two Project or otherwise) without the consent of the Majority Holders, and (iii) the Series 2017A-1 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 upon an Event of Default the Trustee is authorized to exercise the Issuer's right 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 construction and/or acquisition of the Assessment Area Two Project upon the occurrence of an Event of Default without the written direction of the Majority Holders.

SECTION 5.07. Application of Section 9.31 of Master Indenture. With respect to the Series 2017A Bonds, the covenants of Section 9.31 of the Master Indenture shall not require the Issuer to impose additional assessments, taxes, or other similar amounts, the imposition of which would require an action of the governing body of the Issuer.

[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 2017A-1 Bonds.

SECTION 6.02. Trustee's Duties. The Trustee shall not be responsible in any manner for the due execution of this Second Supplemental Indenture by the Issuer or for the recitals contained herein (except for the certificate of authentication on the Series 2017A-1 Bonds), all of which are made solely by the Issuer. Except as otherwise expressly stated in this Second Supplemental Indenture, 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 Second Supplemental Indenture. This Second Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2017A-1 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Second Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Second Supplemental Indenture shall be read and construed as one document.

SECTION 7.02. Amendments. Any amendments to this Second Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

SECTION 7.03. Counterparts. This Second 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 Second Supplemental Indenture are hereby incorporated herein and made a part of this Second 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 2017A-1 Bonds or the date fixed for the redemption of any Series 2017A-1 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 2017A-1 Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Avalon Groves Community Development District has caused this Second 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 [Assistant] Secretary of its Board of Supervisors and Regions Bank has caused this Second 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: _____
Title: Chairperson, Board of Supervisors

By: _____
Name: _____
Title: [Assistant] 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 _____, 2017, before me, a notary public in and for the State and County aforesaid, personally appeared _____ and _____, Chairperson and [Assistant] 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 _____)

On this ____ day of _____, 2017, 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 she 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 ASSESSMENT AREA TWO PROJECT

The Assessment Area Two Project includes, but is not limited to, the following improvements:

Stormwater management and control facilities, including, but not limited to, related earthwork;
Water and wastewater systems;
Onsite and offsite roadway improvements, including street lighting;
Irrigation for public property;
Landscaping in public rights-of-way including, but not limited to, entrance features; and
All related soft and incidental costs.

All as more particularly described in the Consulting Engineer's Report prepared by Heidt Design, LLC dated October 11, 2016 as amended and supplemented from time to time.

EXHIBIT B

[FORM OF SERIES 2017A-1 BOND]

R-1 **$_____**

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF LAKE
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BOND, SERIES 2017A-1
(ASSESSMENT AREA TWO PROJECT)

Interest Rate	Maturity Date	Date of Original Issuance	CUSIP
_____%		_____, 2017	

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 2017A-1 Bonds are in book-entry only form such presentation shall only be required at final maturity or final payment of the Series 2017A-1 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 twelve 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, located in Jacksonville, Florida, 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 _____ 1, 2017 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 _____ 1, 2017, 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 SERIES 2017A-1 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, SERIES 2017A-1 SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE BONDS. THE 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 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 No. 16-16 of the Board of County Commissioners of Lake County, Florida enacted on April 19, 2016 and becoming effective on April 27, 2016, designated as "Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project)" (the "Bonds"), in the aggregate principal amount of _____ MILLION _____ AND 00/100 DOLLARS ($_____) of like date, tenor and effect, except as to number, denomination, interest rate and maturity date. The Series 2017A-1 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 Assessment Area Two Project (as defined in the herein referred to Indenture). The Series 2017A-1 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 _____ 1, 2017 (the "Master Indenture"), as amended and supplemented by a Second Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Second 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 2017A-1 Bonds issued under the Indenture, the operation and application of the Debt Service Fund, the Series 2017A-1 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 2017A-1 Bonds, the levy and the evidencing and certifying for collection, of the Series 2017A-1 Special Assessments, the nature and extent of the security for the Bonds, the terms and conditions on which the Series 2017A-1 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 2017A-1 Bonds, the conditions under which such Indenture may be amended with the consent of the Majority Holders of the Series 2017A-1 Bonds outstanding, and as to other rights and remedies of the registered owners of the Series 2017A-1 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 Series 2017A-1 Special Assessments to be assessed and levied by the Issuer as set forth in the Indenture.

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

This Bond is payable from and secured by Series 2017A-1 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 Series 2017A-1 Special Assessments to secure and pay the Bonds.

The Series 2017A-1 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 2017A-1 Bonds shall be made on the dates specified below. Upon any redemption of Series 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 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 2017A-1 Bonds of a maturity to be selected by lot), at a Redemption Price equal to the principal amount of the Series 2017A-1 Bonds to be redeemed, plus accrued interest from the most recent Interest Payment Date to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2017A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption 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. Such principal amounts shall be reduced as specified by the Issuer by the principal amount of any Series 2017A-1 Bonds redeemed pursuant to optional or extraordinary mandatory redemption as set forth herein or purchased and cancelled pursuant to the provisions of the Indenture.

Year	**Mandatory Sinking Fund Redemption Amount**

_____

*Maturity

The Series 2017A-1 Bonds maturing on November 1, 20__ are subject to mandatory sinking fund redemption 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. Such principal amounts shall be reduced as specified by the Issuer by the principal amount of any Series 2017A-1 Bonds redeemed pursuant to optional or extraordinary mandatory redemption as set forth herein or purchased and cancelled pursuant to the provisions of the Indenture.

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 2017A-1 Prepayment Principal deposited into the Series 2017A-1 Prepayment Subaccount of the Series 2017A-1 Bond Redemption Account following the payment in whole or in part of Series 2017A-1 Special Assessments on any assessable lands within Assessment Area Two of the District in accordance with the provisions of Section 4.05(a) of the Second Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-1 Funds, Accounts and Subaccounts in the Funds and Accounts (other than the Series 2017A-1 Rebate Fund and the Series 2017A-1 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2017A-1 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 2017A-1 Acquisition and Construction Account not otherwise reserved to complete the Assessment Area Two Project and which have been transferred to the Series 2017A-1 General Redemption Subaccount of the Series 2017A-1 Bond Redemption Account.

Except as otherwise provided in the Indenture, if less than all of the Series 2017A-1 Bonds subject to redemption shall be called for redemption, the particular such Bonds or portions of such Series 2017A-1 Bonds to be redeemed shall be selected by lot by the Trustee, as provided in the A-1 Indenture.

Notice of each redemption of the Series 2017A-1Bonds is required to be mailed by the Trustee by first class mail, postage prepaid, not less than thirty (30) nor more than forty-five (45)

days prior to the redemption date to each Registered Owner of the Series 2017A-1 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 Series 2017A-1 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2017A-1 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 Series 2017A-1 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2017A-1 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. Further notice of redemption shall be given by the Trustee to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Notwithstanding the foregoing, the Trustee is authorized to give conditional notice of redemption as provided in the Master 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 Series 2017A-1 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 the 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 the 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 2017A-1 Bonds at the designated corporate trust office of the Registrar in Jacksonville, Florida. Subject to the restrictions contained in the Indenture, the Series 2017A-1 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 Series 2017A-1 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver a new Series 2017A-1 Bond or Series 2017A-1 Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. Every Series 2017A-1 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 2017A-1 Bonds.

The Issuer, the Trustee, the Paying Agent and the Registrar shall deem and treat the person in whose name any Series 2017A-1 Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Series 2017A-1 Bond shall be overdue) for the purpose of receiving payment of or on account of the principal of and interest on such Series 2017A-1 Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2017A-1 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 2017A-1 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 [Assistant] 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:_____
[Assistant] Secretary, Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2017A-1 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 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:_____
[Assistant] 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 2017A-1
(ASSESSMENT AREA TWO 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 _____ 1, 2017, as supplemented by that certain Second Supplemental Trust Indenture dated as of _____ 1, 2017 (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) Amount Payable per this Requisition:

(E) Amount per Requisition No. _____ relating to the Series 2017A-2 Acquisition and Construction Account.

(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 2017A-1 Acquisition and Construction Account of the Acquisition and Construction Fund.

(H) Pro-Rata ratio:

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 2017A-1 Acquisition and Construction Account;

3. each disbursement set forth above was incurred in connection with the Cost of the Assessment Area Two Project; and

4. Each disbursement represents a cost of the Assessment Area Two 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 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:_____

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2017A-1
(ASSESSMENT AREA TWO 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 _____ 1, 2017, as supplemented by that certain Second Supplemental Trust Indenture dated as of _____ 1, 2017 (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 2017A-1 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 2017A-1 Costs of Issuance Account that have not previously been paid;
2. each disbursement set forth above is a proper charge against the Series 2017A-1 Costs of Issuance Account;
3. each disbursement set forth above was incurred in connection with the issuance of the Series 2017A-1 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 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, Inc.
15310 Amberly Drive, Suite 175
Tampa, Florida 33647
Attention: Maik Aagaard

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

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two 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 _____, 2017 (the "Master Indenture") and a Second Supplemental Trust Indenture dated as of _____ 1, 2017 ("Second 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 _____, 2017 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 ASSESSMENT AREA TWO

WPB 383869858v13/166843.010100

THIRD SUPPLEMENTAL TRUST INDENTURE

BETWEEN

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

AND

REGIONS BANK

as Trustee

Dated as of _____ 1, 2017

Authorizing and Securing
$_____
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(ASSESSMENT AREA TWO PROJECT)

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THIS THIRD SUPPLEMENTAL TRUST INDENTURE (the "Third Supplemental Indenture"), dated as of _____ 1, 2017 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, a 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 bank or trust company becoming successor trustee under this Third 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. 16-16 enacted by the Board of County Commissioners of Lake County, Florida (the "County"), on April 19, 2016 and becoming effective on April 27, 2016; 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 certain 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 certain 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 in one or more Series (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 supplemental indenture; and

WHEREAS, the Issuer has determined to create three (3) separate and distinct assessment areas within the District, namely the "Assessment Area One," "Assessment Area Two" and "Assessment Area Three"; and

WHEREAS, to the extent not constructed by the Issuer, VK Avalon Groves LLC, a Florida limited liability company (the "Developer") is the master developer of a residential community to be located within the District and may construct all of the public infrastructure necessary to serve such residential community which will be built in multiple phases (herein, the "Development"), and a portion of such public infrastructure is necessary to develop Assessment Area Two, which will be constructed and/or purchased by the Issuer with a portion of the proceeds of the herein described Series 2017A-2 Bonds (such public infrastructure as described on Exhibit A is herein collectively referred to as the "Assessment Area Two Project"); and

WHEREAS, the Issuer has determined to issue a first Series of Bonds with respect to the finance of a portion of the Assessment Area Two Project designated as the Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Series 2017A-1 Bonds"), pursuant to the Master Indenture and the Second Supplemental Indenture (hereinafter sometimes collectively referred to as the "A-1 Indenture"); and

WHEREAS, the Issuer has also determined to issue a second Series of Bonds, with respect to financing all or a portion of the Assessment Area Two Project not financed with the Series 2017A-1 Bonds, designated as the Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Series 2017A-2 Bonds"), pursuant to the Master Indenture and this Third Supplemental Indenture (as hereinafter defined) (hereinafter sometimes referred to as the "A-2 Indenture"); and

WHEREAS, the Series 2017A-1 Bonds and Series 2017A-2 Bonds are collectively referred to as the "Series 2017A Bonds"; and

WHEREAS, in the manner provided herein, the proceeds of the Series 2017A-2 Bonds will be used to provide funds for (i) the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) funding Capitalized Interest through at least November 1, 20XX, (iii) the funding of the Series 2017A-2 Reserve Account, and (iv) the payment of the costs of issuance of the Series 2017A Bonds; and

WHEREAS, the Series 2017A-1 Bonds will be secured by a pledge of Series 2017A-1 Pledged Revenues (as defined in the Second Supplemental Indenture); and

WHEREAS, the Series 2017A-2 Bonds will be secured by a pledge of Series 2017A-2 Pledged Revenues (as hereinafter defined) to the extent provided herein.

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH, that to provide for the issuance of the Series 2017A-2 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 2017A-2 Bonds, and for and in consideration of the mutual covenants herein contained and of the purchase and acceptance of the Series 2017A-2 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 Series 2017A-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 2017A-2 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 2017A-2 Bonds.

IN TRUST NEVERTHELESS, for the equal and ratable benefit and security of all present and future Owners of the Series 2017A-2 Bonds issued and to be issued under this Third Supplemental Indenture, without preference, priority or distinction as to lien or otherwise (except as otherwise specifically provided in this Third Supplemental Indenture) of any one Series 2017A-2 Bond over any other Series 2017A-2 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 2017A-2 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 2017A-2 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 Third Supplemental Indenture and the rights hereby granted shall cease and terminate, otherwise this Third Supplemental Indenture to be and remain in full force and effect.

ARTICLE I
DEFINITIONS

In this Third 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:

"A-1 Indenture" shall mean the Master Indenture and Second Supplemental Indenture.

"Acquisition Agreement" shall mean that certain Acquisition and Completion Agreement relating to the acquisition of the Assessment Area Two 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 _____ ___, 2017, relating to certain restrictions on arbitrage under the Code with respect to the Series 2017A Bonds.

"Assessment Area Two" shall mean the area within the District that the Issuer will levy both the Series 2017A-1 Special Assessments and Series 2017A-2 Special Assessments as such area is described in the Assessment Resolutions and Exhibit E attached hereto.

"Assessment Resolutions" shall mean Resolution No. 2017-03, Resolution No. 2017-04 and Resolution No. 2017-_____ of the Issuer adopted on October 27, 2016, October 27, 2016 and _____ ___, 2017, respectively, as amended and supplemented from time to time.

"Authorized Denomination" shall mean, with respect to the Series 2017A-2 Bonds, on the date of issuance, in the denominations of $5,000 and any integral multiple thereof provided, however, if any initial beneficial owner does not purchase at least $100,000 of the Series 2017A-2 Bonds at the time of initial delivery of the Series 2017A-2 Bonds, such beneficial owner must

execute and deliver to the Issuer and the Underwriter on the date of delivery of the Series 2017A-2 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 1936, 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 2017A-2 Bonds, which will be paid, or is expected to be paid, from the proceeds of the Series 2017A-2 Bonds.

"Collateral Assignment" shall mean that certain instrument executed by the Developer in favor of the Issuer whereby all of the Project Documents and other material documents necessary to complete that portion of the Development within Assessment Area Two (comprising all of the development planned for Assessment Area Two including any recreational amenities) are collaterally assigned as security for the Developer's obligation to pay the Series 2017A-1 Special Assessments and the Series 2017A-2 Special Assessments imposed against lands within the Assessment Area Two owned by the Developer, any successor thereto or builders from time to time.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement for the benefit of the owners of the Series 2017A Bonds, dated _____ __, 2017, 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 2017A Bonds.

"Defeasance Securities" shall mean, with respect to the Series 2017A-2 Bonds, to the extent permitted by law, (a) cash deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (b) hereof), and (b) direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury) which are non-callable and non-prepayable.

"District Manager" shall mean DPFG Management and Consulting, LLC, and its successors and assigns.

"Indenture" or "A-2 Indenture" shall mean collectively, the Master Indenture and this Third Supplemental Indenture.

"Interest Payment Date" shall mean May 1 and November 1 of each year commencing _____ 1, 2017, each Quarterly Redemption Date, and any other date the principal of the Series 2017A-2 Bonds is paid.

"Majority Holders" means the beneficial owners of more than fifty percent (50%) of the Outstanding Series 2017A-2 Bonds.

"Master Indenture" shall mean the Master Trust Indenture, dated as of _____ 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 2017A-2 Bonds (as opposed to supplements or amendments relating to any other Series of Bonds).

"Paying Agent" shall mean Regions Bank, and its successors and assigns as Paying Agent hereunder.

"Prepayment" shall mean the payment by any owner of property within Assessment Area Two of the amount of the Series 2017A-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 Series 2017A-2 Special Assessments. "Prepayments" shall include, without limitation, Series 2017A-2 Prepayment Principal.

"Pro-Rata" shall mean the ratio of the Outstanding principal amount of the Series 2017A-2 Bonds over the Outstanding principal amount of the Series 2017A-1 Bonds.

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

"Redemption Price" shall mean the principal amount of any Series 2017A-2 Bond payable upon redemption thereof pursuant to this Third 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, (ii) Resolution No. 2017-12 of the Issuer adopted on January 18, 2017, pursuant to which the Issuer authorized, among other things, the issuance of the Series 2017A Bonds in an aggregate principal amount of $13,000,000 to finance the acquisition of all or a portion of the Assessment Area Two Project, specifying the details of the Series 2017A Bonds and awarding the Series 2017A Bonds to the Underwriter of the Series 2017A Bonds, pursuant to the parameters established thereunder, and (iii) Resolution No. 2017-9 the Issuer adopted on February __, 2017 amending and restating the Delegation Resolution.

"Second Supplemental Indenture" shall mean that certain Second Supplemental Indenture dated as of _____ 1, 2017 by and between the Issuer and the Trustee and pursuant to which, together with the Master Indenture, the Series 2017A-1 Bonds have been issued.

"Series 2017A-1 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 the Second Supplemental Indenture.

"Series 2017A-1 Bonds" shall mean the $_____ aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project), to be issued as fully registered Bonds in accordance with the provisions of the Master Indenture and the Second Supplemental Indenture, and secured and authorized by the Master Indenture and the Second Supplemental Indenture.

"Series 2017A-2 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 Third Supplemental Indenture.

"Series 2017A-2 Bond Redemption Account" shall mean the Series 2017A-2 Bond Redemption Account established as a separate Account within the Bond Redemption Fund pursuant to Section 4.01(g) of this Third Supplemental Indenture.

"Series 2017A-2 Bonds" shall mean the $_____ aggregate principal amount of Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project), to be issued as fully registered Bonds in accordance with the provisions of the Master Indenture and this Third Supplemental Indenture, and secured and authorized by the Master Indenture and this Third Supplemental Indenture.

"Series 2017A-2 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 this Third Supplemental Indenture.

"Series 2017A-2 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 Third Supplemental Indenture.

"Series 2017A-2 General Redemption Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017A-2 Bond Redemption Account pursuant to Section 4.01(g) of this Third Supplemental Indenture.

"Series 2017A-2 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 Third Supplemental Indenture .

"Series 2017A-2 Pledged Revenues" shall mean (a) all revenues received by the Issuer from the Series 2017A-2 Special Assessments levied and collected on certain assessable lands within Assessment Area Two of the District, including, without limitation, amounts received from any foreclosure proceeding for the enforcement of collection of such Series 2017A-2 Special Assessments or from the issuance and sale of tax certificates with respect to such Series 2017A-2 Special Assessments, and (b) all moneys on deposit in the Funds and Accounts established under the A-2 Indenture created and established with respect to or for the benefit of the Series 2017A-2 Bonds; provided, however, that Series 2017A-2 Pledged Revenues shall not include (A) any moneys transferred to the Series 2017A-2 Rebate Fund and investment earnings thereon, (B) moneys on deposit in the Series 2017A-2 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).

"Series 2017A-2 Prepayment Principal" shall mean the portion of a Prepayment corresponding to the principal amount of the Series 2017A-2 Special Assessments being prepaid pursuant to Section 4.05 of this Third Supplemental Indenture or as a result of an acceleration of the Series 2017A-2 Special Assessments pursuant to Section 170.10, Florida Statutes, if such Series 2017A-2 Special Assessments are being collected through a direct billing method.

"Series 2017A-2 Prepayment Subaccount" shall mean the subaccount so designated, established as a separate subaccount under the Series 2017A-2 Bond Redemption Account pursuant to Section 4.01(g) of this Third Supplemental Indenture.

"Series 2017A-2 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 Third Supplemental Indenture.

"Series 2017A-2 Rebate Fund" shall mean the Fund so designated, established pursuant to Section 4.01(j) of this Third Supplemental Indenture.

"Series 2017A-2 Reserve Account" shall mean the Series 2017A-2 Reserve Account established as a separate Account within the Debt Service Reserve Fund pursuant to Section 4.01(f) of this Third Supplemental Indenture.

"Series 2017A-2 Reserve Requirement" or "Reserve Requirement" shall mean an amount equal to the maximum annual interest on the Series 2017A-2 Bonds determined on the date of issuance and from time to time thereafter. Any amount in the Series 2017A-2 Reserve Account may, upon final maturity or redemption of all Outstanding Series 2017A-2 Bonds be used to pay principal of and interest on the Series 2017A-2 Bonds at that time. The Reserve Requirement amounts in the Series 2017A-2 Reserve Account may also be reduced as a result of Prepayments, pursuant to Section 4.01(i) hereof. The Series 2017A-2 Reserve Requirement shall initially be equal to $_____.

"Series 2017A-2 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 Third Supplemental Indenture.

"Series 2017A Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area Two of the District as a result of the Issuer's acquisition and/or construction of a portion of the Assessment Area Two Project, corresponding in amount to the debt service on the Series 2017A-1 Bonds and designated as such in the methodology report relating thereto.

"Series 2017A-2 Special Assessments" shall mean a portion of the Special Assessments levied on the assessable lands within Assessment Area Two of the District as a result of the Issuer's acquisition and/or construction of a portion of the Assessment Area Two Project,

corresponding in amount to the debt service on the Series 2017A-2 Bonds and designated as such in the methodology report relating thereto.

"Substantially Absorbed" shall mean the date when at least 90% of the principal portion of the Series 2017A-1 Special Assessments have been assigned to residential units within Assessment Area Two that have received certificates of occupancy.

"Third Supplemental Indenture" shall mean this Third Supplemental Indenture dated as of _____ 1, 2017 by and between the Issuer and the Trustee and pursuant to which, together with the Master Indenture, the Series 2017A-2 Bonds have been issued.

"Underwriter" shall mean FMSbonds, Inc., the underwriter of the Series 2017A-2 Bonds.

The words "hereof," "herein," "hereto," "hereby," and "hereunder" (except in the form of Series 2017A-2 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 2017A-2 BONDS

SECTION 2.01. Amounts and Terms of Series 2017A-2 Bonds; Issue of Series 2017A-2 Bonds. No Series 2017A-2 Bonds may be issued under this Third 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 2017A-2 Bonds that may be issued under this Third Supplemental Indenture is expressly limited to $_____. The Series 2017A-2 Bonds shall be numbered consecutively from RA1-1 and upwards.

(b) Any and all Series 2017A-2 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 2017A-2 Bonds upon execution of this Third 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 2017A-2 Bonds and deliver them as specified in the request.

SECTION 2.02. Execution. The Series 2017A-2 Bonds shall be executed by the Issuer as set forth in the Master Indenture.

SECTION 2.03. Authentication. The Series 2017A-2 Bonds shall be authenticated as set forth in the Master Indenture. No Series 2017A-2 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 2017A-2 Bonds.

(a) The Series 2017A-2 Bonds are being issued hereunder in order to provide funds (i) for the payment of the Costs of acquiring and/or constructing a portion of the Assessment Area Two Project, (ii) to fund the Series 2017A-2 Reserve Account in an amount equal to the Series 2017A-2 Reserve Requirement; (iii) to fund Capitalized Interest through at least November 1, 20XX; and (iv) to pay the costs of issuance of the Series 2017A-2 Bonds. The Series 2017A-2 Bonds shall be designated "Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)," and shall be issued as fully registered bonds without coupons in Authorized Denominations.

(b) The Series 2017A-2 Bonds shall be dated as of the date of initial delivery. Interest on the Series 2017A-2 Bonds shall be payable on each Interest Payment Date to maturity or prior redemption. Interest on the Series 2017A-2 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 May 1, 2017, 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 Third Supplemental Indenture in connection with a book entry only system of registration of the Series 2017A-2 Bonds, the principal or Redemption Price of the Series 2017A-2 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 2017A-2 Bonds. Except as otherwise provided in Section 2.07 of this Third Supplemental Indenture in connection with a book entry only system of registration of the Series 2017A-2 Bonds, the payment of interest on the Series 2017A-2 Bonds shall be made on each Interest Payment Date to the Owners of the Series 2017A-2 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 2017A-2 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 2017A-2 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 2017A-2 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 2017A-2 Bonds.

(a) The Series 2017A-2 Bonds will mature on November 1 in the year and in the principal amount, and bear interest at the rate 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 2017A-2 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 2017A-2 Bonds on the day before the default occurred.

SECTION 2.06. Disposition of Series 2017A-2 Bond Proceeds. From the net proceeds of the Series 2017A-2 Bonds received by the Trustee in the amount of $_____.

(a) $_____ derived from the net proceeds of the Series 2017A-2 Bonds (which is an amount equal to the Series 2017A-2 Reserve Requirement) shall be deposited in the Series 2017A-2 Reserve Account of the Debt Service Reserve Fund;

(b) $_____ derived from the net proceeds of the Series 2017A-2 Bonds shall be deposited into the Series 2017A-2 Capitalized Interest Account to pay Capitalized Interest;

(c) $_____ derived from the net proceeds of the Series 2017A-2 Bonds shall be deposited into the Series 2017A-2 Costs of Issuance Account of the Acquisition and Construction Fund for payment of the costs of issuing the Series 2017A-2 Bonds; and

(d) $_____ representing the balance of the net proceeds of the Series 2017A-2 Bonds shall be deposited in the Series 2017A-2 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 2017A-2 Bonds. The Series 2017A-2 Bonds shall be issued as one fully registered bond for each maturity of Series 2017A-2 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 2017A-2 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 2017A-2 Bonds ("Beneficial Owners").

Principal and interest on the Series 2017A-2 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 2017A-2 Bonds, through DTC Participants and Indirect Participants.

During the period for which Cede & Co. is registered owner of the Series 2017A-2 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 2017A-2 Bonds in the form of fully registered Series 2017A-2 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 2017A-2 Bonds may be exchanged for an equal aggregate principal amount of Series 2017A-2 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 2017A-2 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 2017A-2 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 2017A-2 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2017A-2 Bonds, all the Series 2017A-2 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 Third 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 and/or purchase the Assessment Area Two Project being financed with the proceeds of the Series

2017A-2 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 Assessment Area Two Project, (iii) all proceedings undertaken by the Issuer with respect to the Series 2017A-2 Special Assessments have been in accordance with Florida law, (iv) the Issuer has taken all action necessary to levy and impose the Series 2017A-2 Special Assessments, and (v) the Series 2017A-2 Special Assessments are legal, valid and binding liens upon the property against which such Series 2017A-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 2017A-2 Bonds, the Issuer will not be in default in the performance of the terms and provisions of the Master Indenture or this Third Supplemental Indenture;

(e) An opinion of Bond Counsel;

(f) A certificate of the Issuer's methodology consultant that the benefit from the proposed Assessment Area Two Project equals or exceeds the amount of corresponding Series 2017A-1 Special Assessments and Series 2017A-2 Special Assessments, that the Series 2017A-2 Special Assessments are fairly and reasonably allocated across the land that are subject to the Series 2017A-2 Special Assessments, and that the Series 2017A-2 Special Assessments are sufficient to pay the Debt Service on the Series 2017A-2 Bonds; and

(g) A copy of the Collateral Assignment.

[END OF ARTICLE II]

ARTICLE III
REDEMPTION OF SERIES 2017A-2 BONDS

SECTION 3.01. Redemption Dates and Prices. The Series 2017A-2 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 2017A-2 Bonds shall be made on the dates hereinafter required. Except as otherwise provided in this Section 3.01, if less than all the Series 2017A-2 Bonds are to be redeemed pursuant to an extraordinary mandatory redemption, the Trustee shall select the Series 2017A-2 Bonds or portions of the Series 2017A-2 Bonds to be redeemed randomly. Partial redemptions of Series 2017A-2 Bonds shall be made in such a manner that the remaining Series 2017A-2 Bonds held by each Bondholder shall be in Authorized Denominations, except for the last remaining Series 2017A-2 Bond.

The Series 2017A-2 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 2017A-2 Bonds shall be made on the dates specified below.

(a) Optional Redemption. The Series 2017A-2 Bonds are not subject to optional redemption.

(b) Extraordinary Mandatory Redemption in Whole or in Part. The Series 2017A-2 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 2017A-2 Bonds to be redeemed, plus interest accrued to the redemption date, as follows:

(i) from Series 2017A-2 Prepayment Principal deposited into the Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 Bond Redemption Account following the payment in whole or in part of Series 2017A-2 Special Assessments on any assessable property within Assessment Area Two of the District in accordance with the provisions of Section 4.01(i) and Section 4.05(a) of this Third Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-2 Funds, Accounts and Subaccounts in the Funds and Accounts (other than the Series 2017A-2 Rebate Fund and the Series 2017A-2 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2017A-2 Bonds and accrued interest thereon to the redemption date or dates in addition to all amounts owed to Persons under the A-2 Indenture.

(iii) Upon the Completion Date, from any funds remaining on deposit in the Series 2017A-2 Acquisition and Construction Account not otherwise reserved to complete a portion of the Assessment Area Two Project and which have been transferred to the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account.

SECTION 3.02. Notice of Redemption. When required to redeem Series 2017A-2 Bonds under any provision of this Third Supplemental Indenture, the Trustee shall give or cause

to be given to Owners of the Series 2017A-2 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 2017A-2 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 2017A-2 Acquisition and Construction Account." Proceeds of the Series 2017A-2 Bonds shall be deposited into the Series 2017A-2 Acquisition and Construction Account in the amount set forth in Section 2.06 of this Third Supplemental Indenture, together with any moneys transferred to the Series 2017A-2 Acquisition and Construction Account, and such moneys in the Series 2017A-2 Acquisition and Construction Account shall be applied as set forth in Section 5.01 of the Master Indenture. Moneys on deposit in the Series 2017A-2 Acquisition and Construction Account shall be requisitioned Pro-Rata with the money on deposit in the Series 2017A-1 Acquisition and Construction Account created and established under the A-1 Indenture. After the Completion Date, any moneys remaining in the Series 2017A-2 Acquisition and Construction Account, 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 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account. 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 2017A-2 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 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 2017A-2 Costs of Issuance Account." Proceeds of the Series 2017A-2 Bonds shall be deposited into the Series 2017A-2 Costs of Issuance Account in the amount set forth in Section 2.06 of this Third 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 2017A-2 Costs of Issuance Account to pay the costs of issuing the Series 2017A-2 Bonds. Six months after the issuance of the Series 2017A-2 Bonds, any moneys remaining in the Series 2017A-2 Costs of Issuance Account in excess of the actual costs of issuing the Series 2017A-2 Bonds requested to be disbursed by the Issuer shall be deposited into the Series 2017A-2 Interest Account. Any deficiency in the amount allocated to pay the cost of issuing the Series 2017A-2 Bonds shall be paid from excess Series 2017A-2 Pledged Revenues on deposit in the Series 2017A-2 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 2017A-2 Revenue Account." Series 2017A-2 Special Assessments (except for Prepayments of Series 2017A-2 Special Assessments which shall be identified as such by the Issuer in writing to the Trustee and deposited in the Series 2017A-2 Prepayment Subaccount) shall be deposited by the Trustee into the Series 2017A-2 Revenue Account which shall be applied as set forth in Section 6.03 of the Master Indenture and Section 4.02 of this Third 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 2017A-2 Principal Account." Moneys shall be deposited into the Series 2017A-2 Principal Account as provided in Section 6.04 of the Master Indenture and Section 4.02 of this Third Supplemental Indenture, and applied for the purposes provided therein.

(d) Pursuant to Section 6.04 of the Master Indenture, the Trustee shall establish two (2) separate Accounts within the Debt Service Fund designated as the "Series 2017A-2 Interest Account" and the "Series 2017A-2 Capitalized Interest Account." Moneys deposited into the Series 2017A-2 Interest Account and Series 2017A-2 Capitalized Interest Account pursuant to Section 6.04 of the Master Indenture and Sections 2.06 and 4.02 of this Third Supplemental Indenture, shall be applied for the purposes provided therein.

(e) [RESERVED]

(f) Pursuant to Section 6.05 of the Master Indenture, the Trustee shall establish a separate Account within the Reserve Fund designated as the "Series 2017A-2 Reserve Account." Proceeds of the Series 2017A-2 Bonds shall be deposited into the Series 2017A-2 Reserve Account in the amount set forth in Section 2.06 of this Third Supplemental Indenture, and such moneys, together with any other moneys deposited into the Series 2017A-2 Reserve Account shall be applied for the purposes provided therein and in this Section 4.01(f) of this Third Supplemental Indenture. All investment earnings on moneys in the Series 2017A-2 Reserve Account shall remain on deposit therein.

Notwithstanding any of the foregoing, amounts on deposit in the Series 2017A-2 Reserve Account shall be transferred by the Trustee, in the amounts directed in writing by the Majority Holders of the Series 2017A-2 Bonds to the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 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 Series 2017A-2 Special Assessments and applied to redeem a portion of the Series 2017A-2 Bonds is less than the principal amount of Series 2017A-2 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 2017A-2 Bond Redemption Account" and within such Account, a "Series 2017A-2 General Redemption Subaccount" and a "Series 2017A-2 Prepayment Subaccount." Except as otherwise provided in this Third Supplemental Indenture regarding Prepayments, moneys to be deposited into the Series 2017A-2 Bond Redemption Account as provided in Section 6.06 of the Master Indenture, shall be deposited to the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account.

(h) Moneys that are deposited into the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account (including all earnings on investments held therein) shall be used to call Series 2017A-2 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 2017A-2 Prepayment Subaccount of the Series 2017A-2 Bond Redemption Account (including all earnings on investments held in such Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 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 2017A-2 Bonds, subject to rounding to the nearest Authorized Denomination, equal to the amount of money transferred to the Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 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.

Subject to the provisions of Section 4.05 hereof, on any date the Issuer receives notice from the District Manager that a landowner wishes to prepay its Series 2017A-2 Special Assessments relating to the benefited property of such landowner, or as a result of a mandatory true-up payment, the Issuer shall, or cause the District Manager, on behalf of the Issuer, to calculate the principal amount of such Prepayment taking into account a credit against the amount of Series 2017A-2 Prepayment Principal due by the amount of money in the Series 2017A-2 Debt Service Reserve Account that will be transferred to the Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 Bond Redemption Account, as a result of such Prepayment. The District Manager shall instruct the Trustee to transfer such amount of credit given to the landowner from the Series 2017A-2 Debt Service Reserve Account to the Series 2017A-2 Prepayment Account of the Series 2017A-2 Bond Redemption Account to be used for the extraordinary mandatory redemption of the Series 2017A-2 Bonds in accordance with Section 3.01(b)(i) hereof.

(j) The Issuer hereby directs the Trustee to establish a Series 2017A-2 Rebate Fund designated as the "Series 2017A-2 Rebate Fund." Moneys shall be deposited into the Series 2017A-2 Rebate Fund, as provided in the Arbitrage Certificate and applied for the purposes provided therein.

SECTION 4.02. Series 2017A-2 Revenue Account. The Trustee shall transfer from amounts on deposit in the Series 2017A-2 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 May 1 commencing _____ 1, 2017, to the Series 2017A-2 Interest Account of the Debt Service Fund, an amount from the Series 2017A-2 Revenue Account equal to the interest on the Series 2017A-2 Bonds becoming due on the next succeeding May 1, less any amounts on deposit in the Series 2017A-2 Capitalized Interest Account or the Series 2017A-2 Interest Account not previously credited;

SECOND, upon receipt but no later than the Business Day next preceding each November 1 commencing _____ 1, _____, to the Series 2017A-2 Interest Account of the Debt Service Fund, an amount from the Series 2017A-2 Revenue Account equal to the interest on the Series 2017A-2 Bonds becoming due on the next succeeding November 1, less any amount on deposit in the Series 2017A-2 Capitalized Interest Account or the Series 2017A-2 Interest Account not previously credited;

THIRD, no later than the Business Day next preceding the November 1, which is a principal payment date for any Series 2017A-2 Bonds, to the Series 2017A-2 Principal Account of the Debt Service Fund, an amount from the Series 2017A-2 Revenue Account equal to the principal amount of Series 2017A-2 Bonds Outstanding maturing on such November 1, less any amounts on deposit in the Series 2017A-2 Principal Account not previously credited;

FOURTH, upon receipt but no later than the Business Day next preceding each Interest Payment Date while Series 2017A-2 Bonds remain Outstanding, to the Series 2017A-2 Reserve Account, an amount from the Series 2017A-2 Revenue Account equal to the amount, if any, which is necessary to make the amount on deposit therein equal to the Reserve Requirement for the Series 2017A-2 Bonds; and

FIFTH, notwithstanding the foregoing, at any time the Series 2017A-2 Bonds are subject to redemption on a date which is not a Quarterly Redemption Date, the Trustee shall be authorized to transfer from the Series 2017A-2 Revenue Account to the Series 2017A-2 Interest Account, the amount necessary to pay interest on the Series 2017A-2 Bonds subject to redemption on such date; and

SIXTH, subject to the foregoing paragraphs, the balance of any moneys remaining after making the foregoing deposits shall be first deposited into the Series 2017A-2 Costs of Issuance Account to cover any deficiencies in the amount allocated to pay the cost of issuing the Series 2017A-2 Bonds and next, any balance in the Series 2017A-2 Revenue Account shall remain on deposit in such Series 2017A-2 Revenue Account, unless pursuant to the Arbitrage Certificate, it is necessary to make a deposit into the Series 2017A-2 Rebate Fund , in which case, the Issuer shall direct the Trustee to make such deposit thereto.

Notwithstanding that the Issuer has funded the Series 2017A-2 Capitalized Interest Account to pay interest on the Series 2017A-2 Bonds through at least _____ 1, _____, moneys on deposit in the Series 2017A-2 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 2017A-2 Bonds on any subsequent Interest Payment Date if moneys remain after _____ 1, _____. 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 2017A-2 Bonds and Create Lien. The Issuer is duly authorized under the Act and all applicable laws of the State to issue the Series 2017A-2 Bonds, to execute and deliver the Indenture and to pledge the Series 2017A-2 Pledged Revenues for the benefit of the Series 2017A-2 Bonds to the extent set forth herein. The Series 2017A-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 2017A-2 Bonds, except the lien created by the Series 2017A-1 Special Assessments and as otherwise permitted under the Master Indenture. The Series 2017A-2 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 2017A-2 Bonds under the Indenture against all claims and demands of all persons whomsoever.

SECTION 4.04. Assessment Area Two Project to Conform to Consulting Engineers Report. Upon the issuance of the Series 2017A-2 Bonds, the Issuer will promptly proceed to construct or acquire the Assessment Area Two 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 2017A-2 Special Assessment Liens.

(a) At any time any owner of property subject to the Series 2017A-2 Special Assessments may, at its option, or as a result of acceleration of the Series 2017A-2 Special Assessments because of non-payment thereof, or by operation of law or contractually, including true-up payments, and shall require the Issuer to reduce or release and extinguish the lien upon its property by virtue of the levy of the Series 2017A-2 Special Assessments by paying or causing there to be paid, to the Issuer all or a portion of the Series 2017A-2 Special Assessment, which shall constitute Series 2017A-2 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 Series 2017A-2 Special Assessment owned by such owner. Pursuant to Section 4.01(i) hereof, the owner shall be entitled to a credit against the total amount of such Prepayment to be paid.

(b) Upon receipt of Series 2017A-2 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 District that the Series 2017A-2 Special Assessment has been paid in whole or in part and that such Series 2017A-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 Series 2017A-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 Series 2017A-2 Special Assessments relating to the acquisition and construction of the Assessment Area Two Project through the Uniform Method of Collection (the "Uniform Method") afforded by Chapter 197, Florida Statutes. Pursuant to the terms and provisions of the Master Indenture, the Issuer shall, pursuant to the provisions of the Assessment Resolutions, directly collect the Series 2017A-2 Special Assessments levied in lieu of the Uniform Method with respect to any assessable lands which have not yet been platted or for platted lots that are owned by the Developer, unless the Trustee at the direction of the Majority Holders directs the Issuer otherwise or the timing for using the Uniform Method will not yet allow for using such method. In addition, and not in limitation of, the covenants contained elsewhere in this Third Supplemental Indenture and in the Master Indenture, the Issuer covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2017A-2 Special Assessments, and to levy the Series 2017A-2 Special Assessments in such manner as will generate funds sufficient to pay debt service on the Series 2017A-2 Bonds when due. All Series 2017A-2 Special Assessments that are collected directly by the Issuer shall be due and payable by the Developer 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 2017A-2 Accounts and subaccounts therein created hereunder and Funds relating thereto.

SECTION 5.04. Additional Obligations. The Issuer covenants not to issue any other Bonds or other debt obligation secured by Special Assessments levied against any assessable lands within Assessment Area Two, other than the Series 2017A-1 Bonds until the Series 2017A-1 Special Assessments have been Substantially Absorbed and all of the Series 2017A-2 Bonds have been paid in full. Such covenant of the Issuer will not prevent the Issuer from issuing refunding bonds or preclude the Issuer from imposing Special Assessments or other non–ad valorem assessments on any lands within Assessment Area Two in connection with capital projects that are necessary for health, safety or welfare reasons or to remediate any natural disaster. The Issuer and the Trustee may rely on a written certificate from the District Manager regarding the Series 2017A-1 Special Assessments having been Substantially Absorbed.

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 2017A-2 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 2017A-2 Bonds, the Series 2017A-2 Bonds are payable solely from the Series 2017A-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, the Issuer hereby acknowledges that, upon the occurrence of an Event of Default with respect to the Series 2017A-2 Bonds, (i) the 2017A-2 Pledged Revenues include, without limitation, all amounts on deposit in the Series 2017A-2 Acquisition and Construction Account of the Acquisition and Construction Fund then held by the Trustee, (ii) the Series 2017A-2 Pledged Revenues may not be used by the Issuer (whether to pay costs of the Assessment Area Two Project or otherwise) without the consent of the Majority Holders, and (iii) the Series 2017A-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 Issuer an indemnification regarding such actions so directed. The Issuer also acknowledges and agrees that upon an Event of Default the Trustee is authorized to exercise the Issuer's right 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 construction and/or acquisition of the Assessment Area Two Project upon the occurrence of an Event of Default without the written direction of the Majority Holders.

SECTION 5.07. Application of Section 9.31 of Master Indenture. With respect to the Series 2017A Bonds, the covenants of Section 9.31 of the Master Indenture shall not require the Issuer to impose additional assessments, taxes, or other similar amounts, the imposition of which would require an action of the governing body of the Issuer.

[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 2017A-2 Bonds.

SECTION 6.02. Trustee's Duties. The Trustee shall not be responsible in any manner for the due execution of this Third Supplemental Indenture by the Issuer or for the recitals contained herein (except for the certificate of authentication on the Series 2017A-2 Bonds), all of which are made solely by the Issuer. Except as otherwise expressly stated in this Third Supplemental Indenture, 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 Third Supplemental Indenture. This Third Supplemental Indenture amends and supplements the Master Indenture with respect to the Series 2017A-2 Bonds, and all of the provisions of the Master Indenture, to the extent not inconsistent herewith, are incorporated in this Third Supplemental Indenture by reference. To the maximum extent possible, the Master Indenture and the Third Supplemental Indenture shall be read and construed as one document.

SECTION 7.02. Amendments. Any amendments to this Third Supplemental Indenture shall be made pursuant to the provisions for amendment contained in the Master Indenture.

SECTION 7.03. Counterparts. This Third 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 Third Supplemental Indenture are hereby incorporated herein and made a part of this Third 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 2017A-2 Bonds or the date fixed for the redemption of any Series 2017A-2 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 2017A-2 Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, Avalon Groves Community Development District has caused this Third 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 [Assistant] Secretary of its Board of Supervisors and Regions Bank has caused this Third 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: _____
Title: Chairperson, Board of Supervisors

By: _____
Name: _____
Title: [Assistant] 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 _____, 2017, before me, a notary public in and for the State and County aforesaid, personally appeared _____ and _____, Chairperson and [Assistant] 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 _____)

On this ____ day of _____, 2017, 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 she 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 ASSESSMENT AREA TWO PROJECT

The Assessment Area Two Project includes, but is not limited to, the following improvements:

Stormwater management and control facilities, including, but not limited to, related earthwork;
Water and wastewater systems;
Onsite and offsite roadway improvements, including street lighting;
Irrigation for public property;
Landscaping in public rights-of-way including, but not limited to, entrance features; and
All related soft and incidental costs.

All as more particularly described in the Consulting Engineer's Report prepared by Heidt Design, LLC dated October 11, 2016 as amended and supplemented from time to time.

EXHIBIT B

[FORM OF SERIES 2017A-2 BOND]

R-1 **$_____**

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF LAKE
AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BOND, SERIES 2017A-2
(ASSESSMENT AREA TWO PROJECT)

Interest Rate	Maturity Date	Date of Original Issuance	CUSIP
_____%		_____, 2017	

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 2017A-2 Bonds are in book-entry only form such presentation shall only be required at final maturity or final payment of the Series 2017A-2 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 twelve 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, located in Jacksonville, Florida, 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 _____ 1, 2017 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 _____ 1, 2017, 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 SERIES 2017A-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, SERIES 2017A-2 SPECIAL ASSESSMENTS (AS DEFINED IN THE INDENTURE) TO SECURE AND PAY THE BONDS. THE 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 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 No. 16-16 of the Board of County Commissioners of Lake County, Florida enacted on April 19, 2016 and becoming effective on April 27, 2016, designated as "Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project)" (the "Bonds"), in the aggregate principal amount of _____ MILLION _____ AND 00/100 DOLLARS ($_____) of like date, tenor and effect, except as to number, denomination, interest rate and maturity date. The Series 2017A-2 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 Assessment Area Two Project (as defined in the herein referred to Indenture). The Series 2017A-2 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 _____ 1, 2017 (the "Master Indenture"), as amended and supplemented by a Third Supplemental Trust Indenture dated as of _____ 1, 2017 (the "Third 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 2017A-2 Bonds issued under the Indenture, the operation and application of the Debt Service Fund, the Series 2017A-2 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 2017A-2 Bonds, the levy and the evidencing and certifying for collection, of the Series 2017A-2 Special Assessments, the nature and extent of the security for the Bonds, the terms and conditions on which the Series 2017A-2 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 2017A-2 Bonds, the conditions under which such Indenture may be amended with the consent of the Majority Holders of the Series 2017A-2 Bonds outstanding, and as to other rights and remedies of the registered owners of the Series 2017A-2 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 Series 2017A-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 Series 2017A-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 Series 2017A-2 Special Assessments to secure and pay the Bonds.

The Series 2017A-2 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 2017A-2 Bonds shall be made on the dates specified below.

Optional Redemption

The Series 2017A-2 Bonds are not subject to optional redemption.

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 2017A-2 Prepayment Principal deposited into the Series 2017A-2 Prepayment Subaccount of the Series 2017A-2 Bond Redemption Account following the payment in whole or in part of Series 2017A-2 Special Assessments on any assessable lands within Assessment Area Two of the District in accordance with the provisions of Section 4.01(i) and Section 4.05(a) of the Third Supplemental Indenture.

(ii) from moneys, if any, on deposit in the Series 2017A-2 Funds, Accounts and Subaccounts in the Funds and Accounts (other than the Series 2017A-2 Rebate Fund and the Series 2017A-2 Acquisition and Construction Account) sufficient to pay and redeem all Outstanding Series 2017A-2 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 2017A-2 Acquisition and Construction Account not otherwise reserved to complete the Assessment Area Two Project and which have been transferred to the Series 2017A-2 General Redemption Subaccount of the Series 2017A-2 Bond Redemption Account.

Except as otherwise provided in the Indenture, if less than all of the Series 2017A-2 Bonds subject to redemption shall be called for redemption, the particular such Bonds or portions of such Series 2017A-2 Bonds to be redeemed shall be selected by lot by the Trustee, as provided in the A-2 Indenture.

Notice of each redemption of the Series 2017A-2 Bonds is required to be mailed by the Trustee by first class mail, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each Registered Owner of the Series 2017A-2 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 Series 2017A-2 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2017A-2 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 Series 2017A-2 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2017A-2 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. Further notice of redemption shall be given by the Trustee to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Notwithstanding the foregoing, the Trustee is authorized to give conditional notice of redemption as provided in the Master 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 Series 2017A-2 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 the 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 the 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 2017A-2 Bonds at the designated corporate trust office of the Registrar in Jacksonville, Florida. Subject to the restrictions contained in the Indenture, the Series 2017A-2 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 Series 2017A-2 Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver a new Series 2017A-2 Bond or Series 2017A-2 Bonds in authorized form and in like aggregate principal amount in accordance with the provisions of the Indenture. Every Series 2017A-2 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 2017A-2 Bonds.

The Issuer, the Trustee, the Paying Agent and the Registrar shall deem and treat the person in whose name any Series 2017A-2 Bond shall be registered upon the books kept by the Registrar as the absolute owner thereof (whether or not such Series 2017A-2 Bond shall be overdue) for the purpose of receiving payment of or on account of the principal of and interest on

such Series 2017A-2 Bond as the same becomes due, and for all other purposes. All such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Series 2017A-2 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 2017A-2 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 [Assistant] 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:_____
[Assistant Secretary], Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2017A-2 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 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:_____
Assistant 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 2017A-2
(ASSESSMENT AREA TWO 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 _____ 1, 2017, as supplemented by that certain Third Supplemental Trust Indenture dated as of _____ 1, 2017 (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) Amount Payable per this Requisition:

(E) Amount Payable per Requisition No. _____ relating to the Series 2017A-1 Acquisition and Construction Account:

(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 2017A-2 Acquisition and Construction Account of the Acquisition and Construction Fund.

(H) Pro-Rata ratio:

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 2017A-2 Acquisition and Construction Account;

3. each disbursement set forth above was incurred in connection with the Cost of the Assessment Area Two Project; and

4. Each disbursement represents a cost of the Assessment Area Two 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 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:_____

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2017A-2
(ASSESSMENT AREA TWO 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 _____ 1, 2017, as supplemented by that certain Third Supplemental Trust Indenture dated as of _____ 1, 2017 (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 2017A-2 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 2017A-2 Costs of Issuance Account that have not previously been paid;
2. each disbursement set forth above is a proper charge against the Series 2017A-2 Costs of Issuance Account;
3. each disbursement set forth above was incurred in connection with the issuance of the Series 2017A-2 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 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, Inc.
15310 Amberly Drive, Suite 175
Tampa, Florida 33647
Attention: Maik Aagaard

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

Re: $_____ Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two 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 _____ 1, 2017 (the "Master Indenture") and a Third Supplemental Trust Indenture dated as of _____ 1, 2017 ("Third 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 _____, 2017 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 ASSESSMENT AREA TWO

WPB 383871419v13/166843.010100

EXHIBIT 7.

UNIFORM COLLECTION AGREEMENT
BETWEEN THE LAKE COUNTY PROPERTY APPRAISER
AND AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT

THIS AGREEMENT is made and entered into this _____ day of _____ 2016, by and between the AVALON GROVES **COMMUNITY DEVELOPMENT DISTRICT**, a unit of special purpose government created pursuant to Chapter 190, Florida Statutes, as amended, whose address is 1060 Maitland Center Commons Suite 340 Maitland Florida (the "District"), and the **LAKE COUNTY PROPERTY APPRAISER**, a Constitutional Officer of the State of Florida, whose address is 320 West Main St. Suite A, Tavares, Florida 32778 (the "Property Appraiser").

WITNESSETH:

WHEREAS, the District is authorized to impose non-ad valorem assessments and by resolution has elected to use the uniform method of collecting such assessments as authorized by Section 197.3632, Florida Statutes; and

WHEREAS, the uniform method will provide an efficient method of collection of non-ad valorem assessments levied by the District; and

WHEREAS, Section 197.3632(2), Florida Statutes, provides that the District shall enter into a written agreement with the Property Appraiser, for reimbursement of necessary administrative costs incurred under Section 197.3632, Florida Statutes.

NOW THEREFORE, in consideration of the foregoing, the parties agree as follows:

SECTION 1. PURPOSE. The purpose of this Agreement is to establish the terms and conditions under which the Property Appraiser shall assess the District non-ad valorem assessments, and to require that the District reimburse the Property Appraiser for necessary administrative costs pursuant to Section 197.3632, Florida Statutes. These expenses shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming.

SECTION 2. TERM. The term of this Agreement shall commence upon execution and shall continue and extend uninterrupted from year-to-year, automatically renewed for successive periods not to exceed one (1) year each, unless the District shall inform the Property Appraiser, as well as the Tax Collector and the Department of Revenue by January 10 of each calendar year, if the District intends to discontinue to use the uniform methodology for its assessments pursuant to Section 197.3632 (6), Florida Statutes.

SECTION 3. COMPLIANCE WITH LAWS AND REGULATIONS. The parties shall abide by all statutes, ordinances, rules and regulations pertaining to the levy and collection of the District non-ad valorem assessments, including those now in effect and hereafter adopted. To the extent permitting by §768.28, Florida Statutes, the District shall hold the Property Appraiser harmless for any mistakes the District makes in levying its non-ad valorem special assessments, noticing, and implementing of the uniform collection methodology procedures. In the event of lawsuits filed by District taxpayers, the District agrees to support a motion to dismiss the Property Appraiser from the case. The Property Appraiser has no involvement with either the levy of the non-ad valorem special assessments or with the proper notices and procedures required of the District in adhering to the uniform collection methodology procedure.

SECTION 5. RESPONSIBILILTY OF THE DISTRICT

a. The District agrees to reimburse the Property Appraiser for necessary administrative costs incurred pursuant to Section 197.3632, Florida Statutes. Administrative costs shall include, but not be limited to, those costs associated with personnel, forms, supplies, data processing, computer equipment, postage, and programming. The District shall only compensate the Property Appraiser for the actual cost of imposing the District's non-ad valorem assessments, which include all its benefit and maintenance assessments, as may be billed to the District in a timely manner.

b. The District is responsible for necessary advertising relating to the non-ad valorem assessment program.

c. By September 15th of each year the District shall certify a non-ad valorem assessment roll on compatible electronic medium to the Tax Collector. The District shall post the non-ad valorem assessment for each parcel on the non-ad valorem assessment roll to be certified. It is the responsibility of the District to ensure that such roll be free of errors and omissions. If the Property Appraiser discovers errors and omissions on such roll, he may request the District to file a corrected roll or a correction of the amount of any assessment. The District shall bear the cost of any such error and omission.

d. The District agrees to cooperate with the Property Appraiser in implementation of the uniform method of collecting non-ad valorem assessments pursuant to, and consistent with all of the provisions of Section 197.3632 and 197.3635, Florida Statutes, or its successor provisions.

e. The District shall supply to the Property Appraiser a written boundary description of the area within which the non ad valorem assessments are to be imposed. The Property Appraiser will impose a fee based on actual cost for mapping and programming time in excess of one (1) hour; not to exceed $100.00 annually, plus an annual fee for the data file; also known as the CRA or non-ad valorem NAL (name, address, legal) file; not to exceed $100.00.

f. The Property Appraiser has determined that the total costs referenced in this Agreement and associated with the District's utilization of the Uniform Method shall not exceed $200.00 annually.

SECTION 6. RESPONSIBILITY OF PROPERTY APPRAISER.

The Property Appraiser shall provide any information or services required of the Property Appraiser by §197.3632(3)(b). The Property Appraiser is unable to utilize the Truth in Millage statement mailed annually to taxpayers for providing notice of non ad valorem assessments under this Agreement.

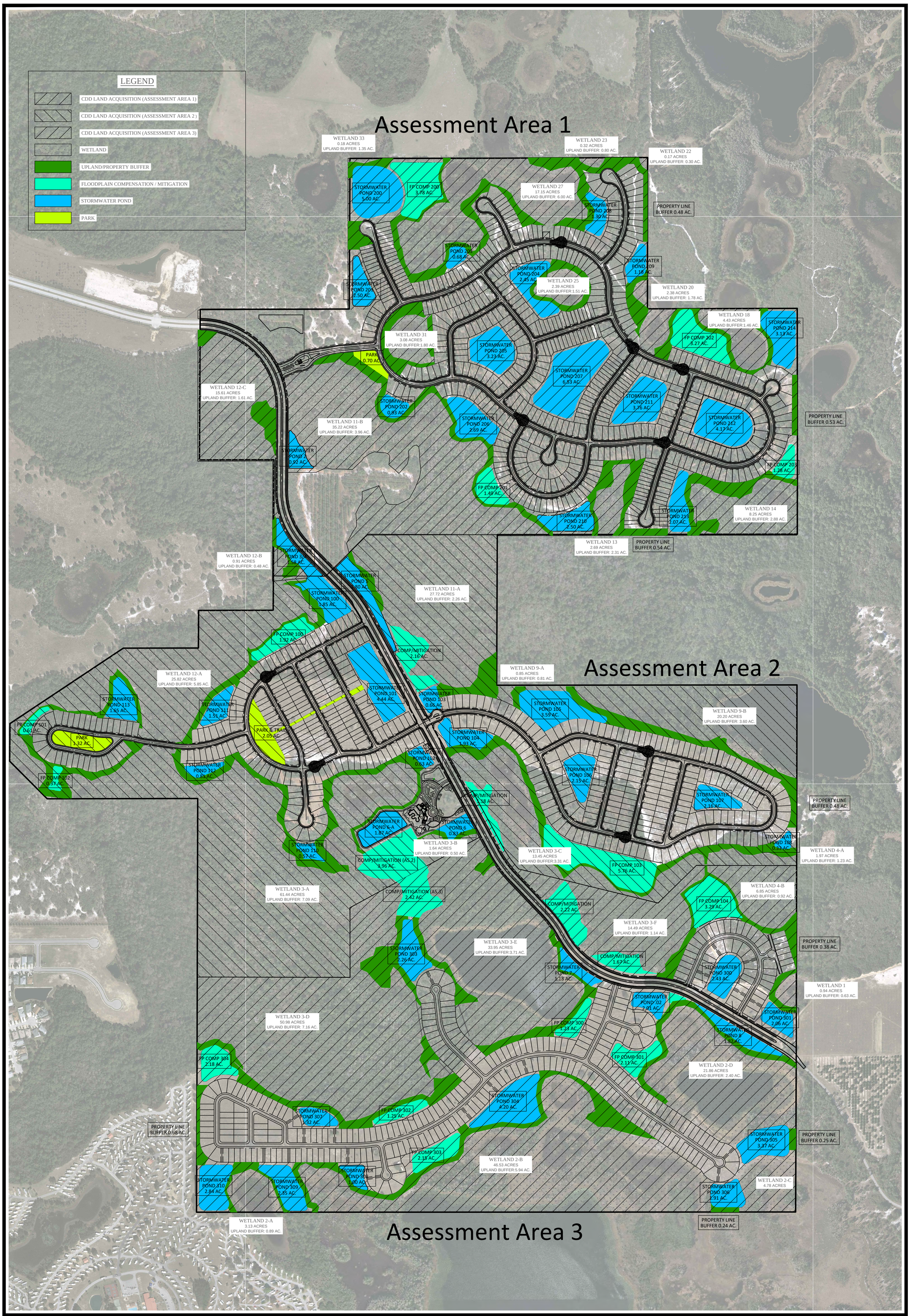
IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to affix their signatures to this Agreement.

LAKE COUNTY
PROPERTY APPRAISER

Attest: _____ BY: _____
CAREY BAKER, Property Appraiser

AVALON GROVES **COMMUNITY**
DEVELOPMENT DISTRICT

Attest: _____ BY: _____
Chairman



Serenoa (fka Avalon Groves)

Kolter Land Partners, LLC.

CDD Land Acquisition Exhibit - Assessment Areas

Lake County

1" = 400'

0 200 400 800

HALF SCALE 11" BY 17"

N

DATE: 1/31/17 JOB #:

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
5806-B Breckenridge Parkway
Tampa, FL 33610
Phone: (813) 253-5311
www.HeidtDesign.com

Disclaimer: Acreages are approximate and subject to change.

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R:\AVALON GROVES\MASTER PLAN\ENGINEERING\EXH-CDD-ASSESSMENT-AREAS.DWG-ARCH-D-PORTRAIT 2017/02/11 3:04 PM ERIC FRANCIS

ESCROW AGREEMENT (2017 Bonds)

THIS ESCROW AGREEMENT (2017 Bonds) ("Agreement") is entered into this _____ day of February, 2017 (the "Effective Date"), among VK AVALON GROVES LLC, a Delaware limited liability company ("Developer"); AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes ("District"); and HOPPING GREEN & SAMS, PROFESSIONAL ASSOCIATION, a Florida professional association ("Escrow Agent"). Developer, District and Escrow Agent are sometimes collectively referred to herein as the "Parties" and individually as a "Party."

RECITALS:

A. The District is a local unit of special-purpose government organized under Chapter 190, Florida Statutes, pursuant to the adoption of Ordinance No. 2016-16 by the Lake County Board of County Commissioners.

B. The District has been established for the purpose of, among other things, planning, financing, constructing, operating and/or maintaining certain infrastructure within that certain residential development commonly known as "Avalon Groves" (the "Development").

C. The District has issued its Avalon Groves Community Development District Special Assessment Bonds, Series 2017 (Assessment Area One Project) (the "Assessment Area One Bonds"), and its Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-1 (Assessment Area Two Project) (the "Assessment Area Two-1 Bonds"), and its Avalon Groves Community Development District Special Assessment Bonds, Series 2017A-2 (Assessment Area Two Project) (the "Assessment Area Two-2 Bonds" and, collectively with the Assessment Area One Bonds and the Assessment Area Two-1 Bonds, the "Series 2017 Bonds").

D. The District has used a portion of the proceeds of the Series 2017 Bonds to acquire certain real property located within the boundaries of the District from the Developer (the "Acquisition").

E. Pursuant to the provisions of that certain Acquisition Agreement (2017 Bonds) dated February _____, 2017, between the Developer and the District, the Developer agreed that the proceeds of the Acquisition will be utilized by the Developer for the design, permitting, and construction of a portion of the master water distribution system, master sanitary sewer collection system, and master reuse water distribution system for the Development (the "Utility Improvements").

F. Escrow Agent has agreed to hold the proceeds from the Acquisition in the amount of _____ ($_____) (the "Escrowed Funds") and disburse the same in the manner provided herein to pay costs incurred in the development of the Utility Improvements.

G. The Parties desire to set forth the terms and conditions pursuant to which Escrow Agent will hold and disburse the Escrowed Funds.

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

1. **RECITALS; TERMS**. The foregoing recitals are true, correct, and incorporated into the body of this Agreement as terms.

2. **APPOINTMENT OF ESCROW AGENT**. Escrow Agent is hereby appointed and agrees to serve as "escrow agent" in accordance with the terms and provisions of this Agreement.

3. **DELIVERY OF ESCROWED FUNDS**. Simultaneously with the closing of the Acquisition, the District shall deliver the Escrowed Funds to Escrow Agent. Upon receipt of the Escrowed Funds, Escrow Agent shall hold and disburse the same in strict compliance with the terms and conditions of this Agreement.

4. **DEPOSIT OF ESCROWED FUNDS**. Escrow Agent shall hold and invest the Escrowed Funds only in interest-bearing savings accounts of a bank, savings bank, or savings and loan association incorporated under the laws of the State of Florida or organized under the laws of the United States doing business and situated in the State of Florida, the accounts of which are insured by the Federal Government or an agency thereof. All interest and other income accruing on the Escrowed Funds shall be added to and become a part of the Escrowed Funds. All such interest shall be reported under the Developer's FEIN of _____.

5. **DISBURSEMENT OF ESCROWED FUNDS**. All payments of and from the Escrowed Funds shall be paid in accordance with the provisions of this Section 5. Distributions of the Escrowed Funds shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Escrow Agent legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in this section. Before any such payment shall be made, the District and the Developer shall file with the Trustee a fully executed requisition in the form of Exhibit A attached hereto, signed by any member of the Board or any other officer of the District and an authorized representative of the Developer, including a certificate of the Developer's engineer signed also in the form of Exhibit A attached hereto. Upon receipt of each such requisition and accompanying certificate, the Escrow Agent shall promptly withdraw from the Escrowed Funds and pay to the person, firm or corporation named in such requisition the amount designated in such requisition. The Escrow Agent shall have no duty to investigate the accuracy or validity of the items delivered pursuant to this Section 5. All requisitions and certificates received by the Escrow Agent pursuant to this Section 5 shall be retained in the possession of the Escrow Agent, subject at all reasonable times to the inspection of the District, the Developer, the Developer's engineer, and the agents and representatives thereof.

6. **NOTICES**. Any notice or demand which must or may be given under this Agreement or by law shall be in writing and shall be deemed to have been given (i) when physically received by personal delivery (which shall include the receipt of a telecopy facsimile transmission), or (ii) three (3) days after being deposited in United States certified or registered mail, return receipt requested, postage prepaid, or (iii) one (1) day after being deposited with a nationally known commercial courier service providing next day delivery service (such as Federal Express) addressed to the respective parties at the following addresses:

To Developer: VK Avalon Groves LLC
14025 Riveredge Dr, Suite 175
Tampa, FL 33637
Attention: James P. Harvey
Telephone:
Facsimile:

To District: Avalon Groves Community Development District
15310 Amberly Drive
Tampa, Florida 33647
Attention: District Manager
Telephone: (321) 263-0132
Facsimile:

With a copy to District's Counsel:

Hopping Green & Sams, P.A.
119 South Monroe Street, Suite 300
Tallahassee, Florida 32301
Attention: Roy Van Wyk
Telephone: (850) 222-7500
Facsimile: (850) 224-8551

To Escrow Agent: Hopping Green & Sams, P.A.
119 South Monroe Street, Suite 300
Tallahassee, Florida 32301
Attention: Roy Van Wyk
Telephone: (850) 222-7500
Facsimile: (850) 224-8551

Said Addresses may be changed by the giving of written notice as provided in this Paragraph.

7. **DISPUTES**. If there is any dispute as to whether or not Escrow Agent is obligated to deliver the Escrowed Funds, or any portion thereof, or as to whom the Escrowed Funds, or any portion thereof, is to be delivered, Escrow Agent will not be obligated to make such delivery but, in such event, may hold the Escrowed Funds, or disputed portion thereof, until receipt by Escrow Agent of an authorization, in writing, signed by the District and the Developer directing the

disposition of the Escrowed Funds or disputed portion thereof, or, in the absence of such authorization, Escrow Agent may hold the Escrowed Funds, or disputed portion thereof, until final determination of the rights of the parties in appropriate proceedings. If such written authorization is not given, or proceedings for such determination are not begun and diligently continued, Escrow Agent may, but is not required to, bring an appropriate action or proceeding for leave to deposit the Escrowed Funds, or disputed portion thereof, in court, pending such determination. In making delivery of the Escrowed Funds, or disputed portion thereof, in the manner provided for in this Agreement, Escrow Agent shall have no further liability with regard to the portion of the Escrowed Funds which are deposited with the court. Provided however, Escrow Agent's obligations hereunder shall continue with regard to any remaining portion of the Escrowed Funds which Escrow Agent may then hold. Upon any court proceeding to interplead the Escrowed Funds, or portion thereof, Escrow Agent shall be entitled to recover its costs and expenses of litigation, including reasonable attorneys' fees, which sums shall be charged as court costs to the party hereto adjudicated as being at fault for causing the dispute giving rise to the interpleader action.

8. **RELIANCE OF ESCROW AGENT ON DOCUMENTS**. Escrow Agent may act in reliance upon any writing, instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The duties of Escrow Agent hereunder shall be limited to the safekeeping of the Escrowed Funds received by it as escrow agent, and for the disposition of the same in accordance with this Agreement.

9. **INDEMNIFICATION OF ESCROW AGENT**. The District and the Developer each hereby release and discharge Escrow Agent from all matters with respect to the subject matter hereof (except for gross negligence or intentional wrong doing) and, subject to any limitations provided by applicable law, agree to indemnify and hold Escrow Agent harmless from and against all costs, damages, judgments, attorney's fees, expenses, obligations, and liabilities of any kind or nature, which in good faith, Escrow Agent may incur or sustain in connection with this Agreement, and without limiting the generality of the foregoing, Escrow Agent shall not incur any liability due to a delay in the electronic wire transfer of funds or with respect to any action taken or omitted in reliance upon any instrument, including any written notice or instructions provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and accuracy of any information contained therein, which Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons and to conform with the provisions of this Agreement. Further, Escrow Agent shall not be liable for any actions taken or omitted by it in good faith relying upon, and in accordance with, the advice of its counsel. The Developer acknowledges that Escrow Agent serves as counsel for the District and agrees that such representation shall not disqualify Escrow Agent from serving as escrow agent hereunder or in representing the District in any dispute arising hereunder relating to the Escrowed Funds.

10. **RELEASE AND DISCHARGE OF ESCROW AGENT**. Upon final disbursement of the Escrowed Funds and provided that all disbursements are in accordance with the provisions hereof, Escrow Agent shall be released and discharged of its obligations hereunder

and shall bear no further liability to either the District, the Developer or any third party by virtue of its acts as escrow agent in accordance with the terms hereof.

11. **OTHER TERMS REGARDING THE ROLE OF ESCROW AGENT**. In addition to the other terms and conditions regarding the role of Escrow Agent, it is also expressly understood and agreed that:

a. While Escrow Agent shall invest the Escrowed Funds in an interest-bearing account, Escrow Agent shall not be responsible for any failure to achieve any specific interest in such investments. Also, Escrow Agent assumes no responsibility for, nor shall Escrow Agent be held liable for, any loss occurring which arises from the fact that the amount of the Escrowed Funds may cause the aggregate amount of any depositor's accounts to exceed $250,000 and that the excess amount is not insured by the Federal Deposit Insurance Corporation.

b. Escrow Agent is not a trustee for any party for any purpose, and is merely acting as a depository and in a ministerial capacity hereunder with the limited duties herein prescribed.

c. Escrow Agent shall not be required to defend any legal proceeding which may be instituted against it in respect of the subject matter of this Agreement. If any such legal proceeding is instituted against it, Escrow Agent agrees promptly to give notice of such proceeding to the District and the Developer. Escrow Agent shall not be required to institute legal proceedings of any kind.

d. Escrow Agent shall not, by act, delay, omission or otherwise, be deemed to have waived any right or remedy it may have, either under this Agreement or generally, unless such waiver be in writing, and no waiver shall be valid unless it is in writing, signed by Escrow Agent, and only to the extent expressly therein set forth. A waiver by Escrow Agent under the terms of this Agreement shall not be construed as a bar to, or waiver of, the same of any other such right or remedy which it would otherwise have on any other occasion.

e. Escrow Agent may resign as escrow agent hereunder by giving thirty (30) days written notice hereof to the District and the Developer. Within ten (10) days after receipt of such notice, the District and the Developer shall furnish to Escrow Agent written instructions for the transfer of the Escrowed Funds to a replacement escrow agent. If the District and the Developer fail to furnish the written instructions with the ten (10) day period, Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent and, upon such appointment, deliver the Escrowed Funds to such successor. By doing so, Escrow Agent shall not incur any liability to any party to this Agreement and shall be released from any further obligation, responsibility and liability under this Agreement. Furthermore, Escrow Agent shall be entitled to be reimbursed out of the Escrowed Funds for its costs and attorney's fees that are incurred as a result having to petition the court for the appointment of a successor.

12. **GOVERNING LAW; VENUE**. This Agreement shall be construed in accordance with, and governed by the laws of the State of Florida. Venue for any judicial proceeding brought in connection with this Agreement shall be in Lake County, Florida.

13. **COUNTERPARTS; FACSIMILE SIGNATURES**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile signatures shall be binding on all parties.

14. **TERMINATION**. This Agreement shall terminate and Escrow Agent shall be discharged of all responsibility hereunder pursuant to the order of a court of competent jurisdiction or otherwise at such time that Escrow Agent shall have completed its duties under Section 5; provided, however, that the provisions of this Agreement that are meant by their context to survive said termination shall remain in full force and effect, unless otherwise modified by entry of an order by a court of competent jurisdiction.

15. **COMPLETE AGREEMENT**. This Agreement constitutes the complete agreement between the Parties in regard to the matters set forth herein, and it may not be amended, changed or modified except by a writing signed by the party to be charged by said amendment, change or modification.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as provided herein.

VK AVALON GROVES LLC
a Delaware limited liability company

By: The Kolter Group LLC
a Florida limited liability company
Its Manager

By: _____
Name: _____
Title: Authorized Representative

[SIGNATURES CONTINUE ON FOLLOWING PAGES]

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes

By:_____

Name:_____

Title:_____

[SIGNATURES CONTINUE ON FOLLOWING PAGES]

HOPPING GREEN & SAMS, PROFESSIONAL ASSOCIATION, a Florida professional association

By:_____

Name:_____

Title:_____

[END OF SIGNATURE PAGES]

EXHIBIT A

FORM OF REQUISITION

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT
SPECIAL ASSESSMENT BONDS, SERIES 2017

The undersigned, as authorized representatives of the District and the Developer, respectively, hereby submit the following requisition for disbursement under and pursuant to the terms of the Escrow Agreement (2017 Bonds) between the District, the Developer, and Hopping Green & Sams, Professional Association, as escrow agent (the "Escrow Agent"), dated as February ____, 2017 (the "Escrow Agreement") (all capitalized terms used herein shall have the meaning ascribed to such term in the Escrow Agreement):

(1) Requisition Number:

(2) Name of Payee:

(3) Amount Payable:

(4) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments):

The undersigned hereby certifies that:

1. obligations in the stated amount set forth above have been incurred by the Developer;

2. each disbursement set forth above is a proper charge against the Escrowed Funds;

3. each disbursement set forth above was incurred in connection with the acquisition and/or construction of the Utility Improvements;

4. each disbursement represents expenditures incurred in connection with the acquisition and/or construction of the Utility Improvements which have not previously been paid.

The undersigned hereby further certify that there has not been filed with or served upon either the Developer or 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 Developer 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 attached to this requisition.

AVALON GROVES COMMUNITY
DEVELOPMENT DISTRICT

By: _____
Responsible Officer

VK AVALON GROVES LLC

By: _____
Responsible Officer

CONSULTING ENGINEER'S APPROVAL

The undersigned Consulting Engineer hereby certifies that this disbursement is for costs incurred in connection with the acquisition and/or construction of the Utility Improvements and is consistent with: (i) the applicable acquisition or construction contract; and (ii) the plans and specifications for the portion of the Utility Improvements with respect to which such disbursement is being made.

_____

Consulting Engineer

CONTRACT OF SALE AND PURCHASE

THIS CONTRACT OF SALE AND PURCHASE (this "Contract"), dated as of the Effective Date, is by and between VK AVALON GROVES LLC, a Delaware limited liability company ("Seller"); and AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes ("Buyer"). The effective date of this Contract (the "Effective Date") shall be the last date on which this Contract shall be signed by Seller or Buyer, as indicated below their respective executions hereon.

RECITALS:

A. Seller is the owner of certain real estate located in Lake County, Florida.

B. Buyer desires to buy said real estate from Seller and Seller is willing to sell same to Buyer, all on and subject to the terms, covenants and conditions hereinafter set forth.

IT IS THEREFORE, agreed by the parties hereto, in consideration of TEN DOLLARS ($10.00) in hand paid, the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each being legally advised in the premises and intending to be legally bound hereby, as follows:

1. PURCHASE AND SALE OF PROPERTY. Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, the following (sometimes, collectively, the "Property"):

(a) Land. Those certain wetland areas, upland/property buffers, flooplain compensation mitigation areas, stormwater ponds, and parks as are more particularly depicted on Exhibit A attached hereto, together with all plants, shrubs and trees located thereon, and together with all rights, ways and easements appurtenant thereto, including, without limitation, all of Seller's right, title and interest in and to the land underlying and the air space overlying any public or private ways or streets crossing or abutting said real estate, rights of ingress and egress, subsurface rights, mineral rights, riparian and littoral rights (collectively, the "Land"). Seller and Buyer acknowledge that Seller is in the process of developing legal descriptions for the various parcels which constitute the Land which legal descriptions for the portion of the Land to be acquired at any particular Closing will be as set forth in the Initial Closing Notice or the Takedown Notice, as is appropriate for the Closing in question, for each Closing;

(b) Improvements. All buildings, structures and other improvements of any and every nature located on the Land and all fixtures attached or affixed, actually or constructively, to the Land or to any such buildings, structures or other improvements (the "Improvements", and, collectively with the Land, the "Real Property").

(c) Miscellaneous Personal Property Interests. All of the following (collectively, the "Miscellaneous Personal Property Interests"):

(i) Plans and Specifications. All of the right, title, interest, powers, privileges, benefits and options of Seller, if any, or otherwise accruing to the owner of the Real Property, in, to and under any and all architectural and engineering plans, drawings and specifications developed by Seller or by others pertaining to the Real Property;

(ii) Licenses and Permits. All of the right, title, interest, powers, privileges, benefits and options of Seller, if any, or otherwise accruing to the owner of the Real Property, in, to and under any and all certificates of occupancy, licenses, permits, and other governmental approvals pertaining to the Real Property, and the use thereof; provided however, no residential entitlement or density rights shall be included and all such rights shall be retained by the Seller ; and

(iii) Warranties. All of the right, title, interest, powers, privileges, benefits and options of Seller, if any, or otherwise accruing to the owner of the Real Property, in, to and under any and all existing warranties pertaining to the Real Property.

2. PURCHASE PRICE. The purchase price for the Property shall be calculated at the price of Twenty Six Thousand Eight Hundred Fifty and No/100th Dollars ($26,850.00) per upland acre and the price of Three Thousand and No/100ths Dollars ($3,000.00) per wetland acre (the "Purchase Price") payable in U.S. Dollars. Absent the further agreement of the parties, and subject to the provisions of Section 9 hereof, in no event shall Buyer be obligated to acquire in excess of 654.52 acres or pay more than Six Million Eight Hundred Twenty-Seven Thousand Fifty-Three Dollars ($6,827,053) for the Property. The Purchase Price for any particular Closing shall be calculated by multiplying the upland acreage and wetland acreage, as applicable, as set forth on Exhibit B attached hereto by the upland acreage price and the wetland acreage price as set forth above for the parcels to be acquired at such Closing as set forth in the Takedown Notice for such Closing. The net balance of the Purchase Price calculated for the portion of the Property to be acquired at any particular Closing, subject to the prorations and adjustments provided for in this Contract, shall be held and disbursed in accordance with the terms of that certain Escrow Agreement attached hereto as Exhibit C.

3. INSPECTIONS.

(a) Access. From and after the Effective Date, Buyer shall have the continuing right to enter upon the Real Property at any time for the purpose of performing surveying, engineering, environmental tests and studies, test borings and such other investigatory work as Buyer shall consider appropriate and to conduct any tests necessary to satisfy Buyer as to the suitability of the Property for Buyer's purposes. Buyer shall provide Seller with prior notice of any entry onto the Real Property in accordance with the terms of this Contract, and Seller hereby grants to Buyer a limited right of access to permit Buyer's examinations and inspections (including access through all applicable gated entrances as may be necessary to reach the Real Property), subject to the terms and provisions hereof. In the event any of Buyer's inspections require that the condition of the Real Property be materially changed from that which presently exists, Buyer shall promptly restore the Real Property to substantially its condition as of the

Effective Date. Further, Buyer shall obtain Seller's consent prior to conducting any invasive environmental testing upon the Real Property (provided a Phase I Environmental Site Assessment shall not be deemed to constitute invasive testing), which consent will not be unreasonably withheld, conditioned or delayed, and in any event shall not be withheld if such invasive testing is based upon the recommendation of a qualified environmental consultant. Subject to and without waiver or expansion of Section 768.28, Florida Statutes, Buyer agrees to defend, indemnify and hold Seller harmless from any loss, damages, liability, obligations, costs, expenses and fees (including reasonable attorneys' and paralegals' fees) resulting from: (i) claims for injury to person or damage to property, to the extent directly resulting from the activities of Buyer or Buyer's agents or designees on the Real Property; or (ii) liens on the Property filed by contractors, materialmen or laborers performing work and test(s) for Buyer.

(b) Inspection Period; Termination. Buyer shall have a period commencing as of the Effective Date and terminating on the Initial Closing Date (the "Inspection Period") in which to determine, in Buyer's sole and absolute judgment and discretion, whether the Property is suitable and satisfactory to Buyer. In the event that Buyer shall determine, in Buyer's sole and absolute judgment and discretion, that the Property is in any manner unsuitable or unsatisfactory to Buyer, then Buyer shall have the right, at Buyer's option, to terminate this Contract by giving written notice thereof to Seller on or before the last day of the Inspection Period, in which event, all rights and obligations of the parties under this Contract shall expire, and this Contract shall become null and void. Seller acknowledges that Buyer will expend time, money and other resources in connection with the examination and investigation of the Property, and that, notwithstanding Buyer's right to terminate this Contract pursuant to this Paragraph 3(b), such time, money and other resources expended, constitute good, valuable, sufficient and adequate consideration for Seller's execution of and entry into this Contract.

4. CLOSING. Subject to the provisions of Paragraph 9, the closing of the purchase and sale of the Property (each a "Closing"), shall occur in a series of Closings to be held by mail in accordance with escrow instructions delivered to Hopping Green & Sams, P.A., 119 South Monroe Street, Suite 300, Tallahassee, Florida 32301 (the "Closing Agent"). The initial Closing shall occur five (5) days following occurrence of the Initial Condition Precedent (the "Initial Closing Date"), or such earlier date and time as may be agreed upon in writing by Buyer and Seller but no later than June 30, 2017. Prior to the end of the Inspection Period, Seller shall deliver to Buyer metes and bounds legal descriptions prepared by a Florida licensed surveyor for the portion of the Property to be conveyed at the Initial Closing (the "Initial Closing Notice"). The Initial Closing Notice shall also set forth Seller's calculation of the portion of the Purchase Price payable at such Closing as calculated as provided in Section 2 and Exhibit B. For all subsequent Closings following the initial Closing, each Closing shall occur following delivery by Seller to Buyer and Closing Agent of a notice (each a "Takedown Notice") which: (a) identifies the portion of the Property to be conveyed at such Closing; (b) furnishes metes and bound legal descriptions prepared by a Florida licensed surveyor for the Portion of the Property to be conveyed at such Closing; (c) sets forth Seller's computation of the Purchase Price therefor in the manner provided in Section 2 and Exhibit B; and (d) provides a proposed closing date for such Closing (each a "Closing Date"), which date shall be no less than fifteen (15) days from the date of such Takedown Notice. Should Buyer dispute Seller's calculation of the Purchase Price as set forth in any Takedown Notice, Buyer shall

give prompt written notice of such fact to Seller, and thereafter Buyer and Seller shall cooperate with one another in good faith to resolve such dispute. In no event shall the Closing on the last of the Property located in Assessment Areas 1 and 2 occur later than 36 months from the date of the initial Closing.

5. PRORATIONS AND APPORTIONMENTS; COSTS OF CLOSING.

(a) The following prorations and adjustments shall be made between Buyer and Seller at each Closing, or thereafter if Buyer and Seller shall agree:

(i) All city, state and county ad valorem taxes and similar impositions levied or imposed upon or assessed against the portion of the Property to be conveyed at a Closing for the year in which such Closing occurs (excluding however any debt or operations and maintenances assessments imposed by the District) shall be prorated as of the applicable Closing Date in accordance with the procedures provided by Section 196.295, Florida Statutes.

(ii) All assessments levied or imposed upon or assessed against the portion of the Property to be conveyed at a Closing pursuant to any applicable declaration of covenants for the applicable assessment period or billing period therefor in which such Closing occurs shall be prorated as of the applicable Closing Date.

In the event that the amount of any item to be prorated is not determinable at the time of the applicable Closing, such proration shall be made on the basis of the best available information, and the parties shall re-prorate such item promptly upon receipt of the applicable bill therefor and shall make between themselves any equitable adjustment required by reason of any difference between the estimated amount used as a basis for the proration at the applicable Closing and the actual amount subject to proration. In the event any prorated item is due and payable at the time of any applicable Closing, the same shall be paid at said Closing. If any prorated item is not paid at said Closing, Seller shall deliver to Buyer the bill therefor promptly upon receipt thereof and Buyer shall be responsible for the payment in full thereof within the time fixed for payment thereof and before the same shall become delinquent.

(b) Seller shall pay for the cost of: (i) the Documentary Stamps on the Deed, (ii) charges for the title search and Title Commitment, and the title insurance premium for the Title Policy, and (iii) the fees of Seller's attorneys. Buyer shall pay for the cost of: (i) recording the Deed; and (ii) fees of Buyer's attorneys.

6. TITLE.

(a) Title Commitment. Within ten (10) days after the Effective Date, Seller shall obtain, at Seller's expense, and deliver to Buyer an ALTA commitment for the Title Policy (the "Title Commitment") issued by Closing Agent on behalf of First American Title Insurance Company (in such capacity, "Title Company"). The Title Commitment shall name Buyer as the proposed insured, be in the amount of the Purchase Price, and

include copies of all documents referenced therein as exceptions (the "Exception Documents").

(i) Buyer shall have until the last day of the Inspection Period in which to examine the Title Commitment and the Exception Documents, and in which to give Seller written notice (the "Initial Notice") of objections which render Seller's title less than good and marketable fee simple title. Thereafter, Buyer shall have until each applicable Closing Date in which to have the Title Commitment updated as to the portion of the Property to be acquired at the applicable Closing and in which to give Seller written notice (each such notice, a "Subsequent Notice") of any additional objections disclosed by such update (provided, however, that Buyer shall not have the right in any such Subsequent Notice to object to any matters reflected in the version of the Title Commitment referenced in the Initial Notice).

(ii) Seller shall have until the applicable Closing Date in which to cure and satisfy all objections specified in the Initial Notice or any Subsequent Notice. Seller shall have no obligation to cure and satisfy any such title objections, other than: (i) objections that are based upon a lien, mortgage, deed of trust, judgment or other liquidated monetary claim (a "Monetary Encumbrance"); and (ii) objections that arise or first appear of record subsequent to the Effective Date and are due to the act of Seller (or the failure of Seller to act in circumstances where it had an obligation under this Contract), or with the consent of Seller (a "New Encumbrance"). Seller shall be obligated to cure and satisfy all Monetary Encumbrances and New Encumbrances at or prior to Closing.

(iii) If Seller does not cure and satisfy all of Buyer's title objections, then, at the option of Buyer, Buyer may: (i) terminate this Contract, in which event all rights and obligations of the parties under this Contract shall expire and this Contract shall become null and void; or (ii) as to any Monetary Encumbrance, cure and satisfy the objection, and deduct from the portion of the Purchase Price to be paid at any Closing the cost of curing and satisfying the same; or (iii) waive such cure and satisfaction and consummate the purchase and sale of the Property; or (iv) if, but only if, any uncured objection is a Monetary Encumbrance or a New Encumbrance, exercise such rights and remedies as may be provided for or allowed under Paragraph 10 by reason of a default of Seller.

(b) Permitted Exceptions. Seller covenants to convey to Buyer at each Closing good and marketable fee simple title in and to the portion of the Real Property to be acquired at such Closing and to convey any and all rights, title and interest which Seller may possess, without warranty, as to Miscellaneous Personal Property Interests. For the purposes of this Contract, "good and marketable fee simple title" shall mean fee simple ownership which is: (i) free of all defects, claims, liens and encumbrances of any kind or nature whatsoever other than the Permitted Exceptions; and (ii) insurable by First American Title Insurance Company, at then current standard rates under the ALTA 6-17-2006 (Florida Modified Form) Owner's Policy of Title Insurance Form, with the standard or printed exceptions therein deleted, and without exception other than for the Permitted Exceptions

(the "Title Policy"). For the purposes of this Contract, the term "Permitted Exceptions" shall mean:

(i) Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the Real Property.

(ii) Taxes and assessments for the year of any applicable Closing and subsequent years.

(iii) The nature or extent of riparian and littoral rights.

(iv) As to lands located in or within the Real Property, neither the (A) title to the beds or bottoms of lakes, or other bodies of water, nor (B) the title to any artificially filled in lands, nor (C) title to any portion of the Property lying below the ordinary high water mark shall be guaranteed, or warranted.

(v) Zoning, restrictions, development agreements with Lake County, prohibitions and other requirements imposed by governmental authority.

(vi) CDD related documents.

(vii) Conservation easements in favor of SJRWMD and ACOE.

7. CLOSING DOCUMENTS. At each Closing, the following documents and instruments shall be executed and delivered between Seller and Buyer (the "Closing Documents"):

(a) Seller's Documents. At each Closing, Seller shall execute or cause to be executed by the appropriate persons and/or deliver to Buyer the following:

(i) A counterpart of the Closing Statement;

(ii) A Special Warranty Deed to Buyer in the form attached hereto as Exhibit D, conveying the portion of the Land and the Improvements to be acquired at such Closing (the "Deed");

(iii) A General Assignment in the form attached hereto as Exhibit E, transferring and assigning the Miscellaneous Personal Property Interests to be acquired at such Closing (the "General Assignment");

(iv) Such corrective instruments as may be required to deliver good and marketable fee simple title, pursuant to the provisions of Paragraph 6;

(v) A seller's affidavit for the portion of the Property to be acquired at such Closing in form and content as may be reasonably required by Title Company necessary to issue at Closing, an endorsement to the Title Commitment deleting the

standard "gap" exception, the standard construction lien exception and the standard parties in possession exception;

(vi) A non-foreign affidavit evidencing that Buyer shall not be liable for transfer liability under Section 1445 of the Internal Revenue Code, as amended;

(vii) Evidence in form and substance reasonably satisfactory to Buyer and to Title Company that Seller has the power and authority to have executed and entered into this Contract and to consummate the sale of the Property, that any and all actions required to authorize and approve the execution of and entry into this Contract by Seller, the performance by Seller of all of Seller's duties and obligations under this Contract, and the execution and delivery by Seller of all documents and other items to be delivered to Title Company or Buyer at each applicable Closing have been accomplished, and that the person executing the Closing Documents on behalf of Seller has full right, power and authority to do so; and

(viii) Any other documents reasonably necessary or advisable to consummate the transactions contemplated hereby.

(b) Buyer's Documents. At each Closing, Buyer shall execute or cause to be executed by the appropriate persons and/or deliver to Seller the following:

(i) A counterpart of the Closing Statement;

(ii) The General Assignment;

(iii) Evidence in form and substance satisfactory to Seller and to Title Company that Buyer has the power and authority to have executed and entered into this Contract and to consummate the purchase of the Property, that any and all actions required to authorize and approve the execution of and entry into this Contract by Buyer, the performance by Buyer of all of Buyer's duties and obligations under this Contract, and the execution and delivery by Buyer of all documents and other items to be delivered to Title Company or Seller at each applicable Closing have been accomplished, and that the person executing the Closing Documents on behalf of Buyer has full right, power and authority to do so;

(iv) The net cash balance of the Purchase Price due at the applicable Closing for the portion of the Property to be acquired at such Closing, pursuant to the Closing Statement; and

(v) Any other documents reasonably necessary or advisable to consummate the transactions contemplated hereby.

8. POSSESSION. Subject to the terms hereof, including the Permitted Exceptions, possession of the portion of the Property acquired at any applicable Closing shall be delivered to Buyer at such Closing.

9. CONDITIONS TO BUYER'S OBLIGATIONS. Buyer's obligations to consummate the purchase and sale of that portion of the Property lying within Assessment Areas 1 and 2 on the Initial Closing Date and any subsequent Closings shall be subject to the issuance by the Buyer of its Avalon Groves Community Development District Special Assessment Bonds Series 2017 (the "2017 Bonds") in the amount of $_____ (the "Initial Condition Precedent"). Should the Initial Condition Precedent not be satisfied on or before May 15, 2017, Buyer shall, by delivery of written notice to Seller of such election, have the right to extend the Closing Date for a period not to exceed forty five (45) days. Provided however, should the Initial Condition Precedent not be satisfied within such time, then either Buyer or Seller may thereafter terminate this Contract by delivering written notice to the non-terminating party. Buyer's obligations to consummate the purchase and sale of that portion of the Property lying within Assessment Area 3, as depicted on Exhibit A, shall be subject to (1) the issuance by the Buyer of additional bonds in an amount sufficient to pay the portion of the Purchase Price allocated to the Property located in Assessment Area 3, and (2) Buyer obtaining an appraisal prepared by a MAI certified appraiser acceptable to Buyer which appraisal values such portion of the Property at an amount in excess of the portion of the Purchase Price applicable thereto (the "Additional Condition Precedent" and together with the Initial Condition Precedent, the "Conditions Precedent"). Should the Additional Condition Precedent not be satisfied on or before the date which is thirty-six (36) months from the date of the initial Closing, then either Buyer or Seller may thereafter terminate this Contract by delivering written notice to the non-terminating party. In the event this Contract is terminated on account of the non-occurrence of any Conditions Precedent, this Contract shall become null and void and all rights and obligations of Seller and Buyer shall expire. Notwithstanding any provision of this Contract to the contrary, the indemnification provisions of Paragraphs 3 and 20 shall survive any termination of this Contract.

10. DEFAULT.

(a) In the event that (i) Seller shall have failed to perform in any respect any of the covenants and agreements contained herein to be performed by Seller within the time for performance as specified herein (including Seller's obligation to consummate the transactions contemplated hereby), or (ii) the purchase and sale of the Property is otherwise not consummated in accordance with the terms and provisions of this Contract due to circumstances or conditions which constitute a default by Seller under this Contract, then Buyer may exercise the following rights and remedies: (1) Buyer shall have the right to terminate this Contract, in which event all rights and obligations of the parties under this Contract shall expire, and this Contract shall become null and void; (2) Buyer shall have the right to sue Seller for specific performance of this Contract. Buyer hereby acknowledges that Buyer's remedies shall specifically exclude the right to recover monetary damages against Seller of any type or nature whatsoever including, but not limited to, actual, special, consequential or punitive damages.

(b) If the purchase and sale of the Property is not consummated in accordance with the terms and provisions of this Contract due to circumstances or conditions which constitute a default by Buyer under this Contract, then Seller may exercise the following rights and remedies: (1) Seller shall have the right to terminate this Contract, in which event all rights and obligations of the parties under this Contract shall expire, and this Contract shall become null and void; (2) Seller shall have the right to sue Buyer for

specific performance of this Contract. Notwithstanding the foregoing, the foregoing limitation of remedies shall not apply to any liability of Buyer under the indemnification provisions of Paragraphs 3 or 20, as to all of which Seller shall have all rights and remedies provided for or allowed by law or in equity; provided, however, that in no event shall Buyer be liable to Seller for special, consequential or punitive damages under this Contract.

11. RISK OF LOSS AND INSURANCE. Between the date of this Contract and Closing, the risks and obligations of ownership and loss of the Property and the correlative rights against insurance carriers and third parties shall belong to Seller. In the event of the damage or destruction of any portion of the Property prior to Closing, Buyer shall have the right, at Buyer's option, to terminate this Contract by giving written notice thereof to Seller prior to Closing, in which event all rights and obligations of Seller and Buyer under this Contract shall expire, and this Contract shall become null and void. If Buyer does not so terminate this Contract, the Purchase Price shall be reduced by the total of any insurance proceeds received by Seller prior to Closing by reason of such damage or destruction and by the amount of any deductible applicable to the policy of insurance, and, at Closing, Seller shall assign to Buyer all insurance proceeds to be paid or to become payable after closing by reason of such damage or destruction.

12. CONDEMNATION. In the event of the taking of all or any part of the Property by eminent domain proceedings, or the commencement or bona fide threat of the commencement of any such proceedings, prior to Closing, Buyer shall have the right, at Buyer's option, to terminate this Contract by giving written notice thereof to Seller prior to Closing, in which event all rights and obligations of Seller and Buyer under this Contract shall expire, and this Contract shall become null and void. If Buyer does not so terminate this Contract, the Purchase Price shall be reduced by the total of any awards or other proceeds received by Seller prior to Closing with respect to any taking, and, at Closing, Seller shall assign to Buyer all rights of Seller in and to any awards or other proceeds to be paid or to become payable after Closing by reason of any taking. Seller shall notify Buyer of eminent domain proceedings within five (5) days after Seller learns thereof.

13. FURTHER ASSURANCES; SURVIVAL. At each Closing, and from time to time thereafter, Seller shall do all such additional and further acts, and shall execute and deliver all such additional and further deeds, affidavits, instruments, certificates and documents, as Buyer, Buyer's counsel or Title Company may reasonably require fully to vest in and assure to Buyer full right, title and interest in and to that portion of the Property acquired at such Closing to the full extent contemplated by this Contract and otherwise to effectuate the purchase and sale of such Property as contemplated by and provided for in this Contract. Notwithstanding any provision of this Contract to the contrary, the indemnification provisions of Paragraphs 3 and 20 shall survive any termination of this Contract.

14. ATTORNEYS' FEES AND COSTS. In the event of any litigation between Buyer and Seller arising under or in connection with this Contract, the prevailing party shall be entitled to recover from the other party the expenses of litigation (including reasonable attorneys' fees, expenses and disbursements) incurred by the prevailing party. For purposes of this Paragraph 14, the phrase "prevailing party" shall mean the party who receives substantially the relief desired, whether by dismissal, summary judgment, judgment, settlement or otherwise.

15. NOTICES. Whenever any notice, demand or request is required or permitted under this Contract, such notice, demand or request shall be in writing and shall be delivered by hand, be sent by registered or certified mail, postage prepaid, return receipt requested, or be sent by nationally recognized commercial courier for next business day delivery, to the address for each party set forth below, or to such other addresses as are specified by written notice given in accordance herewith, or shall be transmitted by facsimile to the number for each party set forth below, or to such other numbers as are specified by written notice given in accordance herewith:

(a) If to Buyer, then to:

Avalon Groves Community Development District
c/o Development Planning & Financing Group, Inc.
1060 Maitland Center Commons, Suite 340
Maitland, Florida 32751
Telephone: (321) 263-0132 Ext. 4205
Email: patricia.comings-thibault@dpfg.com

With a copy to:

Hopping Green & Sams, P.A.
119 South Monroe Street, Suite 300
Tallahassee, Florida 32301
Attention: Roy Van Wyk
Telephone: (850) 222-7500
Facsimile: (850) 224-8551
Email: RoyV@hgslaw.com

(b) If to Seller, then to:

VK Avalon Groves LLC
701 S. Olive Avenue, Suite 104
West Palm Beach, Florida 33401
Attention: Jim Harvey
Telephone: (813) 615-1244 Ext. 201
Email: jharvey@kolter.com

All notices, demands or requests delivered by hand shall be deemed given upon the date so delivered; those given by mailing as hereinabove provided shall be deemed given on the date of deposit in the United States Mail; those given by commercial courier as hereinabove provided shall be deemed given on the date of deposit with the commercial courier; and those given by facsimile shall be deemed given on the date of facsimile transmittal.

16. ASSIGNMENT. Buyer shall not assign this Contract without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed. No assignment shall relieve Buyer of its obligations hereunder.

17. TIME. Time is of the essence of this Contract. Should any time period referenced herein expire on a Saturday, Sunday or "Legal Holiday" (days upon which either National Banks or the Lake County, Florida Courthouse are closed for usual business) such time period shall be extended to 5:00 P.M. on the next full business day. The final day of any time period under this Contract or any deadline under this Contract shall be the specified day or date, and shall include the period of time through and including such specified day or date.

18. MISCELLANEOUS. This Contract shall be construed in accordance with and governed in all respects by the internal laws of the State of Florida. Neither this Contract nor any term, covenant, or condition hereof may be modified or amended, except by written agreement signed by both parties. The headings of the paragraphs and subparagraphs hereof are for purposes of convenience only and shall in no way affect the construction. Each and all of the exhibits hereto are attached to this Contract and are hereby incorporated herein in full. This Contract and the Exhibits hereto comprise the entire agreement between the parties hereto. No promises, covenants, representations, or warranties of any kind, other than those expressly set forth herein, have been made to induce either party to enter into this Contract. This Contract and all of the terms, covenants and conditions hereof and of the various instruments executed and delivered pursuant hereto shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, personal representatives, successors, and assigns. Notwithstanding any statutory or decisional law to the contrary, a facsimile transmittal or electronic transmittal of a .pdf shall be deemed to be "written" and a "writing" for all purposes of this Contract. Capitalized terms used in this Contract shall have the meanings ascribed to them at the point where first defined, irrespective of where their use occurs, with the same effect as if the definitions of such terms were set forth in full and at length every time such terms are used. Wherever appropriate in this Contract, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Failure by any party to complain of any action, non-action or breach of any other party shall not constitute a waiver of any aggrieved party's rights hereunder. Waiver by any party of any right arising from any breach of any other party shall not constitute a waiver of any other right arising from a subsequent breach of the same obligation or for any other default, past, present or future. This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

19. CONTRACT NOT RECORDABLE. Neither this Contract nor any evidence of the existence of this Contract shall be recorded in the Public Records of any County in the State of Florida; provided, however, that the foregoing shall not prohibit or restrict Buyer from filing for record a *lis pendens* or other record notice of the existence of this Contract in connection with Buyer's exercise of its rights and remedies in the event of default by Seller.

20. BROKER'S COMMISSION. Seller and Buyer represent and warrant to each other that neither they nor any of their representatives, employees, or agents have dealt with or consulted with any real estate broker in connection with the transaction contemplated by this Agreement. To the extent permitted by Section 768.28, Florida Statutes, and without waiver thereof, Buyer shall indemnify and hold harmless the Seller from and against any loss, damages, liability, obligations, costs, expenses and fees (including reasonable attorneys' and paralegals' fees) arising out of any and all claims or demands with respect to any brokerage fees or agent's commissions or other compensation asserted by any person, firm or corporation in connection

with this Contract or the transaction contemplated hereby arising from any action on the part of Buyer. Seller shall indemnify and hold harmless the Buyer from and against any loss, damages, liability, obligations, costs, expenses and fees (including reasonable attorneys' and paralegals' fees) arising out of any and all claims or demands with respect to any brokerage fees or agent's commissions or other compensation asserted by any person, firm or corporation in connection with this Contract or the transaction contemplated hereby arising from any action on the part of Seller.

21. EFFECT ON OTHER AGREEMENTS. Seller and Buyer acknowledge that nothing contained in this Contract shall modify or affect the provisions of any other agreement to which either Seller or Buyer may be a party executed in connection with Buyer's issuance of the 2017 Bonds, including but not limited to that certain Acquisition Agreement (2017 Bonds) between Seller and Buyer.

[Signatures on following page]

IN WITNESS WHEREOF the parties have hereunto set their hands and seals the day and year set forth below their signatures.

"SELLER"	"BUYER"
VK AVALON GROVES LLC, a Delaware limited liability company By: The Kolter Group LLC, a Florida limited liability company As its Manager	AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
Date executed by Seller: February ___, 2017	Date executed by Buyer: February ___, 2017

SCHEDULE OF EXHIBITS

Exhibit A - Depiction of the Land
Exhibit B - Acreage Calculation Spreadsheet
Exhibit C - Form of Escrow Agreement
Exhibit D - Form of Deed
Exhibit E - Form of General Assignment

EXHIBIT A

DEPICTION OF THE LAND

[See Attached]

EXHIBIT B

ACREAGE CALCULATION SPREADSHEET

[See Attached]

EXHIBIT C

FORM OF ESCROW AGREEMENT

[See Attached]

EXHIBIT D

FORM OF DEED

This instrument prepared by,
And when recorded, return to:

Jason E. Merritt, Esq.
Hopping Green & Sams, P.A.
119 South Monroe Street, Suite 300
Tallahassee, FL 32301

Property appraisers parcel identification (Folio) numbers:

SPECIAL WARRANTY DEED

THIS INDENTURE is made this _____ day of _____, 20__, by and between **VK AVALON GROVES LLC**, a Delaware limited liability company, whose address is 701 South Olive Avenue, Suite 104, West Palm Beach, Florida 33401 ("Grantor"); and **AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes, whose address is c/o Development Planning & Financing Group, Inc., 1060 Maitland Center Commons, Suite 340, Maitland, Florida 32751 ("Grantee"). The words "Grantor" and "Grantee" include the neuter, masculine and feminine genders, and the singular and the plural.

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the sum of Ten Dollars ($10.00) in hand paid to Grantor by Grantee at and before the execution, sealing and delivery hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents does grant, bargain, sell, alien, convey and confirm unto Grantee, and the successors, legal representatives and assigns of Grantee, all that tract or parcel of land lying and being in Lake County, Florida, being more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "Property").

TO HAVE AND TO HOLD the Property, together with any and all of the rights, members and appurtenances thereof to the same being, belonging or in anywise appertaining to the only proper use, benefit and behoof of Grantee forever, in fee simple; and

This conveyance is subject to the matters listed on Exhibit B, attached hereto and incorporated herein by this reference ("Permitted Exceptions"); provided, however, that the reference to the Permitted Exceptions shall not be deemed to reimpose any of the same.

Grantor does hereby covenant with Grantee that, except as to the Permitted Exceptions, at the time of the delivery of this Deed, the Property is free from any encumbrance made by Grantor, and that Grantor will specially warrant title to the Property and will defend it against the lawful claims of all persons claiming by through or under Grantor, but against none other.

IN WITNESS WHEREOF, Grantor has caused its duly authorized representative to execute, seal and deliver this indenture, all the day and year first written above.

Signed, sealed and delivered
in the presence of:

Witness:

_____

Name: _____

Witness:

_____

Name: _____

GRANTOR:

VK AVALON GROVES LLC, a Delaware limited liability company

By: The Kolter Group LLC, a Florida limited liability company
As its: Manager

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as _____ of The Kolter Group LLC, a Florida limited liability company, as Manager of VK Avalon Groves LLC, a Delaware limited liability company, on behalf of the companies. He/She is personally known to me or has produced _____ as identification.

_____
Notary Public
Name: _____
State of Florida at Large
Commission Expires: _____

(NOTARY SEAL)

Exhibit A to Deed

Exhibit B to Deed

EXHIBIT E

FORM OF GENERAL

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made this ____ day of _____, 2016 (the "Effective Date"), by and between **VK AVALON GROVES LLC**, a Delaware limited liability limited partnership ("Assignor"), and **AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor has on the date hereof conveyed unto Assignee certain real property lying and being in Lake County, Florida, more particularly described on Exhibit A, attached hereto and incorporated herein by reference (the "Land"); and

WHEREAS, in connection with the conveyance of the Land, Assignor and Assignee intend that certain related assets with respect to the Land be assigned and transferred by Assignor to Assignee.

NOW, THEREFORE, in consideration of the foregoing premises, the sum of Ten and No/100 Dollars ($10.00) in hand paid by Assignee to Assignor at and before the execution, sealing and delivery hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby convey and agree, and Assignee does hereby agree, as follows:

1. Assignment.

(a) As of the Effective Date Assignor hereby assigns, conveys, sets over and transfers to Assignee all rights, title, interest, powers, privileges, benefits and options of Assignor, if any, or otherwise accruing to the owner of the Land, in, to and under, all of the following (collectively, the "Assigned Interests"):

(i) Plans and Specifications. All architectural and engineering plans, drawings and specifications developed by Assignor pertaining to the Land;

(ii) Licenses and Permits. All of the right, title, interest, powers, privileges, benefits and options of Assignor, or otherwise accruing to the owner of the Land, in, to and under any and all certificates of occupancy, licenses, permits, and other governmental approvals pertaining to the Land, and the use thereof; and

(iii) Warranties. All existing warranties pertaining to the Land, to the extent assignable.;

(b) Assignor does not warrant the quality or nature of Assignor's title to or ownership of the Assigned Interests. Assignor does warrant that Assignor has not previously transferred, sold, conveyed, assigned or encumbered Assignor's interest, if any, in the Assigned Interests.

2. Acceptance. Assignee hereby accepts the assignment of the Assigned Interests as of the Effective Date.

3. Indemnification.

(a) Assignor shall, and does hereby, indemnify, defend and forever hold harmless Assignee from, against, and in respect of any and all liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including reasonable and actual attorneys' fees and disbursements) suffered, incurred or sustained by Assignee as a result, by reason of or in connection with: (i) the acts or omissions of Assignor with respect to the Assigned Interests prior to the Effective Date; or (ii) the duties or obligations of Assignor under or with respect to the Assigned Interests arising prior to the Effective Date.

(b) Subject to and without waiver of the provisions of Section 768.28, Florida Statutes, Assignee shall, and does hereby, indemnify, defend and forever hold harmless Assignor from, against, and in respect of any and all liabilities, damages, losses, costs and expenses of any kind or nature whatsoever (including reasonable and actual attorneys' fees and disbursements) suffered, incurred or sustained by Assignor as a result, by reason of or in connection with: (i) the acts or omissions of Assignee with respect to the Assigned Interests from and after the Effective Date; or (ii) the duties or obligations of Assignee under or with respect to the Assigned Interests arising from and after the Effective Date.

4. Further Assurances. Assignor shall do all such additional and further acts, and shall execute and deliver all such additional and further instruments and documents, as Assignee or Assignee's counsel may reasonably require fully to vest in and assure to Assignee full right, title and interest in and to the Assigned Interests to the full extent contemplated by this Assignment.

5. Miscellaneous. This Assignment shall be binding upon and enforceable against, and shall inure to the benefit of, Assignor and Assignee and their respective legal representatives, successors and assigns. This Assignment shall be governed by, construed under and interpreted and enforced in accordance with the laws of the State of Florida. This Assignment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Signatures on following page]

IN WITNESS WHEREOF, Assignor has caused its duly authorized representative, to execute, seal and deliver this Assignment, and Assignee has caused its duly authorized representatives to execute, seal and accept delivery of this Assignment, all the day and year first written above.

Signed, sealed and delivered
in the presence of:

Witness:

_____

Name: _____

Witness:

_____

Name: _____

ASSIGNOR:

VK AVALON GROVES LLC, a Delaware limited company

By: The Kolter Group LLC, a Florida limited liability company
As its: Manager

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as _____ of The Kolter Group LLC, a Florida limited liability company, as Manager of VK Avalon Groves LLC, a Delaware limited liability company, on behalf of the companies. He/She is personally known to me or has produced _____ as identification.

_____
Notary Public
Name: _____

State of Florida at Large

Commission Expires: _____

(NOTARY SEAL)

[SIGNATURES CONTINUED ON NEXT PAGE]

[SIGNATURES CONTINUE FROM PREVIOUS PAGE]

Signed, sealed and delivered
in the presence of:

Witness:

_____

Name: _____

Witness:

_____

Name: _____

ASSIGNEE:

AVALON GROVES COMMUNITY DEVELOPMENT DISTRICT, a local unit of special-purpose government established pursuant to Chapter 190, Florida Statutes.

By: _____
Name: _____
Title: _____

STATE OF FLORIDA

COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, as Chairman/Vice Chairman of the Avalon Groves Community Development District, a local unit of special purpose government established pursuant to Chapter 190, Florida Statutes, on behalf of the District. He/She is personally known to me or has produced _____ as identification.

_____
Notary Public
Name: _____

State of Florida at Large

Commission Expires: _____

(NOTARY SEAL)

Exhibit A to General Assignment

CDD Land Acquisition

Assessment Area 1

Wetlands	Acreage	$ / Ac.	Land Value
Wetland Area #11-B	35.22	$3,000	$105,660
Wetland Area #12-C	15.61	$3,000	$46,830
Wetland Area #13	2.69	$3,000	$8,070
Wetland Area #14	8.25	$3,000	$24,750
Wetland Area #18	4.43	$3,000	$13,290
Wetland Area #20	2.38	$3,000	$7,140
Wetland Area #22	0.17	$3,000	$510
Wetland Area #23	0.32	$3,000	$960
Wetland Area #25	2.39	$3,000	$7,170
Wetland Area #27	17.15	$3,000	$51,450
Wetland Area #31	3.08	$3,000	$9,240
Wetland Area #33	0.18	$3,000	$540
Sub-Total:	**91.87**		**$275,610**

Wetland Land Value: $3,000
Upland Land Value: $26,850

Upland Buffer	Acreage	$ / Ac.	Land Value
Wetland Area #11-B	3.96	$26,850	$106,326
Wetland Area #12-C	1.61	$26,850	$43,229
Wetland Area #13	2.31	$26,850	$62,024
Wetland Area #14	2.88	$26,850	$77,328
Wetland Area #18	1.46	$26,850	$39,201
Wetland Area #20	1.78	$26,850	$47,793
Wetland Area #22	0.30	$26,850	$8,055
Wetland Area #23	0.80	$26,850	$21,480
Wetland Area #25	1.51	$26,850	$40,544
Wetland Area #27	6.00	$26,850	$161,100
Wetland Area #31	1.80	$26,850	$48,330
Wetland Area #33	1.35	$26,850	$36,248
Sub-Total:	**25.76**		**$691,656**

Ponds	Acreage	$ / Ac.	Land Value
SW Pond 200	5.00	$26,850	$134,250
SW Pond 201	2.50	$26,850	$67,125
SW Pond 202	0.93	$26,850	$24,971
SW Pond 203	0.68	$26,850	$18,258
SW Pond 204	2.45	$26,850	$65,783
SW Pond 205	3.23	$26,850	$86,726
SW Pond 206	2.69	$26,850	$72,227
SW Pond 207	6.53	$26,850	$175,331
SW Pond 208	1.30	$26,850	$34,905
SW Pond 209	1.18	$26,850	$31,683
SW Pond 210	2.50	$26,850	$67,125

SW Pond 211	3.76	$26,850	$100,956
SW Pond 212	4.17	$26,850	$111,965
SW Pond 213	2.07	$26,850	$55,580
SW Pond 214	3.23	$26,850	$86,726
FP Comp Pond 200	3.78	$26,850	$101,493
FP Comp Pond 201	1.49	$26,850	$40,007
FP Comp Pond 202	3.27	$26,850	$87,800
FP Comp Pond 203	1.28	$26,850	$34,368
SBB Pond 2	0.92	$26,850	$24,702
Sub-Total:	**52.96**		**$1,421,976**

Uplands	**Acreage**	**$ / Ac.**	**Land Value**
Park	0.70	$26,850	$18,795
Property Buffer - NE	0.48	$26,850	$12,888
Property Buffer - E	0.53	$26,850	$14,231
Property Buffer - S	0.54	$26,850	$14,499
Sub-Total:	**2.25**		**$60,413**

Assessment Area 1 Total: **$2,449,655**

/ Ac.
/ Ac.