

LAKWOOD RANCH STEWARDSHIP DISTRICT

**VERIFICATION REPORT FOR THE
SPECIAL ASSESSMENT REFUNDING REVENUE BONDS
SERIES 2017
(LAKE CLUB PROJECT)**

September 29, 2017

Lakewood Ranch Stewardship District

Bryant Miller Olive P.A.
255 South Orange Avenue, Suite 1350
Orlando, Florida 32801

MBS Capital Markets, LLC
152 Lincoln Avenue
Winter Park, Florida 32789

We have completed our engagement to verify the mathematical accuracy of the computations relating to the adequacy of cash to be held in an escrow account to pay the debt service requirements of all of the outstanding Special Assessment Revenue Bonds, Series 2006 (Lake Club Project) (only those bonds described in Exhibit B-1) (herein referred to as the "Refunded Bonds") issued by the Lakewood Ranch Stewardship District (herein referred to as the "District"). We express no opinion as to the attainability of the assumptions underlying the computations or the tax-exempt status of the Special Assessment Revenue Refunding Bonds, Series 2017 (Lake Club Project) (herein referred to as the "Refunding Bonds") to be issued by the District. Our verification was performed solely on the information contained in certain schedules of proposed transactions provided by MBS Capital Markets, LLC (herein referred to as the "Placement Agent"). In the course of our engagement to verify the mathematical accuracy of the computations in the schedules provided to us, we prepared Exhibits A and B attached hereto and made a part hereof.

The scope of our engagement consisted of performing the procedures described herein. These procedures were performed in a manner that we deem to be appropriate.

The accompanying exhibits of proposed transactions were prepared on the basis of assumptions underlying the computations and in accordance with the procedures described herein. We did not independently confirm the information used with outside parties.

OUR UNDERSTANDING OF THE TRANSACTION

The District intends to issue the Refunding Bonds on September 29, 2017 to currently refund the Refunded Bonds. A portion of the proceeds of the Refunding Bonds will be used, together with certain amounts to be contributed from various funds and accounts associated with the Refunded Bonds, to provide cash that will be placed into an escrow account to currently refund the Refunded Bonds.

The Escrow Agent will pay the scheduled debt service requirements of the Refunded Bonds on November 1, 2017 and will redeem the Refunded Bonds, at a redemption price equal to 100% of par, on November 1, 2017.

ESCROW ACCOUNT TRANSACTIONS

We verified the mathematical accuracy of the accompanying calculations of the escrow account transactions proposed to currently refund the Refunded Bonds.

The presently outstanding debt service requirements of the Refunded Bonds will be satisfied by \$15,582,037.50 in cash. The cash will be placed in an irrevocable escrow account and held therein until the Refunded Bonds are redeemed as previously described.

We read a copy of the Official Statement for the Refunded Bonds insofar as these obligations are described with respect to interest rate, maturity date and redemption provisions. We read a copy of an e-mail prepared by U.S. Bank National Association, as Trustee for the Refunded Bonds, on July 19, 2017 at 2:23 p.m. EDT insofar as the Refunded Bonds are described with respect to aggregate principal outstanding. We assumed these documents to be accurate and all debt service payments on the Refunded Bonds to be current as of September 29, 2017. We compared the above information set forth in these documents with the related information contained in the schedules provided to us and found the information to be consistent.

Based on the procedures and information set forth above, the computations provided to us and represented in Exhibits A and B, which indicate that the cash proposed to be placed in the escrow account by the District will produce the amount necessary to provide for the timely payment of the proposed debt payment schedule on the Refunded Bonds, are mathematically correct.

USE OF THIS REPORT

It is understood that this report is solely for the information of and assistance to the addressees hereof in connection with the issuance of the Refunding Bonds and is not to be used, relied upon, circulated, quoted or otherwise referred to for any other purpose without our written consent, except that (i) reference may be made to the report in any closing documents pertaining to the issuance of the Refunding Bonds, (ii) the report may be used in its entirety as an exhibit to the escrow agreement for the Refunded Bonds, (iii) the report may be included in the transcripts pertaining to the issuance of the Refunding Bonds, (iv) the report may be relied upon by Bond Counsel in connection with its opinion concerning the Refunded Bonds, (v) the report may be relied upon by any rating agency or bond insurer that shall have rated or insured or that will rate or insure the Refunded Bonds or the Refunding Bonds, and (vi) the report may be relied upon by the Escrow Agent for the Refunded Bonds.

* * * * *

The scope of our engagement is deemed by the addressees hereto to be sufficient to assist such parties in evaluating the mathematical accuracy of the various computations cited above. The sufficiency of this scope is solely the responsibility of the specified users of this report and should not be taken to supplant any additional inquiries or procedures that the users would undertake in their consideration of the issuance of the bonds related to the transaction described herein. We make no representation regarding the sufficiency of the scope of this engagement. This report

Lakewood Ranch Stewardship District
September 29, 2017
Page 3

should not be used by any party who does not agree to the scope set forth herein and who does not take responsibility for the sufficiency and appropriateness of such scope for their purposes.

We have no obligation to update this report because of events, circumstances, or transactions occurring subsequent to the date of this report.

Very truly yours,

Caraway Dangers + Moore P.C.

EXHIBIT A

**LAKWOOD RANCH STEWARDSHIP DISTRICT
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2017
(LAKE CLUB PROJECT)**

**ESCROW ACCOUNT CASH FLOW
AS OF SEPTEMBER 29, 2017**

<u>Date</u>	<u>Cash Disbursement From Escrow (Exhibit B)</u>	<u>Cash Balance</u>
Beginning		
Balance:		\$15,582,037.50
01-Nov-17	<u>\$15,582,037.50</u>	0.00
	<u><u>\$15,582,037.50</u></u>	

EXHIBIT B

**LAKWOOD RANCH STEWARDSHIP DISTRICT
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2017
(LAKE CLUB PROJECT)**

**ESCROW ACCOUNT DISBURSEMENT REQUIREMENTS
FOR THE REFUNDED BONDS
AS OF SEPTEMBER 29, 2017**

Payment Date	Rate	Payment For		
		Principal Redeemed	Interest	Total
01-Nov-17	5.500%	\$15,165,000.00	\$417,037.50	\$15,582,037.50
		\$15,165,000.00	\$417,037.50	\$15,582,037.50

EXHIBIT B-1

LAKWOOD RANCH STEWARDSHIP DISTRICT
 SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2017
 (LAKE CLUB PROJECT)

DEBT SERVICE REQUIREMENTS FOR THE REFUNDED BONDS
 ASSUMING NO OPTIONAL REDEMPTIONS PRIOR TO MATURITY
 AS OF SEPTEMBER 29, 2017

(FOR INFORMATIONAL PURPOSES ONLY)

Payment Date	Rate	Payment For		Total Debt Payment
		Principal	Interest	
01-Nov-17			\$417,037.50	\$417,037.50
01-May-18	5.500%	\$465,000.00	417,037.50	882,037.50
01-Nov-18			404,250.00	404,250.00
01-May-19	5.500%	490,000.00	404,250.00	894,250.00
01-Nov-19			390,775.00	390,775.00
01-May-20	5.500%	520,000.00	390,775.00	910,775.00
01-Nov-20			376,475.00	376,475.00
01-May-21	5.500%	550,000.00	376,475.00	926,475.00
01-Nov-21			361,350.00	361,350.00
01-May-22	5.500%	580,000.00	361,350.00	941,350.00
01-Nov-22			345,400.00	345,400.00
01-May-23	5.500%	615,000.00	345,400.00	960,400.00
01-Nov-23			328,487.50	328,487.50
01-May-24	5.500%	645,000.00	328,487.50	973,487.50
01-Nov-24			310,750.00	310,750.00
01-May-25	5.500%	685,000.00	310,750.00	995,750.00
01-Nov-25			291,912.50	291,912.50
01-May-26	5.500%	725,000.00	291,912.50	1,016,912.50
01-Nov-26			271,975.00	271,975.00
01-May-27	5.500%	765,000.00	271,975.00	1,036,975.00
01-Nov-27			250,937.50	250,937.50
01-May-28	5.500%	805,000.00	250,937.50	1,055,937.50
01-Nov-28			228,800.00	228,800.00
01-May-29	5.500%	850,000.00	228,800.00	1,078,800.00
01-Nov-29			205,425.00	205,425.00
01-May-30	5.500%	900,000.00	205,425.00	1,105,425.00
01-Nov-30			180,675.00	180,675.00
01-May-31	5.500%	950,000.00	180,675.00	1,130,675.00
01-Nov-31			154,550.00	154,550.00
01-May-32	5.500%	1,005,000.00	154,550.00	1,159,550.00
01-Nov-32			126,912.50	126,912.50
01-May-33	5.500%	1,060,000.00	126,912.50	1,186,912.50
01-Nov-33			97,762.50	97,762.50
01-May-34	5.500%	1,120,000.00	97,762.50	1,217,762.50
01-Nov-34			66,962.50	66,962.50
01-May-35	5.500%	1,185,000.00	66,962.50	1,251,962.50
01-Nov-35			34,375.00	34,375.00
01-May-36	5.500%	1,250,000.00	34,375.00	1,284,375.00
		<u>\$15,165,000.00</u>	<u>\$9,689,625.00</u>	<u>\$24,854,625.00</u>

EXHIBIT C

**LAKWOOD RANCH STEWARDSHIP DISTRICT
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2017
(LAKE CLUB PROJECT)**

**ESTIMATED SOURCES AND USES OF FUNDS
AS OF SEPTEMBER 29, 2017**

Sources of Funds:

Par Value of Bonds	\$14,548,000.00
Revenue Account Contribution	508,995.51
Prepayment Account Contribution	261,865.85
Reserve Account Contribution	1,064,029.60
Total Sources of Funds	<u>\$16,382,890.96</u>

Uses of Funds:

Beginning Escrow Account Cash Balance	\$15,582,037.50
DSRF Deposit	328,044.00
Interest Fund Deposit	51,726.22
Issuance Costs	421,083.24
Total Uses of Funds	<u>\$16,382,890.96</u>

**LAKWOOD RANCH STEWARDSHIP DISTRICT
SPECIAL ASSESSMENT REVENUE REFUNDING BONDS, SERIES 2017
(LAKE CLUB PROJECT)**

**REFUNDING BOND DEBT SERVICE REQUIREMENTS AND PRODUCTION
AS OF SEPTEMBER 29, 2017**

(FOR INFORMATIONAL PURPOSES ONLY)

Payment Date	Rate	Payment For		Total Debt Payment	Reoffering Price	Original Issue Premium/ (Discount)	Total Production
		Principal	Interest				
01-Nov-17			\$51,726.22	\$51,726.22			
01-May-18	4.000%	\$522,000.00	290,960.00	812,960.00	100.000%	\$0.00	\$522,000.00
01-Nov-18			280,520.00	280,520.00			
01-May-19	4.000%	543,000.00	280,520.00	823,520.00	100.000%	0.00	543,000.00
01-Nov-19			269,660.00	269,660.00			
01-May-20	4.000%	565,000.00	269,660.00	834,660.00	100.000%	0.00	565,000.00
01-Nov-20			258,360.00	258,360.00			
01-May-21	4.000%	588,000.00	258,360.00	846,360.00	100.000%	0.00	588,000.00
01-Nov-21			246,600.00	246,600.00			
01-May-22	4.000%	612,000.00	246,600.00	858,600.00	100.000%	0.00	612,000.00
01-Nov-22			234,360.00	234,360.00			
01-May-23	4.000%	637,000.00	234,360.00	871,360.00	100.000%	0.00	637,000.00
01-Nov-23			221,620.00	221,620.00			
01-May-24	4.000%	663,000.00	221,620.00	884,620.00	100.000%	0.00	663,000.00
01-Nov-24			208,360.00	208,360.00			
01-May-25	4.000%	690,000.00	208,360.00	898,360.00	100.000%	0.00	690,000.00
01-Nov-25			194,560.00	194,560.00			
01-May-26	4.000%	718,000.00	194,560.00	912,560.00	100.000%	0.00	718,000.00
01-Nov-26			180,200.00	180,200.00			
01-May-27	4.000%	748,000.00	180,200.00	928,200.00	100.000%	0.00	748,000.00
01-Nov-27			165,240.00	165,240.00			
01-May-28	4.000%	778,000.00	165,240.00	943,240.00	100.000%	0.00	778,000.00
01-Nov-28			149,680.00	149,680.00			
01-May-29	4.000%	810,000.00	149,680.00	959,680.00	100.000%	0.00	810,000.00
01-Nov-29			133,480.00	133,480.00			
01-May-30	4.000%	843,000.00	133,480.00	976,480.00	100.000%	0.00	843,000.00
01-Nov-30			116,620.00	116,620.00			
01-May-31	4.000%	877,000.00	116,620.00	993,620.00	100.000%	0.00	877,000.00
01-Nov-31			99,080.00	99,080.00			
01-May-32	4.000%	913,000.00	99,080.00	1,012,080.00	100.000%	0.00	913,000.00
01-Nov-32			80,820.00	80,820.00			
01-May-33	4.000%	950,000.00	80,820.00	1,030,820.00	100.000%	0.00	950,000.00
01-Nov-33			61,820.00	61,820.00			
01-May-34	4.000%	989,000.00	61,820.00	1,050,820.00	100.000%	0.00	989,000.00
01-Nov-34			42,040.00	42,040.00			
01-May-35	4.000%	1,030,000.00	42,040.00	1,072,040.00	100.000%	0.00	1,030,000.00
01-Nov-35			21,440.00	21,440.00			
01-May-36	4.000%	1,072,000.00	21,440.00	1,093,440.00	100.000%	0.00	1,072,000.00
		<u>\$14,548,000.00</u>	<u>\$6,271,606.22</u>	<u>\$20,819,606.22</u>		<u>\$0.00</u>	<u>\$14,548,000.00</u>