NEW ISSUE BOOK ENTRY ONLY

RATINGS:
Moody's: Aa3 (stable outlook)
Fitch: AA- (stable outlook)
S&P: AA- (stable outlook)
See "RATINGS" herein

In the opinion of Greenberg Traurig, P.A., Bond Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on certain corporations. However, see "TAX EXEMPTION" for a description of the federal alternative minimum tax imposed on corporations and certain other federal tax consequences of ownership of the Series 2016A Bonds. Bond Counsel is further of the opinion that the Series 2016A Bonds and the interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations as defined therein.

REEDY CREEK IMPROVEMENT DISTRICT (FLORIDA)

(Located in Orange and Osceola Counties)

$165,500,000 AD VALOREM TAX BONDS, SERIES 2016A

Dated: Date of Delivery **Due:** June 1, as shown on inside cover

The Reedy Creek Improvement District (the "District") Ad Valorem Tax Bonds, Series 2016A (the "Series 2016A Bonds") will be issued as fully registered bonds and will be initially issued to and registered in the name of Cede & Co., as nominee for The Depository Trust Company New York, New York ("DTC"), which will act as securities depository for the Series 2016A Bonds. The Series 2016A Bonds will be available to purchasers in denominations of $5,000 or any integral multiple thereof under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive physical delivery of the Series 2016A Bonds. For so long as any purchaser is the beneficial owner of a Series 2016A Bond, they must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of principal of and interest on such Series 2016A Bond. For so long as the book-entry only system is in effect, any reference to a Bondholder or Bondholders shall be deemed to be Cede & Co. and not the beneficial owners of the Series 2016A Bonds. See "Book-Entry Only System" under "DESCRIPTION OF THE SERIES 2016A BONDS" herein. Interest on the Series 2016A Bonds is payable on each June 1 and December 1, commencing December 1, 2016 by U.S. Bank National Association, Orlando, Florida, as Paying Agent and Bond Registrar for the Series 2016A Bonds.

The Series 2016A Bonds are being issued by the District (i) to finance the District-Wide Transportation Project, the Additional Buena Vista Drive Corridor Improvements Project and the District Facilities Project (each as defined under "DESCRIPTION OF THE PROJECT" herein) and (ii) to pay the costs of issuing the Series 2016A Bonds.

The Series 2016A Bonds and interest thereon are payable from and secured equally and ratably with other Outstanding Bonds under the Bond Resolution (as such terms are defined herein), by an irrevocable prior lien on and a pledge of the first proceeds collected by the District from ad valorem taxes levied at a rate not exceeding 30 mills on the dollar per annum on the assessed value of all taxable property in the District, the major portion of which property is wholly-owned by affiliates of The Walt Disney Company.

The Series 2016A Bonds are subject to optional redemption prior to maturity as described in this Official Statement.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES OR YIELDS AND INITIAL CUSIP NUMBERS ON INSIDE COVER

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of the bond issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2016A Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to the approval of legality by Greenberg Traurig P.A., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon by Lee G. Schmudde, Esq., Orlando, Florida, as Special Counsel to the District and by Bryant Miller Olive P.A., Orlando, Florida, as Disclosure Counsel for the District. Certain legal matters will be passed on for the Underwriters by their counsel, Marchena and Graham, P.A., Orlando, Florida. Dunlap & Associates, Inc., Winter Park, Florida, is acting as financial advisor to the District. The Series 2016A Bonds are expected to be available for delivery through the offices of DTC in New York, New York on or about July 7, 2016.

J.P. Morgan **BofA Merrill Lynch**

Loop Capital Markets **Morgan Stanley**

Dated: June 22, 2016

$165,500,000
Ad Valorem Tax Bonds
Series 2016A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS

$165,500,000 Serial Bonds

Maturity (June 1)	Principal Amount	Interest Rate	Price	Yield	Initial CUSIP Number**
2019	$1,655,000	5.00%	111.678	0.91%	758449QD7
2020	2,445,000	5.00	115.095	1.04	758449QE5
2021	2,580,000	5.00	118.134	1.18	758449QF2
2022	2,710,000	5.00	120.947	1.30	758449QG0
2023	2,850,000	5.00	123.301	1.44	758449QH8
2024	2,990,000	5.00	125.220	1.59	758449QJ4
2025	2,755,000	5.00	127.053	1.71	758449QK1
2026	10,475,000	5.00	128.897	1.80	758449QL9
2027	11,000,000	5.00	127.336*	1.95*	758449QM7
2028	11,545,000	5.00	126.616*	2.02*	758449QN5
2029	12,130,000	4.00	115.740*	2.22*	758449QP0
2030	12,610,000	5.00	125.696*	2.11*	758449QQ8
2031	13,240,000	5.00	125.088*	2.17*	758449QR6
2032	13,905,000	5.00	124.482*	2.23*	758449QS4
2033	14,600,000	5.00	123.781*	2.30*	758449QT2
2034	15,330,000	4.00	111.870*	2.63*	758449QU9
2035	15,940,000	5.00	123.084*	2.37*	758449QV7
2036	16,740,000	4.00	111.133*	2.71*	758449QW5

* Prices and Yields are to the first optional redemption date of June 1, 2026.

** The District is not responsible for the use of CUSIP numbers, nor is a representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

REEDY CREEK IMPROVEMENT DISTRICT
(FLORIDA)
(Located in Orange and Osceola Counties)
1900 Hotel Plaza Boulevard
Lake Buena Vista, Florida 32830-0170

BOARD OF SUPERVISORS
Donald R. Greer, President
Laurence C. Hames, Vice President
Wayne Schoolfield, Treasurer
Elizabeth A. Duda
Maximiano Brito

DISTRICT ADMINISTRATOR
John H. Classe, Jr.

DEPUTY DISTRICT ADMINISTRATOR/COMPTROLLER
Ann G. Blakeslee

BOND COUNSEL
Greenberg Traurig, P.A.
Miami, Florida

FINANCIAL ADVISOR
Dunlap & Associates, Inc.
Winter Park, Florida

DISCLOSURE COUNSEL
Bryant Miller Olive P.A.
Orlando, Florida

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No dealer, broker, salesman or other person has been authorized by the Reedy Creek Improvement District (the "District") or by the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the Series 2016A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information contained in this Official Statement (which includes the Appendices) has been obtained by the District from DTC (all as hereinafter defined) and other sources believed to be reliable. No representation is made by the District, however, as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or shall be relied upon as, a promise or representation as to such information by the District. This Official Statement is submitted in connection with the sale of the Series 2016A Bonds and may not be reproduced or used, in whole or in part, for any other purposes. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or in the affairs of the District since the date hereof.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFERING STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2016A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2016A BONDS TO CERTAIN DEALERS AND CERTAIN DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER HEREOF.

UPON ISSUANCE THE SERIES 2016A BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR WILL THE BOND RESOLUTION BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2016A BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2016A BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE UNDERWRITERS OR THE DISTRICT AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2016A BONDS.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE **HTTP://WWW.MUNIOS.COM.** THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

TABLE OF CONTENTS

Page

INTRODUCTORY STATEMENT 1
PURPOSE OF THE SERIES 2016A BONDS 2
DESCRIPTION OF THE PROJECT 2
ESTIMATED SOURCES AND USES OF FUNDS 3
DESCRIPTION OF THE SERIES 2016A BONDS 3
General Description 3
Book-Entry Only System 3
Optional Redemption 6
Notice of Redemption 6
Non-Presentment of Series 2016A Bonds 7
SECURITY FOR THE SERIES 2016A BONDS 7
Pledge of Ad Valorem Taxes 7
Sinking Fund 8
Disposition of Ad Valorem Taxes – Flow of Funds 8
Covenant by the State of Florida to District 9
Investment of Funds 9
Additional Obligations 9
Additional Bonds 9
Bond Guaranty Agreement 10
Osceola Parkway Agreement 11
THE REEDY CREEK IMPROVEMENT DISTRICT 12
Description; Location 12
Government 12
Administration 13
Powers 13
Comprehensive Plan 16
Future General Obligation Bond Financing Plans of the District 17
Description of Major Business in the District 17
Taxation 19
Tourism 27
PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS 27
FRS Pension Plan 27
Other Post Employment Benefit Plans 27
OUTSTANDING BONDS SECURED BY AD VALOREM TAXES 29
AGGREGATE AD VALOREM DEBT SERVICE SCHEDULE 30
LITIGATION 30
TAX EXEMPTION 31
General 31
Original Issue Premium 32
Information Reporting and Backup Withholding 32
Potential Legislation and Recent Developments 32
IRS AUDITS OF SPECIAL DISTRICTS AND RELATED MATTERS 33
FINANCIAL STATEMENTS 34
CONTINGENT FEES 34
FINANCIAL ADVISOR 34

UNDERWRITING 35
RATINGS 36
APPROVAL OF LEGAL PROCEEDINGS 36
CONTINUING DISCLOSURE 36
LEGALITY FOR INVESTMENT IN FLORIDA 37
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAWS 37
CERTIFICATION CONCERNING OFFICIAL STATEMENT 38
MISCELLANEOUS 38
References to Documents 38
Opinions 38

Appendix A Audited Financial Statements of Reedy Creek Improvement District for the Fiscal Year Ended September 30, 2015
Appendix B Bond Resolution
Appendix C Form of Bond Counsel Opinion
Appendix D Form of Disclosure Dissemination Agent Agreement
Appendix E FRS Pension Plan and HIS Program Information
Appendix F General Information Regarding Tourism in Orange and Osceola County

OFFICIAL STATEMENT

relating to

REEDY CREEK IMPROVEMENT DISTRICT
(FLORIDA)
(Located in Orange and Osceola Counties)

$165,500,000
Ad Valorem Tax Bonds,
Series 2016A

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the cover page, inside cover page, and the Appendices hereto, is to set forth certain information relating to the Reedy Creek Improvement District (the "District") and its Ad Valorem Tax Bonds, Series 2016A (the "Series 2016A Bonds").

The Series 2016A Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly Chapter 67-764, Laws of Florida, Special Acts of 1967, effective May 12, 1967, Chapter 132, Florida Statutes and other applicable provisions of law (collectively, the "Act") and the Bond Resolution (hereafter defined). See "THE REEDY CREEK IMPROVEMENT DISTRICT – Powers" herein.

The Board of Supervisors of the District adopted a resolution on April 4, 1972, (the "1972 Resolution"), as amended and restated by Resolution No. 245 adopted on November 15, 1991, (the "1991 Resolution"), and as amended by Resolution No. 313 adopted on April 21, 1995 (the "1995 Resolution"). On April 27, 2016, the District adopted Resolution No. 579 supplementing the 1991 Resolution and providing for the issuance of bonds for the purpose of financing the District-Wide Transportation Project, the Additional Buena Vista Drive Corridor Improvements Project and the District Facilities Project (each as defined under "DESCRIPTION OF THE PROJECT" herein) (the "2016 Resolution"). The 1991 Resolution, as amended by the 1995 Resolution, and as supplemented by 2016 Resolution is referred to herein collectively as the "Bond Resolution."

The Series 2016A Bonds are to be issued on parity, and are to have an equal lien on the Ad Valorem Taxes collected by the District, with the Ad Valorem Tax Refunding Bonds, Series 2011 (the "Series 2011 Bonds"), the Ad Valorem Tax Bonds, Series 2013A (the "Series 2013A bonds"), the Ad Valorem Tax Refunding Bonds, Series 2013B (the "Series 2013B Bonds" and collectively with the Series 2013A Bonds, the "Series 2013 Bonds") and the Ad Valorem Tax Refunding Bonds, Series 2015A (the "Series 2015A Bonds") (collectively, the "Outstanding Bonds"), and with any subsequent series of Additional Bonds issued as authorized under the Bond Resolution, as supplemented. The Outstanding Bonds, together with the Series 2016A Bonds being issued, and any subsequent series of Additional Bonds that may be issued and outstanding after the issuance of the Series 2016A Bonds, as authorized under the Bond Resolution, are hereinafter collectively referred to as the "Bonds."

For a more complete description of the terms and conditions of the Series 2016A Bonds, reference is made to the Bond Resolution, which is attached (without Exhibits) as Appendix B hereto. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Bond Resolution. The description of the Series 2016A Bonds, the documents authorizing and securing the Series

2016A Bonds, and the information from financial reports contained herein do not purport to be comprehensive or definitive. All references herein to such documents and reports are qualified in their entirety by reference to such documents. Copies of such documents may be obtained from John H. Classe, Jr., District Administrator, 1900 Hotel Plaza Boulevard, Lake Buena Vista, Florida 32830-0170 (telephone: 407-934-7480).

PURPOSE OF THE SERIES 2016A BONDS

The Series 2016A Bonds are being issued by the District (i) to finance the District-Wide Transportation Project, the Additional Buena Vista Drive Corridor Improvements Project and the District Facilities Project and (ii) to pay the costs of issuing the Series 2016A Bonds.

DESCRIPTION OF THE PROJECT

The Series 2016A Bonds are being issued to provide financing for (i) the District-Wide Transportation Project which consists of acquiring land, designing, constructing, improving, renovating, reconstructing, extending, widening, grading, paving, repaving, or otherwise improving highways, streets, roads, interchanges or other public ways and vehicular bridges, including bus transit facilities, utilities, drainage, signalization and signage, within or without the District, including without limitation, entrances, exits, ramps and roads in, adjacent to or connecting with World Drive North, Center Drive, Western Way and Osceola Parkway (the "District-Wide Transportation Project"), (ii) the Additional Buena Vista Drive Corridor Improvements Project which consists of transportation and parking improvements in addition to those initially funded from proceeds of the Series 2013A Bonds, benefitting primarily the Buena Vista Drive Corridor, including without limitation, planning, designing, constructing, equipping and/or improving certain roadways and parking facilities within or outside the District and (iii) the District Facilities Project which consists of acquiring, designing, constructing, furnishing, equipping and improving certain administrative and/or operational facilities within the District.

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ESTIMATED SOURCES AND USES OF FUNDS

Based upon current cost estimates, the District intends to apply the proceeds of the Series 2016A Bonds as follows:

SOURCES:	
Par Amount of the Bonds	$165,500,000.00
Plus Original Issue Premium	35,578,420.85
TOTAL SOURCES	$201,078,420.85
USES:	
Deposit to Series 2016A Construction Account	$200,000,000.00
Costs of Issuance[(1)]	1,078,420.85
TOTAL USES	$201,078,420.85

(1) Includes Underwriters' discount, legal and financial advisory fees and expenses and other fees and expenses associated with the issuance of the Series 2016A Bonds.

DESCRIPTION OF THE SERIES 2016A BONDS

General Description

The Series 2016A Bonds are being issued as a single fully-registered Bond for each maturity, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "Book-Entry Only System" below. U.S. Bank National Association, Orlando, Florida, shall serve as Paying Agent and Bond Registrar for the Series 2016A Bonds.

The Series 2016A Bonds will be dated as of their date of delivery, and will bear interest from their date of delivery at the rates and mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2016A Bonds is payable semiannually on each June 1 and December 1 of each year (the "Interest Payment Dates"), commencing December 1, 2016. Principal of and interest on the Series 2016A Bonds are payable to the registered owner thereof, which initially will be a nominee of DTC.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM DTC, AND NEITHER THE DISTRICT NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2016A BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2016A BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2016A BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS (AS HEREINAFTER DEFINED) OF THE SERIES 2016A BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2016A

BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2016A BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2016A BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2016A BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2016A BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, NEITHER THE DISTRICT NOR THE UNDERWRITERS MAKE NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2016A Bonds. The Series 2016A 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 2016A Bond certificate will be issued for each maturity of the Series 2016A Bonds as set forth in the inside cover of this Official Statement, 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"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has an S&P Global Inc. ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016A 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 2016A 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 2016A Bonds, except in the event that use of the book-entry system for the Series 2016A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016A 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 2016A 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 2016A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A 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.

Redemption notices shall be sent to DTC. If less than all of the Series 2016A Bonds within a series or maturity 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 or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016A 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 Series 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments, as applicable, on the Series 2016A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend 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 2016A Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2016A 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 2016A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Optional Redemption

Series 2016A Bonds Optional Redemption. The Series 2016A Bonds maturing on and after June 1, 2027 are subject to redemption by the District prior to maturity in whole or in part on any date on or after June 1, 2026, at a redemption price equal to 100% of the principal amount being redeemed (without premium) plus accrued interest to the date fixed for redemption.

Selection of Series 2016A Bonds to be Redeemed in Partial Redemptions. If less than all of the Series 2016A Bonds shall be called for redemption, the Series 2016A Bonds to be redeemed shall be selected, in multiples of $5,000, in such manner as the District in its discretion shall determine, and if less than all of a maturity shall be called for redemption, the Series 2016A Bonds to be redeemed shall be selected by lot within such maturity. However, so long as the Series 2016A Bonds are registered in book-entry-only form and so long as DTC or a successor securities depositor is the sole registered owner of the Series 2016A Bonds, partial redemptions will be done in accordance with DTC procedures.

Notice of Redemption

Notice of redemption of the Series 2016A Bonds (i) shall be filed with the Paying Agent, and (ii) shall be mailed, postage prepaid, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption, to all registered owners of the Series 2016A Bonds to be redeemed at their respective addresses as they appear on the registration books of the Registrar.

With respect to the Series 2016A Bonds, each notice of redemption shall meet the requirements set forth in (i), (ii), (iii) and (iv) below; provided, however, that the failure of such notice or payment to comply with the following terms shall not in any manner defeat the effectiveness of a redemption, if notice thereof is given as prescribed in the immediately preceding paragraph.

(i) Each notice of redemption shall set forth the name and address of the Paying Agent, a contact person with the Paying Agent and his or her telephone number and the CUSIP numbers, if any, of the Series 2016A Bonds called for redemption, the redemption price, the date of the issue, the interest rate and the stated maturity date with respect to the Series 2016A Bonds to be redeemed; and with respect to owners of $1,000,000 or more in principal amount to be redeemed, such notice shall be sent by certified mail, return receipt requested.

(ii) In addition to the foregoing, further notice of any redemption shall be given by the Registrar simultaneously with mailed notice to Holders, for any redemption other than by sinking fund installment, to the Municipal Securities Rulemaking Board. Such further notice shall contain the information required in subparagraph (i) above.

(iii) Upon the payment of the redemption price of the Series 2016A Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or be accompanied by an advice showing the CUSIP number identifying, by issue, the Series 2016A Bonds being redeemed with the proceeds of such check or other transfer.

(iv) A second notice of redemption shall be mailed in the manner provided above to any registered owner who has not tendered Series 2016A Bonds that have been called for redemption within sixty (60) days after the applicable redemption date.

Notwithstanding the provisions of the Bond Resolution, the effectiveness of any notice of optional redemption of any Series 2016A Bond may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption (including, without limitation, the deposit of sufficient moneys with the Paying Agent for such purpose) and may also be subject to rescission by the District if expressly set forth in such notice.

Non-Presentment of Series 2016A Bonds

If any Series 2016A Bond is not presented for payment when its principal or redemption price becomes due in whole or in part, either at stated maturity or by redemption, or a check for interest is uncashed, and if sufficient moneys for the purpose of paying that principal, redemption price or interest are on deposit with the Registrar and available for such purpose, all liability of the District to that owner for that payment shall thereupon cease and be discharged completely, and it shall thereupon be the duty of the Registrar to hold those moneys in trust, without liability for interest thereon, for the exclusive benefit of that owner who shall thereafter be restricted exclusively to those moneys in trust, without liability for interest thereon, for the exclusive benefit of that owner who shall thereafter be restricted exclusively to those moneys for any claim of whatever nature on its part under the Bond Resolution.

Any moneys so held by the Registrar that remain unclaimed by the Holder of any Series 2016A Bond for a period of seven years after the due date of that payment shall be paid to the District, and thereafter the Holder of that Series 2016A Bond shall look only to the District for payment, and then only to the amounts so received by the District without any interest thereon, and the Registrar shall have no further responsibility with respect to those moneys.

SECURITY FOR THE SERIES 2016A BONDS

Pledge of Ad Valorem Taxes

Payment of principal of and interest and premium, if any, on the Series 2016A Bonds is secured (equally and ratably with all other Bonds) by an irrevocable prior lien on the first proceeds collected by the District from Ad Valorem Taxes levied at a rate not exceeding 30 mills on the dollar per annum on the assessed value of all taxable property in the District. For the Fiscal Year ended September 30, 2015, the District levied Ad Valorem Taxes at the rate of 12.5749 mills, of which 4.7131 mills was for the payment of debt service on the Outstanding Bonds (other than the Series 2016A Bonds, but including the Series 2011 Bonds, the Series 2013 Bonds and the Series 2015 Bonds) and 7.8618 mills was for the payment of the general operations of the District. For the Fiscal Year ending September 30, 2016, the District has set an Ad Valorem Tax rate of 12.2711 mills, of which 4.9323 mills was for the payment of debt service on Outstanding Bonds (other than the Series 2016A Bonds, but including the Series 2011 Bonds, the Series 2013 Bonds and the Series 2015 Bonds) and 7.3388 mills was for the payment of the general operations of the District.

The District covenants to levy each year such millage, not exceeding 30 mills on each dollar of assessed valuation of all taxable property within the District, as will produce a sum equal to the amounts required to be deposited in the Sinking Fund (hereinafter described) in such Fiscal Year. If in any Fiscal

Year the Ad Valorem Taxes actually collected shall be less than the amount required, then the amount of the deficit shall be added to the amount of Ad Valorem Taxes required to be levied in the next succeeding year or years; such tax, however, shall not exceed 30 mills in any Fiscal Year. See also " – Bond Guaranty Agreement" below for information concerning the 2014 Bond Guaranty Agreement (hereinafter defined) of the District, secured by a subordinate lien on its Ad Valorem Taxes, pursuant to which the District has guaranteed payment of debt service on the 2014 Osceola Bonds (hereinafter defined).

Sinking Fund

The District shall maintain a Sinking Fund (the "Sinking Fund") for the payment of principal of and interest becoming due and payable on the Series 2016A Bonds and any other Bonds during each Fiscal Year. Sinking Fund deposit requirements in a particular Fiscal Year shall be satisfied from the Ad Valorem Taxes collected in such Fiscal Year. See" – Disposition of Ad Valorem Taxes – Flow of Funds" below.

Disposition of Ad Valorem Taxes – Flow of Funds

The proceeds of the Ad Valorem Taxes, as soon as collected, shall be deposited in the Ad Valorem Taxes Fund (the "Ad Valorem Taxes Fund"), which is a trust fund required to be kept separate from all the other funds of the District.

Funds in the Ad Valorem Taxes Fund shall be disposed of in accordance with the terms of the Bond Resolution as follows:

(1) There shall be deposited in the Sinking Fund a sum sufficient to pay the Bond Service Requirement for all outstanding Bonds during the current Fiscal Year and any deficiencies for prior Fiscal Years. Such annual payments shall be reduced by the amounts of money, if any, which are deposited into the Sinking Fund out of proceeds from the sale of a Series of Bonds to the extent such amounts are available to pay the Bond Service Requirement on such Series of Bonds.

(2) Upon the issuance by the District of any Additional Bonds under the terms, limitations and conditions provided in the Bond Resolution, the payments into the Sinking Fund shall be increased in such amounts as are necessary to make the payments set forth in paragraph (1) above for the principal of and interest on such Additional Bonds, on the same basis as provided with respect to the outstanding Bonds.

(3) The District shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in the Sinking Fund is at least equal to the aggregate principal amount of Bonds then outstanding, plus the amount of interest then due or thereafter to become due on such Bonds then outstanding.

(4) The balance of any moneys remaining in the Ad Valorem Taxes Fund after the above required current payments have been made in each Fiscal Year may be used for the purpose of redemption of the Bonds at the discretion of the District or for any other lawful purpose for which such moneys may be used by the District.

Excess proceeds of Ad Valorem Taxes in the Ad Valorem Taxes Fund are immediately transferred to the General Fund and are expended throughout the year to fund general operations of the

District in accordance with the annual budget. The Ad Valorem Tax millage may be reduced to the extent the District receives revenues from operations or other sources. Such revenues will not be available to pay principal of and interest on the Series 2016A Bonds.

Covenant by the State of Florida to District

The State of Florida covenants in the Enabling Act to the holders of any bonds issued by the District that it will not limit or alter the rights of the District to own, acquire, construct, reconstruct, improve, maintain, operate or furnish the projects or to levy and collect the taxes, assessments, rentals, rates, fees, tolls, fares and other charges provided for in the Enabling Act, and to fulfill the terms of any agreement made with the holders of any bonds of the District and that it will not in any way impair the rights or remedies of the holders, or modify in any way the exemption of the assets and properties of the District, its bonds and the interest thereon from taxation in Florida.

Investment of Funds

The Sinking Fund, the Ad Valorem Taxes Fund, the 2016A Construction Account and any other special funds and accounts created by the Bond Resolution (except for the Rebate Account as defined in the Bond Resolution), are trust funds for the purposes provided in the Bond Resolution. All such funds and accounts shall be continuously secured in the manner by which the deposit of public funds is authorized to be secured by the Laws of the State of Florida. Moneys on deposit in the Ad Valorem Taxes Fund and Sinking Fund may only be invested in investment obligations maturing no later than the date on which the moneys therein will be needed for the purposes of the Bond Resolution. Any and all income received by the District from investment in the Ad Valorem Taxes Fund and the Sinking Fund shall be deposited into the Sinking Fund.

Additional Obligations

The District has covenanted not to issue any other obligations payable from the proceeds of the Ad Valorem Taxes pledged under the Bond Resolution having priority to or being on parity with the lien of the Series 2016A Bonds and the Outstanding Bonds, except Additional Bonds as hereinafter described.

Additional Bonds

Additional Bonds may be issued by the District subject to the following terms and conditions:

(1) There shall have been filed with the Board of Supervisors certificates of the tax assessors of Orange and Osceola Counties stating the total assessed value of taxable property within the District for the current calendar year, if then determined, or otherwise for the calendar year immediately preceding the date of sale of the proposed Additional Bonds.

(2) The Maximum Bond Service Requirement on the Bonds then Outstanding and Additional Bonds proposed to be issued shall not exceed 85% of the estimated annual collections from Ad Valorem Taxes calculated upon the basis of (a) the assessed value of the taxable property within the District for the current calendar year, if then determined, or otherwise for the calendar year immediately preceding the date of sale of such Additional Bonds, and (b) the maximum annual rate of millage for the levy of such Ad Valorem Taxes as authorized by law at the date of sale of such Additional Bonds.

(3) If required by law, the Additional Bonds shall be approved at an election.

(4) The principal amount of the proposed Additional Bonds together with all other Bonds then outstanding of the District shall not exceed in the aggregate 50% of the assessed value of the taxable property within the District as shown on the pertinent tax records at the time of the authorization of such Additional Bonds or such higher amount as allowed by the Act.

At the time of issuance of the Series 2016A Bonds the District will deliver evidence of its satisfaction of the foregoing terms and conditions.

In addition to the conditions for the issuance of Additional Bonds described in clauses (1) through (4) above, under the terms of the 2014 Bond Guaranty Agreement, the District is prohibited from issuing Additional Bonds unless, upon issuance of said Additional Bonds, the aggregate principal amount of (i) Bonds then outstanding plus (ii) the Additional Bonds proposed to be issued, plus (iii) the 2014 Osceola Bonds then outstanding, is not in excess of fifty percent (50%) of the assessed valuation of the taxable property within the District as shown on the pertinent tax records at the time of the authorization of such Additional Bonds. Upon issuance of the Series 2016A Bonds, the total principal amount of Outstanding Bonds, including the Series 2016A Bonds, plus the 2014 Osceola Bonds will be $674,610,000, which is approximately 7.16% of the assessed valuation of the taxable property within the District as of October 1, 2015. See "THE REEDY CREEK IMPROVEMENT DISTRICT Taxation" below. See also "- Bond Guaranty Agreement" below.

Bond Guaranty Agreement

In July of 1992, Osceola County issued $149,999,313 Osceola County, Florida Transportation Improvement Bonds (Osceola Parkway Project) (the "1992 Osceola Bonds") for the construction of the Osceola Parkway (the "Parkway"), a toll road that was constructed to improve the transportation systems in certain areas of Osceola County and the District. In connection with the issuance of the 1992 Osceola Bonds, the District entered into a Bond Guaranty Agreement (the "1992 Bond Guaranty Agreement") which required the District to make certain funds available for debt service on the 1992 Osceola Bonds if operations of the toll road were insufficient to meet scheduled debt service. The obligations of the District under the 1992 Bond Guaranty Agreement were secured by a lien on the Ad Valorem Taxes of the District on a subordinate basis to the then outstanding Bonds. As of September 30, 2003, the District had advanced $23,368,613 pursuant to the 1992 Bond Guaranty Agreement for payment of debt service on the 1992 Osceola Bonds, all of which was written off and will not be reimbursed to the District.

In 2004, the 1992 Osceola Bonds were refinanced through the issuance by the District of the Series 2004A Bonds and by Osceola County of its Transportation Improvement Refunding Bonds (Osceola Parkway Project), Series 2004 (the "2004 Osceola Bonds"). In connection with the issuance of the 2004 Osceola Bonds, the District entered into a new Bond Guaranty Agreement (the "2004 Bond Guaranty Agreement") which required the District to make certain funds available for debt service on the 2004 Osceola Bonds if operations of the toll road were insufficient to meet scheduled debt service. Upon issuance of the 2004 Osceola Bonds and the execution and delivery of the 2004 Bond Guaranty Agreement, the 1992 Bond Guaranty Agreement was canceled. Pursuant to the 2004 Parkway Agreement (defined below), Osceola County agreed to reimburse the District from excess toll revenues, if any, for amounts paid as debt service on the District's Series 2004A Bonds. In 2013, the District refinanced its Series 2004A Bonds through the issuance of the District's Series 2013B Bonds.

In 2014, the 2004 Osceola Bonds were refinanced through the issuance by Osceola County of its $80,100,000 Osceola County, Transportation Improvement Refunding Bonds (the "2014 Osceola Bonds"). In connection with the issuance of the 2014 Osceola Bonds, the District entered into a new Bond Guaranty Agreement dated September 9, 2014 (the "2014 Bond Guaranty Agreement"). Upon issuance of the 2014 Osceola Bonds and the execution and delivery of the 2014 Bond Guaranty Agreement, the 2004 Bond Guaranty Agreement was canceled. No advances were made by the District under the 2004 Bond Guaranty Agreement.

Pursuant to the 2014 Bond Guaranty Agreement, the District has unconditionally guaranteed the full and prompt payment of debt service on the 2014 Osceola Bonds, including all principal and interest, except incremental interest resulting from a "Determination of Taxability," as defined in the 2014 Bond Guaranty Agreement, if operations of the toll road were insufficient to meet scheduled debt service, and certain deposits to the renewal and replacement fund for the 2014 Osceola Bonds. Maximum annual debt service on the 2014 Osceola Bonds is $10.1 million. The obligation of the District to make such payments is secured by a pledge of the ad valorem taxing power of the District, which pledge is expressly junior and subordinate to the pledge thereof in favor of the District's Outstanding Bonds and any other obligations issued on a parity therewith as permitted by the 2014 Bond Guaranty Agreement, including the Series 2016A Bonds.

The 2014 Bond Guaranty Agreement is a continuing guaranty of payment and not of collection. The obligations of the District under the 2014 Bond Guaranty Agreement are stated to be absolute and unconditional and to remain in full force and effect until the entire principal of and interest on the 2014 Osceola Bonds are paid. The District has not made any advances under the 2014 Bond Guaranty Agreement for payment of debt service on the 2014 Osceola Bonds.

Osceola Parkway Agreement

In connection with the issuance of the 1992 Osceola Bonds, Osceola County, the District and certain other owners of land (the "Landowners") contiguous to the Parkway entered into an Osceola County Parkway Development Agreement (the "1992 Parkway Agreement") related to the construction of the Parkway and payment of debt service on the 1992 Osceola Bonds, which 1992 Parkway Agreement was amended and restated pursuant to an Amended and Restated Osceola Parkway Development Agreement (the "2004 Parkway Agreement") in connection with the issuance of the 2004 Osceola Bonds and the District's Series 2004A Bonds. In connection with the issuance of the 2014 Osceola Bonds, Osceola County and the District entered into the Additional Bonds Consent Agreement, with the written consent of the Landowners, which amended the 2004 Parkway Agreement (the "2014 Additional Bonds Consent Agreement"). Pursuant to the 2014 Additional Bonds Consent Agreement, the parties acknowledged that, as of July 21, 2014, the District was entitled to reimbursement of $37,741,054.07 representing amounts paid by the District as debt service on its Series 2004A Bonds and Series 2013B Bonds, plus any guaranty payments made by the District in the future, together with interest thereon at a rate of 3%. Such reimbursements are payable by Osceola County from excess toll revenues, if any, when they become available. In addition, the 2004 Parkway Agreement was amended to eliminate the last seven semi-annual payments required to be made by Osceola County into the debt service fund for the 2014 Osceola Bonds, each in the amount of $687,500. In fiscal years ended September 30, 2014 and 2015, the District received from Osceola County $2,145,318 and $2,330,134, respectively, of reimbursements owed to the District pursuant to the 2004 Parkway Agreement and the 2014 Additional Bonds Consent Agreement. Osceola County's reimbursement obligations to the District will terminate on April 1, 2034 unless Osceola County decides to continue to collect tolls on the Parkway.

The table below shows historical debt service coverage on the 2004 Osceola Bonds or 2014 Osceola Bonds, as applicable, from the Parkway toll collections and interest earnings thereon for fiscal years ended September 30, 2011 through and including 2015:

Fiscal Year Ended (September 30)	Gross Toll Revenue	Interest Revenue	Less Operating Expense	Net Available Revenue	Osceola Bonds Debt Service	Coverage
2011	$11,172,000	$22,000	($2,341,000)	$8,853,000	$7,813,000	1.13x
2012	11,677,000	13,000	(2,196,000)	9,494,000	8,169,000	1.16x
2013	12,225,000	4,000	(2,244,000)	9,985,000	8,339,000	1.20x
2014	13,949,000	7,000	(2,282,000) (1)	11,674,000	9,441,000	1.24x
2015	15,627,000	10,000	(2,370,000)	13,267,000	4,434,000	2.99x

(1) The Operating Expense in fiscal year ended 2014 is net of non-recurring renewal and replacement expenses of $4,264,000 paid from the Parkway renewal and replacement fund.

Source: Osceola County, Florida.

THE REEDY CREEK IMPROVEMENT DISTRICT

Description; Location

The District is a public corporation of the State of Florida and is located in Orange and Osceola Counties in central Florida, about 15 miles southwest of the City of Orlando. The District currently encompasses approximately 25,000 acres or 40 square miles. Approximately 18,900 acres are located in Orange County and approximately 6,100 acres are located in Osceola County.

The District is intersected diagonally (northeast to southwest) by U.S. Interstate Highway No. 4 and midway (east to west) by U.S. Route 192. The land in the District (exclusive of about 7,415 acres (30%) primarily owned by the District itself, 739 acres (3%) owned by the State of Florida and 398 acres owned by others) is primarily owned by wholly owned affiliates of The Walt Disney Company. The Walt Disney World Resort, which was first opened to the public on October 1, 1971, is located within the territorial boundaries of the District. See " – Description of Major Business in the District" below.

Government

The District is governed by a Board of Supervisors of five members. The Supervisors hold office for staggered terms of four years each. Elections of Supervisors are held every two years at the annual meeting of the landowners of the District, at which two or three Supervisors, as the case may be, are elected. Supervisors whose terms have expired continue to serve until their successors have been duly elected and administered their oath of office. The present members of the Board of Supervisors, their respective occupations and the respective dates on which their terms expire are as follows:

Name	Occupation	Term Expires
Donald R. Greer President	Retired, Former Asset Manager of the Magnolia Service Corp.	May 2017
Laurence C. Hames Vice President	Attorney, Laurence C. Hames, Esq. P.A.	May 2019
Wayne Schoolfield Treasurer	Owner, Schoolfield Properties, Inc.	May 2017
Elizabeth A. Duda	Businesswoman; Civic Leader	May 2017
Maximiano Brito	Principal, Rhodes + Brito, Architects	May 2019

The Enabling Act provides that at elections of Supervisors, each landowner is entitled to one vote for each acre of land (or major fraction thereof) owned by such landowner in the District. The Board of Supervisors has the power to call special meetings of the landowners and is required to do so upon the request of owners of not less than 25% of the acreage in the District.

Administration

Under the direction of the Board of Supervisors, a District Administrator acts as the chief administrative officer of the District.

John H. Classe, Jr. is the current District Administrator after joining the District in 2015. Prior to joining the District, Mr. Classe was involved in all aspects of planning, design, entitlements, permitting, government relations, project finance and community governance for real estate development projects, such as residential, multi-family, commercial, resort hotels and themed entertainment developments. For over 15 years, Mr. Classe provided consulting services to various entities of the Walt Disney Company including the Celebration master planned community. He also served as Chairman of the Board of Supervisors of the Urban Orlando Community Development District. Mr. Classe graduated from Auburn University with a degree in civil engineering and is a licensed professional engineer and real estate broker.

Ann G. Blakeslee is the Deputy District Administrator and has served in this position since 2010. She is responsible for certain of the day-to-day operations of the District and reports to Mr. Classe. Mrs. Blakeslee is also the Comptroller of the District, appointed by the Board of Supervisors. She is responsible for financial matters within the District and has served in such capacity for approximately seven years after serving as Assistant Comptroller for approximately twelve years. Mrs. Blakeslee graduated from Florida State University with a degree in accounting and is a Certified Public Accountant.

Powers

Pursuant to the Enabling Act, the District was given, among others, the following powers:

(1) to acquire property, real, personal or mixed, within or without its territorial limits, to encumber any property acquired by the District, and to mortgage, hold, manage, control, convey, lease, sell, grant or otherwise dispose of the same;

(2) to exercise the right and power of eminent domain within the limits of the District to condemn real property or mixed property which the Board of Supervisors deems necessary for the use of any of the projects of the District; the District may condemn property outside the limits of the District under specified conditions relating to the use of the property for drainage canals and other drainage purposes; the powers of condemnation shall be exercised in the same manner as is now provided by the general laws of the State of Florida;

(3) to own, operate and maintain water and flood control facilities and to regulate the supply and level of water within the District; the District is declared eligible to receive grants and assistance from the State of Florida available to flood control districts, water management districts and navigation districts or agencies;

(4) to own, operate and maintain water and sewer systems; to regulate the use of sewers and the supply of water within the District; to prohibit or regulate the use of other sanitary structures and to prescribe methods of sewage treatment;

(5) to own, operate and maintain a waste collection and disposal system and to sell or otherwise dispose of any effluent, residue or other byproducts of such system;

(6) to own, operate and maintain electric power plants, transmission lines and related facilities, gas mains and facilities of any nature for the production or distribution of natural gas, and to purchase electric power, natural gas and other sources of power for distribution within the District;

(7) to own, acquire, construct, operate, improve and maintain highways, streets, tollroads, alleys, sidewalks, promenades, boardwalks, bridges, tunnels, interchanges, causeways and public thoroughfares of all kinds and descriptions, and connections to and extensions of any and all existing public roads within the District;

(8) to lease as lessor or lessee to or from any person, corporation, or body, public or private, any projects of the type that the District is authorized to undertake;

(9) to own, operate and maintain canals, levees, plants, pumping systems and other works for drainage purposes and irrigation works;

(10) to purchase electric power, natural gas and other sources of power for distribution within the District; and

(11) to issue general obligation, revenue, assessment or other bonds to finance the acquisition, construction, extension or improvement of any projects.

The District is authorized to exercise its powers and authorities within the confines of the City of Bay Lake, the City of Lake Buena Vista or any other municipality hereafter created lying wholly or partially within the District. In addition, the District has the power to conduct, maintain and operate its projects outside its geographical limits with the consent of the State of Florida or any municipality or political subdivision whose consent is required by law. Under the Enabling Act, District projects are exempt from county zoning, building, subdivision and construction regulation except as otherwise determined by the Board of Supervisors.

The District may require all land, buildings, persons and corporations within the District to use the drainage, flood control, water and sewer and waste collection and disposal facilities of the District. No other such systems and facilities may be built without the consent of and approval of plans and specifications by the District.

Fees, Charges and Services. The District has the power, after notice and public hearing, to prescribe, fix, establish and collect rates, fees, rentals, tolls, fares or other charges for the facilities and services furnished by the District, to recover the cost of making connections to any District facility or system, and to provide for reasonable penalties for delinquent charges. Such rates, fees and charges shall be uniform for users of the same class, and may be based or computed on the amount of service furnished, the number of persons occupying the premises or any other factor affecting the use of the facilities furnished. The rates, fees and charges prescribed shall be such as will produce revenues, together with any other assessments, taxes, revenues or funds available or pledged for such purpose, at least sufficient to cover operation and maintenance expenses, operating reserves, debt service and reserves under resolutions authorizing the issuance of bonds.

Ad Valorem Taxes, Maintenance Taxes and Utility Taxes. The Board of Supervisors has the power to levy and assess an ad valorem tax on all taxable real and tangible personal property in the District to pay the principal of and interest on any general obligation bonds of the District, to provide for sinking or other funds in connection therewith, and to defray the costs of any project or activity of the District authorized by law. Such taxes are to be in addition to any county or municipal ad valorem taxes. The total amount of such ad valorem taxes levied by the Board in any year shall not be in excess of 30 mills on the dollar per annum on the assessed value of all taxable property in the District. Such taxes shall be based on assessed valuation for county taxes as determined by Orange and Osceola Counties. However, in addition to the ad valorem tax of 30 mills on the dollar per annum, the Board may levy and assess a special ad valorem maintenance tax at a rate not exceeding 10 mills on the dollar per annum on the assessed value of all taxable property in the District for the purpose of defraying any of the costs and expenses of the District, including but not limited to maintenance, repair and operation of the District, costs incurred in connection with the financing of District projects, and the costs of administration. To date, maintenance charges have been fully satisfied out of user fees, regular ad valorem taxes and other revenues of the District and no special ad valorem tax has been assessed by the District. The District also has the power to impose, levy and collect on each and every purchase of electricity, metered or bottled gas, water service, telephone or telegraph service within the District, a utility tax not to exceed 10% of the payments received by the seller of such utility service, excluding the sale of natural gas to a public or private utility. No such tax has been imposed to date.

Ad Valorem Tax Bonds. The District has the power to issue ad valorem tax bonds so long as the aggregate principal amount of bonds outstanding at any one time is not in excess of 50% of the assessed valuation of the taxable property within the District as shown on the pertinent tax records at the time of the authorization of such bonds. The assessed valuation of property in the District as of October 1, 2015, as certified by the Property Appraisers of Orange and Osceola Counties pursuant to the respective Certifications of Final Taxable Value (the "Certifications of Final Taxable Value"), is $9,425,740,380**.** The aggregate principal amount of outstanding ad valorem tax debt of the District as of September 30, 2015 was $460,570,000 which was approximately 4.9% of such assessed valuation as of October 1, 2015. Upon issuance of the Series 2016A Bonds, the total principal amount of outstanding Bonds will be $606,390,000, which is approximately 6.43% of the assessed valuation as of October 1, 2015. Other than refunding bonds, ad valorem tax bonds must be approved at an election in accordance with the applicable provisions of the Constitution and laws of the State of Florida. The District may pledge its full faith and credit for the principal, interest and reserve charges, if any, on such ad valorem tax bonds.

Recent Bond Referendum. Pursuant to Resolution No. 570 adopted by the District on June 24, 2015, the District authorized the holding of a referendum be held on the question of the issuance of (1) an aggregate principal amount of not to exceed $350,000,000 ad valorem tax bonds, notes or other obligations to finance the District-Wide Transportation Project and (2) an aggregate principal amount of not to exceed $15,000,000 ad valorem tax bonds, notes or other obligations to finance the costs of the Additional Buena Vista Drive Corridor Improvements Project. The Buena Vista Drive Corridor Improvements Project was initially funded from the proceeds of the Series 2013A Bonds. The bond referendum was held on August 18, 2015 and was passed by a majority of the qualified electors of the District (the "2015 Referendum") and the results were certified by the District pursuant to Resolution No. 572 adopted on August 26, 2015. The Series 2016A Bonds represent a portion of the Ad Valorem Tax Bonds to be issued to fund the District-Wide Transportation Project and the Additional Buena Vista Drive Corridor Improvements Project pursuant to the 2015 Referendum.

Other Borrowings Including Revenue Bonds; Authorization. The District has the power to issue revenue bonds from time to time without limitation as to amount. Such revenue bonds may be secured by or payable from the gross or net pledge of the revenues to be derived from any project or combination of projects, from the rates, fees, tolls, fares or other charges to be collected from the users of any project or projects, from any revenue-producing undertaking or activity of the District, or from any other source or pledged security. The Board of Supervisors may combine projects for revenue bonds financing and pledge to the payment of revenue bonds two or more sources of revenue. The outstanding principal balance of utility revenue bonds as of September 30, 2015 was $225,785,000.

The District has the power to issue, without limitation as to amount, bonds payable from the proceeds of any utility service tax levied by the District.

The District may provide for the construction or reconstruction of assessable improvements and for the levying of special assessments upon benefitted property for the payment thereof and the Board of Supervisors may issue assessment bonds payable out of such assessments when collected. Although all special assessments may be collected by the respective tax collectors of Orange and Osceola Counties or such other officer or agent as the District may designate, the District historically has elected to collect such special assessments itself.

The District has the power to issue bond anticipation notes to borrow money for the purposes for which bonds have been authorized. Such bond anticipation notes are payable from the proceeds of the bonds when issued or may be retired from current revenues, taxes or assessments, but in such event, a like amount of the bonds authorized shall not be issued. The District may also obtain loans for current expenses or other costs, for a term not exceeding two years, which may be repayable from such revenues, taxes or other funds as the Board of Supervisors may determine.

Comprehensive Plan

In accordance with Florida's Comprehensive Planning Act of 1985, the District is required to prepare a comprehensive plan for submittal to the Florida Department of Economic Opportunity. This plan provides for land uses within the District and establishes the basis for land development regulations to guide future development. The objective of the act is to require local government to ensure required infrastructure, including roads, potable and reuse water, sanitary sewer, solid waste and storm water management (drainage), for new development is put in place as development occurs, and to ensure environmental impacts are addressed. The current plan, referred to as the 2020 Comprehensive Plan, was approved by the District in 2014 and includes a detailed 5-year capital requirement plan and identifies

funding sources for these requirements. A full copy of the 2020 Comprehensive Plan is available at http://www.rcid.org/doing-business/planning-development/2020-comp-plan/.

Future General Obligation Bond Financing Plans of the District

The District anticipates the issuance of approximately $170 million in additional general obligation bonds in the near future for the purpose of completing the District-Wide Transportation Project.

Description of Major Business in the District

Approximately 65% of the land in the District is owned by affiliates of The Walt Disney Company. Their combined properties, excluding properties leased to others by such affiliates, account for approximately 85**%** of the assessed valuations in the District, based upon the assessed valuation of taxable property within the District as of January 1, 2015.

Walt Disney World® Resort. The Walt Disney World Resort is located within the District, and includes theme parks (the Magic Kingdom, Epcot, Disney's Hollywood Studios and Disney's Animal Kingdom); hotels; vacation club properties; a retail, dining and entertainment complex; a sports complex; conference centers; campgrounds; golf courses; water parks; and other recreational facilities designed to attract visitors for an extended stay.

Magic Kingdom. The Magic Kingdom, which opened in 1971, consists of six themed areas: Adventureland, Fantasyland, Frontierland, Liberty Square, Main Street USA and Tomorrowland. Each land provides a unique guest experience featuring themed attractions, live Disney character interaction, restaurants, refreshment areas and merchandise shops. Additionally, there are daily parades and a nighttime fireworks extravaganza, *Wishes*. In 2014, the Walt Disney Company completed its multi-year expansion of Fantasyland that includes new themed spaces and attractions that nearly doubled the size of the area.

Epcot®. Epcot®, which opened in 1982, consists of two major themed areas: Future World and World Showcase. Future World dramatizes certain historical developments and addresses the challenges facing the world today through pavilions devoted to showcasing science and technology improvements, communication, energy, transportation, use of imagination, nature and food production, the ocean environment and space. World Showcase presents a community of nations focusing on the culture, traditions and accomplishments of people around the world. Countries represented with pavilions include Canada, China, France, Germany, Italy, Japan, Mexico, Morocco, Norway, the United Kingdom and the United States. Both areas feature themed attractions, restaurants and merchandise shops. Epcot also features *Illuminations: Reflections of Earth*, a nighttime entertainment spectacular.

Disney's Hollywood Studios®. Disney's Hollywood Studios®, which opened in 1989, consists of eight themed areas: Animation Courtyard, Commissary Lane, Echo Lake, Hollywood Boulevard, Mickey Avenue, Pixar Place, Streets of America and Sunset Boulevard. The eight areas provide behind-the-scenes glimpses of Hollywood-style action through various shows and attractions and offer themed food service and merchandise facilities. The park also features *Fantasmic!*, a nighttime entertainment spectacular. In August 2015, The Walt Disney Company announced two new themed lands coming to the park based on the Star Wars and Toy Story franchises.

Disney's Animal Kingdom® Theme Park. Disney's Animal Kingdom, which opened in 1998, consists of a 145-foot Tree of Life centerpiece surrounded by six themed areas: Africa, Asia, Dinoland U.S.A., Discovery Island, Oasis and Rafiki's Planet Watch. Each themed area contains attractions, entertainment, restaurants and merchandise shops. The park features more than 300 species of mammals, birds, reptiles and amphibians and 3,000 varieties of vegetation. The Walt Disney Company has a long-term agreement for the exclusive global theme park rights to build AVATAR-themed lands and plans to open Pandora – The World of AVATAR in 2017 (see *New and Ongoing Projects at the Walt Disney World Resort*.)

Hotels and Other Resort Facilities – As of October 3, 2015, affiliates of The Walt Disney Company, own and operate 18 resort hotels at the Walt Disney World® Resort, with a total of approximately 23,000 rooms and 3,000 vacation club units. Resort facilities include 468,000 square feet of conference meeting space and Disney's Fort Wilderness camping and recreational area, which offers approximately 800 campsites.

Disney Springs. The Walt Disney World Resort also hosts a 127-acre retail, dining and entertainment complex known as Disney Springs (formerly Downtown Disney.) Disney Springs is home to Cirque du Soleil, the House of Blues and the 51,000 square-foot World of Disney retail store featuring Disney-branded merchandise. A number of Disney Springs facilities are operated by third parties. Disney Springs is undergoing an expansion that is expected to be completed in 2016 (see *New and Ongoing Projects at the Walt Disney World Resort*.)

Nine independently-owned hotels with approximately 6,000 rooms are situated on property leased from The Walt Disney Company.

Disney's Vacation Club – Disney's Vacation Club offers ownership interests in resort facilities located at the Walt Disney World Resort among other locations outside the District. Available units at each facility are offered for sale under a vacation ownership plan and are operated as hotel rooms when not occupied by vacation club members. Disney's vacation club units consist of a mix of units ranging from deluxe studios to three-bedroom grand villas. In September 2015, the Walt Disney Company announced that it's next planned vacation project will be at Disney's Wilderness Lodge. (see *New and Ongoing Projects at the Walt Disney World Resort*.)

ESPN Wide World of Sports® Complex – This Sports Complex is a 230-acre sports center that hosts professional caliber training and competitions, festival and tournament events and interactive sports activities. The complex, which welcomes both amateur and professional athletes each year, accommodates multiple sporting events, including baseball, basketball, football, soccer, softball, tennis and track and field. The stadium, which has a seating capacity of approximately 9,500, is the current spring training site for MLB's Atlanta Braves.

Other recreational amenities and activities available at the Walt Disney World Resort include three championship golf courses, miniature golf courses, full-service spas, tennis, sailing, water skiing, swimming, horseback riding and a number of other noncompetitive sports and leisure time activities. The resort also includes two water parks: Blizzard Beach and Typhoon Lagoon.

In 2014, Walt Disney World Resort launched *MyMagic+*, a series of technology-based tools to enhance the guest experience. These tools include the *My Disney Experience* app and website, *MagicBand* and Disney's *FastPass+*, a reservation system for attractions and entertainment experiences. *MyMagic+* is available to all guests at Walt Disney World and provides a more personal and customized visit.

New and Ongoing Projects at the Walt Disney World Resort

At Disney's Animal Kingdom, first planned land based on the AVATAR franchise, Pandora – The World of AVATAR, is scheduled to open in 2017.

At Disney's Hollywood Studios, construction on the Toy Story expansion and Star Wars Land is ongoing.

Disney Springs is undergoing an expansion that began in 2013 and is expected to be completed in 2016.

Disney's Vacation Club opened new villas and bungalows at the Polynesian Resort in 2015. Disney's Wilderness Lodge is undergoing general resort refurbishments, and Disney's Vacation Club is currently constructing new waterfront cabins at the resort, which are scheduled to be completed in 2017.

Facilities Serving Walt Disney World Resort. The District owns the electric, water, gas, hot water and chilled water utilities which provide utility services within the District.

Affiliates of The Walt Disney Company provide transportation systems throughout The Walt Disney World Resort, including a monorail system, surface transportation, and water transportation.

Certain Information on The Walt Disney Company and Affiliates. The common stock of The Walt Disney Company is listed for trading on the New York Stock Exchange. The Walt Disney Company is subject to the information requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC") which may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please contact the SEC at (800) SEC-0330 for information on the operation of the Public Reference Room. Information set forth in the most recent Forms 8-K, 10-K and 10-Q filed by The Walt Disney Company with the SEC is available at the locations referred to above and online at www.sec.gov and www.disney.com/investors. Reference should be made to the foregoing for information on The Walt Disney Company and its affiliates.

Taxation

Ad Valorem Taxes

The Board of Supervisors of the District has the power, under the Enabling Act, to levy and assess an ad valorem tax on all taxable real and tangible personal property in the District, to provide for sinking or other funds in connection therewith, and to defray the cost of District projects and activities. Such taxes are in addition to any county or municipal ad valorem taxes. See " - Powers - *Ad Valorem Taxes, Maintenance Taxes and Utility Taxes*" above.

The Board of Supervisors of the District sets the millage rate to be applied against taxable property in the District. The bills are mailed to property owners on or about November 1 each year. The taxpayer is entitled to a 4% discount if taxes are paid in November; a 3% discount if paid in December; a 2% discount if paid in January next following; and a 1% discount if paid in February. Taxes may also be paid in installments over a four-month period ending in the March next following the November levy; in such cases the taxpayer is not allowed a discount. Taxes unpaid as of April 1 become delinquent and are subject to penalty, interest and the issuance of a tax deed and foreclosure in accordance with laws of the

State of Florida. Delinquent District taxes, tax sales certificates, and penalties and costs relating thereto constitute a lien in favor of the District of equal dignity with the liens of state and county taxes.

Millage Rollback Legislation. In June 2007, the State of Florida Legislature passed House Bill 1B which limited county, city and special district property taxes in fiscal year 2007-2008 and limits growth in these taxes in the future years to the growth in Florida's economy. These limits pertain only to the levy of the operating portion of the District's ad valorem tax millage.

Constitutional Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the Florida Constitution exempting certain portions of a property's assessed value from taxation and limiting increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10-year period, subject to extension by an affirmative vote of electors. The amendments also exempt from taxation $25,000 of the assessed value of property subject to tangible personal property tax. These amendments were effective for the 2008 tax year (fiscal year 2008-2009 for local governments). Due to the fact that the District's tax roll consists primarily of commercial real estate, there have been no material effects from this legislation on the District's property assessments. In addition, effective in 2010, an amendment was approved by the voters providing an exemption for real property primarily used for conservation and effective in 2013, a legislative amendment was enacted which eliminated three ways the property appraiser has the authority to reclassify agricultural land as non-agricultural.

Future Legislative Proposals. During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation and revenue limitation have been introduced in the State legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or cause a reaction in, Ad Valorem Taxes.

Basis of Valuation

Ad Valorem Taxes of the District are based on the assessed valuation for county taxes of tangible real and tangible personal property in the District. Property is valued for tax purposes as of January 1 of each year. Valuation is based on the fair market value of the property, taking into account actual use (agriculture, commercial, etc.) and applicable zoning and other use restrictions. Certain property, including property owned by the District itself, homesteads and other types of property are by law exempt from Ad Valorem Taxes.

Property owners are notified of increases in valuation on or before each July 1, and may take an appeal to the applicable County Value Adjustment Board which meets the following September. Assessments are subject to review and adjustment by the Department of Revenue of the State of Florida.

The table below sets forth total taxable assessed property based on the Certifications of Final Taxable Value for the District as well as millage rates and total tax levies for the District for the Fiscal Years ended September 30, 2006 through 2016. For information concerning total Ad Valorem Taxes collected, see " - Taxation-Collection of District Taxes":

Taxable Assessed Property

Fiscal Year Ended September 30,	Assessed Value of Property Within District ($ in thousands)	Debt Service Millage Rates (mills)	General Operating Millage Rates (mills)	Tax Bill Amount[1] ($ in thousands)	Percentage of Tax Roll: The Walt Disney Company Affiliates%	Percentage of Tax Roll: Other %[2]	Percent Collected %
2006	$6,068,352	4.6745	6.0755	$65,235	87.6	12.4	99.99
2007	6,577,694	3.8331	6.2669	66,435	87.6	12.4	99.99
2008	7,103,895	3.7307	5.9148	68,521	88.0	12.0	99.99
2009	7,486,965	3.4895	6.3962	74,014	87.3	12.7	99.99
2010	7,197,469	3.6247	6.7180	74,441	88.8	11.2	99.99
2011	6,948,863	3.8609	7.0500	75,818	89.3	10.7	99.99
2012	7,101,269	3.6850	7.7240	81,018	89.8	10.2	99.99
2013	7,297,853	3.4813	7.6000	80,870	89.3	10.7	99.99
2014	7,714,279	4.3008	7.5045	91,069	89.1	10.9	99.99
2015	8,281,651	4.7131	7.8618	104,141	89.0	11.0	99.99
2016	9,425,740	4.9323	7.3388	115,664	84.7	15.3	n/a

(1) Tax bills are mailed to property owners on or about November 1. Payments are due by the following March 31. See – "Taxation – *Ad Valorem Taxes*" above.

(2) The majority of taxpayers in this category are lessees of property owned by companies that are affiliates of the Walt Disney Company.

Source: District Tax Records

Assessed Valuations; Description of Properties

Taxable property within the District in Orange County consists of substantially all of the developed property within the District. For Fiscal Years 2015 and 2016, total assessed valuation of taxable property within the District in Orange County, based on the Certifications of Final Taxable Value, is $7,719,153,287 and $8,864,527,969, respectively.

Taxable property within the District in Osceola County consists principally of land set aside for conservation areas, water storage areas and agricultural uses. For Fiscal Years 2015 and 2016, total assessed valuation of taxable property within the District in Osceola County, based on the Certifications of Final Taxable Value, is $562,497,625 and $561,212,411, respectively.

The table following below identifies the major taxpayers of the District and indicates their type of business and assessed valuation for the Fiscal Years indicated (for information concerning the gross ad valorem tax revenues generated from the major taxpayers of the District, see " - Taxation-Collection of District Taxes" below). Approximately 65% of the land in the District is owned by affiliates of The Walt Disney Company. Their combined properties, excluding properties leased to others by such affiliates, account for approximately 85% of the assessed valuations in the District, based upon the assessed valuation of taxable property within the District as of January 1, 2015 as set forth in the Certifications of Final Taxable Value.

Assessed Valuation of Major Taxpayers

Total Gross Assessed Valuation [1]
For Fiscal Year Ended September 30
($ in thousands)

Taxpayer	Type of Business	Unaudited 2012	2013	2014	2015	2016[2]
Walt Disney Company and Affiliates	Theme park/Resort	$6,375,464	$6,518,857	$6,869,578	$7,372,512	$7,986,982
FS Orlando Hotel & Golf	Lodging/Sports	7,741	8,315	9,126	10,240	462,202
Dolphin	Lodging	195,463	207,077	222,517	239,143	262,330
Palace Resort & Spa	Lodging	81,392	76,838	77,707	71,512	76,115
Swan	Lodging	89,297	91,347	97,164	101,466	115,712
Hilton	Lodging	87,989	76,343	76,914	79,108	85,987
Wyndham	Lodging	28,941	29,311	31,382	29,327	31,418
Smart City Telecommunications	Utility	18,237	21,223	20,362	21,188	21,326
AT&T Mobility	Communications	1,437	2,685	3,822	22,965	21,982
Century Golf Partners	Sports/Recreation	--	16,740	19,462	14,552	15,820
Doubletree	Lodging	16,798	16,654	16,742	14,877	15,896
AMC Theatres	Entertainment	16,359	17,611	16,224	15,169	16,104
Crown Castle Solutions Corp.	Utility	--	501	15,609	27,938	32,488
Harvest Power Orlando	Utility	--	--	--	18,827	18,461
B Resort and Spa	Lodging	15,201	13,529	13,863	13,799	20,264
Best Western	Lodging	12,708	13,147	13,201	14,089	15,206
IBM	Leasing	18,258	30,364	35,274	6,436	5,748
Holiday Inn	Lodging	12,313	13,512	13,845	15,252	16,863
Landry's Restaurants, Inc.	Dining	19,802	14,554	14,950	14,744	20,329
Levy Brothers, Inc.	Dining	10,239	10,358	10,901	10,836	10,432
Duke Energy	Utility	9,432	8,094	9,583	10,366	11,908
Macquarie Equipment Financing	Leasing	--	--	--	11,714	8,345
Planet Hollywood	Dining	9,977	9,742	9,576	9,808	9,884
House of Blues	Entertainment	9,316	9,021	9,029	8,938	9,978
Others	Various	64,905	92,030	107,446	126,845	133,961
TOTAL		$7,101,269	$7,297,853	$7,714,277	$8,281,651	$9,425,741

(1) Based on Certifications of Final Taxable Value provided by Orange and Osceola Counties, as of January 1 of the previous year.

(2) Tax bills were mailed to property owners on or about November 1, 2015. Payments were due by March 31, 2016. See "THE REEDY CREEK IMPROVEMENT DISTRICT – Taxation – Ad Valorem Taxes"

Source: District Tax Records

Direct and Overlapping Taxes

The following table identifies governmental units authorized to levy ad valorem taxes on taxable real and tangible personal property in the District, and the millage levied for Fiscal Year ending September 30, 2015.

Governmental Unit	Millage	Total Millage
Reedy Creek Improvement District:		
General Operating	7.3388	
Debt Service	4.9323	
Total Millage		12.2711
City of Bay Lake (1)		1.0111
City of Lake Buena Vista (1)		1.1179
Orange County:		
Commission	4.4347	
School	3.2480	
South Florida Water Management District	0.3551	
Library	0.3748	
Total Millage		8.4126
Osceola County:		
Commission	6.9186	
South Florida Water Management District	0.3551	
School	7.2610	
Library	0.3000	
Total Millage		14.8347

(1) The City of Bay Lake and the City of Lake Buena Vista are located in Orange County.
Source: District Tax Records

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Collection of District Taxes

The Assessed Valuations within the District are certified to the District by the Property Appraisers of Orange and Osceola Counties. The District levies its Ad Valorem Taxes based on these Assessed Valuations. The District then collects its taxes in like manner as prescribed by law for the collection of county taxes.

The following table sets forth total District Ad Valorem Taxes collected for the Fiscal Years ended September 30, 2006 through 2015 (for information concerning the total taxable assessed property within the District, see "- Taxation - *Basis of Valuation*" above):

Collection of District Taxes

Fiscal Year Ended September 30,	Total Tax Levy ($ in thousands)	Collections as a Percent of Total Tax Levy (%)	Adjustments and Discounts [1] ($ in thousands)	Total Net Tax Collections ($ in thousands)	Collections as a Percent of Net Tax Levy[2] (%)
2006	$65,235	96.03	$2,592	$62,643	99.99
2007	66,435	95.82	2,779	63,656	99.99
2008	68,521	96.08	2,687	65,834	99.99
2009	74,014	96.00	2,960	71,054	99.99
2010	74,441	95.53	3,324	71,117	99.99
2011	75,818	96.03	3,012	72,806	99.99
2012	81,018	95.71	3,475	77,543	99.99
2013	80,870	95.84	3,363	77,507	99.99
2014	91,069	95.77	3,849	87,220	99.99
2015	104,141	96.03	4,132	100,009	99.99
2016[3]	115,664	96.07	4,544	111,120	n/a

(1) Adjustments resulting from changes made in assessed value by the Orange and Osceola County Tax Assessors after taxes were levied.

(2) Net Tax Collections includes reductions for adjustments described in note [1] above and discounts for early payment.

(3) As of May 26, 2016 (unaudited). For 2016, further adjustments are anticipated. See "LITIGATION" herein.

Source: District Tax Records

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The following table sets forth the gross Ad Valorem Tax revenues generated from each of the major taxpayers of the District for Fiscal Years ended September 30, 2012 through 2016 (based on the Certifications of Final Taxable Value). For information concerning the assessed valuation for each of the major taxpayers of the District, see "- Taxation – Assessed Valuations; Description of Properties" above:

Gross Ad Valorem Tax Revenues by Major Taxpayer

	Unaudited				
Major Taxpayer [1]	**2012**	**2013**	**2014**	**2015**	**2016**[2]
Walt Disney Company and Affiliates	$72,737,666	$72,237,409	$81,097,426	$92,708,597	$98,009,055
Dolphin	2,230,043	2,294,679	2,626,878	3,007,200	3,219,080
Palace Resort & Spa	928,597	851,463	917,349	899,261	934,013
Swan	1,018,788	1,012,249	1,147,052	1,275,925	1,419,916
Hilton	1,003,869	845,983	907,997	994,773	1,055,160
Wyndham	330,186	324,805	370,478	368,785	385,536
Smart City Telecommunications	208,062	235,173	240,383	266,441	261,695
AT&T Mobility	16,393	29,748	45,118	288,786	269,741
Century Golf Partners	-	185,502	229,751	182,987	194,124
Doubletree	191,654	184,544	197,642	187,079	195,066
AMC Theatres	186,643	195,153	191,532	190,748	197,613
Crown Castle Solutions Group	--	5,553	184,274	351,322	398,665
Harvest Power Orlando	--	--	--	236,744	226,537
B Resort and Spa	173,433	149,916	163,662	173,516	248,658
Best Western	144,985	145,685	155,841	177,173	186,597
IBM	208,305	336,475	416,424	80,931	70,532
Holiday Inn	140,484	149,734	163,443	191,786	206,926
Landry's Restaurant, Inc.	225,916	161,277	176,493	185,405	249,460
Levy Brothers	116,820	114,785	128,694	136,256	128,010
Duke Energy	107,606	89,696	113,126	130,354	146,122
Macquarie Equipment Financing	--	--	--	147,300	102,398
Planet Hollywood	113,825	107,957	113,053	123,330	121,285
FS Orlando Golf	88,317	92,136	107,733	128,766	5,671,721
House of Blues	106,287	99,962	106,589	112,398	122,444
Others	740,499	1,019,813	1,268,434	1,595,069	1,643,855
TOTAL	$81,018,378	$80,869,697	$91,069,372	$104,140,932	$115,664,209

(1) These taxpayers, other than Walt Disney Company and Affiliates, pay Ad Valorem Taxes as lessees of property owned by affiliates of the Walt Disney Company. In the event these lessees fail to pay such Ad Valorem Taxes under their leases, the owners of the property would still be required under law to make such payment.

(2) Tax bills were mailed to property owners on or about November 1, 2015. Payments were due by March 31, 2016. See "THE REEDY CREEK IMPROVEMENT DISTRICT – Taxation – Ad Valorem Taxes".

Source: District Comptroller's Office

The District has prepared the following historical Summary Statement of Revenues, Expenditures and Changes in Fund Balance of the General and Debt Service Funds.

Summary Statements of Revenues, Expenditures and Changes in Fund Balance of the General and Debt Service Funds For the Fiscal Years Ended September 30,

	Audited				
	2012	2013	2014	2015	Budget 2016 (unaudited)
REVENUES:					
Ad Valorem Taxes – net (1)	$77,538,181	$77,507,628	$87,220,226	$99,995,406	$112,225,630
Intergovernmental	2,119,843	2,344,356	2,963,900	3,149,128	2,819,074
Building Permits and Fees	1,964,516	1,665,178	2,460,993	2,959,784	2,500,000
Drainage Fees	210,588	158,202	118,097	309,122	--
Interest from investments	122,822	15,261	273,933	354,407	200,000
Post Office	105,109	--	--	--	--
Emergency Service Fees	227,559	279,746	262,472	286,089	--
Other	940,013	307,533	490,064	396,140	200,000
Total Revenues	83,228,631	82,277,904	93,789,685	107,450,076	117,944,704
EXPENDITURES:					
Administrative	3,385,463	4,105,509	3,850,191	4,236,970	5,159,256
Personnel Services	701,364	756,902	695,455	783,149	1,075,656
Information Services	1,611,609	1,939,729	1,676,152	1,859,181	3,160,965
Post Office	413,052	--	--	--	--
Support Services	2,324,906	2,978,834	3,605,754	2,762,805	4,410,157
Contracts & Risk Management	-	493,852	527,620	671,760	956,662
Building and Safety	2,446,805	2,596,382	3,088,497	3,382,082	3,807,271
Emergency Services	24,017,610	25,721,191,	27,442,198	28,276,922	29,839,863
Water Control and Roadway Maintenance	12,910,386	11,480,480	8,820,371	11,685,218	12,743,974
Planning and Engineering	1,724,661	1,919,438	2,067,990	2,118,876	2,982,923
Groves	10,501	--	--	--	--
Capital Outlay	1,690,257	1,408,527	2,328,879	4,087,145	4,955,400
Debt Service	26,475,215	26,685,830	38,495,829	35,632,917	46,933,568
Total Expenditures	77,711,829	80,086,674	92,598,936	95,497,025	116,025,695
Excess (deficiency) of Revenues Over (under) Expenditures	5,516,802	2,191,230	1,190,749	11,953,051	1,919,009
Other Financing Sources (Uses):					
Bond Proceeds	--	54,264,567	--	57,119,062	--
Payments to Escrow Agents	--	(44,035,093)	--	(64,662,922)	--
Lease Proceeds	--	--	--	1,197,607	--
Operating Transfers out	(2,936,074)	(3,148,767)	(3,484,716)	(3,846,027)	(4,260,135)
Total Other Financing Sources (Uses)	(2,936,074)	7,080,707	(3,484,716)	(10,192,280)	(4,260,135)
Excess (Deficiency) of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses	2,580,728	9,271,937	(2,293,967)	1,760,771	(2,341,126)
Fund Balance, Beginning of Year	23,497,627	26,078,355	35,350,292	33,056,325	34,817,096
Fund Balance, End of Year (2)(3)	$26,078,355	$35,350,292	$33,056,325	$34,817,096	$32,475,970

(1) Net of prepayment discounts and other deductions. See " - Taxation – Ad Valorem Taxes".

(2) It is the goal of the District to maintain an ending fund balance to provide adequate funds to operate the following year until taxes are collected. If in one year a major project or some large capital purchases are postponed, a deficiency in the next year's operations is planned to reduce the fund balance to the desired level.

(3) Consists of the General Fund and Debt Service Funds. Certain amounts are reserved for specific purposes such as capital projects and debt service.

Source: District Comptroller's Office

Tourism

Certain information regarding tourism and demographics in the areas surrounding the District is included in Appendix F hereto. On June 12, 2016 a gunman opened fire in a nightclub in Orlando, Florida. The District cannot predict the effect, if any, this incident, or other similar incidents, will have on travel to the central Florida area or tourism affecting the businesses in the District and surrounding areas of Orange and Osceola Counties.

PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS

FRS Pension Plan

With a few exceptions, all full-time and part-time employees working for the District in regularly established positions are members of the Florida Retirement System (the "FRS"), a multiple-employer cost-sharing public retirement system administered by the state of Florida. The FRS offers members both a defined benefit plan (the "FRS Pension Plan") and/or a defined contribution plan to provide retirement, disability, and death benefits for active members, retirees, surviving beneficiaries and Deferred Retirement Option Program ("DROP") participants. See "APPENDIX E – FRS PENSION PLAN AND HIS PROGRAM INFORMATION" hereto for information regarding the FRS Pension Plan, HIS Program and DROP.

The District has no responsibility to the FRS other than to make the periodic payments required by the Florida Statutes. The contribution rates by job class for the District's Fiscal Year ending September 30, 2015 were as follows for both the Pension Plan and the Investment Plan: regular 7.26%; special risk (e.g. law enforcement personnel) 22.04%; special risk administrative support 32.95%; senior management 21.43%; DROP participants 12.88%.

Information regarding the District's proportionate share of the FRS Pension Plan liability and related Health Insurance Subsidy Program liability as of September 30, 2015 can be found in Note 10 in the Notes to Financial Statements of the District as of and for Fiscal Year ended September 30, 2015 and the Required Supplementary Information which follows such Notes. See Appendix A hereto.

Other Post Employment Benefit Plans

General. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, the District expenses the cost of post-employment benefits over the active service lives of its employees rather than using a "pay-as-you-go" basis. Expensing the cost of a future benefit over the active work-lives of employees is a fiscally sound approach because employees actually earn the future benefits over their working careers.

OPEB Plan Description. The District provides health-related benefits to retirees and certain former employees. The District is required by Florida law to allow retirees and certain former employees to buy healthcare coverage at the same group insurance rates that current employees are charged. Although retirees pay for healthcare at group rates they are receiving a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an "implicit subsidy" for retirees. This Other Post Employment Benefit (OPEB) plan is a single-employer plan and does not issue a stand-alone financial report. The plan's financial activity is included in the financial activity of the District.

Annual OPEB Cost and Net OPEB Obligation. The actuary's estimate of the District's *accrued OPEB liability*, also known as the *actuarial liability*, which approximates the present value of all future expected postemployment and medical premiums, associated administrative costs and stipend payments (which are attributable to the past service of active and retired employees) was $44.1 million at September 30, 2015 as valued on October 1, 2014. The District's annual OPEB cost is the District's OPEB expenses on an accrual basis. The annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (current and future benefits earned) each year and to amortize any unfunded actuarial liabilities over a period of time not to exceed thirty years.

Annual required Contribution (ARC)	$3,801,000
Interest on net OPEB Obligation	955,000
Adjustment to Annual Required Contribution	(1,327,000)
Annual OPEB Cost	3,429,000
Projected Pay-as-you-go Expense	(1,228,000)
Change in OPEB Obligation	2,201,000
Net OPEB Obligation – Beginning of Year	23,870,774
Prefunding	-
Net OPEB Obligation – Projected End of Year	$26,071,774

The District's estimated annual OPEB cost and ARC for fiscal year 2015 were approximately $3.4 and $3.8 million, respectively. The *net OPEB obligation* is the net amount for which the District would be obligated and is equivalent to the cumulative sum of the annual OPEB cost less estimated retiree claims, stipends and contributions to the plan paid by the District. The District's net OPEB obligation at September 30, 2015 was approximately $26.1 million.

Fiscal Year	Annual OPEB Costs	% Costs Contributed	Net OPEB Obligation
2013	$4,569,948	22%	$20,248,740
2014	4,718,777	23%	23,870,774
2015	3,429,000	36%	26,071,774

Funding Policy, Status and Progress. The District has not currently funded any portion of the net OPEB obligation, however during fiscal years 2010 through 2016 the Board of Supervisors designated $9 million for the future funding of the liability. The District intends to eventually create an OPEB trust and contribute such amounts to the trust which will be dedicated to paying its net OPEB obligation. The Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014 was $44,064,000.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit method was used in the September 30, 2015 actuarial valuation. Actuarial assumptions included a 30 year (open) amortization period, a 4% investment rate of return, an

inflation rate of 3.5% per year, and an annual healthcare cost trend rate of 8%/7% for pre-65/post-65 retirees, respectively, reduced by .5% decrements to an ultimate rate of 4.5%. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount.

See also Appendix A hereto, Note 11 in the Notes to the Financial Statements of the District as of and for the Fiscal Year ending September 30, 2015, and the Required Supplementary Information which follows such Notes.

OUTSTANDING BONDS SECURED BY AD VALOREM TAXES

The following table provides the current principal amounts of the District's Outstanding Bonds secured by Ad Valorem Taxes:

Series of Bonds	Principal Amount Outstanding
Series 2011	$19,175,000
Series 2013A	344,960,000
Series 2013B	33,410,000
Series 2015A	43,345,000
Total	**$440,890,000**

Source: District Comptroller's Office

See "SECURITY FOR THE SERIES 2016A BONDS - Bond Guaranty Agreement" herein for a discussion of the District's subordinate guarantee to pay debt service on the 2014 Osceola Bonds.

AGGREGATE AD VALOREM DEBT SERVICE SCHEDULE

The following table sets forth the debt service for the Outstanding Bonds issued by the District and payable from Ad Valorem Taxes:

		Series 2016A			
Fiscal Year Ended September 30	**Existing Debt Service**	**Principal**	**Interest**	**Total**	**Total Debt Service**
2017	$42,100,253		$7,049,700	$7,049,700	$49,149,953
2018	42,097,453		7,833,000	7,833,000	49,930,453
2019	36,614,528	$1,655,000	7,833,000	9,488,000	46,102,528
2020	35,906,790	2,445,000	7,750,250	10,195,250	46,102,040
2021	35,895,590	2,580,000	7,628,000	10,208,000	46,103,590
2022	35,892,140	2,710,000	7,499,000	10,209,000	46,101,140
2023	35,888,040	2,850,000	7,363,500	10,213,500	46,101,540
2024	35,891,540	2,990,000	7,221,000	10,211,000	46,102,540
2025	36,276,790	2,755,000	7,071,500	9,826,500	46,103,290
2026	28,692,290	10,475,000	6,933,750	17,408,750	46,101,040
2027	28,690,525	11,000,000	6,410,000	17,410,000	46,100,525
2028	28,695,525	11,545,000	5,860,000	17,405,000	46,100,525
2029	28,690,775	12,130,000	5,282,750	17,412,750	46,103,525
2030	28,692,438	12,610,000	4,797,550	17,407,550	46,099,988
2031	28,695,375	13,240,000	4,167,050	17,407,050	46,102,425
2032	28,692,650	13,905,000	3,505,050	17,410,050	46,102,700
2033	28,692,400	14,600,000	2,809,800	17,409,800	46,102,200
2034	28,691,000	15,330,000	2,079,800	17,409,800	46,100,800
2035	28,692,000	15,940,000	1,466,600	17,406,600	46,098,600
2036	28,691,750	16,740,000	669,600	17,409,600	46,101,350
2037	28,692,500				28,692,500
2038	28,691,250				28,691,250
Totals[1]	$709,563,602	$165,500,000	$111,230,900	$276,730,900	$986,294,502

[1] Totals may not foot due to rounding.

LITIGATION

As of the date of this Official Statement, there is no pending litigation restraining or enjoining the issuance or delivery of the Series 2016A Bonds or the proceedings and authority under which they are to be issued or the pledge established by the Bond Resolution, or which would adversely affect the District's ability to pay principal of and interest on the Series 2016A Bonds. Neither the creation, organization or existence of the District, nor the title of the present members of the Board of Supervisors of the District or other officers of the District to their respective offices is being contested.

FS Orlando, LLC and FS Orlando Golf, LLC (collectively, the "Plaintiffs") have filed a lawsuit in the Circuit Court of the Ninth Judicial Circuit for Orange County, Florida naming the District, the property appraiser and tax collector of Orange County, Florida in their respective official capacities and the executive director of the Florida Department of Revenue in his official capacity, as defendants

(collectively, the "Defendants"). The Plaintiffs challenge the valuation of three commercial parcels known collectively as the Four Seasons Resort Orlando at Walt Disney World Resort (the "Four Seasons Property"), contesting the legality and validity of the 2015 ad valorem tax assessments on the Four Seasons Property. The Plaintiffs initiated proceedings for review by the Orange County Value Adjustment Board (the "VAB"), which VAB issued a final ruling on April 18, 2016 reducing the assessed and market value of a portion of the Four Seasons Property by $34,996,606. Plaintiffs claim that despite the adjustment, the value of each of the assessments on all portions of the Four Seasons Property exceeds the just and fair market value thereof. Plaintiffs have requested that the court set aside the 2015 assessments and resulting taxes to the extent they exceed the just and fair market value of such property and have requested a refund of taxes paid in excess of the amount that would be owed on adjusted values. The District anticipates an adjustment to the tax collections for fiscal year 2016. However, the District cannot predict the outcome of this case. Even in the event that the Plaintiffs are successful and the assessed and/or market value of the Four Seasons Property is adjusted downward, the District does not believe that any adverse outcome will have a material adverse effect on the District's finances or operations or on the District's ability to pay debt service on the Series 2016A Bonds.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the District must continue to meet subsequent to the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds not be included in gross income for federal income tax purposes. The District's failure to meet these requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District has covenanted in the Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2016A Bonds.

In the opinion of Greenberg Traurig, P.A., Bond Counsel, assuming continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and judicial decisions, interest on the Series 2016A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2016A Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that the Series 2016A Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2016A Bonds. Prospective purchasers of Series 2016A Bonds should be aware that the ownership of Series 2016A Bonds may result in other collateral federal tax consequences, including (1) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2016A Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on a Series 2016A Bonds, (2) the reduction of the loss reserve deduction for property and casualty insurance companies by 15% of certain items, including interest on the Series 2016A Bonds, (3) the inclusion of interest on Series 2016A Bonds in the earnings of certain foreign corporations doing business in the

United States for purposes of a branch profits tax, (4) the inclusion of interest on Series 2016A 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 (5) the inclusion in gross income of interest on the Series 2016A Bonds by recipients of certain Social Security and Railroad Retirement benefits.

Original Issue Premium

Under the Code, the difference between the principal amount of the Series 2016A Bonds and the cost basis of a Series 2016A Bond to a bondholder (other than a bondholder who holds a Series 2016A Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized over the term of a Series 2016A Bond for federal income tax purposes in the case of Series 2016A Bonds which are not subject to optional redemption and over the period to the call date that minimizes the yield to the purchaser in the case of Series 2016A Bonds which are subject to optional redemption. A Bondholder is required to decrease his basis in a Series 2016A Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Series 2016A Bond. The amount of the amortizable bond premium attributable to a taxable year is determined on an actuarial basis at a constant interest rate on the basis of a constant yield compounded actuarially. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Bondholders should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Series 2016A Bonds and with respect to the state and local consequences of owning and disposing of Series 2016A Bonds.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Series 2016A 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 2016A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Series 2016A Bonds and proceeds from the sale of any of the Series 2016A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2016A 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.

Potential Legislation and Recent Developments

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Series 2016A Bonds, adversely affect the market price or marketability of the Series 2016A Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be

predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Series 2016A Bonds. If enacted into law, such legislative proposals could affect the market price or marketability of the Series 2016A Bonds. Prospective purchasers of the Series 2016A Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

See "IRS AUDITS OF SPECIAL DISTRICTS AND RELATED MATTERS" below for a discussion of the Villages TAM (hereafter defined), proposed IRS regulations regarding political subdivisions and potential risks to Bondholders related to the Villages TAM and such proposed regulations.

IRS AUDITS OF SPECIAL DISTRICTS AND RELATED MATTERS

On May 30, 2013, the Internal Revenue Service (the "IRS") delivered to Village Center Community Development District, a Florida special district established under Chapter 190, F.S. ("Village Center CDD") a private ruling, called a technical advice memorandum (the "Villages TAM") in connection with the examination of bonds issued by the Village Center CDD. The Villages TAM concluded that, despite having certain eminent domain powers, the Village Center CDD is not a political subdivision permitted to issue tax-exempt bonds based on a number of facts including that its governing board is elected by a small group of landowners, and that it "was organized and operated to perpetuate private control and avoid indefinitely responsibility to a public electorate, either directly or through another elected state or local governmental body." The IRS has subsequently issued a second technical advice memorandum limiting the retroactivity of the Villages TAM but the Villages TAM has not been withdrawn.

The Villages TAM, as a private, non-precedential, ruling, binds only the IRS and the Village Center CDD, and only in connection with the Village Center CDD bonds under examination and addressed in the Villages TAM. Moreover, the cited legal basis for the Villages TAM is extremely limited, and, therefore, the value of the Villages TAM as guidance is also limited. Nonetheless, the Villages TAM may reflect the disfavor of the IRS toward nonresidential special districts with governing boards elected by landowners.

On February 22, 2016, the IRS published proposed regulations providing a new definition of political subdivision for purposes of issuing tax-exempt bonds which, if finalized in their current form, may treat entities like the District (as an entity whose governing body is controlled by a small group of private landowners) as an ineligible issuer of tax-exempt bonds and a private user of bond-financed facilities. The proposed regulations require that a political subdivision (i) have the power to exercise at least one sovereign power, (ii) be formed and operated for a governmental purpose, and (iii) have a governing body controlled by or have significant uses of its funds or assets otherwise controlled by a government unit with all three sovereign powers or by an electorate that is not controlled by an unreasonably small number of unrelated electors. On March 14, 2016, the IRS published 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 date on which the proposed regulations are finalized. Accordingly, the proposed regulations, if finalized in their current form, would not be applicable to the Series 2016A Bonds. However, the proposed regulations generally reflect that the IRS continues to disfavor non-residential special districts with governing boards elected by a small number of landowners, and this position may lead the enforcement branch of the IRS to select bonds of other issuers with landowner-controlled boards for examination.

Like the board of the Village Center CDD, the Board of Supervisors of the District is elected by the landowners in the District. The Enabling Act by which the District is governed delegates to the District traditional sovereign powers including, but not limited to, eminent domain, ad valorem taxation

and regulatory authority over zoning and building codes. On the basis of the Enabling Act Bond Counsel has concluded that under current law the District is a political subdivision for purposes of Section 103 of the Code, notwithstanding that its Board of Supervisors is elected by landowners. Bond Counsel intends to deliver its approving opinion in the form attached hereto as "Appendix C" without modification as a result of release of the Villages TAM or the proposed regulations. See "TAX EXEMPTION" and "Appendix C - Form of Bond Counsel Opinion".

The IRS routinely examines bond issues of state and local governments. The IRS opened a routine examination of the District's Utilities Revenue Bonds, Series 2003-2 in 2011 and closed the examination in 2012 without a change to the tax-exempt status of such Series 2003-2 Bonds. In this audit, the IRS did not explicitly raise issues related to the District's status as a political subdivision. Owners of the Series 2016A Bonds are advised that, if the IRS does audit the Series 2016A 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 2016A Bonds may have limited rights to participate in such procedure. The Bond Resolution does not provide for any adjustment to the interest rates borne by the Series 2016A Bonds in the event of a change in the tax-exempt status of the Series 2016A Bonds. The commencement of an audit or an adverse determination by the IRS with respect to the tax-exempt status of interest on the Series 2016A Bonds would adversely impact both liquidity and pricing of the Series 2016A Bonds in the secondary market.

FINANCIAL STATEMENTS

The financial statements of the District as of and for the year ended September 30, 2015, included in this Official Statement, have been audited by Ernst & Young LLP, independent certified public accountants (the "Auditor"), as stated in their report appearing in "Appendix A" hereto (the "Report"). The consent of the Auditor to include the Report in this Official Statement was not requested and such Report is provided only as a publicly available document. The Auditor has not been engaged to perform and has not performed, since the date of the Report, any procedures on the financial statements addressed in the Report. The Auditor also has not performed any procedures relating to this Official Statement.

CONTINGENT FEES

The District has retained Bond Counsel, the Financial Advisor and Disclosure Counsel with respect to the authorization, sale, execution and delivery of the Series 2016A Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (which includes the fees of Underwriters' Counsel) are each contingent upon the issuance of the Series 2016A Bonds.

FINANCIAL ADVISOR

Dunlap & Associates Inc., Winter Park, Florida, is serving as financial advisor to the District. The financial advisor has assisted in the preparation of the Official Statement, and in other matters relating to the planning, structuring and issuance of the Series 2016A Bonds, and has provided additional advice. Dunlap & Associates, Inc. is an SEC registered municipal advisor and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

UNDERWRITING

The Underwriters listed on the cover page have agreed, subject to certain conditions, to purchase the Series 2016A Bonds from the District at an aggregate purchase price equal to $200,406,870.38 (par of $165,500,000.00, plus original issue premium of $35,578,420.85 and less underwriters' discount of $671,550.47).

The Series 2016A Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such Series 2016A Bonds into investment trusts) at prices lower than or yields greater than the public offering prices and yields set forth on the front cover of this Official Statement, and such public offering prices and yields may be changed, from time to time, by the Underwriters.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2016A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2016A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any of the Series 2016A Bonds that such firm sells.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Series 2016A Bonds, has entered into distribution agreements (each a "Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement, each of UBSFS and DBS will purchase Series 2016A Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2016A Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2016A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016A Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in

respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

RATINGS

Moody's Investors Service ("Moody's"), Fitch Ratings ("Fitch") and S&P have assigned their municipal bond ratings of "Aa3" (stable outlook), "AA-" (stable outlook), and "AA-" (stable outlook), respectively, to the Series 2016A Bonds. Certain information and materials not included in this Official Statement were furnished to the rating agencies. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. Such credit ratings reflect only the views of such rating agencies, and an explanation of the respective significance of such credit ratings may be obtained from the rating agencies. There is no assurance that such credit ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by any of such rating agencies, if in their respective judgments circumstances so warrant. A revision or withdrawal of any such credit rating may have an adverse effect on the market price of the Series 2016A Bonds.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the validity of the Series 2016A Bonds and the issuance thereof by the District are subject to the approval of Greenberg Traurig, P.A., Miami, Florida, Bond Counsel, whose approving opinion (in the form attached hereto as "Appendix C") will be delivered on the date of issuance of the Series 2016A Bonds. Certain legal matters will be passed on for the District by Lee G. Schmudde, Special Counsel for the District, Bryant Miller Olive P.A., Disclosure Counsel to the District. Marchena and Graham, P.A., Orlando, Florida is acting as counsel for the Underwriters.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Series 2016A Bondholders to provide certain financial information and operating data relating to the District and the Series 2016A Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated material events. Such covenant shall only apply so long as the Series 2016A Bonds remain Outstanding under the Bond Resolution. The covenant shall also cease upon the termination of the continuing disclosure requirements of SEC Rule 15c2-12(b)(5) (the "Rule") by legislative, judicial or administrative actions. The Annual Report and the notices of material events will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System commonly referred to as "EMMA". The specific nature of the information to be contained in the Annual Report and the material events for which notice will be provided are described in "Appendix D - Form of Disclosure Dissemination Agent Agreement," which shall be executed by the District at the time of issuance the Series 2016A Bonds. The District has retained the services of Digital Assurance Certification, L.L.C. ("DAC") as its Disclosure Dissemination Agent to provide information notices to the MSRB. These covenants have been made in order to assist the Underwriters in complying with the Rule.

With respect to the Series 2016A Bonds, no party other than the District is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the aforementioned Rule.

Under prior continuing disclosure undertakings, the District is obligated to file with the MSRB audited or, if unavailable, unaudited, financial statements for each fiscal year ended September 30, within 180 days from the end of its fiscal year. Neither the audited nor unaudited financial statements were available to meet the filing deadline for the fiscal year ended September 30, 2015 due to the unavailability of information from the State regarding the District's pension obligations related to its participation in the Florida Retirement System. The District filed a notice of failure to file such audited financial statements with the MSRB prior to the filing deadline and filed such audited financial statements with the MSRB on May 26, 2016.

In connection with the issuance of prior Series of Utilities Revenue Bonds and Ad Valorem Tax Bonds, the District has entered into separate agreements to provide continuing disclosure under the Rule, as in effect at the time of such issues. With respect to such undertakings, the District covenanted to provide certain annual financial and operational information within 180 days of the end of each fiscal year (September 30). The District also employed DAC as its exclusive Disclosure Dissemination Agent with respect to such undertakings. In reliance on advice provided to the District by DAC, the District applied a 360 day year consisting of 12, 30 day months convention to the annual filing requirement rather than a strict 180 days from the end of its fiscal year convention and believed it had until March 31 of each year to file its annual reports. As a result of such interpretation, in some of the last five years, the District filed its annual continuing disclosure reports for its prior issues up to five days after the expiration of the 180 day period, which the District does not deem material. The District also agreed in the undertakings to provide updated comparative rate information as part of its annual report. Such information is included in the annual report of the consulting engineers, which is required to be filed within 60 days after the date on which the audited financial statements of the District become available. While the District filed each of such reports within the applicable time period, such reports have been filed up to 50 days past the due date for filing the updated comparative rate information in the District's annual report. In addition, while the District does not deem it to be a material failure, the District failed to provide updated information regarding direct and overlapping taxes which updates were filed on April 2, 2015. The District and DAC have implemented revised procedures to ensure that future annual reports will be filed no later than the March 31st following the end of the District's fiscal year and, so long as such prior undertakings are in effect, include updated comparative rate information and direct and overlapping taxes in such annual reports. In addition, on September 11, 2013, the District filed a notice of a rating upgrade that occurred on August 6, 2013 with respect to its Ad Valorem Tax Bonds.

LEGALITY FOR INVESTMENT IN FLORIDA

The Enabling Act provides that the Series 2016A 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.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAWS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31,

1975. The District is not and has not since December 31, 1975 been in default as to principal and interest on any of its bonds or other debt obligations.

CERTIFICATION CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Series 2016A Bonds, the President or the Vice President of the Board of Supervisors of the District will furnish his certificate to the effect that, to the best of his knowledge, the Official Statement (other than information contained therein concerning DTC and its Book-entry only system) did not, as of its date and does not as of the date of delivery of the Series 2016A Bonds, contain any untrue statement of a material fact or omit to state a material fact which is necessary in order to make the statements contained herein, in the light of the circumstances in which they are made, not misleading.

MISCELLANEOUS

References to Documents

References in this Official Statement to and excerpts and summaries from legislation, reports, contracts, the Bond Resolution, the opinion of Bond Counsel to the District and other documents do not purport to be complete statements of the contents of such documents, and reference is made to such documents for full and complete statements of the provisions thereof. Copies of the Enabling Act, the Bond Resolution, and the opinion of Bond Counsel to the District are available upon request to the District.

Opinions

Any statement in this Official Statement, including the appendices attached hereto, involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as a representation of fact.

The execution and delivery of this Official Statement have been duly authorized by the Board of Supervisors of the Reedy Creek Improvement District.

REEDY CREEK IMPROVEMENT DISTRICT

By: *\/s/ Donald R. Greer*
President, Board of Supervisors

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF REEDY CREEK IMPROVEMENT DISTRICT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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REEDY CREEK IMPROVEMENT DISTRICT
Lake Buena Vista, Florida

ANNUAL FINANCIAL REPORT

AND COMPLIANCE REPORTS

Year Ended September 30, 2015

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REEDY CREEK IMPROVEMENT DISTRICT
(LOCATED IN ORANGE AND OSECOLA COUNTIES)
1900 HOTEL PLAZA BOULEVARD
LAKE BUENA VISTA, FLORIDA

BOARD OF SUPERVISORS

DONALD R. GREER, PRESIDENT
LAURENCE C. HAMES, VICE PRESIDENT
WAYNE SCHOOLFIELD, TREASURER
ELIZABETH A. DUDA
MAXIMIANO BRITO

DISTRICT ADMINISTRATOR

JOHN H. CLASSE, JR.

DEPUTY DISTRICT ADMINISTRATOR/COMPTROLLER

ANN G. BLAKESLEE

INDEPENDENT AUDITORS

Ernst & Young LLP
Orlando, Florida

A-2

REEDY CREEK IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

Year Ended September 30, 2015

TABLE OF CONTENTS

Page

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 4

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:
Statement of Net Position 12

Statement of Activities 13

Fund Financial Statements:
Balance Sheet – Governmental Funds 14

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 15

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 16

Statement of Net Position – Utility Fund 17

Statement of Revenues, Expenses, and Changes in Net Position – Utility Fund 20

Statement of Cash Flows – Utility Fund 21

Notes to Financial Statements 22

REQUIRED SUPPLEMENTARY INFORMATION

Condition Rating of the District's Infrastructure and Comparison of Needed-to-Actual Maintenance Preservation 56

Other Post Employment Benefits
Schedule of Funding Progress 60

Pensions
Pension Plan - Schedule of District's Proportionate Share of Net Pension Liability and Schedule of Contributions 61

HIS Plan - Schedule of District's Proportionate Share of Net Pension Liability and Schedule of Contributions 62

COMPLIANCE REPORTS

Report of Independent Certified Public Accountants on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 63

Report of Independent Certified Public Accountants on Bond Covenants 65

Other Compliance Reports 66

Management Letter 72

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants

District Administrator, Deputy District Administrator, and
Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ready Creek Improvement District (the District), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with U.S. generally accepted accounting principles.

Adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date

As discussed in FootNote 1 to the financial statements, the District changed its method of accounting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, effective October 1, 2014. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, Condition Rating of the District's Infrastructure and Comparison of Needed-to-Actual Maintenance Preservation, Pension Plan Schedule of District's Proportionate Share of Net Pension Liability and Schedule of Contributions, HIS Plan Schedule of District's Proportionate Share of Net Pension Liability and Schedule of Contributions, and Other Post-Employment Benefits Schedule of Funding Progress, on pages 55 –61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated May 24, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ernst & Young LLP

May 24, 2016

A-4

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REEDY CREEK IMPROVEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Reedy Creek Improvement District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets plus deferred outflows of resources of the District exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year by $231,480,397 (*net position*).
- The District's total net position increased during the year by $44,860,508.
- The District's total noncurrent liabilities decreased by $19,890,397 during the year.
- As of September 30, 2015, the District's governmental funds reported combined ending fund balances of $184,072,832, a decrease of $130,451,143 in comparison with the prior year. Approximately 14% of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At September 30, 2015, unassigned fund balance for the general fund was $26,305,588, or 41% of total general fund expenditures, including transfers.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., arbitrage rebate owed but not due until a future year and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government, public safety, physical environment and transportation. The business-type activities of the District include water, wastewater, reuse, gas, solid waste, chilled water, hot water and electric utility operations.

The government-wide financial statements can be found on pages 12 – 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the capital projects fund, all of which are considered to be major funds.

The District adopts an annual legally appropriated budget for its general fund and debt service fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 14 – 18 of this report.

Proprietary funds. The District maintains one proprietary fund, the Utility Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses its enterprise fund to account for its eight utility operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 19 – 21 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 55 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $231,480,397 at September 30, 2015.

District's Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014 **	2015	2014	2015	2014 **
Current and noncurrent assets	$ 215,192,918	$ 332,004,159	$ 118,155,552	$ 113,419,086	$ 333,348,470	$ 445,423,245
Capital assets	475,190,407	342,633,792	257,280,087	257,712,359	732,470,494	600,346,151
Total assets	690,383,325	674,637,951	375,435,639	371,131,445	1,065,818,964	1,045,769,396
Deferred outflows of resources	5,833,614	3,805,590	17,008,401	6,194,931	22,842,015	10,000,521
Total deferred outflows of resources	5,833,614	3,805,590	17,008,401	6,194,931	22,842,015	10,000,521
Current liabilities *	60,767,851	46,809,593	61,941,344	58,362,349	122,709,195	105,171,942
Noncurrent liabilities	516,957,430	527,513,659	208,426,271	217,760,439	725,383,701	745,274,098
Total liabilities	577,725,281	574,323,252	270,367,615	276,122,788	848,092,896	850,446,040
Deferred inflows of resources	6,606,192	15,965,511	2,481,494	2,738,477	9,087,686	18,703,988
Total deferred inflows of resources	6,606,192	15,965,511	2,481,494	2,738,477	9,087,686	18,703,988
Net position:						
Net investment in capital assets	213,700,442	204,232,505	60,399,145	32,066,140	274,099,587	236,298,645
Restricted	5,208,835	10,333,059	4,756,262	4,451,478	9,965,097	14,784,537
Unrestricted (deficit)	(107,023,811)	(126,410,786)	54,439,524	61,947,493	(52,584,287)	(64,463,293)
Total net position	$ 111,885,466	$ 88,154,778	$ 119,594,931	$ 98,465,111	$ 231,480,397	$ 186,619,889

* includes current liabilities payable from restricted assets

** restated due to GASB 68 implementation

The District's net position includes: 1) net investment in capital assets (e.g., land, land improvements, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding and deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt. The District uses these capital assets to provide infrastructure and services to businesses operating within the District; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities; 2) net position restricted by contract or enabling legislation for non-operating uses such as capital and debt service, and 3) unrestricted net position (deficit). The net investment in capital assets continues to increase as the related debt is paid.

Governmental activities reflect negative unrestricted net position balances due to the financing, with long-term bonds of the District, of certain roadways that were subsequently donated to the State of Florida, long-term bonds issued in order to contribute to Osceola County's refinancing of their Transportation Improvement Bonds (Osceola Parkway), and recording of the District's net pension liability due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB No. 68). The roadways are not assets of the District, however the remaining debt associated with the roadways is a liability of the District amounting to approximately $73 million. All of the bonds are Ad Valorem Tax bonds, secured by an irrevocable lien on the ad valorem taxes collected by the District.

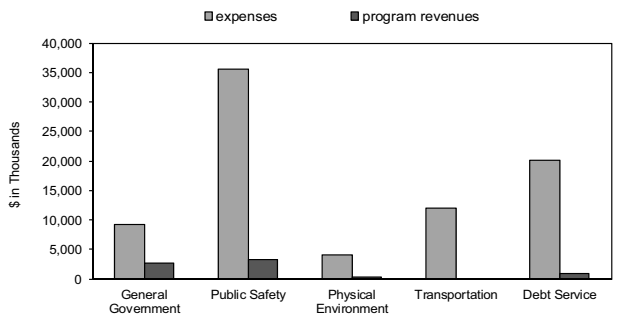
District's Change in Net Position

	Governmental activities		Business-type activities		Total	
	2015	2014 *	2015	2014	2015	2014 *
Revenues:						
Program revenues:						
Charges for services	$ 3,580,315	$ 3,056,880	$ 184,903,509	$ 192,812,724	$ 188,483,824	$ 195,869,604
Intergovernmental	3,149,128	2,963,900	-	-	3,149,128	2,963,900
Capital contributions	309,122	118,097	1,572,756	721,461	1,881,878	839,558
General revenues:						
Ad Valorem taxes-net	99,995,406	87,220,226	-	-	99,995,406	87,220,226
Interest income	1,466,739	1,189,559	181,660	57,906	1,648,399	1,247,465
Gain on sale of capital assets	17,772	134,724	-	-	17,772	134,724
Total revenues	108,518,482	94,683,386	186,657,925	193,592,091	295,176,407	288,275,477
Expenses:						
General Government	9,230,661	9,152,859	-	-	9,230,661	9,152,859
Public Safety	35,592,613	36,583,255	-	-	35,592,613	36,583,255
Physical Environment	4,101,809	3,957,881	-	-	4,101,809	3,957,881
Transportation	11,890,852	7,625,827	-	-	11,890,852	7,625,827
Utility operations	-	-	163,256,270	161,652,740	163,256,270	161,652,740
Interest on long-term debt	20,125,832	22,345,564	6,117,862	9,504,372	26,243,694	31,849,936
Total expenses	80,941,767	79,665,386	169,374,132	171,157,112	250,315,899	250,822,498
Increases in net position before transfers	27,576,715	15,018,000	17,283,793	22,434,979	44,860,508	37,452,979
Transfers	(3,846,027)	(3,484,716)	3,846,027	3,484,716	-	-
Change in net position	23,730,688	11,533,284	21,129,820	25,919,695	44,860,508	37,452,979
Net position - beginning (restated)	88,154,778	76,621,494	98,465,111	72,545,416	186,619,889	149,166,910
Net position - ending	$111,885,466	$ 88,154,778	$ 119,594,931	$ 98,465,111	$ 231,480,397	$ 186,619,889

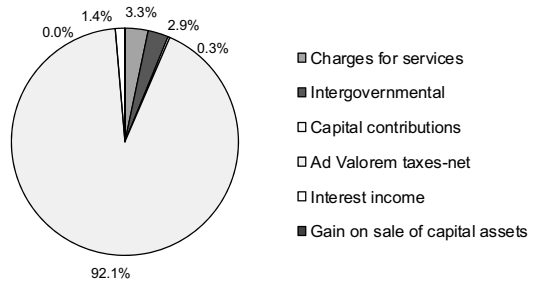
* restated due to GASB 68 implementation

Governmental activities. Charges for services increased due to additional permits being issued in 2015. Additional permits associated with the Buena Vista Drive corridor project, Disney Springs, and expansions within certain theme parks will continue through 2016. Ad valorem tax revenues increased due to the budgeted increase in millage rates and assessed values.

Expenses and Program Revenues – Governmental Activities

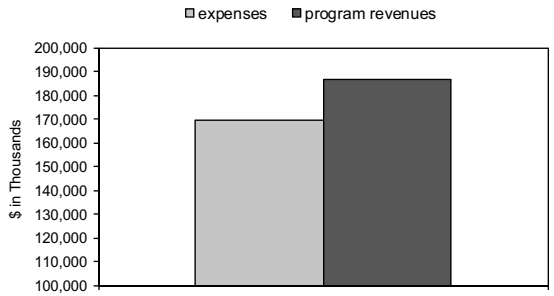


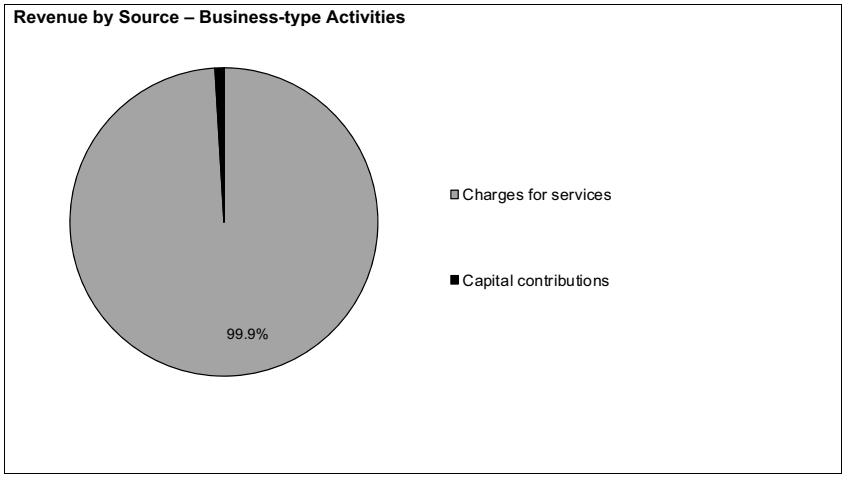
Total Revenue by Source – Governmental Activities



Business-type activities. Utility sales decreased primarily due to rate reductions resulting from lower fuel costs. Interest on long-term debt related to business-type activities decreased due to additional refinancing initiatives in fiscal year 2015.

Expenses and Program Revenues – Business-type Activities





Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2015, the District's governmental funds reported combined fund balances of $184,072,832. Approximately 14% of this total amount constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted or assigned. Restricted amounts are not available for general spending as those amounts have been reserved to pay for capital projects out of drainage impact fees or bond proceeds. Assigned amounts have been designated to cover the projected excess of expenditures over revenues in the fiscal year 2016 budget.

The general fund is the chief operating fund of the District. At September 30, 2015, unassigned fund balance of the general fund was $26,305,588, while total fund balance reached $33,618,882. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41% of the total general fund expenditures (including transfers), while total fund balance represents 52% of that same amount. During fiscal year 2015, the fund balance of the District's general fund increased by $5,956,274. This increase was a result of additional revenues over what was originally budgeted related primarily to building permits and the Osceola Parkway. In addition, overall expenditures were lower than originally budgeted.

The debt service fund has a total fund balance of $1,198,214, a decrease of $4,195,503 from the prior year. When the 2013A bonds were issued, an additional $10 million was issued as capitalized interest to be used to pay a portion of the interest payments for fiscal years 2014 and 2015. The District used $4.5 million during fiscal year 2015.

Proprietary fund. The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. At September 30, 2015 the unrestricted net position of the Utility Fund amounted to $54,439,524, a decrease of $7,507,969 from prior year. The restricted net position amounted to $4,756,262.

General Fund Budgetary Highlights

The District amended its budgeted financing sources and capital expenditures by $2,473,996. The amendment included additional infrastructure related to the BVD Corridor project in the amount of $1,276,389 and an additional capital lease for emergency communication equipment in the amount of $1,197,607. These items were funded with drainage reserves and lease proceeds, respectively, and did not negatively affect the overall outcome of the budget.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business type activities as of September 30, 2015 amounted to $732,470,494 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, improvements, machinery and equipment, roads, highways, drainage systems and bridges.

Additional information on the District's capital assets can be found in Note 5 of the financial statements.

District's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 2,740,642	$ 2,756,698	$ 6,907,829	$ 6,907,829	$ 9,648,471	$ 9,664,527
Buildings and system	103,105,284	11,630,072	23,337,049	24,320,003	126,442,333	35,950,075
Improvements other than buildings	-	-	89,625,553	79,809,248	89,625,553	79,809,248
Machinery and equipment	6,922,075	6,165,749	119,476,609	121,188,338	126,398,684	127,354,087
Infrastructure	241,744,630	240,488,918	-	-	241,744,630	240,488,918
Construction in progress	120,677,776	81,592,355	17,933,047	25,486,941	138,610,823	107,079,296
Total	$ 475,190,407	$ 342,633,792	$ 257,280,087	$ 257,712,359	$ 732,470,494	$ 600,346,151

Long-term debt. At September 30, 2015, the District had total long-term bonded debt outstanding of $716,691,693. Of this amount, $482,210,422 comprised debt backed by the full faith and credit of the District and $234,481,271 is secured by the revenues generated by the District's Utilities. During the year, the District's total long-term debt decreased by $33,460,627 (4%) due to repayments and refinancing initiatives.

The District has received ratings of "A+" from Standard and Poor's, "AA-" from Fitch and "Aa3" from Moody's for the Ad Valorem Tax general obligation bonds and ratings of "A" from Standard and Poor's, "A" from Fitch and "A1" from Moody's for the Utility Revenue bonds. Additional information on the District's long-term debt can be found in Note 8 of the financial statements.

District's Outstanding Long-term Debt

General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 482,210,422	$ 504,451,881	-	-	$ 482,210,422	$ 504,451,881
Revenue bonds	-	-	$ 234,481,271	$ 245,700,439	234,481,271	245,700,439
Total	$ 482,210,422	$ 504,451,881	$ 234,481,271	$ 245,700,439	$ 716,691,693	$ 750,152,320

Infrastructure Assets. As demonstrated in the Required Supplementary Information on pages 56 – 59 of this report, there have been no significant changes in the assessed condition of the bridges, roads and water control structures that use the modified approach for infrastructure reporting. There is an ongoing program to repair the remaining water control structures considered in good condition. The current conditions of the remaining assets are within the established levels maintained by the District.

Subsequent Events

In April 2016, the Board of Supervisors authorized the issuance of ad valorem tax bonds in an amount not to exceed $370,000,000 to fund additional transportation and parking improvements within or outside the District, and administrative and/or operational facilities improvements within the District. The District anticipates issuing the bonds in July of 2016.

On October 1, 2015, the District executed a Warranty Deed to transfer the newly completed I-4 Slip Ramp along with certain easements located near the Slip Ramp to Florida's Department of Transportation. The Slip Ramp was part of the Buena Vista Drive Reconstruction project and it provides direct access from I-4 to the Buena Vista Drive roadway system and the first of two newly constructed parking garages. The costs associated with the Slip Ramp represent a portion of construction in progress for governmental activities in fiscal year 2015, estimated at $4,768,246.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate of the Central Florida area is currently averaging 4.6%. This is less than both the state and national average unemployment rates of 5.2% and 4.8%, respectively.
- Fiscal year 2016 assessed values increased 15%.
- Inflationary trends in the region compare to national indices.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Reedy Creek Improvement District, Comptroller, 1900 Hotel Plaza Blvd., P.O. Box 10,170, Lake Buena Vista, Florida 32830.

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 12,581,222	$ 13,019,733	$ 25,600,955
Cash and cash equivalents - restricted	12,505,441	34,357,256	46,862,697
Investments	17,239,650	-	17,239,650
Investments - restricted	173,783,062	38,771,585	212,554,647
Accounts receivable	212,285	19,895,760	20,108,045
Internal balances	(2,423,319)	2,423,319	-
Inventories	-	9,141,681	9,141,681
Prepaids	1,264,577	523,218	1,787,795
Deposits	30,000	-	30,000
Other assets	-	23,000	23,000
Capital assets not being depreciated	365,163,048	24,840,876	390,003,924
Capital assets, net of accumulated depreciation	110,027,359	232,439,211	342,466,570
Total Assets	690,383,325	375,435,639	1,065,818,964
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of derivative instruments	-	14,962,950	14,962,950
Loss on defeased debt due to refundings	1,368,920	2,045,451	3,414,371
Deferred outflow of resources related to pensions	4,464,694		4,464,694
Total Deferred Outflows of Resources	5,833,614	17,008,401	22,842,015
LIABILITIES			
Accounts payable and accrued liabilities	3,749,268	18,251,595	22,000,863
Accounts payable from restricted assets	27,301,855	260,887	27,562,742
Derivative fuel instruments	-	14,962,950	14,962,950
Compensated absences	1,356,852	-	1,356,852
Self insurance liability	593,426	-	593,426
Capital leases	555,696	-	555,696
Bonds payable	19,680,000	26,055,000	45,735,000
Accrued interest payable	7,530,754	2,410,912	9,941,666
Noncurrent liabilities:			
Compensated absences	1,323,613	-	1,323,613
Self insurance liability	1,470,900	-	1,470,900
Capital leases	1,057,528	-	1,057,528
Net pension liability	24,503,193	-	24,503,193
Net OPEB obligation	26,071,774	-	26,071,774
Bonds payable	462,530,422	208,426,271	670,956,693
Total Liabilities	577,725,281	270,367,615	848,092,896
DEFERRED INFLOWS OF RESOURCES			
Deferred fuel	-	2,481,494	2,481,494
Deferred inflow of resources related to pensions	6,606,192	-	6,606,192
Total Deferred Inflows of Resources	6,606,192	2,481,494	9,087,686
NET POSITION			
Net investment in capital assets	213,700,442	60,399,145	274,099,587
Restricted for:			
Capital projects	4,010,621	-	4,010,621
Debt service	1,198,214	-	1,198,214
Renewal and replacement	-	4,256,262	4,256,262
Emergency repairs	-	500,000	500,000
Unrestricted (deficit)	(107,023,811)	54,439,524	(52,584,287)
Total Net Position	$ 111,885,466	$ 119,594,931	$ 231,480,397

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT

STATEMENT OF ACTIVITIES

For the Period Ended September 30, 2015

		Business-type Activities		Governmental Activities				
	Total	Utility	Total Governmental Activities	General Government	Public Safety	Physical Environment	Transportation	Debt Service
Expenses:								
Labor	$ 67,163,778	$ 31,384,500	$ 35,779,278	$ 4,113,517	$ 29,694,072	$ 1,453,926	$ 517,763	$ -
Operating expenses	130,679,500	110,453,692	20,225,808	4,740,259	3,642,953	2,566,182	9,276,414	-
Depreciation	24,226,950	19,416,101	4,810,849	376,885	2,255,588	81,701	2,096,675	-
Nonoperating expenses	2,001,977	2,001,977	-	-	-	-	-	-
Interest on debt	26,243,694	6,117,862	20,125,832	-	-	-	-	20,125,832
Total expenses	250,315,899	169,374,132	80,941,767	9,230,661	35,592,613	4,101,809	11,890,852	20,125,832
Program revenues:								
Charges for services	188,483,824	184,903,509	3,580,315	334,442	3,245,873	-	-	-
Intergovernmental	3,149,128	-	3,149,128	2,330,134	-	-	-	818,994
Capital contributions	1,881,878	1,572,756	309,122	-	-	309,122	-	-
Total program revenues	193,514,830	186,476,265	7,038,565	2,664,576	3,245,873	309,122	-	818,994
Net program expense (revenue)	56,801,069	(17,102,133)	73,903,202	$ 6,566,085	$ 32,346,740	$ 3,792,687	$ 11,890,852	$ 19,306,838
General revenues:								
Ad valorem taxes	99,995,406	-	99,995,406					
Interest income	1,648,399	181,660	1,466,739					
Gain on sale of capital assets	17,772	-	17,772					
Transfers in (out)	-	3,846,027	(3,846,027)					
Total general revenues and transfers	101,661,577	4,027,687	97,633,890					
Change in net position	44,860,508	21,129,820	23,730,688					
Total net position - beginning (restated)	186,619,889	98,465,111	88,154,778					
Total net position - ending	$ 231,480,397	$ 119,594,931	$ 111,885,466					

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2015

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 12,581,222	$ -	$ -	$ 12,581,222
Cash and cash equivalents - restricted	1,571,803	473,679	10,459,959	12,505,441
Investments	17,239,650	-	-	17,239,650
Investments - restricted	2,438,841	734,971	170,609,250	173,783,062
Accounts receivable	165,459	13,438	33,388	212,285
Due from other funds	2,179,928	-	-	2,179,928
Prepaids	1,264,577	-	-	1,264,577
Deposits	-	-	30,000	30,000
Total assets	$ 37,441,480	$ 1,222,088	$ 181,132,597	$ 219,796,165
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	$ 3,818,231	$ 23,874	$ 27,277,981	$ 31,120,086
Due to other funds	4,367	-	4,598,880	4,603,247
Total liabilities	3,822,598	23,874	31,876,861	35,723,333
Fund balances:				
Nonspendable:				
Prepaids	1,264,577	-	-	1,264,577
Restricted:				
Capital projects	4,010,621	-	149,255,736	153,266,357
Debt service	-	1,198,214	-	1,198,214
Assigned:				
2016 budget shortfall	2,038,096	-	-	2,038,096
Unassigned	26,305,588	-	-	26,305,588
Total fund balances	33,618,882	1,198,214	149,255,736	184,072,832
Total liabilities and fund balances	$ 37,441,480	$ 1,222,088	$ 181,132,597	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Accrued interest payable on bonds not currently due is not reported in the funds.	(7,530,754)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	475,190,407
Some liabilities, including bonds payable, pensions and other liabilities are not due and payable in the current period and therefore are not reported in the funds.	(539,847,019)
Net position of governmental activities	$ 111,885,466

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Period Ended September 30, 2015

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Ad valorem taxes	$ 62,511,949	$ 37,483,457	$ -	$ 99,995,406
Intergovernmental	2,330,134	818,994	-	3,149,128
Emergency services	286,089	-	-	286,089
Building permits and fees	2,959,784	-	-	2,959,784
Drainage fees	309,122	-	-	309,122
Interest income	278,138	76,269	1,112,332	1,466,739
Other	396,140	-	-	396,140
Total revenues	69,071,356	38,378,720	1,112,332	108,562,408
EXPENDITURES				
Current:				
General government	8,852,065	-	-	8,852,065
Public safety	33,111,192	-	-	33,111,192
Physical environment	4,019,529	-	-	4,019,529
Transportation	9,794,177	-	-	9,794,177
Capital outlay	4,087,145	-	133,324,246	137,411,391
Debt service:				
Principal	568,599	11,800,000	-	12,368,599
Interest and other charges	33,955	23,230,363	-	23,264,318
Total expenditures	60,466,662	35,030,363	133,324,246	228,821,271
Excess (deficiency) of revenues over (under) expenditures	8,604,694	3,348,357	(132,211,914)	(120,258,863)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	57,119,062	-	57,119,062
Payments to escrow agents	-	(64,662,922)	-	(64,662,922)
Transfers (out)	(3,846,027)	-	-	(3,846,027)
Lease proceeds	1,197,607	-	-	1,197,607
Total other financing uses	(2,648,420)	(7,543,860)	-	(10,192,280)
Net changes in fund balances	5,956,274	(4,195,503)	(132,211,914)	(130,451,143)
Fund Balances, beginning of year	27,662,608	5,393,717	281,467,650	314,523,975
Fund Balances, end of year	$ 33,618,882	$ 1,198,214	$ 149,255,736	$ 184,072,832

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances	$ (130,451,143)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	132,600,542
The net effect of various miscellaneous transactions involving capital assets resulted in a decrease in net position.	(43,926)
Governmental funds report the payment of bond principal and interest when the current financial resources are available and payments are due and they report the payment of issuance costs, premiums, discounts, and similar items when debt is first issued. However, on the statement of activities interest is accrued and prepaid insurance costs are deferred and amortized.	21,853,338
Increases in other liabilities reported as expenses in the statement of activities not requiring the use of current financial resources in governmental funds.	(228,123)
Change in net position of governmental activities	$ 23,730,688

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Period Ended September 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Ad Valorem Taxes	$ 62,767,654	$ 62,767,654	$ 62,511,949	$ (255,705)
Intergovernmental Revenue	1,000,000	1,000,000	2,330,134	1,330,134
Emergency Services	-	-	286,089	286,089
Building Permits and Fees	1,500,000	1,500,000	2,959,784	1,459,784
Drainage Fees	-	-	309,122	309,122
Interest Income	100,000	100,000	278,138	178,138
Other	200,000	200,000	396,140	196,140
Total Revenues	65,567,654	65,567,654	69,071,356	3,503,702
EXPENDITURES				
GENERAL GOVERNMENT				
Administrative:				
Labor	1,368,479	1,368,479	1,451,472	(82,993)
Operating	2,857,100	2,857,100	2,785,498	71,602
	4,225,579	4,225,579	4,236,970	(11,391)
Human Resources:				
Labor	516,917	516,917	512,247	4,670
Operating	571,700	571,700	270,902	300,798
	1,088,617	1,088,617	783,149	305,468
Information Systems & Technology:				
Labor	1,318,732	1,318,732	990,024	328,708
Operating	1,248,165	1,065,052	869,157	195,895
Capital outlay	743,500	896,300	708,808	187,492
	3,310,397	3,280,084	2,567,989	712,095
Property Management:				
Labor	346,080	522,208	513,595	8,613
Operating	863,244	863,244	787,410	75,834
Capital outlay	245,000	245,000	-	245,000
	1,454,324	1,630,452	1,301,005	329,447
Contracts & Risk Management:				
Labor	740,539	740,539	644,468	96,071
Operating	44,000	44,000	27,292	16,708
	784,539	784,539	671,760	112,779
TOTAL GENERAL GOVERNMENT	10,863,456	11,009,271	9,560,873	1,448,398
PUBLIC SAFETY				
Building and Safety:				
Labor	3,164,977	3,164,977	3,057,375	107,602
Operating	359,819	359,819	324,707	35,112
Capital outlay	250,000	250,000	-	250,000
	3,774,796	3,774,796	3,382,082	392,714
Emergency Services:				
Labor	27,219,551	27,219,551	26,176,946	1,042,605
Operating	2,312,370	2,230,170	2,099,976	130,194
Capital outlay	1,822,396	3,028,705	1,963,983	1,064,722
	31,354,317	32,478,426	30,240,905	2,237,521

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Period Ended September 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Property Management:				
Labor	314,439	234,841	233,918	923
Operating	1,487,965	1,480,465	1,218,270	262,195
Capital outlay	102,000	102,000	83,415	18,585
	1,904,404	1,817,306	1,535,603	281,703
TOTAL PUBLIC SAFETY	37,033,517	38,070,528	35,158,590	2,911,938
PHYSICAL ENVIRONMENT				
Water Control:				
Operating	1,909,000	1,920,500	1,891,041	29,459
Capital outlay	11,000	1,287,389	1,286,444	945
	1,920,000	3,207,889	3,177,485	30,404
Planning & Engineering:				
Labor	1,941,276	1,941,276	1,453,347	487,929
Operating	1,037,830	1,026,330	665,529	360,801
	2,979,106	2,967,606	2,118,876	848,730
Property Management:				
Operating	312,500	312,500	9,612	302,888
TOTAL PHYSICAL ENVIRONMENT	5,211,606	6,487,995	5,305,973	1,182,022
TRANSPORTATION				
Roadway maintenance:				
Labor	313,611	164,279	124,929	39,350
Operating	8,549,150	8,519,150	7,478,300	1,040,850
	8,862,761	8,683,429	7,603,229	1,080,200
Parking facilities:				
Labor	340,032	392,834	392,834	-
Operating	1,825,000	1,808,690	1,798,114	10,576
Capital outlay	-	46,310	44,495	1,815
	2,165,032	2,247,834	2,235,443	12,391
TOTAL TRANSPORTATION	11,027,793	10,931,263	9,838,672	1,092,591
DEBT SERVICE				
Lease payments	568,599	568,599	568,599	-
Interest and other charges	33,955	33,955	33,955	-
TOTAL DEBT SERVICE	602,554	602,554	602,554	-
Total Expenditures	64,738,926	67,101,611	60,466,662	6,634,949
Excess (Deficiency) of Revenues Over (Under) Expenditures	828,728	(1,533,957)	8,604,694	10,138,651
OTHER FINANCING SOURCES & USES				
Transfers out	(3,976,578)	(4,087,889)	(3,846,027)	241,862
Lease proceeds	-	1,197,607	1,197,607	-
Total Other Financing Uses	(3,976,578)	(2,890,282)	(2,648,420)	241,862

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Period Ended September 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	$ (3,147,850)	$ (4,424,239)	5,956,274	$ 10,380,513
Fund Balance, beginning of year			27,662,608	
Fund Balance, end of year			$ 33,618,882	

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION - UTILITY FUND
September 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	$ 13,019,733
Accounts receivable	19,895,760
Due from other funds	2,476,807
Inventories	9,141,681
Prepaids	523,218
Restricted Assets:	
Cash and cash equivalents	34,357,256
Investments	2,701,576
Total current assets	82,116,031
Noncurrent assets:	
Restricted investments	36,070,009
Capital assets:	
Land	6,907,829
Buildings	65,365,158
Improvements other than buildings	221,693,679
Machinery and equipment	385,296,622
Less accumulated depreciation	(439,916,248)
Construction in progress	17,933,047
Total capital assets	257,280,087
Other assets	23,000
Total noncurrent assets	293,373,096
Total Assets	375,489,127
DEFERRED OUTFLOWS OF RESOURCES	
Accumulated decrease in the fair value of derivative instruments	14,962,950
Loss on defeased debt due to refundings	2,045,451
Total Deferred Outflows of Resources	17,008,401
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	18,251,595
Derivative fuel instruments	14,962,950
Due to other funds	53,488
Total current liabilities	33,268,033
Current liabilities payable from restricted assets:	
Bonds payable	26,055,000
Accrued interest payable	2,410,912
Contracts and retainage payable	260,887
Total current liabilities payable from restricted assets	28,726,799
Long-term liabilities:	
Bonds payable	208,426,271
Total Liabilities	270,421,103
DEFERRED INFLOWS OF RESOURCES	
Deferred fuel	2,481,494
NET POSITION	
Net investment in capital assets	60,399,145
Restricted for renewal and replacement	4,256,262
Restricted for emergency repairs	500,000
Unrestricted	54,439,524
Total Net Position	$ 119,594,931

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
UTILITY FUND
For the Period Ended September 30, 2015

OPERATING REVENUES	
Utility sales	$ 184,903,509
Total operating revenues	184,903,509
OPERATING EXPENSES	
Purchased power and fuel	78,517,011
Labor support	31,384,500
Operating costs	14,133,980
Taxes	3,878,795
Repairs and maintenance	12,910,162
Insurance	1,013,744
Depreciation	19,416,101
Total operating expenses	161,254,293
Operating income	23,649,216
NONOPERATING REVENUES (EXPENSES)	
Interest and investment income	181,660
Interest expense	(6,117,862)
Amortization of bond issue costs	(225,997)
Loss on abandonment of plant assets and other asset write-downs	(1,775,980)
Total nonoperating expenses, net	(7,938,179)
Income before contributions and transfers	15,711,037
Capital contributions	1,572,756
Transfers in	3,846,027
Increase in net position	21,129,820
Total net position - beginning	98,465,111
Total net position - ending	$ 119,594,931

The accompanying notes are an integral part of these financial statements.

REEDY CREEK IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
UTILITY FUND
For the Year Ended September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 187,041,410
Payments to suppliers	(113,294,133)
Payments for labor contract and management service agreement	(28,448,704)
Payments to employees	(2,658,184)
Net cash provided by operating activities	42,640,389
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	3,846,027
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from bonds	52,598,490
Payment of bond issue costs	(211,971)
Purchases of capital assets	(24,358,051)
Proceeds from sale of capital assets	19,511
Principal paid on bonds	(61,625,000)
Interest paid on bonds	(8,511,914)
Capital contributions	1,572,756
Net cash used by capital and related financing activities	(40,516,179)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(25,449,459)
Proceeds from sales and maturities of investments	32,845,177
Investment income	143,569
Net cash provided by investing activities	7,539,287
Net increase in cash and cash equivalents	13,509,524
Balances - beginning of the year	33,867,465
Balances - end of the year	$ 47,376,989
Unrestricted	$ 13,019,733
Restricted	34,357,256
	$ 47,376,989
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 23,649,216
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	19,416,101
Loss on write-down of assets	(222,058)
Change in assets and liabilities:	
Accounts receivable	2,137,901
Inventories	999,460
Prepaid items	15,409
Other assets	29,925
Accounts payable and accrued liabilities	(3,122,471)
Due from other funds	(6,111)
Unearned revenue	(256,983)
Net cash provided by operating activities	$ 42,640,389

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Reedy Creek Improvement District (the "District") is a public corporation of the State of Florida created on May 12, 1967 by a special act of the legislature. The District includes approximately 25,000 acres of land in Orange and Osceola Counties. Walt Disney World Co. or other wholly owned subsidiaries of the Walt Disney Company own substantially all the land within the District. As outlined in Chapter 67-764 of the Laws of Florida, the District was organized to provide for the reclamation, drainage, and irrigation of land, to establish water, flood, and erosion control, to provide water and sewer systems and waste collection and disposal facilities, to provide for mosquito and other pest controls, to provide for public utilities, to create and maintain conservation areas, to provide streets, roads, bridges and street lighting facilities, and to adopt zoning and building codes and regulations. The governing body of the District is a five-member Board of Supervisors elected to office for four-year terms by landowners of the District.

The accompanying financial statements present the financial position and changes in financial position of the applicable fund types governed by the Board of Supervisors of the District in accordance with accounting principles generally accepted in the United States of America. Determination of the financial reporting entity of the District is founded upon the objective of accountability. Therefore, the financial statements include only the District (the primary government). There are no legally separate component units for which operational or financial responsibility rest with officials of the District or for which the nature and significance of their relationship to the District are such that exclusion would cause the financial statements to be misleading.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government. As required by generally accepted governmental accounting principles, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary, or enterprise fund. All governmental funds and the enterprise fund are considered to be major funds and are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are generally not measurable and available until the District receives cash.

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major general government capital projects.

The District reports the following major proprietary fund:

The utility fund accounts for the activities of the following District systems: wastewater collection and treatment, reclaimed water storage, pumping and distribution, electric generation and distribution, water production and distribution, chilled and hot water, natural gas distribution, and solid waste and recyclables collection and disposal.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating contributions, and 3) capital contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Bad debt expense, if any, reduces revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue connection fees which are to recover the expense of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

Property taxes are billed and collected within the same fiscal period, and are reflected on the modified accrual basis. Ad Valorem taxes on property values have a lien and assessment date of January 1, with millage established during the preceding September. The fiscal year for which taxes are levied begins October 1. Taxes, which are billed in November, carry a maximum discount available through November 30, and become delinquent April 1. State Statutes permit the District to levy property taxes at a rate up to 30 mills. The millage rates assessed by the District for the fiscal year ended September 30, 2015 were 7.8618 for General Operating and 4.7131 for Debt Service.

E. Cash, Cash Equivalents and Investments

Cash balances from the majority of funds are pooled for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable balances maintained in the pool by each fund. Holdings in the pool, for purposes of these statements, are allocated to the participating funds based on their equity.

Cash and cash equivalents consist of demand accounts (interest and non-interest bearing), money market funds and investments with an original maturity of three months or less when purchased. Cash and cash equivalents are carried at cost, which approximates fair value.

Investments are stated at fair value based upon quoted market prices or matrix pricing for certain fixed income securities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Inventories

Enterprise Fund inventories consist of materials, supplies and fuel. Materials and supplies inventories are valued at the lower of cost or market using the first-in first-out method (FIFO) and fuel oil inventories are accounted for at the lower of cost or market using the moving average cost method.

G. Restricted Assets

Certain assets in the Debt Service Fund, Capital Projects Fund and Enterprise Fund are restricted as to use by specific provisions of bond resolutions. Similarly, certain assets in the General Fund are also restricted by provisions of drainage resolutions. These assets are classified as restricted assets on the statement of net position.

H. Capital Assets

Infrastructure improvements such as roads, bridges, canals, curbs, gutters, sidewalks, drainage systems and lighting systems, are recorded as capital expenditures in the various governmental funds at the time of purchase. These assets are presented as capital assets in the government-wide statement of net position for governmental activities. Infrastructure assets are not depreciated and are accounted for using the modified approach, as further explained in the Required Supplementary Information. Condition assessments are periodically performed and preservation and maintenance costs are reflected as expenses in the government-wide statement of activities under transportation expenses.

Land, buildings, plants, machinery and equipment are carried on the statement of net position for governmental activities and business-type activities at cost, except for contributed assets, which are recorded at estimated fair value at the date of contribution. The District's capitalization threshold is $5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and land improvements	30-50 years
Improvements, including utility distribution and collection systems	30-50 years
Machinery and equipment	3-30 years

Repairs and maintenance are expensed when incurred. Additions, major renewals and replacements, which increase the useful lives of the assets, are capitalized. Net interest costs incurred during the construction or installation of property, plant and equipment are capitalized for business-type activities.

I. Deferred Amount on Refunding

For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Deferred amounts are presented as a deferred outflow of resources in the Statement of Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. Compensated Absences

In the Government–wide financial statements, compensated absences are recorded as a liability when the benefits are earned. The current portion is the amount accrued during the year that would normally be liquidated with available, expendable resources in the next fiscal year and is reported in accounts payable. In the fund statements, expenditures are recognized when payments are due to the employee.

K. Fund Balances

In the Governmental Fund financial statements, fund balances are classified as follows:

Nonspendable –The portion of fund balance that includes amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact.
Restricted – Amounts that can only be used for specific purposes due to constraints that have been placed on them by external parties, constitutional provisions or enabling legislation.
Committed – Amounts that are constrained for specific purposes that are internally imposed through formal action of the Board of Supervisors and does not lapse at year end.
Assigned – Amounts constrained by the Board of Supervisors to be used for a specific purpose.
Unassigned – All amounts not included in other spendable classifications.

The District spends restricted amounts first when both restricted and unrestricted fund balance is available unless legally prohibited from doing so. When expenditures are incurred for payment from the unrestricted fund balances, assigned is used first, followed by unassigned fund balance. The District does not have a formal minimum fund balance policy.

L. Budgets and Budgetary Accounting

The following procedures are used to establish the budgetary data reflected in the financial statements:

(1) The District Administrator submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing on October 1.
(2) Public hearings are conducted to obtain taxpayer comments.
(3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
(4) Budgets are legally adopted for the General Fund, Debt Service Fund and the Enterprise Fund.
(5) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
(6) The District's charter does not require formal authorization for actual expenditures to exceed budgeted expenditures; however, the Board of Supervisors monitors the budget periodically during the year. The budgetary control is legally maintained at the fund level.
(7) All appropriations and encumbrances, except those specifically approved by the Board of Supervisors, lapse at the close of the fiscal year to the extent not expended.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. Forward Contracts

The District enters into forward contracts as part of its normal purchases of power and fuel and accounts for such contracts as settled, as a component of the cost of its operations.

N. Derivative Instruments

Fuel related derivative transactions are executed in accordance with the District's established Energy Risk Management Policy ("Policy") which is controlling the level of price risk exposure involved in the normal course of the District's natural gas purchasing activities. The Policy establishes the Energy Risk Management Oversight Committee which enters into financial hedging agreements and contracts with third parties pursuant to enabling agreements approved by the Board of Supervisors. The Policy establishes the organizational structure of the committee and various volume and pricing limits. The fair value of these derivative fuel instruments is included in the Statement of Net Position with the accumulated changes in fair value reported as deferred outflows or deferred inflows of resources as they have been determined to qualify for hedge accounting. Related gains and/or losses are deferred and recognized in the specific period in which the derivative is settled and included as a part of fuel costs.

O. Pensions

The Florida Retirement System (FRS) is responsible for providing participating employers with total pension liabilities, pension assets, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, as well as the District's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the FRS and additions to/deductions from the FRS's fiduciary net position have been determined on the same basis as they are reported by the FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Implementation of New Accounting Standards

Effective October 1, 2014, the District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" (GASB No. 68) – an amendment to GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (GASB No. 71) – an amendment to GASB No. 68. GASB No. 68 and No. 71 establish standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources and expenses related to pensions. GASB No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. It also enhances accountability and transparency through revised and new note disclosures and required supplementary information. GASB No. 71 requires a government recognize a deferred outflow of resources for its pension contributions made subsequent to the measurement date, which is used in calculating the net pension liability.

The District's net position as of October 1, 2014 was restated to reflect the required adjustment as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

P. Implementation of New Accounting Standards – Continued

	Governmental Activities
Net position October 1, 2014 as previously reported	$ 116,998,621
Net position adjustment due to implementation of GASB 68	(28,843,843)
Net position October 1, 2014, restated	$ 88,154,778

Q. Rates and Regulations

The District follows the accounting practices set forth in GASB No. 62, paragraphs 476-500, Regulated Operations. This standard allows utilities to capitalize or defer certain costs or revenues based on management's ongoing assessment that it is probable these items will be recovered through the rate-making process. Regulatory liabilities consist of deferred fuel.

If the District no longer applied GASB No. 62 due to competition, regulatory changes, or other reasons, the District would make certain adjustments that would include the write-off of all or a portion of its regulatory assets and liabilities, the evaluation of utility plant, contracts and commitments, and the recognition, if necessary, of any losses to reflect market condition. Management believes that the District currently meets the criteria for continued application of GASB No. 62, but will continue to evaluate significant changes in the regulatory and competitive environment to assess the ability to continue to apply GASB No. 62.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences could be material.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the balance sheet – governmental funds and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. Further details of certain elements of that reconciliation are as follows:

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

A. Explanation of certain differences between the balance sheet – governmental funds and the government-wide statement of net position – Continued

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount represents the total capital assets of governmental activities of $510,283,863 net of accumulated depreciation of $35,093,456, or $475,190,407.

2. Some liabilities, including bonds payable, other long-term liabilities, and deferred outflows of resources and deferred inflows of resources, are not due and payable in the current period and therefore are not reported in the funds. The details of this difference are as follows:

Compensated absences payable	$ 2,611,502
Net pension liability	24,503,193
Deferred outflows of resources related to pensions	(4,464,694)
Deferred inflows of resources related to pensions	6,606,192
Self insurance liability	2,064,326
Capital leases	1,613,224
Net OPEB obligation	26,071,774
Bonds payable	482,210,422
Deferred outflow - losses on defeased debt	(1,368,920)
Net adjustment to reduce total fund balances - total governmental funds to arrive at net position of governmental activities	$ 539,847,019

B. Explanation of certain differences between the statement of revenues, expenditures and changes in fund balances – governmental funds and the government-wide statement of activities

The statement of revenues, expenditures and changes in fund balances – governmental funds includes a reconciliation of the "net changes in fund balances – total governmental funds" and "change in net position of governmental activities" as reported in the government-wide statement of activities. Further details of certain elements of that reconciliation are as follows:

1. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is as follows:

Capital outlay expenditures:	
General fund	
General government	$ 708,808
Public safety	2,047,398
Physical environment	1,286,444
Transportation	44,495
Capital projects	133,324,246
Depreciation expense	(4,810,849)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 132,600,542

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

B. Explanation of certain differences between the statement of revenues, expenditures and changes in fund balances – governmental funds and the government-wide statement of activities – Continued

2. Governmental funds report the payment of the bond and capital lease principal and interest when the current financial resources are available and payments are due, and they report the payment of issuance costs, premiums, discounts, and similar items when debt is first issued. However, on the statement of activities interest is accrued and certain bond related costs are deferred and amortized. The details of the difference are as follows:

Net changes of deferred loss, bond costs, discount, and premium	$ 2,928,403
Principal payments on bonds outstanding	11,800,000
Accrued interest payable	210,083
Principal payments on leases	568,599
Capital lease proceeds	(1,197,607)
Bond Proceeds	(57,119,062)
Payments to escow agent on bond refunding	64,662,922
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 21,853,338

3. Increases in other liabilities reported as expenses in the statement of activities not requiring the use of current financial resources in governmental funds. The details of the difference are as follows:

Compensated absences	$ (12,285)
Workers compensation	(213,990)
Net OPEB obligation	(2,201,000)
Pensions	$ 2,199,152
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (228,123)

3. DEPOSITS AND INVESTMENTS AND FAIR VALUE MEASUREMENT

The District is authorized to invest in securities as described in its investment policy and in its bond resolutions. As of September 30, 2015, the District held the following deposits and investments as categorized below:

3. DEPOSITS AND INVESTMENTS – Continued

		Investment Maturities (in years)			
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Demand and certificate of deposits	$ 10,750,368	$ 10,646,808	$ 103,560	$ -	$ -
US Treasury Securities	37,800,298	2,701,576	34,660,300	-	438,422
US Government Agency Securities	26,053,196	-	22,052,816	4,000,380	-
Florida Prime, Money Market Fund	47,674	47,674	-	-	-
State and Local Government Securities	164,992,010	57,560,520	76,546,754	-	30,884,736
Canadian Public Obligations	8,089,344	-	8,089,344	-	-
Money market mutual funds	54,525,059	54,525,059	-	-	-
Totals	$ 302,257,949	$125,481,637	$ 141,452,774	$ 4,000,380	$ 31,323,158

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy for operating funds is structured to provide sufficient liquidity to pay obligations as they come due and (1) limits investments to not more than 7 year maturities (with the exception of bond proceeds, described below); (2) requires that the portfolio have no more than 15% in securities maturing in or having an average life of more than 5 years; (3) requires that the portfolio have no more than 40% in securities maturing in or having an average life of more than 3 years; and (4) requires that no more than 25% of the investment portfolio shall be of a non-liquid nature. Bond proceeds and reserve funds are managed in accordance with bond covenants and funding needs which could result in maturities longer than 7 years.

Credit Risk - The District's investment policy limits credit risk by restricting authorized investments to the following: direct obligations of, or obligations guaranteed by, the U.S. Government; bonds and notes issued by various federal agencies; state and local government securities; Canadian public obligations; public improvement bonds; public utility obligations; public housing obligations; State Board of Education obligations; international development banks; certain government security money market mutual funds; repurchase agreements and reverse repurchase agreements. Securities that derive their value from underlying securities ("derivatives") are specifically prohibited except when separately approved by the District's Board of Supervisors.

Custodial Credit Risk - All demand deposits are entirely insured by federal depository insurance or by the multiple financial institution collateral pool pursuant to the Public Depository Security Act of the State of Florida.

The District's investment policy requires that all investments be held by a third party custodian and held in the District's name. As of September 30, 2015, all District investments are held in a bank's trust department in the District's name.

Concentration of Credit Risk – At September 30, 2015, there were no issuers with which the District held investments exceeding 5% of the total investment portfolio.

3. DEPOSITS AND INVESTMENTS – Continued

Statement of Net Position Classifications - In addition to demand accounts, the District classifies repurchase agreements, Florida Prime, money market mutual funds and investments with maturities of three months or less from the date of purchase as cash and cash equivalents on the statement of net position. As of September 30, 2015 the following is a summary of these amounts reflected on the statement of net position:

	Unrestricted	Restricted	Totals
Statement of Net Position Classifications:			
Cash and cash equivalents	$ 25,600,955	$ 46,862,697	$ 72,463,652
Investments	17,239,650	212,554,647	229,794,297
	$ 42,840,605	$ 259,417,344	$ 302,257,949

4. VALUATION ALLOWANCES

The District recognizes allowances for losses on accounts receivable and inventories. The allowance for receivables is based on an aging of receivables and includes accounts over 120 days. The Utility Fund recognized an allowance at September 30, 2015 in the amount of $136,652. The expense associated with this allowance was recognized as an offset to utility revenues.

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance October 1,	Increases	Decreases	Ending Balance September 30, 2015
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,756,698	$ -	$ (16,056)	$ 2,740,642
Construction in progress	81,592,355	133,324,246	(94,238,825)	120,677,776
Infrastructure	240,488,918	1,276,388	(20,676)	241,744,630
Total capital assets, not being depreciated	324,837,971	134,600,634	(94,275,557)	365,163,048
Capital assets, being depreciated				
Buildings	22,489,970	94,238,824	-	116,728,794
Machinery and equipment	28,849,963	2,810,757	(3,268,701)	28,392,019
Total capital assets, being depreciated	51,339,933	97,049,581	(3,268,701)	145,120,813
Less accumulated depreciation for:				
Buildings	10,859,898	2,763,612	-	13,623,510
Machinery and equipment	22,684,214	2,047,235	(3,261,505)	21,469,944
Total accumulated depreciation	33,544,112	4,810,847	(3,261,505)	35,093,454
Total capital assets, being depreciated, net	17,795,821	92,238,734	(7,196)	110,027,359
Governmental activities capital assets, net	$ 342,633,792	$ 226,839,368	$ (94,282,753)	$ 475,190,407
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 6,907,829	$ -	$ -	$ 6,907,829
Construction in progress	25,486,941	18,685,497	(26,239,391)	17,933,047
Total capital assets, not being depreciated	32,394,770	18,685,497	(26,239,391)	24,840,876
Capital assets, being depreciated				
Buildings	65,652,135	610,322	(897,299)	65,365,158
Improvements other than buildings	207,212,935	14,480,744	-	221,693,679
Machinery and equipment	382,668,441	13,020,090	(10,391,909)	385,296,622
Total capital assets, being depreciated	655,533,511	28,111,156	(11,289,208)	672,355,459
Less accumulated depreciation for:				
Buildings	41,332,132	1,593,276	(897,299)	42,028,109
Improvements other than buildings	127,403,687	4,664,439	-	132,068,126
Machinery and equipment	261,480,103	13,158,385	(8,818,475)	265,820,013
Total accumulated depreciation	430,215,922	19,416,100	(9,715,774)	439,916,248
Total capital assets, being depreciated, net	225,317,589	8,695,056	(1,573,434)	232,439,211
Business-type activities capital assets, net	$ 257,712,359	$ 27,380,553	$ (27,812,825)	$ 257,280,087

During the year, the Enterprise Fund expensed interest costs totaling $6,117,862. Interest incurred during the construction period relating to the construction of property, plant and equipment, net of interest earned on the investment of funds borrowed for construction, totaling $956,186 was capitalized during fiscal year 2015.

6. LEASE OF ASSETS

Capital leases – Governmental activities

In fiscal years 2011 and 2015, the District entered into leasing agreements for 911 emergency communications equipment. The terms of the lease are such that the District is capitalizing them. This year, $406,944 was included in depreciation expense for 911 equipment.

The following is a schedule of future minimum lease payments of $1,708,290 for 911 equipment assets capitalized under lease agreements, and the present value of the minimum lease payments as of September 30, 2015:

Fiscal Year Ending September 30	Total
2016	$ 602,555
2017	602,555
2018	251,590
2019	251,590
Total Minimum Lease Payments	1,708,290
Less Amount Representing Interest	95,066
Present Value of Minimum Lease Payments	$ 1,613,224

7. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND TRANSFERS

Interfund receivable and payable balances as of September 30, 2015 are as follows:

	Interfund Receivables (Due from)	Interfund Payables (Due to)
General	$ 2,179,928	$ 4,367
Capital Projects	-	4,598,880
Utility Fund	2,476,807	53,488
	$ 4,656,735	$ 4,656,735

Interfund transfers consisted of a transfer to the Utility Fund from the General Fund to subsidize the operations of Environmental Sciences. The transfers were as follows:

	Interfund Transfers In	Interfund Transfers Out
General	$ -	$ 3,846,027
Enterprise	3,846,027	-
	$ 3,846,027	$ 3,846,027

8. LONG – TERM DEBT

A. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2015, was as follows:

	Beginning Balance October 1, 2014 (restated)	Additions	Reductions	Ending Balance September 30, 2015	Due Within One Year
Governmental activities:					
General Obligation Bonds:					
2005A Ad Valorem	$ 18,925,000	$ -	$ (18,925,000)	$ -	$ -
2005B Ad Valorem Refunding	45,410,000	-	(45,410,000)	-	-
2010A Ad Valorem Refunding	4,980,000	-	(2,470,000)	2,510,000	2,510,000
2011A Ad Valorem Refunding	31,125,000	-	(5,895,000)	25,230,000	6,055,000
2013A Ad Valorem	344,960,000	-	-	344,960,000	-
2013B Ad Valorem Refunding	40,380,000	-	(3,435,000)	36,945,000	3,535,000
2015A Ad Valorem Refunding	-	50,925,000	-	50,925,000	7,580,000
Deferred amounts:					
Discount/Premium	18,671,881	6,194,062	(3,225,521)	21,640,422	-
Total long-term bonds payable	504,451,881	57,119,062	(79,360,521)	482,210,422	19,680,000
Compensated absences	2,663,630	16,835	-	2,680,465	1,356,852
Capital leases	984,216	1,197,607	(568,599)	1,613,224	555,696
Self insurance liability	1,850,336	213,990	-	2,064,326	593,426
Net pension liability	15,386,712	20,774,896	(11,658,415)	24,503,193	-
Net OPEB obligation	23,870,774	2,201,000	-	26,071,774	-
Long-term liabilities	$ 549,207,549	$ 81,523,390	$ (91,587,535)	$ 539,143,404	$ 22,185,974
Business-type activities:					
Revenue Bonds:					
2005-2 Utility Refunding	$ 40,185,000	$ -	$ (40,185,000)	$ -	$ -
2011-1 Utility Refunding	1,200,000	-	-	1,200,000	-
2011-2 Utility	30,000,000	-	-	30,000,000	-
2013-1 Utility Refunding	54,050,000	-	(3,285,000)	50,765,000	-
2013-2 Utility Refunding	111,595,000	-	(18,155,000)	93,440,000	26,055,000
2015-1 Utility	-	30,080,000	-	30,080,000	-
2015-2 Utility Refunding	-	20,300,000	-	20,300,000	-
Deferred amounts:					
Discount/Premium	8,670,439	2,218,490	(2,192,658)	8,696,271	
Long-term liabilities	$ 245,700,439	$ 52,598,490	$ (63,817,658)	$ 234,481,271	$ 26,055,000

8. LONG – TERM DEBT – Continued

A. Changes in long-term liabilities – Continued

General Obligation Bonds Payable

2010A Ad Valorem Tax Refunding Bonds – In September 2010, the District issued $12,150,000 Ad Valorem Tax Refunding Bonds at an interest rate of 1.58%. The proceeds were used for the advance refunding of the 1998B Ad Valorem Tax Bonds.

2011A Ad Valorem Tax Refunding Bonds – In April 2011, the District issued $47,715,000 Ad Valorem Refunding Bonds at an interest rate of 2.75%. The proceeds were used for the advance refunding of the 2001A Ad Valorem Tax Bonds.

2013A Ad Valorem Tax Bonds – In September 2013, the District issued $344,960,000 Ad Valorem Tax Bonds at interest rates of 4.5% to 5.25%. The proceeds will be used to finance the costs to design, construct, equip and improve roadways and parking facilities within and outside the District.

2013B Ad Valorem Tax Refunding Bonds – In September 2013, the District issued $40,950,000 Ad Valorem Refunding Bonds at interest rates of 4.0% to 5.0%. The proceeds were used for the advance refunding of the 2004A and 2004B Ad Valorem Tax Bonds maturing on and after June 1, 2015.

2015A Ad Valorem Tax Refunding Bonds – In April 2015, the District issued $50,925,000 Ad Valorem Refunding Bonds at interest rates of 2.0% to 5.0%. The proceeds were used for the current refunding of the 2005A and 2005B Ad Valorem Tax Bonds maturing on and after June 1, 2015.

The major provisions of the District's Ad Valorem Tax Bond Resolutions authorizing its debt are as follows:

(1) The Ad Valorem tax bond issues and related interest are collateralized by an irrevocable lien on the proceeds from Ad Valorem taxes levied by the District.

(2) Additional bonds may be issued by the District provided (a) the maximum bond debt service requirement of the proposed and then outstanding bonds does not exceed 85% of the maximum annual collection from Ad Valorem Taxes calculated for the current year and (b) the principal amount of all bonds proposed and then outstanding not exceed 50% of the assessed value of the taxable property within the District.

8. LONG – TERM DEBT – Continued

A. Changes in long-term liabilities – Continued

Revenue Bonds Payable

2011-1 Utilities Revenue Refunding Bonds – In August 2011, the District issued $1,200,000 Utilities Revenue Refunding Bonds at an interest rate of 2.93%. The proceeds were used for the advance refunding of the 1997-1 Utilities Revenue Bonds outstanding after October 1, 2010.

2011-2 Utilities Revenue Bonds – In December 2011, the District issued $30,000,000 Utilities Revenue Bonds at an interest rate of 3.49%. The proceeds are being used to pay for construction and acquisition of improvements to the utility systems.

2013-1 Utilities Revenue Refunding Bonds – In July 2013, the District issued $54,915,000 Utilities Revenue Refunding Bonds at interest rates of 2.5% to 5.0%. The proceeds were used to refund the 2003-1 and 2005-1 Utilities Revenue Bonds.

2013-2 Utilities Revenue Refunding Bonds – In July 2014, the District issued $111,595,000 Utilities Revenue Refunding Bonds at an interest rate of 1.710%. The proceeds were used for the advance refunding of the 2003-2 Utilities Revenue Bonds.

2015-1 Utilities Revenue Bonds – In March 2015, the District issued $30,080,000 Utilities Revenue Bonds at an interest rate of 1.83%. The proceeds are being used to pay for construction and acquisition of improvements to the utility systems.

2015-2 Utilities Revenue Refunding Bonds – In July 2015, the District issued $20,300,000 Utilities Revenue Refunding Bonds at interest rates of 3.0% to 5.0%. The proceeds were used to refund the 2005-2 Utilities Revenue Refunding Bonds.

The major provisions of the Utility Fund's trust indentures securing its debt are as follows:

(1) The debt obligation and related interest are collateralized by a pledge of the net revenues of the combined utility systems.

(2) The District will establish rates that will provide sufficient net revenues (revenues less operating expenses (excluding depreciation and lease payments to WDWC)), to pay 110% of the annual debt service requirements due each year. Revenues are defined to mean all rates, fees, charges or other income (including certain investment earnings, impact fees and special assessments) generated by the Enterprise Fund.

(3) The District will pay all current operating expenses.

(4) The District will deposit into the Sinking Fund on a monthly basis an amount equal to one-sixth of the next semi-annual interest payment and one-twelfth of the next annual principal payment.

8. LONG – TERM DEBT – Continued

A. Changes in long-term liabilities – Continued

(5) The District will maintain a renewal and replacement fund equal to 5% of the gross revenues (less expenses for purchased power and fuel) received in the prior year. Such amount may be and was reduced to 4% by certification from the District's consulting engineer.

(6) The District will maintain on deposit in the emergency repair fund at least $500,000.

(7) The debt service reserve requirements are being provided by Debt Service Reserve accounts with the bond trustee.

(8) Additional bonds may be issued if the net revenues (revenues of the system less operating expenses (excluding depreciation and lease payments to WDWC)) for twelve consecutive prior months are at least equal to 125% of the maximum annual debt service of the proposed and then outstanding bonds.

B. Annual Debt Service Requirements

The annual requirements to amortize the principal balance and interest of all bonds outstanding are as follows:

Year Ended September 30,	General Obligation Bonds Principal	General Obligation Bonds Interest
2016	$ 19,680,000	$ 22,120,794
2017	20,675,000	21,425,253
2018	21,385,000	20,712,452
2019	16,790,000	19,824,527
2020	16,735,000	19,171,790
2021-2025	96,910,000	82,934,100
2026-2030	83,225,000	60,236,553
2031-2035	107,035,000	36,428,425
2036-2038	78,135,000	7,940,500
Total	$ 460,570,000	$ 290,794,394
Current portion	(19,680,000)	
Deferred amounts:		
Discount/Premium	21,640,422	
Long-term bonds payable	$ 462,530,422	

8. LONG - TERM DEBT – Continued

B. Annual Debt Service Requirements – Continued

Year Ended September 30,	Revenue Bonds Principal	Revenue Bonds Interest
2016	$ 26,055,000	$ 6,253,837
2017	31,025,000	5,996,587
2018	32,075,000	5,322,604
2019	16,810,000	4,742,703
2020	21,150,000	4,022,312
2021	24,900,000	3,174,764
2022-2026	73,770,000	6,821,731
Total	$ 225,785,000	$ 36,334,538
Current portion	(26,055,000)	
Deferred amounts:		
Discount/Premium	8,696,271	
Long-term bonds payable	$ 208,426,271	

C. Refunded Debt

In April 2015, the District issued $50,925,000 Ad Valorem Refunding Bonds at interest rates of 2.0% to 5.0%. Proceeds were used for the current refunding of the 2005A and 2005B Ad Valorem Tax Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $776,570. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being recognized as a component of interest expense through fiscal year 2025 using the effective-interest method. This refunding was undertaken to reduce total debt service payments over the next 10 years by $7.8 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $7.1 million.

In July 2015, the District issued $20,300,000 Utilities Revenue Refunding Bonds at interest rates of 3.0% to 5.0%. Proceeds were used to refund the 2005-2 Utilities Revenue Refunding Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $314,216. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being recognized as a component of interest expense through fiscal year 2019 using the effective-interest method. This refunding was undertaken to reduce total debt service payments over the next 5 years by $3.8 million and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of $2.2 million.

Principal balances outstanding of the refunded debt at September 30, 2015 are as follows:

Issue	Date Refunded	Outstanding
2005-1 Utility Revenue Bonds	July 10, 2013	$ 26,930,000

9. TRANSACTIONS WITH PRINCIPAL LANDOWNERS

During fiscal 2015, Walt Disney World Co. and other wholly owned subsidiaries of The Walt Disney Company provided certain services to the District as follows:

Governmental Funds

(1) Financial and other administrative services amounted to $1,222,990.
(2) The operation and maintenance of various District water control facilities amounted to $673,801, plus capital improvements associated with those facilities amounted to $1,276,389.
(3) The maintenance of certain right of ways and District property within the District amounted to $86,510.

At September 30, 2015, accounts payable of the General Fund included $2,994,279 to Walt Disney World Co. and other wholly owned subsidiaries of the Walt Disney Company.

The District's primary source of revenue is ad valorem taxes. Walt Disney Co. comprised 85% of the total taxable assessed value within the District for the year ended September 30, 2015.

Enterprise Fund

(1) Financial and other administrative services amounted to $87,436.
(2) The management and construction of various capital improvements amounted to $284,321.
(3) The operation and maintenance of the utility systems for which the District has a labor agreement. The District incurred $28,405,685 of labor support fees under this agreement.

At September 30, 2015 the Enterprise Fund had accounts receivable of $13,090,537 and accounts payable of $6,636,655 with Walt Disney World Co. and other wholly owned subsidiaries of The Walt Disney Company.

The District provides utility services to Walt Disney World Co. and other associated companies within its service area. Revenues from services provided to these companies were 82% of total utility revenues for the year ended September 30, 2015.

10. RETIREMENT SYSTEM

General Information - All full-time employees of the District participate in the FRS, administered by the State of Florida (State). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Employees elect participation in either the Pension Plan or the defined contribution plan ("Investment Plan"), which is administered by the State Board of Administration ("SBA"). The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

10. RETIREMENT SYSTEM – Continued

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for FRS. The latest available report may be obtained by writing to State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida, 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications

Pension Plan

Benefits provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation and service credit. Pension plan members are eligible for retirement as follows:

	Class			
	Regular	Senior Management	Special Risk	Special Risk Administrative Support
Enrolled prior to July 1, 2011				
Vested	6 years	6 years	6 years	6 years
Normal retirement age	earlier of 30 years of credited service or attainment of age 62	earlier of 30 years of credited service or attainment of age 62	earlier of 25 years of credited service or attainment of age 55	earlier of 25 years of credited service or attainment of age 55
Retirement benefit	1.6% of average final compensation for each year of credited service	2% of average final compensation for each year of credited service	3% of average final compensation for each year of credited service	1.6% of average final compensation for each year of credited service
Enrolled on or after July 1, 2011				
Vested	8 years	8 years	8 years	8 years
Normal retirement age	earlier of 33 years of credited service or attainment of age 65	earlier of 33 years of credited service or attainment of age 65	earlier of 30 years of credited service or attainment of age 60	earlier of 30 years of credited service or attainment of age 60
Retirement benefit	1.6% of average final compensation for each year of credited service	2% of average final compensation for each year of credited service	3% of average final compensation for each year of credited service	1.6% of average final compensation for each year of credited service

If the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment, which is determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement, multiplied by 3%. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

Early retirement may be taken anytime; however, there is a five percent benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Pension Plan Members eligible for retirement are given the option to enter the DROP (Deferred Retirement Option Program), which effectively allows them to work with a FRS employer for up to 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – The contribution requirements of the District are established and may be amended by FRS. Effective July 1, 2011 Florida Legislature required employees contribute 3% of their annual earnings on a pretax basis, with remaining contributions being the obligation of the District. The District contributed 13.81% of covered payroll during the year. The District's contributions to FRS for the year ended September 30, 2015 was $3,459,545. Employee contributions to FRS for the year ended September 30, 2015 was $704,350. Contributions made and accrued were equal to the required contributions for each year.

10. RETIREMENT SYSTEM – Continued

Pension Plan – Continued

The FRS has numerous classes of membership (of which District employees qualify in five classes) with descriptions and employer contribution rates in effect at September 30, 2015 as follows:

Regular Class - Members not qualifying for other classes (7.26%).

Special Risk Class - Members employed as law enforcement officers, firefighters, correctional officers or community-based correctional probation officers, and paramedics and EMTs who meet the criteria set to qualify for this class (22.04%).

Special Risk Administrative Support Class – Special risk employees who are transferred or reassigned to a non-special risk position (32.95%).

Senior Management Service Class - Qualifying member of senior management (21.43%).

Deferred Retirement Option Program (DROP) – Participating members of the program, not to exceed 60 months (12.88%).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the District reported a liability of $16,204,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on historical employer contributions. At June 30, 2015, the District's proportionate share was .12545%, which was a decrease of .00315% from its proportionate share measured as of June 30, 2014.

For the year ended September 30, 2015, the District recognized pension expense of $629,529. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,710,682	$ 384,314
Change of assumptions	1,075,526	-
Net difference between projected and actual earnings on Pension Plan investments	-	3,869,288
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	-	2,352,590
District Pension Plan contributions subsequent to the measurement date	816,127	-
Total	$ 3,602,335	$ 6,606,192

10. RETIREMENT SYSTEM – Continued

Pension Plan – Continued

The deferred outflows of resources related to the Pension Plan, totaling $816,127 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in fiscal year 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2016	$ (3,337,035)
2017	(3,337,035)
2018	(3,337,030)
2019	4,973,256
2020	965,787
Thereafter	252,073

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

- Inflation: 2.60%
- Salary increases: 3.25% average, including inflation
- Investment rate of return: 7.65% net of pension plan investment expense and inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic Investments	12.00%	6.70%	6.10%	11.40%
Total	100.00%			
Assumed Inflation - Mean		2.60%		1.90%

(1) As outlined in the Pension Plan's investment policy

10. RETIREMENT SYSTEM – Continued

Pension Plan – Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	$ 41,988,704	$ 16,204,183	$ (5,252,773)

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2015, the District reported a payable in the amount of $406,204 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At September 30, 2015, the HIS contribution was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

10. RETIREMENT SYSTEM – Continued

HIS Plan – Continued

The District's contributions to the HIS Plan totaled $340,982 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the District reported a liability of $8,299,010 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, with the liabilities developed in that valuation rolled forward to the Measurement Date using standard actuarial roll-forward techniques. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was .08138%, which was an increase of .00074% percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the District recognized pension expense of $635,815. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change of assumptions	652,915	-
Net difference between projected and actual earnings on HIS Plan investments	4,492	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	100,426	-
District HIS contributions subsequent to the measurement date	104,526	-
Total	$ 862,359	$ -

The deferred outflows of resources related to the HIS Plan, totaling $104,526 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in fiscal year 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2016	$ 131,073
2017	131,073
2018	131,073
2019	130,021
2020	129,515
Thereafter	105,078

10. RETIREMENT SYSTEM – Continued

HIS Plan – Continued

Actuarial Assumptions – The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.60%
- Salary increases: 3.25% average, including inflation
- Municipal bond rate: 3.80%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	1% Decrease (2.8%)	Discount Rate (3.8%)	1% Increase (4.8%)
District's proportionate share of the HIS pension liability	$ 9,456,335	$ 8,299,010	$ 7,333,974

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - At September 30, 2015, the District reported a payable in the amount of $40,601 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

10. RETIREMENT SYSTEM – Continued

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Senior Management, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan description - The District provides postemployment healthcare benefits. State Statute requires the District to continue offering healthcare coverage to retirees at the District's cost; however, for employees hired prior to March 1, 2013, the District elected by policy to provide this coverage at no cost to retirees that have met certain requirements during employment with the District. To qualify for this benefit non-union employees must have 20 years of service with the District and be age 62 to obtain paid coverage for themselves and their eligible dependent, and union employees must have 20 years of service with the District and be age 55 to obtain paid coverage for themselves. For employees hired after March 1, 2013, retirees may elect to continue coverage for themselves and their eligible dependents at the full, unsubsidized cost to the District for the elected coverage.

Annual OPEB cost and net OPEB obligation - The actuary's estimate of the District's *accrued OPEB liability*, also known as the *actuarial accrued liability*, which approximates the present value of all future expected postemployment medical premiums, associated administrative costs and stipend payments (which are attributable to the past service of active and retired employees) was $44.1 million at September 30, 2015 as valued on October 1, 2014. The District's annual OPEB cost is the District's OPEB expenses on an accrual basis. The annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (current and future benefits earned) each year and to amortize any unfunded actuarial liabilities over a period of time not to exceed thirty years.

	2015
Annual required Contribution (ARC)	$ 3,801,000
Interest on net OPEB Obligation	955,000
Adjustment to Annual Required Contribution	(1,327,000)
Annual OPEB Cost	3,429,000
Projected Pay-as-you-go Expense	(1,228,000)
Change in OPEB Obligation	2,201,000
Net OPEB Obligation - Beginning of Year	23,870,774
Net OPEB Obligation - End of Year	$ 26,071,774

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – Continued

The District's estimated annual OPEB cost and ARC for fiscal year 2015 were approximately $3.4 and $3.8 million, respectively. The *net OPEB obligation* is the net amount for which the District would be obligated and is equivalent to the cumulative sum of the annual OPEB cost less estimated retiree claims, stipends and contributions to the plan paid by the District. The District's net OPEB obligation at September 30, 2015 was approximately $26.1 million.

Fiscal Year	Annual OPEB Costs	% Costs Contributed	Net OPEB Obligation
2013	$ 4,569,948	22%	$ 20,248,740
2014	4,718,777	23%	23,870,774
2015	3,429,000	36%	26,071,774

Funding policy, status and progress – The District has not currently funded any portion of the net OPEB obligation, however during fiscal years 2010 through 2015, the Board of Supervisors designated $8 million for the future funding of the liability. The Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) as of October 1, 2014 was $44,064,000.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial evaluations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The projected unit credit method was used in the September 30, 2015 actuarial valuation. Actuarial assumptions included a 30 year (open) amortization period, a 4% investment rate of return, an inflation rate of 3.5% per year and an annual healthcare cost trend rate of 8% / 7% for pre-65 / post-65 retirees, respectively, reduced by .5% decrements to an ultimate rate of 4.5%. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount.

Survivor Income Plan - The District also has a Survivor Income Plan for retirees that have met certain requirements during employment with the District. This benefit provides an equivalent of two times the participant's final annual base salary at retirement to their designated beneficiary upon their death. To qualify for this benefit they must have reached the position of manager, director or administrator and be age 62 with 10 years (7 years for directors and administrators) of service or 25 years of service with no age requirement. The District has purchased certain life insurance policies that can, but are not required to be used to fund these obligations. The District currently has three retirees that meet these eligibility requirements. Benefit payments of $802,896 have been required to date.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to theft, damage to and destruction of assets, torts, injuries to employees and natural disasters for which the District is self-insured and carries excess commercial insurance. The District retains risk up to a maximum of $1,000,000 for each worker's compensation claim, $250,000 for each liability claim, $100,000 for most property damage claims, and $50,000 for criminal acts. The District purchases commercial insurance for claims in excess of risk retained. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2013, 2014 and 2015.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The self-insurance liability of $2,064,326 at September 30, 2015 is based on an actuarial review of claims pending and past experience. Decreases in the claims liability have occurred due to the nullification of a large previously existing claim. Changes in the claims liability amount during fiscal years 2014 and 2015 are as follows:

	Year ended September 30	
	2015	2014
Self insurance liability beginning balance	$ 1,850,336	$ 2,928,245
Claims and changes in estimates	687,276	(188,650)
Claims payments	(473,286)	(889,259)
Self insurance liability ending balance	$ 2,064,326	$ 1,850,336

The District has established an Owner Controlled Insurance Program (OCIP) in connection with significant capital projects. The program will cease upon completion of the projects, estimated to be in 2020. The program provides associated General Liability and Workers Compensation coverage to eligible participants. The program is fully insured by purchased primary and excess liability insurance and is administered by a third party.

13. DERIVATIVE FUEL INSTRUMENTS

The District entered into derivative fuel instruments – cash flow hedges (commodity swaps, caps and collars) to financially hedge the cost of natural gas. The District's fuel-related derivative transactions are recorded at fair value on the Statement of Net Position as either an asset or liability depending on their fair value, and the related unrealized gains and/or losses for effective hedges are deferred and reported as either deferred inflows or outflows of resources. Realized gains and losses on these transactions are recognized as fuel expense in the specific period in which the instrument is settled. During the year, a total of $4,530,901 in settlement losses was recognized in fuel expense.

13. DERIVATIVE FUEL INSTRUMENTS – Continued

The following is a summary of the derivative fuel instruments of the Utility Fund as of September 30, 2015 which have been deemed effective and are recorded as deferred outflows.

	Fair Value at September 30,				
Classification	2014	Change in fair value	2015	Notional	Maturity
Deferred outflows	$ 2,513,156	$12,449,794	$ 14,962,950	18,309,094 MMBTUs	FY 2016 - 2019

Credit Risk – The District's counterparties must have a minimum credit rating of BBB- issued by Standard and Poor's or Fitch's rating service or Baa3 issued by Moody's Investor Services.

*Basis Risk - A*ll of the District's transactions are based on the same reference rates, thus there is no basis risk.

Termination Risk – The District's Energy Risk Management Oversight Committee oversees the derivative instrument activity and of the counterparties who are required to maintain a minimum credit rating and present collateral at certain levels which mitigates the chance of a termination event. To date, no termination events have occurred.

14. NET POSITION AND FUND BALANCE REPORTING

The Statement of Net Position for Governmental activities reflects a negative unrestricted net position of $107,023,811. A large portion of this amount is due to the financing, with long-term bonds of the District, certain roadways that were subsequently donated to the State of Florida; and long-term bonds that were issued in order to contribute to Osceola County's refinancing of their Transportation Improvement Bonds (Osceola Parkway). The roadways are not assets of the District, however the remaining debt, amounting to $72,833,641 at September 30, 2015, associated with the roadways is a liability of the District. All of the bonds are Ad Valorem Tax bonds secured by an irrevocable lien on the ad valorem taxes collected by the District. Additionally, in fiscal year 2015, the District recorded approximately $25 million in pension liabilities for the first time, due to the implementation of GASB No. 68.

Governmental Fund Balances

In the Balance Sheet – Governmental Funds, the District has classified fund balances into nonspendable, restricted, assigned and unassigned amounts. Restricted amounts represent the following:

- General Fund - Funds restricted for capital projects by contracts with developers of property, outside of the District, for ongoing maintenance of the District's drainage system.
- Capital Projects Fund – Bond funds restricted for road system and building improvements subject to specific provisions in bond resolutions.
- Debt Service Fund - Assets required for servicing general obligation bond indebtedness under the District's trust indenture.

14. NET POSITION AND FUND BALANCE REPORTING – Continued

Assigned amounts in the General Fund represent the portion of fund balance designated by the Board of Supervisors to cover the projected excess of expenditures over revenues in the fiscal year 2016 budget. Note 1(L) discusses the District's budget approval process.

15. COMMITMENTS AND CONTINGENCIES

Construction

As of September 30, 2015, the District's Board of Supervisors authorized a budget of approximately $363.7 million for three major projects. Executed construction commitments associated with these projects at September 30, 2015 approximated $325.3 million and of this amount, approximately $195.5 million was spent as of September 30, 2015.

Purchased Power and Gas

The District has entered into Purchase Power Agreements (PPA) with public and private entities throughout Florida for the purchase and sale of power at wholesale rates, and associated transmission service. Some of the PPAs require the District to pay reservation charges for capacity. The District's budgeted minimum commitment for fiscal year 2015 reservation charges under the agreements was approximately $21,000,000. There are no requirements for the District to sell wholesale power or reserve capacity for wholesale sales. Initial terms of the agreements expire in fiscal years 2018, 2020, 2031 and 2034, with various provisions for renewal or cancellation by both parties.

On September 13, 2015, the District entered into a Service Agreement for Network Integration Transmission Service with Duke for the period January 1, 2016 through December 31, 2020. On May 27, 2015, the District entered into a Purchase Power Agreement with Duke for the purchase of solar energy. The agreement is for a term of 15 years with a total commitment of the District to purchase approximately 109,000 KWh at a rate of $68.95/KWh, or approximately $7,547,000.

Similarly, the District is obligated to purchase minimum pipeline capacity to transport natural gas under two agreements with Florida Gas Transmission Company ("FGTC"), and a gas transportation and supply agreement dated January 25, 2012 with Peoples Gas System (PGS"). Minimum payments for natural gas under these agreements were budgeted at approximately $3,500,000 for fiscal year 2015. The terms of the FGTC agreements expire in the years 2025, and the term of the PGS agreement expires in the year 2028.

The District has entered into forward contracts for specified periods of time to purchase natural gas at either specified prices in the future or prices that fluctuate within ceiling and floor amounts. The District enters into these contracts to help plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity. It is possible that the market price before or at the specified time to purchase natural gas may be lower or higher than the price at which the District is committed to buy. This would reduce or increase the value of the contracts. The District would have options with respect to holding the forward contracts. The District is also exposed to the failure of the counterparty to fulfill the contracts. The terms of the contracts included provisions for recovering the cost in excess of the guaranteed price from the counterparty should the District have to procure natural gas on the open market.

15. COMMITMENTS AND CONTINGENCIES – Continued

Concurrency Management Agreement

On December 7, 1995, pursuant to a Concurrency Management Agreement dated February 28, 1994, between the District and Osceola County, the District issued the 1995C Ad Valorem Tax Bonds, in order to fund certain road improvements and interchanges in the vicinity of U.S. Route 192, World Drive and Interstate 4. The Bonds were subsequently refunded by the District's 2005B Bonds, however, the refunding did not affect the terms of the original agreement.

Osceola County agreed to participate in such financing by reimbursing the District for a portion of the debt service on the Bonds. However, such payments by Osceola County are not pledged to collateralize the District's Ad Valorem Tax Bonds. The District expects to receive from Osceola County approximately $20,800,000 in total to be paid in various annual installments over the term of the bonds. The maximum annual payments are calculated based on growth in certain areas of the County affected by the improvements and are subject to annual appropriation by the County. The District records the annual payments as Intergovernmental Revenue when received from the County. Osceola County paid to the District $818,994 during the fiscal year.

Osceola Parkway Agreement

In July of 1992, Osceola County issued $149,999,313 Osceola County, Florida Transportation Improvement Bonds ("the Prior Osceola Bonds") for the construction of the Osceola Parkway, a toll road constructed to improve the transportation systems in certain areas of Osceola County and the District. In connection with the issuance of the bonds, the District entered into a Bond Guarantee Agreement which required the District to make certain funds available for debt service on the bonds if operations of the toll road were insufficient to meet scheduled debt service. Amounts paid by the District were to be reimbursed to the District by Osceola County. This obligation was junior and subordinate to all outstanding Ad Valorem Tax Bonds of the District.

In 2003 the District wrote off $23,368,613 in amounts previously advanced and recorded as receivables from Osceola County under the Bond Guarantee Agreement in connection with its entrance into the transactions described below.

In January 2004, the District entered into an Amended and Restated Bond Guarantee Agreement in connection with the issuance of the Reedy Creek Improvement District Series 2004A Ad Valorem Tax Bonds ("2004A Bonds") in the amount of $63,520,000. These bonds were issued to refinance, together with proceeds from $110,935,000 Osceola County Transportation Improvement Refunding Bonds ("Refunded Bonds"), the Prior Osceola Bonds.

In September 2013, the District issued the 2013B Ad Valorem Tax Refunding Bonds in the amount of $40,950,000. These bonds were issued to refinance, in part, the 2004A Bonds.

In September 2014, Osceola County issued $80,100,000 Osceola County, Florida Transportation Improvement Refunding Bonds ("the 2014 Bonds") to refinance the Refunded Bonds. The District entered into a new Bond Guarantee Agreement.

15. COMMITMENTS AND CONTINGENCIES – Continued

The District's obligation to make payments required by the Bond Guarantee Agreement is subordinate to all outstanding Ad Valorem Tax Bonds of the District. Osceola County has agreed to repay from excess toll revenues, if any, when they become available, the 1) debt service of the

District's 2013B Ad Valorem Tax Refunding Bonds, 2) any guarantee payments that are required, along with 3) accrued interest. These payments will terminate upon the earlier of repayment in full or April 1, 2034. The related agreements have been authorized by the District's Board of Supervisors and the County's Board of County Commissioners. The District received $2,330,134 from Osceola County during fiscal year 2015.

STOPR Agreements

In September 2007, the District entered into an agreement with the City of St. Cloud, Tohopekaliga Water Authority (TWA), and Orange and Polk Counties to jointly perform permit compliance monitoring activities as required by the Water Use Permits issued by the South Florida Water Management District. Since 2010, Orange County has been the contract manager and the District's payments are made to them upon receipt of invoice. The agreement, as amended, requires the District to contribute 18.2% of the total costs until June 30, 2016. As of September 30, 2015, the District has paid $667,427 for these efforts.

In November 2010, the District entered into an agreement with the City of St. Cloud, TWA, and Orange and Polk Counties to jointly participate in the Central Florida Coordination Area (currently referred to as the Central Florida Water Initiative/CFWI) rulemaking, monitoring and modeling to work with South Florida Water Management District in identifying the availability of groundwater and other water resources to accommodate future growth in the Central Florida area. Polk County was the contract manager and the District's payments were made to them upon receipt of invoice. The agreement, as amended, requires the District to contribute up to $282,433 for this effort. As of September 30, 2015, the District has paid $277,969. No future payments will occur as the agreement expires no later than November 9, 2015 or until work is complete. This agreement has been superseded by the 2015 CFWI interlocal agreement discussed below.

In March 2015, the District entered into an agreement with the City of St. Cloud, TWA, and Orange and Polk Counties to jointly participate in regional cooperation for a central Florida impacts evaluation as a result of the CFWI process. Orange County is the contract manager and the District's payments are made to them upon receipt of invoice. The agreement requires the District to contribute up to $76,179 for this effort. No payments have been made by the District as of September 30, 2015.

In August 2011, the District entered into an agreement with the Water Cooperative of Central Florida (which currently consists of the City of St. Cloud, TWA, Orange County and Polk County) to participate in the preliminary design and permitting of the Cypress Lake Wellfield alternative water supply project. Originally TWA was the contract manager but with the Second Amendment approved in August 2015, the Water Coop became the contract manager and the District's payments are made to them upon receipt of invoice. The agreement, as amended, requires the District to contribute $394,279 for this work. As of September 30, 2015, the District has paid $356,932.

15. COMMITMENTS AND CONTINGENCIES – Continued

In December 2014, the District entered into a cost sharing agreement with the City of St. Cloud, TWA and Orange and Polk Counties to jointly share in the cost of monitoring Reedy Creek water level data near Loughman Station in Osceola County. The City of St. Cloud is the contract manager and the District's payments are made to them upon receipt of invoice. The District's

share is set at $3,603.60 annually. As of September 30, 2015, the District has not been billed for this work.

Harvest Power Agreements

In December 2011, the District entered into a lease agreement with Harvest Power Orlando, LLC to provide District-owned land to Harvest Power for the construction and operation of an anaerobic digestion facility, which will convert organic waste into electrical energy and fertilizer. The term of the lease is for 20 years. In addition to the lease, the District entered into the following project agreements with Harvest Power:

- The "Waste Supply Agreement" describes the process, quality and amounts of organic waste to be provided to Harvest Power, operational requirements related to the facility, and fees to be paid to Harvest Power to accept and process the District's organic waste.
- The "Power Purchase Agreement" describes the sale of electrical energy to the District and the fees to be paid to Harvest Power to purchase the energy.
- The "Effluent Pre-Treatment Agreement" describes the quality and delivery of liquid effluent produced from the digestion facility to the District for treatment at the District's waste water treatment plant, and the compensation to be paid to the District by Harvest Power.

Litigation and Other Claims

Various suits and claims arising in the ordinary course of operations are pending against the District. Management believes that the ultimate disposition of such matters will not materially affect the financial position of the District or the results of its operations.

16. SUBSEQUENT EVENTS

Issuance of Ad Valorem Debt

In April 2016, the Board of Supervisors authorized the issuance of ad valorem tax bonds in an amount not to exceed $370,000,000 to fund additional transportation and parking improvements within or outside the District, and administrative and/or operational facilities improvements within the District. The District anticipates issuing the bonds in July of 2016.

Conveyance of Capital Improvements to Third Party

On October 1, 2015, the District executed a Warranty Deed to transfer the newly completed I-4 Slip Ramp along with certain easements located near the Slip Ramp to Florida's Department of Transportation. The Slip Ramp was part of the Buena Vista Drive Reconstruction project and it provides direct access from I-4 to the Buena Vista Drive roadway system and the first of two newly constructed parking garages. The costs associated with the Slip Ramp represent a portion of construction in progress for governmental activities in fiscal year 2015, estimated at $4,768,246.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SCHEDULES SUPPORTING MODIFIED APPROACH FOR DISTRICT
INFRASTRUCTURE CAPITAL ASSETS

Year Ended September 30, 2015

	% of Roadways				
	2015	2014	2013	2012	2011
Roads (Note 2. A.):					
Excellent	96%	95%	96%	92%	93%
Acceptable	4%	5%	4%	8%	7%
Poor	0%	0%	0%	0%	0%

	Bridges by Category				
	2015	2014	2013	2012	2011
Bridges (Note 2. B.):					
Excellent	29	27	27	26	24
Good	14	16	16	17	19
Poor	-	-	-	-	-
	43	43	43	43	43

	Structures by Category				
	2015	2014	2013	2012	2011
Water Control Structures (Note 2. C.)					
Excellent	18	17	17	17	19
Good	4	5	5	5	3
Poor	-	-	-	-	-
	22	22	22	22	22

Maintenance and Preservation Costs - Budget and Actual

	2016	2015	2014	2013	2012	2011
Budgeted Costs:						
Roads	$ 1,185,000	$ 1,550,000	$ 1,435,000	$ 2,972,000	$ 4,435,500	$ 1,550,000
Bridges	440,000	225,000	384,500	1,034,500	365,000	55,000
Water Control Structures	2,670,000	1,445,000	1,656,000	2,850,000	2,139,000	1,935,000
Actual Costs:						
Roads		$ 1,607,527	$ 1,489,097	$ 2,637,745	$ 4,173,108	$ 1,088,718
Bridges		8,156	190,410	398,963	62,881	43,724
Water Control Structures		1,444,735	920,716	2,187,645	1,877,020	988,684

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SCHEDULES SUPPORTING MODIFIED APPROACH FOR DISTRICT
INFRASTRUCTURE CAPITAL ASSETS – CONTINUED

Year Ended September 30, 2015

1. Election to use Modified Approach

The District has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its roads, bridges and water control structures. The infrastructure capital assets are managed using an asset management system with (1) an up-to-date inventory; (2) annual or bi-annual (depending on the asset) condition assessment that is summarized using a numerical measurement scale; and (3) an estimated annual amount to maintain and preserve the asset at the established condition assessment level.

2. Basis for Condition Assessments and Targeted Condition Level

A. Roads

Streets and roads are constantly deteriorating due to environmental causes (weathering and aging) and structural causes (repeated traffic loading). The rate at which pavement deteriorates depends on the original construction quality, environmental conditions, drainage, traffic loading and interim maintenance procedures. The District bases all pavement design on existing traffic counts, proposed traffic generation due to planned development and known loading factors. We continually maintain the pavement by way of crack sealing, patching and applying preservative treatments as well as structural overlay work when warranted. This preventative maintenance substantially extends the useful life of asphaltic pavement and ensures the comfort and ride-ability of the network.

In an effort to ensure the quality of the District's roadway network, RCID performs an annual physical condition assessment of the public streets/roadways within its jurisdiction. The physical condition assessment was performed using the Road Manager Condition Evaluation test method. All roads are evaluated and given a numerical rating, or Pavement Condition Index (PCI) of 1 through 100. This identifies the condition and helps determine what work is required. The ratings were based on visual observation of the roads surface condition: defects or deformation, cracking (transverse, reflective, longitudinal and alligator), and patching/pot hole frequency. The field ratings are put into an equation to determine the Pavement Condition Number (PCN). A PCN of 81-100 indicates the road is in excellent condition and no improvements are required. A PCN of 71-80 indicates some surface improvement is recommended. A PCN of 56-70 indicates some structural improvement is required. A PCN of 55 or lower indicates reconstruction is required. Based on the PCN, the determination is made as to whether the road requires structural improvement, requires only surface improvement or does not currently require work. Currently, less than 6% of the RCID owned roadways require improvement. The majority of roads have PCNs in excess of 81, a small percentage have a PCN rating that indicates surface work would be advisable, and no roads have a PCN below 59.

In order to prioritize roadway repairs, a benefit value for each roadway is determined based on the roadway use and the projected cost of the necessary repair. Based on the identified priorities, RCID budgets for the pavement repairs. As a result of the last annual assessment and prioritization, the work effort for fiscal year 2015 was identified and budgeted at $1,550,000. The work completed was the refurbishment and overlay of 1.96 lane miles of roadway that consisted of milling and resurfacing the southbound World Drive ramp onto Buena Vista Drive, southbound World Drive at the Osceola Parkway exit, the right lane of northbound World Drive north of Epcot Center Drive, the westbound ramp from Osceola Parkway to northbound World Drive, and the ramp from northbound World Drive to eastbound Buena Vista Drive. In addition, 3,970 square yards of asphalt was replaced in the Fire Station #3 parking lot. The final cost of this rehabilitation work was $1,487,518.

2. Basis for Condition Assessments and Targeted Condition Level – Continued

A. Roads - Continued

In addition to major asphalt refurbishment, the District continued with routine maintenance and repairs throughout the roadway system. This work encompassed routine repairs of asphalt, shoulder protection and repair and replacement of guardrail and totaled $120,009.

B. Bridges

There are currently 43 bridges within the District and all are inspected bi-annually by a Florida licensed Structural Engineer. Using the Florida Department of Transportation (FDOT) reporting system, the bridge deck, super-structure, substructure, and channel configuration are rated Excellent, Good or Poor. The age of the bridges within the District span 40 years with the first bridges constructed in the 1970's; the majority of the bridges built during the 1990's with an additional seven bridges constructed within the last ten years. Preservation and maintenance of the bridges is an on-going activity yielding bridges in either Excellent or Good condition.

Within recent years it has become apparent that the high volume of bus traffic along the District roadways was causing excess deterioration of the armor joints within the bridge decks. Although this deterioration was not critical and yielded no safety issues, it was an ongoing and costly maintenance issue. In an attempt to reduce these costs, a test program was implemented to find a better alternative for protecting these bridge joints. In 2008, where feasible, the District began replacing failing armor joints with a new expansion joint system, which was better suited to withstand the types of traffic experienced within the District's roadway system. The program has greatly reduced maintenance efforts, decreased maintenance costs, and is expected to extend the useful life of the bridge joints.

The oldest bridges within the District were constructed utilizing a method of construction that is now obsolete. The construction method results in excessive cracking and spalling of the bridge deck. Although temporary repairs can be made to decelerate the damage, the only effective and permanent repair method for this condition is to replace the bridge deck. Nine (9) bridges within the roadway system were constructed in this manner. Of the 9, two were replaced in the ongoing Buena Vista Drive (BVD) Reconstruction project. This work is scheduled for completion in mid-2016. The next five bridges are being addressed in the construction of the Epcot Center Drive Interchange (ECDI) Improvement project, which is scheduled for completion at the end of 2017. As a part of the ECDI project, two bridges are undergoing full deck replacement and three bridges will be replaced. At the conclusion of the BVD and ECDI projects, two bridges constructed in this manner will remain. These two bridges experience a much lower average daily traffic volume than the other seven, but they have begun to show some spalling and cracking. The District will continue enhanced monitoring of these two bridges and future maintenance projects shall include replacing or re-decking.

In fiscal year 2015, two existing bridges were removed from service and were replaced with a new bridge as part of the BVD Reconstruction project. Two new bridges were constructed and placed into service as a part of the I-4 Slip Ramp project, which provides direct access to the BVD roadway system and the parking garage. Also as a part of the BVD project, 3 new pedestrian bridges were constructed and put into service. Other miscellaneous bridge repairs not associated with these specific projects were completed at a cost of $8,156.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
SCHEDULES SUPPORTING MODIFIED APPROACH FOR DISTRICT
INFRASTRUCTURE CAPITAL ASSETS - CONTINUED

Year Ended September 30, 2015

2. Basis for Condition Assessments and Targeted Condition Level – Continued

C. Water Control Structures

The Master Drainage System within the District is comprised of 66 river miles of canals and waterway. It incorporates 22 major water control structures comprised of Amil Gates, sharp crested weirs, and one set of 48" diameter culverts. Amil Gates are constant level water control structures. These gates provide a consistent water level within the waterways or canals, and open due to increasing water pressure during a storm event, thereby allowing flood waters to pass downstream and exit the District. Weirs maintain water levels at a set elevation; as the flood waters rise due to a storm event, they spill over the weirs and pass downstream. The two 48" culverts act as an overflow or pass through, allowing flood waters to pass to an adjacent wetland on the eastern perimeter of the District. Construction on these structures began in the late 1960's, thus many are approaching 50 years old. Despite their age, all are in working order and generally in good condition.

Structures are classified by their overall condition and are listed as Excellent, Good or Poor condition. This rating is generated by the annual inspection and condition assessment report. This Annual Water Control Structure Report lists all items inspected both above ground and below the water surface. Using this information, the structure condition is assigned, the required repairs are prioritized and the repair work is scheduled. Required repairs are listed as Priority 1, 2 or 3. Priority 1 signifies a major rehabilitative repair. Priority 1 repairs are items that if not repaired, may degrade the integrity of the structural element or reduce the operational capacity of the structure. Historically, we have found Priority 1 repairs often occur in underwater conditions and have evolved over long periods of time. This type of repair may require extensive construction work and as such, cannot always be done immediately, but must be scheduled & budgeted in a future year. Priority 2 repairs are those that can be addressed as routine monthly maintenance. Priority 3 identifies items not in current need of repair but signify a condition, though noteworthy, that is expected to remain stable for a number of years. As such, the recommendation is that Priority 3 items need not be separately scheduled for repair, but addressed when the structure undergoes Priority 1 or Priority 2 repairs.

During fiscal year 2015, one Priority 1 repair was completed. The repair involved refurbishment of gate leaf for Structure S-405 as well as crack sealing, coating of all the walls and pressure grouting of the structure aprons. All structural support members were either replaced or sanded, weld repaired and coated. The bridge over the structure was strengthened by applying a carbon fiber wrap on the underside of the deck. The major rehabilitative costs for this water control structure totaled $1,142,372. Routine maintenance was also conducted on the structures, levees and canals throughout the water control system, and this work totaled $302,362.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Year Ended September 30, 2015

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Percentage Funded	Annual Covered Payroll	UAAL as Percentage of Payroll
10/1/2012	$ 54,761,549	-	$ 54,761,549	0.00%	$ 23,420,014	233.82%
10/1/2013	57,579,673	-	57,579,673	0.00%	24,221,740	237.72%
10/1/2014	44,064,000	-	44,064,000	0.00%	25,052,616	175.89%

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
PENSIONS

Year Ended September 30, 2015

Pension Plan

Schedule of the District's Proportionate Share of the Net Pension Liability
Florida Retirement System
Last 2 Fiscal Years*

	2015	2014
RCID's proportion of the net pension liability	0.12545%	0.12860%
RCID's proportionate share of the net pension liability	$ 16,204,183	$ 7,846,750
RCID's covered-employee payroll	$ 24,758,513	$ 23,975,240
RCID's proportionate share of the net pension liability as a percentage of its covered employee payroll	65.45%	32.73%
Plan fiduciary net position as a percentage of total pension liability	92.00%	96.09%

* Amounts presented for each fiscal year were determined as of June 30.

Schedule of the District's Contributions
Florida Retirement System
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 3,459,545	$ 3,199,940	$ 2,479,819	$ 1,992,353	$ 3,137,334	$ 3,216,722	$ 2,918,307	$ 2,859,221	$ 2,741,371	$ 2,294,631
Contributions in relation to the contractually required contributions	3,459,545	3,199,940	2,479,819	1,992,353	3,137,334	3,216,722	2,918,307	2,859,221	2,741,371	2,294,631
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
RCID's covered-employee payroll	25,052,616	24,221,740	23,420,014	21,960,067	21,588,424	21,374,045	20,651,822	19,562,298	18,290,050	17,389,105
Contributions as a percentage of covered employee payroll	13.81%	13.21%	10.59%	9.07%	14.53%	15.05%	14.13%	14.62%	14.99%	13.20%

* Amounts presented for each fiscal year were determined as of September 30.

Changes in assumptions

From 2014 to 2015, there were no changes in actuarial assumptions. The inflation rate is assumed at 2.60%, the real payroll growth is assumed at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.

Changes in benefit terms

Effective July 1, 2011, employees were required to contribute 3% of their annual earnings on a pretax basis. At the same time, FRS reduced the employer contribution amounts. This accounts for the reduction in contributions as a percentage of covered employee payroll in 2012. Effective July 1, 2013, the legislature required employers to pay the full unfunded actuarial liability (UAL) contribution recommended by the actuary for all membership classes and DROP participants. For the two prior fiscal years, the legislature required only a portion of the UAL rate recommended by the actuary. This accounts for the increase in contributions in 2014.

REEDY CREEK IMPROVEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (RSI)
PENSIONS - CONTINUED

Year Ended September 30, 2015

HIS Plan

Schedule of the District's Proportionate Share of the Net Pension Liability
Health Insurance Subsidy Program
Last 2 Fiscal Years*

	2015	2014
RCID's proportion of the net pension liability	0.08138%	0.08064%
RCID's proportionate share of the net pension liability	$ 8,299,010	$ 7,539,962
RCID's covered-employee payroll	24,758,513	23,975,240
RCID's proportionate share of the net pension liability as a percentage of its covered employee payroll	33.52%	31.45%
Plan fiduciary net position as a percentage of total pension liability	0.50%	0.99%

* Amounts presented for each fiscal year were determined as of June 30.

Schedule of the District's Contributions
Health Insurance Subsidy Program
Last 10 Fiscal Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 340,982	$ 294,282	$ 265,172	$ 243,757	$ 239,632	$ 237,252	$ 221,616	$ 214,016	$ 203,327	$ 192,011
Contributions in relation to the contractually required contributions	340,982	294,282	265,172	243,757	239,632	237,252	221,616	214,016	203,327	192,011
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
RCID's covered-employee payroll	25,052,616	24,221,740	23,420,014	21,960,067	21,588,424	21,374,045	20,651,822	19,562,298	18,290,050	17,389,105
Contributions as a percentage of covered employee payroll	1.36%	1.21%	1.13%	1.11%	1.11%	1.11%	1.07%	1.09%	1.11%	1.10%

* Amounts presented for each fiscal year were determined as of September 30.

Changes in assumptions

The municipal rate used to determine total pension liability decreased from 4.29% to 3.80% from 2014 to 2015.

Changes in benefit terms

The District is not aware of any changes in benefit terms during the periods noted.

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Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

District Administrator, Deputy District Administrator, and
The Board of Supervisors
Reedy Creek Improvement District

Lake Buena Vista, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Reedy Creek Improvement District (the District) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

May 24, 2016

A member firm of Ernst & Young Global Limited

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Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants on Compliance

Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Reedy Creek Improvement District (the District) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report, with unmodified opinions thereon, dated May 24, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with terms, covenants, provisions, or conditions of Sections 4.01-4.03, 5.01-5.17 and 6.01-6.02 of the Trust Indenture dated November 1, 1987, as amended and supplemented, with Sun Bank d.b.a. SunTrust, National Association (the Trustee), who assigned their rights and duties to US Bank, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced terms, covenants, provisions, or conditions of Sections 4.01-4.03, 5.01-5.17 and 6.01-6.02 of the Trust Indenture dated November 1, 1987, as amended and supplemented, with Sun Bank d.b.a. SunTrust, National Association (the Trustee), who assigned their rights and duties to US Bank, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Supervisors, management of the District, and the Trustee and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 24, 2016

A member firm of Ernst & Young Global Limited

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants on Compliance

The Board of Supervisors
Reedy Creek Improvement District

Lake Buena Vista, Florida.

We have audited, in accordance with auditing standards generally accepted in the United States the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Reedy Creek Improvement District (the District) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report, with unmodified opinions thereon, dated May 24, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the District met any of the conditions described in *Section 218.503(1)*, Florida Statutes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such conditions. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's meeting the conditions described in the above-referenced section of Florida Statutes, insofar as they relate to accounting matters.

This report is intended solely for the information and use of management and the Board of Supervisors of the District and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 24, 2016

A member firm of Ernst & Young Global Limited

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants on Compliance

The Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

We have audited, in accordance with auditing standards generally accepted in the United States the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Reedy Creek Improvement District (the District) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report, with unmodified opinions thereon, dated May 24, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of *Section 218.32(1)(a)*, Florida Statutes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions of Section 218.32(1)(a), Florida Statutes, insofar as they relate to accounting matters.

This report is intended solely for the information and use of management and the Board of Supervisors of the District and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 24, 2016

A member firm of Ernst & Young Global Limited

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants

The Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

We have examined management's assertion that Reedy Creek Improvement District (the District) complied with Section 218.415, Florida Statutes, requiring the adoption of an investment policy that includes all of the requirements listed in Sections 218.415(1) through (15), Florida Statutes, and that the District's investments were authorized by law and in accordance with its investment policy for the year ended September 30, 2015 as required by Section 218.415(17), Florida Statutes. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, management's assertion that the District complied with the aforementioned requirements for the year ended September 30, 2015 is fairly stated, in all material respects.

This report is intended solely for the information and use of the District and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 24, 2016

A member firm of Ernst & Young Global Limited

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

Report of Independent Certified Public Accountants on Applying Agreed-Upon Procedures

To the Board of Supervisors and Management
Reedy Creek Improvement District:

We have performed the procedures enumerated below, which were agreed to by the management of Reedy Creek Improvement District (the District), solely to assist you in evaluating management's assertion that the District does not meet any of the indicators of deteriorating financial condition as enumerated in Section 218.39.5(b), *Florida Statutes*, as of September 30, 2015. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there were any individual governmental funds with a total fund balance deficit as of September 30, 2015. We also compared the total fund balance for the general fund as of September 30, 2015, as reported in the 2015 audited financial statements, to the total fund balance of the general fund as of September 30, 2014, as reported in the District's audited financial statements as of and for the year ended September 30, 2014.

Findings

We noted no individual governmental funds with a total fund balance deficit as of September 30, 2015. We also noted that the total fund balance for the general fund increased during the year ended September 30, 2015.

Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there were any individual governmental funds with a fund balance deficit in that portion of fund balance not classified as restricted, committed, or nonspendable as of September 30, 2015.

Findings

We noted no individual governmental funds with a fund balance deficit in that portion of fund balance not classified as restricted, committed, or nonspendable as of September 30, 2015.

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Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there were any individual proprietary funds with a total net position deficit as of September 30, 2015.

Findings

We noted no individual proprietary funds with a total net position deficit as of September 30, 2015.

Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there was a total net position deficit in the governmental activities as reported in the entity-wide financial statements as of September 30, 2015.

Findings

We noted no total net position deficit in the governmental activities reported in the entity-wide financial statements as of September 30, 2015.

Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there was a total net position deficit in the business-type activities reported in the entity-wide financial statements as of September 30, 2015.

Findings

We noted no total net position deficit in the business-type activities reported in the entity-wide financial statements as of September 30, 2015.

Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there was an unrestricted net position deficit in the governmental activities reported in the entity-wide financial statements as of September 30, 2015.

Findings

An unrestricted net position deficit of approximately $107 Million was noted in the governmental activities reported in the entity-wide financial statements as of September 30, 2015.

Procedures

With respect to the noted deficit in unrestricted net position in the governmental activities entity-wide financial statements as of September 30, 2015, we inquired of responsible District officials as to causes for the noted deficit and whether such deficit was an indicator of deteriorating financial condition.

Findings

Responsible District officials stated that the unrestricted net position deficit in the governmental activities entity-wide financial statements is not considered to be an indicator of deteriorating financial condition, and the reported deficit is due primarily to the financing, with long-term debt of the District, of certain roadways that were subsequently donated to the State of Florida, long-term bonds of the District that were issued to contribute proceeds to Osceola County in connection with the refinancing of the Osceola County Transportation Improvement Bonds, and net pension liability. District officials further stated that the related roadways are not assets of the District and are not reported in the District's entity-wide financial statements; however, the outstanding debt associated with the roadways is a liability of the District and reported as a reduction to unrestricted net position pursuant to generally accepted accounting principles. District officials also noted that the non-capital debt is secured by an irrevocable lien on the ad valorem taxes collected by the District. In respect to the net pension liability, the liability was recorded as a result of the adoption of Government Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions*.

Procedures

We obtained the audited financial statements of the District as of and for the fiscal year ended September 30, 2015, and determined whether there was an unrestricted net position deficit in the business-type activities reported in the entity-wide financial statements as of September 30, 2015.

Findings

We noted no unrestricted net position deficit in the business-type activities reported in the entity-wide financial statements as of September 30, 2015.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, the Board of Supervisors and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 24, 2016

Ernst & Young LLP
Suite 1700
390 North Orange Avenue
Orlando, FL 32801-1671

Tel: +1 407 872 6600
Fax: +1 407 872 6626
ey.com

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Management Letter and State Reporting Requirements

District Administrator, Deputy District Administrator, and
The Board of Supervisors
Reedy Creek Improvement District
Lake Buena Vista, Florida

In planning and performing our audit of the basic financial statements of Reedy Creek Improvement District (the District) as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Other Required Disclosures

Report on the Financial Statements

We have audited the basic financial statements of the District as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 24, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

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Other Reports

We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards,* and Report of Independent Certified Public Accountants on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General (collectively, the Reports). Disclosures in those Reports, which are dated May 24, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year matters reported.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District has included such disclosures in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. See our separate Report of Independent Certified Public Accountants on Compliance dated May 24, 2016.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures that were agreed to by management of the District. See our separate Report of Independent Certified Public Accountants on Applying Agreed-Upon Procedures dated May 24, 2016, for our procedures and findings.

Annual Financial Report

Management of the District has advised that the District is required to file an annual financial report, as defined in Section 218.32(1)(a), Florida Statutes, with the Florida Department of Financial Services. See our separate Report of Independent Certified Public Accountants on Compliance dated May 24, 2016.

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Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. See our Reports identified under "Other Reports" section above.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Supervisors, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

May 24, 2016

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APPENDIX B

BOND RESOLUTION

[Exhibits intentionally omitted]

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REEDY CREEK IMPROVEMENT DISTRICT AD VALOREM
TAX BONDS AMENDED AND RESTATED BOND RESOLUTION

Adopted on November 15, 1991

REEDY CREEK IMPROVEMENT DISTRICT AD VALOREM
TAX BONDS AMENDED AND RESTATED BOND RESOLUTION

Table of Contents

(This table of contents is not part of the Bond Resolution and is only for convenience of reference.)

SECTION		PAGE
1	Authority for this Resolution	2
2	Definitions	2
3	Findings	8
4	Authorization of Construction and Acquisition of Series 1972 Projects	8
5	Resolution to Constitute Contract	9
6	Authorization of Series 1972 Bonds	9
7	Description of Series 1972 Bonds	9
8	Details of Bonds	10
9	Reserved	12
10	Execution of Bonds and Coupons	12
11	Negotiability and Registration	13
12	Bonds Mutilated, Destroyed, Stolen or Lost	15
12A	Provisions for Redemption	16
12B	Notice of Redemption	16
12C	Effect of Redemption	17
13	Form of Series 1972 Bond and Coupons	17
14	Pledge of Ad Valorem Taxes	22
15	Covenants of the District	22
16	Application of Bond Proceeds	27
17	Defeasance	28

18 Authorization of Use of Derivative Products. . 29

19 Holders not Affected by use of Bond Proceeds . 29

20 Modification or Amendment. 30

21 Events of Default; Remedies. 30

22 Contraction of District Boundaries 35

23 Severability of Invalid Provisions 36

24 Sale of Bonds. 36

25 Validation Authorized. 36

26 Repealing Clause 37

27 No Third Party Beneficiaries 37

28 Controlling Law; Members of Governing Body of District not Liable 37

29 Effective Date 37

RESOLUTION NO. 245

A RESOLUTION OF THE REEDY CREEK IMPROVEMENT DISTRICT SUPPLEMENTING, AMENDING AND RESTATING A RESOLUTION ADOPTED BY THE DISTRICT ON APRIL 4, 1972 PERTAINING TO THE ISSUANCE BY THE DISTRICT OF ITS AD VALOREM TAX BONDS TO PAY THE COSTS OF VARIOUS PUBLIC PURPOSES IN THE DISTRICT; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH AD VALOREM TAX BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to a Resolution (the "1972 Resolution") adopted by the Board of Supervisors (the "Board") of the Reedy Creek Improvement District (the "District") on April 4, 1972, the District authorized the issuance of its Ad Valorem Tax Bonds in the aggregate principal amount of $20,000,000 (the "Series 1972 Bonds") and authorized the issuance of additional parity bonds under the 1972 Resolution, such bonds to be secured by a lien on certain Ad Valorem Taxes (as defined herein) collected by the District on a parity with the lien of the Series 1972 Bonds; and

WHEREAS, the District has issued its Ad Valorem Tax Bonds, Series 1987A, its Ad Valorem Tax Bonds, Series 1989A and its Ad Valorem Tax Bonds, Series 1989B as additional parity bonds under the 1972 Resolution; and

WHEREAS, Section 18 of the 1972 Resolution provides that certain amendments may be made to the 1972 Resolution upon receipt of the consent of the holders of two-thirds of all Bonds Outstanding under the 1972 Resolution; and

WHEREAS, pursuant to the 1972 Resolution, the District established a Reserve Account (the "Reserve Account") into which the District has deposited, in the aggregate, $1,657,096 in connection with the issuance of the Series 1972 Bonds and all additional parity bonds heretofore issued pursuant to the 1972 Resolution; and

WHEREAS, upon the effective date of this resolution, the Reserve Account shall be abolished and the moneys on deposit therein shall be applied in accordance with a subsequent resolution adopted by the Board; and

WHEREAS, the District desires to amend and restate the 1972 Resolution to read in its entirety as provided herein, effective upon receipt of the consent of the Holders of two-thirds, and as to certain provisions as

herein provided, one hundred percent (100%) of the Bonds Outstanding under the 1972 Resolution;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE REEDY CREEK IMPROVEMENT DISTRICT:

EXCEPT AS EXPRESSLY PROVIDED HEREIN, EFFECTIVE IMMEDIATELY UPON THE RECEIPT OF THE CONSENT OF THE HOLDERS OF TWO-THIRDS OF THE PRINCIPAL AMOUNT OF THE BONDS OUTSTANDING UNDER THE 1972 RESOLUTION, THE 1972 RESOLUTION IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY, TO READ AS FOLLOWS:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to Chapter 67-764, Laws of Florida, Special Acts of 1967.

SECTION 2. DEFINITIONS. The following terms used herein shall have the meanings set forth below, unless the context otherwise expressly requires:

"Accreted Value" means, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (the principal amount at its initial offering), plus the interest accreted on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Valuation Date next preceding the date of computation or the date of computation if a Valuation Date, such interest to accrete at a rate not exceeding the maximum rate permitted by law, compounded periodically, plus, if such date of computation shall not be a Valuation Date, a portion of the difference between the Accreted Value as of the immediately preceding Valuation Date (or the date of original issuance if the date of computation is prior to the first Valuation Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"Ad Valorem Taxes" means the proceeds collected by the District pursuant to Section 24 of the Act from Ad Valorem Taxes levied at a rate not exceeding thirty (30) mills on the dollar per annum on the assessed value of all taxable property in the District.

"Ad Valorem Taxes Fund" means the fund by that name created pursuant to Section 15A hereof.

"Additional Bonds" means additional Bonds issued in compliance with the terms, conditions and limitations contained in Section 15E hereof which shall have an equal lien on the tax proceeds deposited in the Ad Valorem Taxes

Fund created by this resolution and rank equally in all respects with the Bonds initially issued hereunder.

"Amortization Installment" means the funds to be deposited in the Sinking Fund in a given Bond Year for the payment at maturity or redemption of a portion of Term Bonds of a designed Series, as established by resolution of the District at or before the delivery of that Series of Term Bonds.

"Board" means the Board of Supervisors of the District.

"Bonds" means the Ad Valorem Tax Bonds herein authorized to be issued, together with any Additional Bonds hereafter issued under the terms, conditions and limitations contained herein.

"Bond Counsel" means nationally recognized counsel experienced in matters relating to the validity of, and the tax exemption of interest on, obligations of states and their political subdivisions.

"Bond Obligation" means, as of the date of computation, the sum of: (i) the principal amount of all Current Interest Bonds then Outstanding and (ii) the Accreted Value on all Capital Appreciation Bonds then Outstanding.

"Bond Service Requirement" means for a given Bond Year the remainder, after subtracting any accrued and capitalized interest for that Bond Year which has been deposited into the Sinking Fund from the sum of:

(1) The amount required to pay the interest coming due on Bonds during that Bond Year, including the accreted interest component of the Accreted Value of Capital Appreciation Bonds coming due during that Bond Year,

(2) The amount required to pay the principal of Serial Bonds and the principal of Term Bonds coming due during that Bond year including the principal component of the Accreted Value of Capital Appreciation Bonds maturing in that Bond Year that are not included in the Amortization Installments for such Term Bonds, and

(3) The Amortization Installment for all Series of Term Bonds for that Bond Year.

The interest rate for Variable Rate Bonds for the Bond Year in which such calculation is made, or for the following Bond Year, as the case may be, shall be assumed to

be one hundred ten percent (110%) of the greater of (i) the average daily interest rate on such Variable Rate Bonds during the twelve months ending with the month preceding the date of calculation, or such shorter period that such Variable Rate Bonds shall have been Outstanding, or (ii) the rate of interest on such Variable Rate Bonds on the date of calculation. For purposes of determining the Maximum Bond Service Requirement or the Bond Service Requirement for the issuance of Additional Bonds pursuant to Section 15E of this resolution, the interest rate on Variable Rate Bonds Outstanding on the date of calculation shall be calculated as provided above, and the interest rate on Variable Rate Bonds proposed to be issued shall be deemed to be the higher of (a) the initial interest rate on such Variable Rate Bonds on the date of issuance thereof, or (b) if Variable Rate Bonds are Outstanding hereunder, the rate calculated pursuant to the immediately preceding sentence for such Variable Rate Bonds. If Bonds are subject to purchase by the District at the option of the Holder and a liquidity facility is available with respect thereto at the time such determination is made to provide for the purchase of such Bonds, the "put" date or dates with respect to such Bonds shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation.

"Bond Year" means the annual period beginning on the first day of June of each year and ending on the last day of May of the following year, except that the first Bond Year with respect to any Series of Bonds shall begin on the date of issuance of such Series of Bonds and end on the last day of the succeeding May; provided that when such term is used to describe the period during which deposits are to be made to amortize the principal and interest on the Bonds maturing or becoming subject to redemption, the principal and interest maturing or becoming subject to redemption on the first day of the month immediately succeeding any Bond Year shall be deemed to mature or become subject to redemption on the last day of the preceding Bond Year.

"Business Day" means any day other than a Saturday, Sunday, legal holiday or other day on which banking institutions in the city or cities in which the Paying Agent has its principal corporate trust office are authorized by law to be closed for business or on which the New York stock exchange is closed.

"Capital Appreciation Bonds" means those Bonds issued hereunder as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and payable in an amount equal to the then current Accreted Value only at the maturity, earlier redemption or other payment date thereof, all as so designated by the supplemental resolution authorizing the issuance of such Bonds.

"Closing Date" means, with respect to any Series of Bonds, the date on which such Series of Bonds are issued and delivered.

"Code" means the Internal Revenue Code of 1986, as amended, and, if applicable, the Internal Revenue Code of 1954, as amended, or any corresponding provision of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, including interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final regulations and temporary regulations), the applicable rulings of the Internal Revenue Service (including published revenue rulings and private letter rulings) and applicable court decisions.

"Construction Fund" means the Ad Valorem Taxes Construction Fund created pursuant to Section 16C hereof.

"Current Interest Bonds" means those Bonds issued hereunder, the interest on which shall be payable on a periodic basis, as provided in the supplemental resolution authorizing the issuance of such Bonds.

"District" means the Reedy Creek Improvement District.

"Fiscal Year" means the period commencing on October 1 of each year and ending on the succeeding September 30 or such other consecutive 12-month period as may be hereafter designated as the fiscal year of the District.

"Government Obligations" means direct noncallable obligations of the United States of America, obligations the payment when due of principal of and interest on which is unconditionally guaranteed by the United States of America and stripped interest obligations on bonds, notes, debentures and similar obligations issued by the Resolution Funding Corporation.

"Holder of Bonds" or "Bondholders" or any similar term means any person who shall be the bearer or owner of any Outstanding bearer Bond and Bonds registered to bearer, or the registered owner of any Outstanding registered Bond or Bonds which shall at the time be registered other than to bearer.

"Investment Obligations" means any investments in which the District is permitted to invest its funds under Section 68 of the Act, as amended or supplemented, or any other applicable provisions of law.

"Maturity Amount" means the amount payable at maturity of a Capital Appreciation Bond consisting of the original principal amount thereof or discounted principal value (original offering price) and interest or principal accreted thereon to the maturity date thereof, as determined by reference to the accreted value tables contained or referred to in such Bond.

"Maximum Bond Service Requirement" means, as of any particular date of calculation, the largest Bond Service Requirement for any remaining Bond Year, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount or Accreted Value, as the case may be, of such Bonds that are to be redeemed or paid from Amortization Installments to be made in prior Bond Years. For purposes of this resolution, that Maximum Bond Service Requirement shall be calculated at least annually as of the first day of each Bond Year and as of the date of issuance of any Series of Bonds hereunder.

"Outstanding" means all Bonds authenticated and delivered under this resolution, except:

(a) all Bonds theretofore cancelled or required to be cancelled hereunder or under any supplemental resolution authorizing a Series of Bonds;

(b) Bonds for the payment, redemption or purchase of which moneys and/or Government Obligations, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance herewith or with the supplemental resolution pursuant to which such Bonds were issued, shall have been or shall concurrently be deposited with the Paying Agent; and

(c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to this resolution or any supplemental resolution.

In determining whether the Holders of a requisite aggregate amount of Bond Obligation Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver, Bonds which are held on behalf of the District shall be disregarded for the purpose of any such determination.

"Paying Agent" means the applicable person or entity (including the District) authorized by the District to pay the principal of, premium, if any, and interest on Bonds on behalf of the District pursuant to the supplemental

resolution adopted in connection with the issuance of any Series of Bonds.

"Rebate Amount" shall have the meaning ascribed to that term in Section 15F of this resolution.

"Rebate Fund" means the Rebate Fund established pursuant to Section 15F of this resolution.

"Registrar" means, with respect to any Series of Bonds, the person or entity (including the District) designated as the registrar by the Board pursuant to a supplemental resolution adopted in connection with the issuance of such Series of Bonds.

"Serial Bonds" means all Bonds of a Series other than Term Bonds.

"Series" means the Bonds and any portion of the Bonds of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to the supplemental resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Amortization Installments or other provision, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of a Series of Bonds issued pursuant to this resolution.

"Series 1972 Bonds" means the District's outstanding Ad Valorem Tax Bonds dated June 1, 1972 authorized hereby.

"Sinking Fund" means the Ad Valorem Taxes Sinking Fund created pursuant to Section 15B hereof.

"Taxable Bonds" means Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the Holders thereof for federal income tax purposes.

"Term Bonds" means Bonds of a Series for which Amortization Installments are established, and such other Bonds of a Series so designated by supplemental resolution of the District adopted on or before the date of delivery of such Bonds.

"Valuation Date" means, with respect to any Capital Appreciation Bond, if applicable, the date or dates set forth in the supplemental resolution authorizing the issuance of such Capital Appreciation Bonds.

"Variable Rate Bonds" means Bonds issued with a variable, auction reset, adjustable, convertible or other

similar rate which is not fixed in percentage at the date of issue for the entire term thereof.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

SECTION 3. FINDINGS. It is hereby found, determined and declared that:

A. It is necessary, desirable, and in the best interest of the District that the Series 1972 Bonds in an amount not exceeding $20,000,000 be issued to finance the cost of various public purposes to be located within the District and described as follow:

(1) $10,500,000 to provide for the refunding of $7,000,000 outstanding Drainage Revenue Bonds, Series A Anticipation Notes of the District issued to finance the cost of the construction and acquisition of certain drainage, reclamation and water control improvements pursuant to the Special Report and Water Control for Reedy Creek Improvement District of Gee and Jenson, Consulting Engineers, Inc., dated April 1968, presently on file with the Board (hereinafter called "Project I").

(2) $9,500,000 to finance the cost of the construction and acquisition of a sanitary sewer system pursuant to a design and report of James M. Montgomery, Consulting Engineers, Inc., dated December 16, 1966, and solid waste disposal facilities pursuant to a design and report of James M. Montgomery, Consulting Engineers, Inc., dated July 16, 1970, all presently on file with the Board (hereinafter called "Project II").

B. The issuance of the Series 1972 Bonds was approved by a majority of votes cast in a bond election held April 3, 1972, in the manner required by the Constitution and Laws of Florida.

C. Such Series 1972 Bonds together with all other outstanding ad valorem tax bonds of the District, if any, do not exceed fifty per centum (50%) of the assessed value of the taxable property within the District.

SECTION 4. AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF SERIES 1972 PROJECTS. There is hereby authorized the construction and acquisition of Projects I and II (hereinafter referred to as the "1972 Projects") pursuant to the reports and designs referred to in subsection 3A(1) and (2) hereof presently on file with the Board, as the same may be amended and supplemented, and subject to such modifications thereof and variations therefrom which from time to time may be determined by the Board to be

necessary for or in the best interest of the District. The cost of such 1972 Projects, in addition to the items set forth in the reports or in the plans and specifications, may include, but need not be limited to, the items contained in the definition of the term "cost" as provided in subsection 3(5) of the Act.

SECTION 5. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by the Holders thereof from time to time, this resolution shall be deemed to be and shall constitute a contract between the District and such Holders. The covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security of the legal Holders of any and all of such Bonds and the coupons attached thereto, if any, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds or coupons, if any, over any other thereof, except as expressly provided therein and herein.

SECTION 6. AUTHORIZATION OF SERIES 1972 BONDS. Subject and pursuant to the provisions of this resolution, obligations of the District to be known as "Ad Valorem Tax Bonds," herein defined in the "Series 1972 Bonds," are hereby authorized to be issued in the aggregate principal amount of not exceeding Twenty Million Dollars ($20,000,000.00).

SECTION 7. DESCRIPTION OF SERIES 1972 BONDS. The Series 1972 Bonds shall be dated June 1, 1972, shall be in the denomination of $5,000 each, shall be numbered from one upward in order of maturity, shall bear interest at such rate or rates, not exceeding the legal rate, to be determined upon the sale thereof, such interest to be payable semi-annually, June 1 and December 1 of each year, and shall mature in numerical order on June 1 in the years and amounts as follows:

YEAR	AMOUNT	YEAR	AMOUNT
1974	$270,000	1989	$ 650,000
1975	290,000	1990	690,000
1976	305,000	1991	730,000
1977	325,000	1992	775,000
1978	345,000	1993	820,000
1979	365,000	1994	870,000
1980	385,000	1995	925,000
1981	410,000	1996	980,000
1982	430,000	1997	1,035,000
1983	460,000	1998	1,100,000
1984	485,000	1999	1,165,000
1985	515,000	2000	1,235,000
1986	545,000	2001	1,310,000
1987	580,000	2002	1,390,000
1988	615,000		

SECTION 8. DETAILS OF BONDS. The Series 1972 Bonds shall be issued in coupon form; shall be payable with respect to both principal and interest at a bank or banks to be subsequently determined by the District prior to the delivery of the Series 1972 Bonds; at least one of such banks shall be the main office of a bank located in the Borough of Manhattan, City and State of New York; shall be payable in lawful money of the United States of America; and shall bear interest from their date, payable in accordance with and upon surrender of the appurtenant interest coupons as they severally mature.

Except as otherwise provided in a subsequent resolution adopted with respect to a Series of Bonds, the following provisions shall apply to the Bonds: The Bonds shall be numbered consecutively from 1 upward preceded by the letter "R" prefixed to the number. The principal of and redemption premium, if any, on the Bonds shall be payable upon presentation and surrender at the principal office (or principal corporate trust office, if applicable) of the Registrar. Interest on Current Interest Bonds shall be paid by check or draft drawn upon the Registrar and mailed to the registered owners of such Bonds at the addresses as they appear on the registration books maintained by the Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Bonds subsequent to such Record Date and prior to such interest payment date, unless the District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names such Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice deposited in the U.S. mails, postage prepaid, by the

District to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth day (whether or not a Business Day) preceding the date of mailing. Payment of interest on Current Interest Bonds may, at the option of any Holder of Current Interest Bonds in an aggregate principal amount of at least $1,000,000, be transmitted by wire transfer to such Holder to the bank account number on file with the Paying Agent as of the Record Date. Principal and any interest on Capital Appreciation Bonds shall be payable at maturity or earlier redemption thereof upon presentation and surrender of such Bonds at the office of the Registrar by check or draft unless otherwise provided by subsequent ordinance or resolutions.

If any date for payment of the principal of, premium, if any, or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day and payment on such date shall have the same force and effect as if made on the nominal date of payment.

If any Bond is not presented for payment when its principal or redemption price becomes due in whole or in part, either at stated maturity or by redemption, or a check for interest is uncashed, and if sufficient moneys for the purpose of paying that principal, redemption price or interest are on deposit with the Registrar and available for such purpose, all liability of the District to that Holder for that payment shall thereupon cease and be discharged completely, and it shall thereupon be the duty of the Registrar to hold those moneys in trust, without liability for interest thereon, for the exclusive benefit of that Bondholder who shall thereafter be restricted exclusively to those moneys for any claim of whatever nature on its part under the Bond Resolution and the Indenture.

Any moneys so held by the Registrar that remain unclaimed by the Holder of any Bond for a period of seven years after the due date of that payment shall be paid to the District, and thereafter the Holder of that Bond shall look only to the District for payment, and then only to the amounts so received by the District without any interest thereon, and the Registrar shall have no further responsibility with respect to those moneys.

The Bonds authorized hereunder may be issued in one or more Series that may be delivered from time to time. The District shall by supplemental resolution authorize such Series and shall specify the following: the authorized principal amount of such Series; the projects to be financed with the proceeds thereof; the date and terms of maturity

or maturities of the Bonds of such Series, or the payment of the Bonds on the demand of the holder, unless otherwise expressly provided by subsequent resolution; the interest rate or rates of the Bonds of such Series, which may include variable, dual adjustable, convertible or other rates, original issue discounts, compound interest, Capital Appreciation Bonds and zero interest rate bonds, provided that the average net interest cost rate on each such Series shall never exceed for such Series the maximum interest rate permitted by law in effect at the time such Series are issued, and provided further that in the event original issue discount, zero interest rate, Capital Appreciation Bonds or similar Bonds are issued, only the original principal amount of such Bonds shall be deemed issued on the date of issuance for the purposes of the maximum amount of Bonds authorized hereunder or under a supplemental resolution; the denominations, numbering, lettering and series designation of such Series of Bonds, provided that the Bonds shall be in the denominations of $5,000 or any integral multiple thereof, or in the case of Capital Appreciation Bonds, $5,000 amount due at maturity, or any integral multiple thereof, or any other denomination designated by subsequent resolution; the Paying Agent and place or places of payment of such Bonds; the redemption prices for such Series of Bonds and any terms of redemption or any formula for accretion upon redemption not inconsistent with the provisions of this resolution which may include mandatory redemption at the election of the holder or registered owner thereof; the amount and date of each Amortization Installment, if any, for such Series of Bonds and any other terms or provisions applicable to the Series of Bonds, not inconsistent with the provisions of this resolution or the Act.

SECTION 9. RESERVED.

SECTION 10. EXECUTION OF BONDS AND COUPONS. Except as otherwise provided in a subsequent resolution adopted by the District with respect to a Series of Bonds, the Bonds shall be executed in the name of the District by the manual or facsimile signature of the President of the Board and countersigned and attested by the manual or facsimile signature of the Secretary to the Board, and its corporate seal or a facsimile thereof shall be affixed thereto or reproduced thereon. The facsimile signatures of the President or the Secretary may be imprinted or reproduced on the Bonds, provided that at least one signature required to be placed thereon, including that of the authentication agent, shall be manually subscribed. In case any officer whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. Any Bonds may be signed and

sealed on behalf of the District by such person who at the actual time of the execution of such Bonds shall hold the proper office in the District although at the date of such Bonds such person may not have been such officer.

The coupons attached to any coupon Bonds issued hereunder shall be authenticated with the facsimile signatures of any present or future President and Secretary of said Board, and the validation certificate, if any, on the Bonds shall be executed with the facsimile signature of the President. The District may adopt and use for such purposes the facsimile signatures of any persons who shall have been such President and Secretary at any time on or after the date of particular Series of Bonds notwithstanding that they may have ceased to be such officers at the time such Series of Bonds shall be actually delivered.

With respect to any Series of Bonds issued hereunder, pending the preparation of definitive Bonds, the District may execute and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any authorized denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions, and variations as may be appropriate for temporary Bonds, all as may be determined by the District. Temporary Bonds may contain such reference to any provisions of this resolution as may be appropriate. Every temporary Bond shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the District shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange for definitive Bonds without charge at the principal office of the Registrar, and the Registrar shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this resolution as definitive Bonds.

SECTION 11. NEGOTIABILITY AND REGISTRATION. The Bonds of each Series issued hereunder shall be, and shall have all of the qualities and incidents of, negotiable instruments under the law merchant and the Laws of the State of Florida, and each successive holder, in accepting any of such Bonds or the coupons appertaining thereto, if any, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the law merchant and the Laws of the State of Florida.

The District shall cause books for the registration of the Bonds to be kept by the Registrar. At the option of the Holder, any coupon Bond may be registered as

to principal alone on such books upon presentation thereof to the Registrar, who shall make notation of such registration thereon. Any coupon Bond may be registered as to both principal and interest upon presentation thereof to the Registrar, accompanied by all unmatured coupons and all matured coupons, if any, not theretofore paid or provided for, and the Registrar shall make notation of such registration thereon and detach therefrom and retain in its custody all such coupons. Any Bond registered as to principal alone or as to both principal and interest may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Registrar, such transfer to be made on such books and endorsed on the Bond by the Registrar. Unless such Bond shall be registered as to both principal and interest, such transfer may be to bearer and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any Bond registered as to principal alone, unless registered to bearer, and the principal of any Bond registered as to both principal and interest shall be payable only to or upon the order of the registered owner or his legal representative, but the coupons appertaining to any coupon Bond registered as to principal alone shall remain payable to bearer notwithstanding such registration.

Any Series 1972 Bond registered as to both principal and interest may be reconverted into a coupon Bond upon presentation thereof to the Registrar, together with an instrument requesting such reconversion duly executed by the registered owner or his attorney or legal representative and in such form as shall be satisfactory to the Registrar. Upon any such presentation, the Registrar shall reattach to such Series 1972 Bond the coupons representing the interest to become due thereafter on the Series 1972 Bond to the date of maturity and interest then due and unpaid, if any, and shall make notation thereon whether the Series 1972 Bond is registered as to principal alone or is payable to bearer. The District shall pay all costs of the first conversion or exchange of the Series 1972 Bonds from coupon form to fully registered and vice versa, but all costs of such subsequent conversions or exchanges shall be paid by the Bondholders requesting the same.

Except as otherwise provided in a subsequent resolution adopted by the Board with respect to any Series of Bonds, the registration of any Bond may be transferred upon the registration books upon delivery thereof to the principal office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Bondholder or his attorney-in-fact or legal representative, containing written instructions as to the

details of the transfer of such Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond, the Registrar shall at the earliest practical time in accordance with the terms hereof enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. The District and the Registrar may charge the Bondholder for the registration of every transfer or exchange of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the District) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

Except as otherwise provided by a subsequent resolution adopted by the Board prior to the issuance of a Series of Bonds, neither the District nor the Registrar shall be required to register the transfer of any Bond during the period between the fifteenth (15th) day of the month preceding an interest payment date and such interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, after such Bonds or any portion thereof have been selected for redemption.

The District and the Registrar may deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of payment of the principal thereof and the interest and premiums, if any, thereon. Bonds may be exchanged at the office of the Registrar for a like aggregate principal amount of Bonds, or other authorized denominations of the same series and maturity.

Notwithstanding the foregoing, with respect to any Series of Bonds, the District may provide for such alternative system of registration and terms for the Bonds, including, but not limited to, a book-entry system of registration, as such system of registration is provided for by a subsequent resolution of the Board adopted with respect to such Series of Bonds. If the District adopts a system for the issuance of uncertificated registered public obligations, it may permit thereunder the conversion, at the option of a Holder of any Bond then Outstanding, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same.

SECTION 12. <u>BONDS MUTILATED, DESTROYED, STOLEN OR LOST</u>. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the District may in its discretion, issue and deliver a new Bond, with all unmatured

coupons attached with respect to coupon Bonds, of like tenor as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and attached coupons, if any, destroyed, stolen or lost, and upon the Holder furnishing the District proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the District may prescribe and paying such expenses as the District may incur. All Bonds and coupons so surrendered shall be cancelled by the Registrar. If any such Bond or coupon, if any, shall have matured or be about to mature, instead of issuing a substitute Bond or coupon, if any, the District may pay the same, upon being indemnified as aforesaid, and if such Bond or coupon, if any, be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds and coupons, if any, issued pursuant to this section shall constitute original, additional contractual obligations on the part of the District whether or not the lost, stolen or destroyed Bonds or coupons, if any, be at any time found by anyone, and such duplicate Bonds and coupons, if any, shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from funds, as hereinafter pledged, and to the same extent as all other Bonds and coupons, if any, issued hereunder.

SECTION 12A. PROVISIONS FOR REDEMPTION. The Bonds of any particular Series may be redeemed prior to their stated dates of maturity, either in whole or in part, at such time or times and upon such terms as shall be determined by subsequent resolution of the Board adopted prior to the issuance of such Series of Bonds.

SECTION 12B. NOTICE OF REDEMPTION. Except, as otherwise provided in a subsequent resolution adopted by the Board with respect to any Series of Bonds, notice of redemption of the Bonds (i) shall be published at least thirty (30) days prior to the redemption date in a financial journal published in the Borough of Manhattan, City and State of New York, and in a newspaper or newspapers of general circulation in the counties in which the District is located, (ii) shall be filed with the Paying Agent, and (iii) shall be mailed by certified mail, postage prepaid, at least 30 but not more than 60 days prior to the date fixed for redemption to all registered owners of Bonds to be redeemed at their respective addresses as they appear on the registration books hereinbefore provided for. If all of the Bonds to be redeemed are registered other than Bonds registered to bearer, and notice of redemption is mailed to

the registered owners thereof as hereinabove provided, such notice need not be published.

Failure to give such notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure or defect has occurred. All such Bonds called for redemption and for which funds are duly provided will cease to bear interest on such redemption date.

SECTION 12C. EFFECT OF REDEMPTION. Notice having been given in the manner and under the conditions hereinabove provided or as provided in any resolution adopted by the Board with respect to a Series of Bonds, the Series of Bonds or portions of Series of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series of Bonds or portions of Series of Bonds on such date. On the date so designated for redemption, notice having been published and/or mailed as required herein or in any resolution adopted with respect to a Series of Bonds and moneys for payment of the redemption price being held in separate accounts for the registered owners of the Bonds or portions thereof to be redeemed, all as provided in this resolution or in any resolution adopted with respect to a Series of Bonds, interest on the Series of Bonds or portions of Series of Bonds so called for redemption shall cease to accrue, such Series of Bonds and portions of Series of Bonds shall cease to be entitled to any lien, benefit or security under this resolution, and the holders or registered owners of such Series of Bonds or portions of Series of Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and to receive replacement Bonds for any unredeemed portions of the Bonds.

SECTION 13. FORM OF SERIES 1972 BOND AND COUPONS. The Series 1972 Bonds, the interest coupons to be attached thereto, and the certificate of validation shall be in substantially the following form with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this resolution or in any subsequent resolution adopted prior to the issuance thereof;

R-____ $5,000

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTIES OF ORANGE AND OSCEOLA
REEDY CREEK IMPROVEMENT DISTRICT
AD VALOREM TAX BONDS

KNOW ALL MEN BY THESE PRESENTS that Reedy Creek Improvement District, Orange and Osceola Counties, Florida (hereinafter called "District"), for value received, hereby promises to pay to the bearer, or if this Bond be registered, to the registered holder as herein provided, on the first day of December, 19__, from the special funds hereinafter mentioned, the principal sum of

FIVE THOUSAND DOLLARS

with interest thereon at the rate of _____ per centum (____%) per annum, payable semi-annually on the first day of June and the first day of December in each year upon the presentation and surrender of the annexed coupons as they severally fall due. Both principal of and interest on this Bond are payable in lawful money of the United States of America at _____ or, at the option of the holder, at _____.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of $20,000,000 of like date, tenor and effect, except as to number, interest rate and date of maturity, issued to finance the cost of various public purposes within the District consisting of $10,500,000 to provide for the refunding of certain outstanding Drainage Revenue Bonds, Series A Anticipation Notes of the District issued to finance the cost of the construction and acquisition of certain drainage, reclamation and water control improvements, and to finance the cost of construction and acquisition of additional drainage, reclamation and water control improvements, and $9,500,000 to finance the cost of the construction and acquisition of a sanitary sewer system and solid waste disposal facilities, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 67-764, Laws of Florida, Special Acts of 1967, as amended, and other applicable provisions of law, and a resolution duly adopted by the Board of Supervisors of the District, (hereinafter called "Board") on the 24th day of February, 1972, as supplemented, (hereinafter collectively called "Resolution"), and is subject to all the terms and conditions of such Resolution.

(Provisions for redemption prior to maturity to be inserted in accordance with resolution to be subsequently adopted by the Board.)

Notice of such redemption shall be given in the manner required by the Resolution.

The Resolution provides that the Bonds, together with interest thereon, are payable from and secured by a prior lien on and a pledge of the first proceeds collected by the District from Ad Valorem Taxes levied at a rate not exceeding thirty (30) mills on the dollar per annum on the assessed value of all taxable property in the District. Such Ad Valorem Taxes shall be collected at the same time and in the same manner as other Ad Valorem Taxes of the District are assessed, levied and collected.

It is hereby certified and recited that all acts, conditions and things required to happen to exist and to be performed, precedent to and in the issuance of this Bond, have happened, exist, and have been performed in due time, form and manner as required by the Constitution and Laws of the State of Florida, applicable thereto; that the issue of Bonds of which this Bond is a part has been approved at an election held in accordance with the Constitution and Laws of Florida on the 3rd day of April, 1972; and that the total indebtedness of the District, including the issue of Bonds of which this Bond is one, does not exceed any constitutional or statutory limitation.

This Bond, and the coupons appertaining thereto, are and have all the qualities and incidents of a negotiable instrument under the law merchant and the Laws of the State of Florida.

This Bond may be registered as to principal alone or as to principal and interest in accordance with the provisions endorsed hereon.

IN WITNESS WHEREOF, Reedy Creek Improvement District, Orange and Osceola Counties, Florida, has issued this Bond and has caused the same to be signed by the manual or facsimile signature of the President of the Board of Supervisors and the corporate seal of said District or a facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon and attested and countersigned by the manual or facsimile signature of the Secretary of the Board, and has caused the interest coupons hereto attached to be executed with the facsimile signatures of such President and Secretary all as of the 1st day of June, 1972.

REEDY CREEK IMPROVEMENT DISTRICT

(SEAL)

By_____
President, Board of Supervisors

ATTESTED AND COUNTERSIGNED:

_____
Secretary, Board of Supervisors

FORM OF COUPON

No. _____ $_____

On the 1st day of _____, 19__, Reedy Creek Improvement District, Orange and Osceola Counties, Florida, will pay to the bearer at _____ or, _____ at the option of the holder, at _____ the amount shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being six months' interest then due on its Ad Valorem Tax Bond, dated June 1, 1972, No. _____.

REEDY CREEK IMPROVEMENT DISTRICT

(SEAL)

By_____
President, Board of Supervisors

ATTESTED AND COUNTERSIGNED:

_____
Secretary, Board of Supervisors

(To be inserted on coupons maturing after callable date)

"Unless the Bond to which this coupon is attached shall have been previously duly called for prior redemption and payment thereof duly provided for."

VALIDATION CERTIFICATE

This Bond is one of a Series of Bonds which were validated and confirmed by judgment of the Circuit Court for Osceola County, Florida, rendered on the _____ day of _____, 1972.

_____
President, Board of Supervisors

PROVISIONS FOR REGISTRATION

This Bond may be registered as to principal alone on books of the District kept by the Secretary under the within mentioned Resolution, as Registrar, or such other Registrar as may hereafter be appointed, upon presentation hereof to the Registrar who shall make notation of such registration in the registration blank below, and this Bond may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Registrar, such transfer to be made on such books and endorsed hereon by the Registrar. Unless this Bond be registered as to both principal and interest, such transfer may be to bearer and thereby transferability by delivery shall be restored, but this Bond shall again be subject to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Notwithstanding the registration of this Bond as to principal alone, the coupons shall remain payable to bearer and shall continue to be transferable by delivery. This Bond may be registered as to both principal and interest upon presentation hereof to the Registrar who shall detach and retain in his custody all unmatured coupons and all matured coupons, if any, not theretofore paid or provided for, and shall make notation of such registration as to both principal and interest in the registration blank below, and this Bond may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Registrar, such transfer to be made on such books and endorsed hereon by the Registrar; after such registration both the principal of and interest on this Bond shall be payable only to or upon the order of the registered owner or his legal representative. This Bond, if converted into a Bond registered as to both principal and interest, may be reconverted into a coupon Bond upon presentation hereof to the Registrar, accompanied by an instrument duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Registrar; upon any such reconversion the Registrar shall reattach hereto the coupons representing

the interest to become due thereafter on this Bond to the date of maturity and the interest, if any, not theretofore paid and shall make notation in the registration blank below whether this bond is registered as to principal alone or is payable to bearer. The District shall bear the cost of the first conversion or exchange of this Bond from coupon form to fully registered and vice versa, but the cost of all subsequent conversions or exchanges of this Bond from fully registered into coupon form or vice versa shall be paid by the holder requesting such conversion or exchange.

DATE OF REGISTRATION	IN WHOSE NAME REGISTERED	MANNER OF REGISTRATION	SIGNATURE OF REGISTRAR

(End of Bond Form)

The form of any Series of Additional Bonds shall be as provided in a subsequent resolution adopted by the Board with respect to such Series of Bonds.

SECTION 14. PLEDGE OF AD VALOREM TAXES. The payment of the principal of and interest on the Bonds (including the Accreted Value of Capital Appreciation Bonds) shall be secured forthwith equally and ratably by an irrevocable prior lien on the first proceeds collected by the District from Ad Valorem Taxes levied at a rate not exceeding thirty (30) mills on the dollar per annum on the assessed value of all taxable property in the District. The District does hereby irrevocably pledge such funds to the payment of the principal of and interest on the Bonds and for any and all other required payments with respect to the Bonds.

The District will diligently enforce its right to receive the Ad Valorem Taxes to the extent lawful, will not take any action that will impair or adversely affect its rights to levy, collect and receive the Ad Valorem Taxes as herein provided, or impair or adversely affect in any manner the pledge of the Ad Valorem Taxes made herein, in each case, that would impair the rights of the Bondholders to receive payment for the Bonds. The District shall be unconditionally and irrevocably obligated, so long as any of the Bonds are Outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the District to receive the Ad Valorem Taxes in at least the amounts required by this resolution for payment of the Bonds.

SECTION 15. COVENANTS OF THE DISTRICT. With respect to each Series of Bonds issued hereunder, for as long as any of the principal of and interest on any of the Bonds of such Series shall be Outstanding and unpaid or until there shall have been set apart in the Sinking Fund, hereinafter established, a sum sufficient to pay when due the entire Bond Obligation with respect to such Series remaining unpaid, the District covenants with the Holders of any and all Bonds of such Series as follows:

A. AD VALOREM TAXES FUND. All of the proceeds of the Ad Valorem Taxes collected by the District, shall be deposited into a fund to be known as the "Ad Valorem Taxes Fund," which fund is hereby created and established. Such Ad Valorem Taxes Fund shall constitute a trust fund for the purposes herein provided, and shall be kept separate and distinct from all other funds of the District and used only for the purposes and in the manner herein provided.

The proceeds of all Ad Valorem Taxes shall be applied only for the purposes provided in this resolution, and shall be assessed, levied and collected in the same manner and at the same time as other Ad Valorem Taxes of the District are assessed, levied and collected.

Such annual Ad Valorem Taxes levied in the amount of not exceeding thirty (30) mills in each year shall be subject to the following provisions:

(1) In each Fiscal Year, the District shall be required to levy such millage, not exceeding thirty (30) mills, as will produce a sum at least sufficient to pay the amounts required to be deposited by this resolution into the Sinking Fund in such Fiscal Year.

(2) In the event that in any Fiscal Year the aggregate amount of such Ad Valorem Taxes actually collected and deposited in the Ad Valorem Taxes Fund shall be less than the amounts required to be deposited into the Sinking Fund in such Fiscal Year, then the amount of such deficit shall be added to the amount of Ad Valorem Taxes required to be levied pursuant to the preceding paragraph in the next succeeding Fiscal Year, or such additional Fiscal Years if necessary, not exceeding, in the aggregate, thirty (30) mills, however, in any Fiscal Year.

B. DISPOSITION OF FUNDS. All funds on deposit in the Ad Valorem Taxes Fund shall be disposed of annually in the following manner and in the following order of priority:

(1) From the moneys in the Ad Valorem Taxes Fund, the District shall, as soon as such moneys are available, first deposit into a separate fund designated as the "Ad Valorem Tax Bonds Sinking Fund" (herein called "Sinking

Fund") hereby created and established, such sums as will be sufficient to pay the Bond Service Requirement for all Outstanding Bonds during the current Fiscal Year, and any deficiencies for prior Fiscal Years. Such annual payments shall be reduced by the amounts of money if any, which are deposited into the Sinking Fund out of proceeds from the sale of a Series of Bonds to the extent such amounts are available to pay the Bond Service Requirement on such Series of Bonds.

(2) Upon the issuance by the District of any Additional Bonds under the terms, limitations and conditions provided in this resolution, the payments into the Sinking Fund shall be increased in such amounts as are necessary to make the payments required above for the principal of and interest on such Additional Bonds, on the same basis as hereinabove provided with respect to the Outstanding Bonds.

(3) The District shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in the Sinking Fund is at least equal to the aggregate principal amount of Bonds then Outstanding, plus the amount of interest then due or thereafter to become due on such Bonds then Outstanding.

(4) The balance of any moneys remaining in the Ad Valorem Taxes Fund after the above required current payments have been made in each Fiscal Year may be used for the purpose of redemption of the Bonds at the discretion of the District or for any other lawful purpose for which such moneys may be used by the District.

The Sinking Fund, the Ad Valorem Taxes Fund and any other special funds herein established and created shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State of Florida. Moneys on deposit in the Ad Valorem Taxes Fund and Sinking Fund may be invested and reinvested only in Investment Obligations maturing not later than the date on which the moneys therein will be needed for the purposes of this resolution. Any and all income received by the District from investments in the Ad Valorem Taxes Fund and the Sinking Fund shall be deposited into the Sinking Fund.

C. RESERVED.

D. ISSUANCE OF OTHER OBLIGATIONS. The District will not issue any other obligations, except under the conditions and in the manner hereinbelow provided, payable from the proceeds of the Ad Valorem Taxes pledged hereunder, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge

having priority to or being on a parity with the lien of the Bonds and the interest thereon, upon the proceeds of such Ad Valorem Taxes. Any other obligations issued by the District in addition to the Bond herein authorized payable from the proceeds of the Ad Valorem Taxes pledged hereunder shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds herein authorized, as to lien on and source and security for payment from such Ad Valorem Taxes.

E. ADDITIONAL BONDS. Additional Bonds may be issued by the District upon the following terms and conditions:

(1) There shall have been filed with the Board a certificate of the tax assessors of Orange and Osceola Counties setting forth the total amount of the assessed value of the taxable property within the District for the current calendar year, if then determined, or otherwise for the calendar year immediately proceeding the date of sale of the proposed Additional Bonds.

(2) The Maximum Bond Service Requirement on (i) all Bonds issued hereunder and then Outstanding, and (ii) the Additional Bonds then proposed to be issued, shall not exceed eighty-five percent (85%) of the estimated annual collections from Ad Valorem Taxes calculated upon the basis of (a) the assessed value of the taxable property within the District for the current calendar year, if then determined, or otherwise for the calendar year immediately preceding the date of sale of such Additional Bonds, and (b) the maximum annual rate of millage for the levy of such Ad Valorem Taxes as authorized by law at the date of sale of such Additional Bonds.

(3) If required by law, such Additional Bonds shall be approved at an election.

(4) The principal amount of proposed Additional Bonds together with all other Bonds then Outstanding will not exceed in the aggregate fifty percent (50%) of the assessed value of the taxable property within the District as shown on the pertinent tax records at the time of the authorization of such Additional Bonds or such higher amount as allowed by the Act.

F. COMPLIANCE WITH TAX REQUIREMENTS; REBATE FUND. The District hereby covenants and agrees, for the benefit of the Holders from time to time of each Series of Bonds that are not Taxable Bonds, to comply with the requirements applicable to it contained in the Internal Revenue Code of 1954, as amended, if applicable, and contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Internal Revenue Code of 1986, as amended,

to the extent necessary to preserve the exclusion of interest on such Series of Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the District covenants and agrees:

(1) with respect to each Series of Bonds other than Taxable Bonds and other than the Series 1972 Bonds, to pay to the United States of America from the funds and sources of revenues pledged to the payment of such Series of Bonds, and from any other legally available funds, at the times required pursuant to Section 148(f) of the Code, the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on such Series of Bonds, plus any income attributable to such excess or any penalty paid in lieu of payment of such amount (the "Rebate Amount");

(2) with respect to each Series of Bonds other than Taxable Bonds and other than the Series 1972 Bonds, to maintain and retain all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code;

(3) with respect to each Series of Bonds other than Taxable Bonds, to refrain from using proceeds from any Series of Bonds in a manner that would cause such Series of Bonds or any of the Bonds or portions thereof, to be classified as private activity bonds under Section 141(a) of the Code; and

(4) with respect to each Series of Bonds other than Taxable Bonds, to refrain from taking any action that would cause any Series of Bonds or any portion thereof to become arbitrage bonds under Section 103(b) and Section 148 of the Code.

The District understands that the foregoing covenants impose continuing obligations on the District to comply with the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code so long as such requirements are applicable.

The District covenants and agrees that it shall maintain and retain all records pertaining to and shall be responsible for making or having made all determinations and

calculations of the Rebate Amount for each Series of Bonds other than the Series 1972 Bonds and Taxable Bonds in the manner and at the times required in a subsequent resolution adopted by the Board with respect to such Series of Bonds. A special fund designated as the "Rebate Fund" is hereby created and established. Upon the issuance of each Series of Additional Bonds, except Taxable Bonds and except as otherwise provided in a subsequent resolution adopted by the Board with respect to such Series of Bonds, the District shall create a separate account within the Rebate Fund. The District shall deposit into the account in the Rebate Fund created with respect to a Series of Bonds, from any legally available funds of the District, an amount equal to the Rebate Amount with respect to such Series of Bonds. The District shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by Section 15F above in the manner and at the times required by a subsequent resolution adopted by the Board with respect to such Series of Bonds.

If any amount shall remain in any rebate account in the Rebate Fund after payment in full of the Series of Bonds for which such account was established, and after payment in full of the Rebate Amount with respect to such Series of Bonds to the United States in accordance with the terms hereof, such amounts shall be available to the District for any lawful purpose.

Each rebate account in the Rebate Fund shall be held separate and apart from all other funds and accounts of the District, shall be impressed with a lien in favor of the Holders of the Series of Bonds for which such account was established, only after all obligations of the District with respect to payment of the Rebate Amounts with respect to such Series of Bonds have been fully satisfied and the moneys therein shall be available for use only as herein provided.

Notwithstanding any other provision of this resolution, the obligation to pay over the Rebate Amount with respect to a Series of Bonds to the United States and to comply with all other requirements of this Section 15F shall survive the defeasance or payment in full of any Series of Bonds.

SECTION 16. APPLICATION OF BOND PROCEEDS. All moneys received from the sale of the Series 1972 Bonds shall be applied by the District as follows:

A. All interest accrued or to accrue on the Series 1972 Bonds through December 1, 1972 shall be deposited in the Sinking Fund.

B. A special trust fund is hereby created, established and designated as the "Ad Valorem Tax Bonds Construction Fund". There is also created and established in the Construction Fund two separate accounts representing each of the two projects described in Section 3A of this resolution. The balance of the moneys remaining after making all the deposits and payments provided for in paragraphs A and B above with respect to the Series 1972 Bonds, shall be deposited in the Construction Fund to the credit of the special account representing the project for which the moneys so deposited are applicable.

Upon the issuance of any Series of Additional Bonds, there shall be established a separate account within the Construction Fund, which separate construction accounts may be held by the District or by a trustee with respect to any Series of the Bonds as provided in a subsequent resolution adopted by the Board prior to the issuance of such Series. Each separate account shall be held only for the benefit and security of the Holders of the Series of Bonds with respect to which such account was created.

The proceeds of any Series of Additional Bonds shall be applied by the District in the manner provided in a subsequent resolution adopted by the Board with respect to the issuance of such Series of Bonds.

The Construction Fund and the accounts therein created with respect to the Series 1972 Bonds pursuant to this resolution constitute trust funds for the purposes provided herein, and there is hereby created a lien upon moneys deposited therein until so applied in favor of the Holders of the Series 1972 Bonds. The accounts created in the Construction Fund with respect to the 1972 Bonds shall be kept separate and apart from all other funds and accounts of the District, and the moneys on deposit therein shall be withdrawn, used and applied by the District solely to the payment of the cost of the 1972 Projects (including, but not limited to, future expansions and improvements) and purposes incidental thereto, as hereinabove described and set forth (including each 1972 Project's pro rata share of the costs and expenses incurred in connection with the preparation, issuance and sale of the Series 1972 Bonds). If for any reason the proceeds of the Series 1972 Bonds or any part thereof on deposit in any of the special accounts in the Construction Fund created with respect to the 1972 Bonds are not necessary for or are not applied to the payment of such costs, then the unapplied proceeds shall be deposited in the Sinking Fund.

Any funds on deposit in any account in the Construction Fund which are not immediately necessary for expenditure, as hereinabove, may be invested in Investment Obligations maturing at such time or times as the Board may

deem appropriate to meet the requirements of the particular account in the Construction Fund. All income derived therefrom shall be retained in the appropriate account in the Construction Fund.

SECTION 17. DEFEASANCE. If, at any time after the date of issuance of any Series of Bonds, (a) all Bonds secured hereby or any Series or maturity of Bonds within a Series shall have become due and payable in accordance with their terms or otherwise as provided in this resolution, or shall have been duly called for redemption, or, with respect to Bonds other than Variable Rate Bonds, the District gives the Paying Agents irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Bonds at maturity or at any earlier redemption date scheduled by the District, or any combination thereof, (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds or any Series or maturity of Bonds within a Series then Outstanding, at maturity or upon redemption, shall be paid, or, with respect to Bonds other than Variable Rate Bonds, sufficient moneys shall be held by a Paying Agent or other authorized depositary acting as an escrow agent in irrevocable trust for the benefit of the Holders of such Bonds (whether or not in any accounts created hereby) which, when invested in Government Obligations maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on such Bonds at the maturity thereof or the date upon which such Bonds are to be called for redemption prior to maturity, and (c) provisions satisfactory to the Registrar and Paying Agent shall also be made for paying all fees, charges and expenses of the Registrar and Paying Agent payable hereunder by the District, then and in that case the right, title and interest of the Holders of such Bonds hereunder and the pledge of and lien on the Ad Valorem Taxes, and all other pledges and liens created hereby or pursuant hereto, with respect to such Holders shall thereupon cease, determine and become void, and if such conditions have been satisfied with respect to all Bonds issued hereunder and then Outstanding, all balances remaining in any other funds or accounts created by this resolution other than moneys held for redemption or payment of Bonds and to pay all other sums payable by the District hereunder shall be distributed to the District for any lawful purpose; otherwise this resolution shall be, continue and remain in full force and effect. Expect as otherwise provided in a subsequent resolution adopted by the Board, Variable Rate Bonds issued hereunder may not be defeased.

SECTION 18. AUTHORIZATION OF USE OF DERIVATIVE PRODUCTS. Nothing in this resolution shall be construed as

prohibiting the District from negotiating and entering into agreements relating to any derivative product in connection with the issuance of any Series of Bonds hereunder, including, but not limited to, interest rate swaps and interest rate caps.

SECTION 19. HOLDERS NOT AFFECTED BY USE OF BOND PROCEEDS. The Holders of the Bonds issued hereunder shall have no responsibility for the use of the proceeds of said Bonds, and the use of such Bond proceeds by the District shall in no way affect the rights of such Bondholders. The District shall be irrevocably obligated to continue to levy and collect the Ad Valorem Taxes as provided herein and to pay the principal of and the interest on the Bonds notwithstanding any failure of the District to use and apply such Bond proceeds in the manner provided herein.

SECTION 20. MODIFICATION OR AMENDMENT. No material modification or amendment of this resolution or of any resolution amendatory hereof or supplemental hereto may be made without the consent in writing of the Holders of at least a majority in principal amount of the Bond Obligation then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon or in the amount of the principal obligation thereof or affecting the promise of the District to pay the principal of and interest on the Bonds as the same shall become due from the proceeds of the Ad Valorem Taxes or reduce the percentage of the Holders of the Bond Obligation required to consent to any material modification or amendment hereof without the consent of the Holder or Holders of all such Bond Obligation.

SECTION 21. EVENTS OF DEFAULT; REMEDIES. Each of the following events is hereby declared an "event of default," that is to say if:

A. EVENTS OF DEFAULT.

(a) payment of principal of or redemption price of any Bond shall not be made when the same shall become due and pay-able, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any Bond or the unsatisfied balance of any Amortization Installment therefor shall not be made when the same shall become due and payable; or

(c) the District shall for any reason be rendered incapable of fulfilling its obligations hereunder to the extent that the payment of or

security for the Bonds or any of them would be materially adversely affected, and such conditions shall continue unremedied for a period of thirty (30) days after the District becomes aware or receives notice of such conditions; or

(d) an order or decree shall be entered, with the consent or acquiescence of the District, appointing a receiver or receivers of the District, or its assets, the Ad Valorem Taxes, or any part thereof, or the filing of a petition by the District for relief under federal bankruptcy laws or any other similar law or statute of the United States of America or the State of Florida, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(e) any proceedings shall be instituted, with the consent or acquiescence of the District, for the purpose of effecting a composition between the District and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Ad Valorem Taxes; or

(f) the entry of a final judgment or judgments for the payment of money against the District which subjects any of the funds pledged hereunder to a lien for the payment thereof in contravention of the provisions of this resolution for which there does not exist adequate insurance, reserves or appropriate bonds for the timely payment thereof, and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(g) the District shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this resolution on the part of the District to be performed, other than those mentioned in clauses (a) and (b) above, and such default shall continue for thirty (30) consecutive days after written notice specifying such default and requiring the same to be remedied shall have

been given to the District by the Holders of not less than ten percent (10%) of the Bond Obligation.

Notwithstanding the foregoing, with respect to the events described in clause (g), the District shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the District in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.

B. REMEDIES. Upon the happening and continuance of any event of default specified in Paragraph 21A above, any Holder of Bonds, or of any coupons appertaining thereto, issued under the provisions of this resolution, may by suit, action, mandamus or other proceedings in any court of competent jurisdiction protect and enforce any and all rights under the laws of the State of Florida, including the Act, or granted and contained in this resolution, and may enforce and compel the performance of all duties required by this resolution or by any applicable statutes to be performed by the District or by any officer thereof, including, but not limited to, the levying and collecting of the Ad Valorem Taxes in the manner provided in this resolution. The Holders of not less than twenty-five percent (25%) of the Bond Obligation Outstanding may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Florida to serve as trustee for the benefit of the Holders of all Bonds then Outstanding (the "Default Trustee").

C. EFFECT OF DISCONTINUING PROCEEDINGS. In case any proceeding taken by the Default Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Default Trustee or such Bondholder, then and in every such case the District, the Default Trustee and Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Default Trustee shall continue as though no such proceeding had been taken.

D. DIRECTIONS TO DEFAULT TRUSTEE AS TO REMEDIAL PROCEEDINGS. Anything in this resolution to the contrary notwithstanding, the Holders of a majority of the Bond Obligation acting jointly, shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Default Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Default Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this resolution, and that the Default Trustee shall have the right to decline to follow any such direction which in the opinion of the Default Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

E. RESTRICTIONS ON ACTIONS BY INDIVIDUAL BONDHOLDERS. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such Bondholder previously shall have given to the Default Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) of the Bond Obligation shall have made written request of the Default Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Default Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Default Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Default Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Default Trustee, to be conditions precedent to the execution of the powers and trusts of this resolution or for any other remedy hereunder. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this resolution, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such Holders by law are restricted by this resolution to the rights and remedies herein provided.

Nothing contained herein, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Bond or Bonds at and after the maturity thereof, at the time, place, from the source and in the manner provided in this resolution.

F. PRO RATA APPLICATION OF FUNDS. Anything in this resolution to the contrary notwithstanding, if at any time the Ad Valorem Taxes shall not be sufficient to pay the principal of or the interest on the Bonds, as the case may be, as the same become due and payable, such funds, together with any funds then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this resolution or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such funds shall be applied (1) first, to the payment of all installments of interest on Bonds other than Capital Appreciation Bonds then due, in the order of the maturity of the installments of such interest together with accrued and unpaid interest on the Bonds other than Capital Appreciation Bonds, theretofore called for redemption, to the persons entitled thereto, then, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof, ratably, according to the amounts due thereon without any discrimination or preference, and (2) then, to the payment of all unpaid principal, or with respect to Capital Appreciation Bonds, the unpaid Maturity Amount or redemption price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably according to the amounts due thereon, or with respect to Capital Appreciation Bonds the unpaid Maturity Amount due on such date without discrimination or preference.

(b) If the principal (or with respect to Capital Appreciation Bonds, the Maturity Amount) of all the Bonds shall have become due and payable, all such funds shall be applied to the payment of the principal and interest (or with respect to Capital Appreciation Bonds, the Maturity Amount) then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for principal and interest (or with respect to Capital Appreciation Bonds, the Maturity Amount), to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever funds are to be applied pursuant to the provisions of this Section, such funds shall be applied at such times, and from time to time, as the District in its sole discretion shall determine, having due regard to the amount of such funds available for application and the likelihood of additional funds becoming available for such application in the future; the setting aside of such funds, in trust for the proper purpose, shall constitute proper application of such funds. Whenever such discretion in

applying such funds shall be exercised, the date (which shall be an interest payment date unless another date more suitable shall be fixed) upon which such application is to be made shall be fixed by the District and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. Such notice as shall be deemed to be appropriate of the fixing of any such date shall be given. No payment to the Holder of any Bond shall be required unless such Bond shall be presented to the Registrar for appropriate endorsement or for cancellation if fully paid.

G. SUBROGATION. Notwithstanding anything in this resolution to the contrary, if the principal, interest and redemption premium, if any, with respect to any Series of Bonds are paid by a bond insurer with respect to such Series of Bonds, the pledge of the amounts on deposit from time to time in the funds and accounts created hereby and all covenants, agreements and other obligations of the District to the Bondholders of such Series of Bonds shall continue to exist and the Bond Insurer, to the extent of any payment by such entity with respect to such Series of Bonds shall be subrogated to the rights of such Bondholders.

SECTION 22. CONTRACTION OF DISTRICT BOUNDARIES.

A. Pursuant to Chapter 67-764, Laws of Florida, Special Acts of 1967, the District has the power to contract the territorial limits of the District to exclude any land within the District by following certain procedures set forth therein. By acceptance of any Bond issued hereunder, the Holder of such Bond acknowledges and agrees that (i) in addition to the rights provided under paragraph B below and subject to the provisions of paragraph C below, the District may contract and exclude from its boundaries an area of taxable property within the District, the assessed valuation of which, at the time of such exclusion, together with all other taxable property theretofore excluded from the District's boundaries (based upon its assessed valuation at the time of exclusion) after the date of adoption of this resolution, does not exceed 10% of the total assessed value of all taxable property located within the District at the time of the current exclusion, and (ii) after such contraction and exclusion, such land will not be subject to Ad Valorem Taxes thereafter imposed by the District.

B. Notwithstanding the preceding paragraph, and subject to the conditions set forth in this paragraph and paragraph C below, the District may contract and exclude from its boundaries any area of taxable property, without regard to the assessed value thereof, if the District provides at the time of such exclusion an amount of funds equal to the percentage of the principal amount of the Bond Obligation Outstanding hereunder that the assessed value of such taxable property, at the time of such exclusion, bears to the total assessed value of all taxable property within the District at the time of such exclusion, such amount to be provided at the time of such contraction of the

District's boundaries (the "Contraction Amount"), which Contraction Amount, together with all interest earnings thereon, shall be held in escrow by the District or an escrow agent appointed by the District, for the benefit of the Holders of all Bonds Outstanding hereunder. The District shall apply the Contraction Amount, to the payment of the Bonds on a pro rata basis on each interest payment date following the contraction. Prior to any contraction pursuant to this paragraph B, the District shall obtain an opinion of Bond Counsel to the effect that the use of the Contraction Amount to pay debt service on the Bonds pursuant to the terms of the escrow established pursuant to this paragraph will not adversely affect the exclusion of interest on any of the Bonds from gross income for federal income tax purposes.

C. In no event shall the District contract or exclude any taxable property pursuant to this Section 22 unless the District certifies in writing at the time of such contraction or exclusion that, after such contraction or exclusion, (i) the Maximum Bond Service Requirement on all Bonds Outstanding hereunder does not exceed eighty-five (85%) of the estimated annual collections from Ad Valorem Taxes calculated on the basis of (a) the assessed value of the taxable property within the District for the current calendar year, if determined, or otherwise for the calendar year immediately preceding the date of such contraction and (b) the maximum annual rate of millage for the levy of such Ad Valorem Taxes as authorized by law at the date of such contraction and (ii) the principal amount of all Bonds then Outstanding will not exceed in the aggregate fifty percent (50%) of the assessed value of the taxable property within the District at the time of the contraction or such higher amount as allowed by the Act.

D. The District agrees to notify Moody's Investors Services, Inc. and Standard & Poor's Corporation of the occurrence of any contraction or exclusion pursuant to this Section.

SECTION 23. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds or coupons issued hereunder.

SECTION 24. SALE OF BONDS. The Bonds shall be issued and sold in such manner and at such price or prices consistent with the Act, all at one time or in installments

from time to time, as shall be hereafter determined by the Board.

SECTION 25. VALIDATION AUTHORIZED. The attorney for the District is authorized and directed to prepare and file proceedings to validate the Series 1972 Bonds in the manner provided by law.

SECTION 26. REPEALING CLAUSE. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superceded and repealed.

SECTION 27. NO THIRD PARTY BENEFICIARIES. Except as herein otherwise expressly provided, nothing in this resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and Holders of the Bonds issued under and secured by this resolution, any right, remedy or claim, legal or equitable, under or by reason of this resolution or any provision hereof, this resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners and Holders from time to time of the Bonds issued hereunder.

SECTION 28. CONTROLLING LAW; MEMBERS OF GOVERNING BODY OF DISTRICT NOT LIABLE. All covenants, stipulations, obligations and agreements of the District contained in this resolution shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of or to the Board in his individual capacity, and neither the members of the Board nor any official executing the Bonds shall be liable personally on the Bonds or this resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the District or such members thereof.

SECTION 29. EFFECTIVE DATE. This resolution shall take effect upon receipt of the consent to the amendments made herein by the Holders of two-thirds of the Bond Obligation Outstanding; provided, however, that the provisions of Section 22 hereof and the amendment to Section 18 of the 1972 Resolution as provided in Section 20 hereof shall only become effective upon receipt of the consent of

the Holders of one hundred percent (100%) of the Bond Obligation Outstanding.

PASSED AND ADOPTED this 15th day of November, 1991.

REEDY CREEK IMPROVEMENT DISTRICT

President, Board of Supervisors

ATTEST:

Secretary to Board of Supervisors

(SEAL)

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RESOLUTION NO. 313

A RESOLUTION OF THE REEDY CREEK IMPROVEMENT DISTRICT SUPPLEMENTING AND AMENDING RESOLUTION NO. 245 ADOPTED ON NOVEMBER 15, 1991; AUTHORIZING THE ISSUANCE OF REEDY CREEK IMPROVEMENT DISTRICT AD VALOREM TAX BONDS, SERIES 1995A IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING $60,000,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COST OF AN ADMINISTRATION BUILDING FOR THE DISTRICT AND CERTAIN SPORTS AND RECREATION FACILITIES; DELEGATING TO THE PRESIDENT OF THE BOARD OF SUPERVISORS AND THE SECRETARY OR THE DISTRICT DIRECTOR OF FINANCE AND PLANNING THE AUTHORIZATION TO AWARD THE SALE OF SUCH BONDS ON A NEGOTIATED BASIS TO MERRILL LYNCH & CO., BEAR, STEARNS & CO. INC., MORGAN STANLEY & CO. INC., PAINEWEBBER INCORPORATED, WARD BRADFORD & CO. AND FIRST EQUITY CORPORATION OF FLORIDA; APPROVING THE FORM AND CONTENT OF AND RATIFYING THE DISTRIBUTION, USE, EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO SUCH BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A CONTRACT OF PURCHASE WITH RESPECT TO SUCH BONDS; AUTHORIZING SUN BANK, NATIONAL ASSOCIATION TO ACT AS REGISTRAR, PAYING AGENT AND AUTHENTICATING AGENT WITH RESPECT TO SUCH BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF THE REGISTRAR AND PAYING AGENT AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY; MAKING CERTAIN FINDINGS, REPRESENTATIONS AND COVENANTS WITH RESPECT THERETO; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO.

WHEREAS, the Board of Supervisors (the "Board") of the Reedy Creek Improvement District (the "District") previously adopted a Resolution on April 4, 1972 (the "1972 Resolution") authorizing the issuance of certain ad valorem tax bonds and additional bonds thereunder on a parity therewith; and

WHEREAS, on November 15, 1991, the District adopted Resolution No. 245 (the "Bond Resolution") providing for the amendment and restatement of the 1972 Resolution as provided therein; and

WHEREAS, the Board now desires to issue bonds pursuant to the Bond Resolution and this Resolution, payable on a parity with the bonds outstanding under the Bond Resolution, in an aggregate principal amount not exceeding $60,000,000 to finance a portion of the cost of the acquisition and construction of an administration building for the District (the "Building") and certain sports and recreation facilities more particularly described on Exhibit "A" hereto (the "Series A Facilities"), with a portion of the cost of certain other sports and recreation facilities to be paid for through the issuance by the District of its Ad Valorem Tax Bonds, Series 1995B; and

WHEREAS, pursuant to Resolution No. 304 adopted by the District on September 21, 1994, the District authorized the holding of a referendum related to the issuance of not to exceed $125,000,000 ad valorem tax bonds, notes or other obligations to finance the costs of the Series A Facilities and certain other sports facilities and not to exceed $5,000,000 ad valorem tax bonds, notes or other obligations to finance the cost of the Building; and

WHEREAS, the issuance of not to exceed $125,000,000 principal amount of ad valorem tax bonds, notes or other obligations to finance the Series A Facilities and certain other sports facilities and not to exceed $5,000,000 ad valorem tax bonds, notes or other obligations to finance the cost of the Building was approved at an election of the qualified voters of the District held on October 25, 1994; and

WHEREAS, Merrill Lynch & Co., Bear, Stearns & Co. Inc., Morgan Stanley & Co. Inc., PaineWebber Incorporated, Ward Bradford & Co. and First Equity Corporation of Florida (collectively, the "Original Purchaser"), intend to submit an offer to purchase the District's Ad Valorem Tax Bonds, Series 1995A, in an aggregate principal amount not exceeding $60,000,000 (the "1995A Bonds") to finance the cost of the Building and of the Series A Facilities, pursuant to a Contract of Purchase in substantially the form attached hereto as Exhibit "B" (the "Purchase Contract"); and

WHEREAS, the Board desires to approve the form and content of and ratify the distribution of the Preliminary Official Statement relating to the 1995A Bonds attached hereto as Exhibit "C" and to authorize the execution and delivery of the 1995A Final Official Statement with such changes from the Preliminary Official Statement as shall be approved by the President of or Secretary to the Board (the "1995A Final Official Statement"); and

WHEREAS, the Board wishes to approve the form of and authorize the execution of a Registrar and Paying Agent Agreement, in substantially the form attached hereto as Exhibit "D" (the "Paying Agent Agreement") and to appoint Sun Bank, National Association to act as the registrar and paying agent thereunder and as authenticating agent for the 1995A Bonds; and

WHEREAS, the Board wishes to approve the form of a Letter of Representations between the District and The Depository Trust

Company substantially in the form attached hereto as Exhibit "E" (the "Letter of Representations"); and

WHEREAS, because of the current conditions existing in the market for securities similar to the 1995A Bonds, the Board finds it appropriate to delegate to the President of the Board and the Secretary to the Board or Director of Finance and Planning of the District, the authority to accept the offer of the Original Purchaser to purchase the 1995A Bonds pursuant to the terms of the Purchase Contract if certain conditions set forth in this Resolution are met; and

WHEREAS, the Board desires to amend Section 15F of the Bond Resolution in order to make modifications thereto to conform to the current requirements of the Internal Revenue Code of 1986, as amended, which modifications shall be immaterial to the Holders of all Bonds (as those terms are used in the Bond Resolution) outstanding under the Bond Resolution; and

WHEREAS, the Board desires to take certain other actions with respect to, and to make other authorizations related to, the issuance of the 1995A Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE REEDY CREEK IMPROVEMENT DISTRICT, that:

SECTION 1. Authority. This Resolution is adopted pursuant to Chapter 67-764, Laws of Florida, Special Acts of 1967, and other applicable provisions of law (collectively, the "Act") and the Bond Resolution.

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to such terms in the Bond Resolution. All terms defined in the preamble hereto shall have the meanings ascribed therein. As used herein, the following terms shall have the meanings set forth below:

"1991A Bonds" means the Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 1991A.

"1992 Bonds" means, collectively, the Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 1992A and Ad Valorem Tax Refunding Bonds, Series 1992B.

"Closing Date" means the date of issuance of the 1995A Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context

hereof, including interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final regulations and temporary regulations), the applicable rulings of the Internal Revenue Service (including published revenue rulings and private letter rulings) and applicable court decisions.

"Costs" means the cost of acquisition, construction or equipping and all other items of cost incident to the acquisition, construction and equipping, and the financing the Building and the Series A Facilities, including, without limitation, the following:

(i) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with such construction, for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction;

(ii) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such property, lands, rights, rights of way, franchises, easements and other interests in land constituting a part of, or as may be deemed necessary or convenient for the acquisition or construction of, the Building and the Series A Facilities, options and partial payments thereon, the cost of filling, draining or improving any lands so acquired, and the amount of any damages incident to or consequent upon the acquisition or construction of the Building and the Series A Facilities;

(iii) the fees and expenses of the Paying Agent under the Paying Agent Agreement, including legal expenses and fees (including appellate fees), fees and expenses of consultants and financial advisors, legal and accounting fees and expenses, financing charges, costs of preparing and issuing the 1995A Bonds not previously paid or reimbursed to the District, including but not limited to, consultant fees and expenses, costs of printing the 1995A Final Official Statement and the 1995A Bonds and any other costs incurred by the District with respect to the issuance of the 1995A Bonds, costs of bond insurance, if any, taxes or other municipal or governmental charges lawfully levied or assessed upon the Building and the Series A Facilities, during construction, or any property acquired therefor, and premiums of insurance (if any) in connection with the Building and the Series A Facilities during construction;

(iv) fees and expenses of engineers for making studies, surveys and estimates of costs and of revenues and for preparing plans and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of the Building and the Series A Facilities or the issuance of the 1995A Bonds therefor;

(v) expenses of administration properly chargeable to the Projects, and all other items of expense not elsewhere in this Section specified, incident to the acquisition or construction and equipping of the Building and the Series A Facilities and the placing of the same in operation, including, to the extent authorized by applicable law, certain operating expenses, and to the acquisition of real estate, franchises and rights of way therefor, including abstracts of title and title insurance; and

(vi) any amounts heretofore or hereafter advanced by the District for any of the foregoing purposes.

"Election Resolution" means, collectively Resolution No. 304 adopted by the Board on September 21, 1994 and Resolution No. 305 adopted by the Board on October 31, 1994.

"Paying Agent" means Sun Bank, National Association appointed hereunder to serve as Paying Agent and Registrar under the Paying Agent Agreement, its successors or assigns.

"President" means the President or Vice President of the Board.

"Rebate Year" means, with respect to the Series 1995A Bonds issued hereunder, the twelve-month period commencing on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary of such Closing Date in the following year, except that the first Rebate Year with respect to the Series 1995A Bonds shall commence on the Closing Date and the final Rebate Year shall end on the date of final maturity of such Series 1995A Bonds; or such other period as regulations promulgated by the United States Department of Treasury may prescribe.

"Secretary" means the Secretary to the Board.

SECTION 3. Findings and Awards.

A. The District is authorized by the Act to own, acquire, construct, equip, operate and maintain athletic fields, stadiums, recreational centers and recreational facilities and projects of all types and descriptions and facilities for the carrying out of the functions of the District and to issue general

obligation bonds to pay all or part of the cost of the acquisition, construction, maintenance and operation of any project authorized by the Act.

B. The primary livelihood of the residents and taxpayers of the District is tourism and the provision of recreation and entertainment and the construction and operation of a sports stadium, arena, tennis facilities, gymnasiums, track and field facilities, athletic fields and other sports facilities and related office, administrative and parking facilities and roads, will enhance the District and benefit the residents and taxpayers thereof by providing employment opportunities, promoting development and having a positive impact on the general economy of the District.

C. It is necessary, desirable, and in the best interest of, and advantageous to, the District that 1995A Bonds be issued in an aggregate principal amount not exceeding $60,000,000 to finance a portion of the cost of the Building and the Series A Facilities.

D. The District shall not use more than the net proceeds from $5,000,000 in principal amount of the 1995A Bonds to pay a portion of the Cost of the Building.

E. The issuance of the 1995A Bonds to finance the cost of the Building and the Series A Facilities was approved by a majority vote of the qualified electors of the District at an election duly called pursuant to Resolution No. 304 adopted on September 21, 1994, and held for that purpose on October 25, 1994, the results of which were certified to the Board by the inspectors and clerk of the election designated pursuant to Resolution No. 304.

F. The 1995A Bonds will not be issued until all conditions relating to the issuance of Additional Bonds under the Bond Resolution have been met, and when issued, the 1995A Bonds will be payable on a parity with the District's Outstanding 1991A Bonds and 1992 Bonds and with any other additional parity bonds hereafter issued under the terms of the Bond Resolution.

G. The District will issue the 1995A Bonds with the intent that the interest thereon will be excluded from the gross income of the Holders thereof for federal income tax purposes.

H. It is hereby ascertained, determined and declared that, because of the characteristics of the 1995A Bonds, prevailing and anticipated market conditions and additional savings to be realized from an expeditious sale of the 1995A Bonds, it is in the best interest of the District to accept the offer of the Original Purchaser to purchase the 1995A Bonds in an aggregate original principal amount not exceeding $60,000,000 at a private negotiated sale, upon the terms and conditions set forth herein and in the

Purchase Contract or as determined by the President, and the Secretary to the Board or Director of Finance and Planning of the District in accordance with the terms hereof.

I. The Original Purchaser will provide to the District prior to the execution of the Purchase Contract a disclosure statement regarding the 1995A Bonds containing the information required by Section 218.385(6), Florida Statutes. The Original Purchaser will submit prior to the date of issuance of the 1995A Bonds, sworn affidavits on public entity crimes as required by Section 287.133(3)(a), Florida Statutes. No further disclosure is required by the Board.

J. The 1995A Bonds shall only be issued at a rate of interest not exceeding the maximum interest rate established pursuant to the terms of Section 215.84, Florida Statutes.

K. Notice of a public hearing to be held before the Board on the date hereof, inviting comments and discussion concerning the issuance of 1995A Bonds by the District to finance the Series A Facilities was published in the *Orlando Sentinel*, a newspaper of general circulation in the District, at least 14 days prior to the date hereof, which constitutes reasonable notice of such hearing.

L. Following such notice, a public hearing was held by the Board on the date hereof, during which comments and discussions concerning the issuance of the 1995A Bonds to finance the Series A Facilities were requested and heard.

SECTION 4. Resolution to Constitute a Contract. In consideration of the acceptance of the 1995A Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution, together with the Bond Resolution, shall be deemed to be and shall constitute a contract between the District and the Bondholders of the 1995A Bonds. The covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security of the Bondholders, and all 1995A Bonds shall be of equal rank and without preference, priority of or distinction over any other thereof, except as expressly provided herein.

SECTION 5. Authorization of Building and Series A Facilities. There is hereby authorized the acquisition, construction and equipping of the Building and the Series A Facilities pursuant to the reports, plans, specifications and designs on file, or to be on file, with the Board, as the same may be supplemented and amended, and subject to such modifications thereof and variations therefrom which, from time to time, may be determined by the Board to be necessary or to be in the best interests of the District.

SECTION 6. Authorization of 1995A Bonds. Subject and pursuant to the provisions of this Resolution and any subsequent resolutions adopted by the Board in connection with the 1995A Bonds and prior to the issuance thereof, the 1995A Bonds of the District to be known as "Reedy Creek Improvement District, Ad Valorem Tax Bonds, Series 1995A" are hereby authorized to be issued in an aggregate principal amount not exceeding $60,000,000 to finance the Costs of the Building and the Series A Facilities, with the exact principal amount to be determined in accordance with the terms hereof. This authorization shall constitute approval of the issuance of the 1995A Bonds for purposes of Section 147(f) of the Code.

SECTION 7. Delegation to President and Secretary or Director of Finance and Planning; Terms and Form of 1995A Bonds.

A. The President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District are hereby authorized and directed to award the sale of the 1995A Bonds to the Original Purchaser and to approve the terms thereof, including, without limitation, the principal amount thereof, the date or dates thereof, the interest rate or rates with respect thereto, the purchase price thereof and the redemption terms with respect thereto, provided, however, that in no event shall (i) the principal amount of the 1995A Bonds exceed $60,000,000, (ii) the purchase price be less than 99% of the original principal amount of the 1995A Bonds (excluding original issue discount) (the "Minimum Purchase Price"), (iii) the true interest cost rate (the "TIC") for the 1995A Bonds exceed 6.5% (the "Maximum TIC") or (iv) the interest rates exceed the maximum rates permitted by applicable law.

B. The 1995A Bonds shall bear interest from their date, payable semiannually on the first day of June and the first day of December of each year, commencing on the date provided in the Purchase Contract and approved by the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District, at the rates, and shall mature in accordance with the schedules, set forth or incorporated by reference in the Purchase Contract and the 1995A Final Official Statement and approved by the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District, the approval of the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District to be conclusively evidenced by their execution of the Purchase Contract. The principal of the 1995A Bonds shall be payable either in annual or semiannual installments, as shall be set forth in the Purchase Contract and approved by the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District, the execution thereof to be conclusive evidence of such approval.

The 1995A Bonds shall be issued as fully registered [illegible] in the denomination of $5,000 ($5,000 value at maturity with respect to zero coupon or Capital Appreciation Bonds) each or any integral multiple thereof and may be issued as current interest bonds, zero coupon bonds or capital appreciation bonds. In all cases, interest on the 1995A Bonds shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

SECTION 8. Redemption Provisions. The 1995A Bonds shall be subject to such optional and mandatory redemption provisions, if any, as are provided in the Purchase Contract and approved by the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District, the execution thereof to be conclusive evidence of such approval.

SECTION 9. Notice of Redemption. In addition to the requirements of Section 12B of the Bond Resolution, each notice of redemption, if any, with respect to the 1995A Bonds shall meet the requirements set forth in (i), (ii), (iii), (iv), and (v) below; provided however that, notwithstanding any other provision of this Resolution or of the Bond Resolution to the contrary, failure of such notice or payment to comply with the terms of this Section 9 shall not in any manner defeat the effectiveness of a redemption if notice thereof is given as otherwise prescribed in Section 12B of the Bond Resolution.

(i) Each notice of redemption shall set forth the name and address of the Paying Agent, a contact person with the Paying Agent and his or her telephone number and the CUSIP numbers, if any, of the 1995A Bonds called for redemption, the date of publication of the notice, the redemption price, the date of the issue, the interest rate and the stated maturity date with respect to the 1995A Bonds to be redeemed; and with respect to owners of $1,000,000 or more in principal amount to be redeemed, such notice shall be sent by certified mail, return receipt requested.

(ii) Each notice of redemption shall be sent at least thirty-five (35) days before the redemption date and to the extent possible, at least two (2) days prior to the general publication date by certified mail, return receipt requested or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the 1995A Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois, and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to two or more national information services that disseminate notices of redemption or obligations such as the 1995A Bonds.

(iii) Each notice of redemption shall be published once in THE BOND BUYER, New York, New York or, if THE BOND BUYER is no longer published in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the 1995A Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

(iv) Upon the payment of the redemption price of the 1995A Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or be accompanied by an advice showing the CUSIP number identifying, by issue, the 1995A Bonds being redeemed with the proceeds of such check or other transfer.

(v) A second notice of redemption shall be mailed in the manner provided above to any registered owner who has not tendered 1995A Bonds that have been called for redemption within sixty (60) days after the applicable redemption date.

SECTION 10. Funds and Accounts.

A. Establishment of and Payments from the Building Construction Account and the Series A Facilities Construction Account. There are hereby established and created two accounts within the Construction Fund created pursuant to the Bond Resolution to be designated, respectively, the "Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 1995A Building Construction Account" (hereinafter referred to as the "Building Construction Account") and the "Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 1995A Facilities Construction Account" (hereinafter referred to as the "Series A Facilities Construction Account"), into which shall be deposited the amounts provided in Section 11 below from which Costs of the Building and Costs of the Series A Facilities, respectively, and capitalized interest may be paid as set forth herein. Costs of issuance of the 1995A Bonds shall be paid from the Building Construction Account and from the Series A Facilities Construction Account on a pro rata basis, such pro ration to be based upon the amount of net proceeds to be deposited in each such account. The amounts in the Building Construction Account and the Series A Facilities Construction Account (collectively, the "Construction Accounts"), until applied as hereinafter provided, shall be held for the security of all the 1995A Bonds outstanding. In addition to payment of Costs, funds may be disbursed from the Construction Accounts to pay any Rebate Amounts due in accordance with the Bond Resolution and this Resolution.

The District shall make payments from the Construction Accounts to pay Costs of the Building and the Series A Facilities only after making the following determinations:

(i) that the work to which the payment relates has been accomplished in a manner satisfactory to the District, and that the amount to be paid does not exceed the obligation on account of which the payment is made (the District's determinations may be based upon certificates satisfactory to it provided by a consulting engineer or engineers or construction manager or managers);

(ii) that the obligation was properly incurred and is a proper charge against the appropriate Construction Account and that the amount requisitioned is due and unpaid;

(iii) that with respect to such items, there are no vendors' liens, mechanics' liens, or other liens, bailment leases or conditional sale contracts which must be satisfied or discharged before the payments as requisitioned therein are made, or which will not be discharged by such payment; and

(iv) in the case of a transfer of funds in the Construction Accounts to pay any Rebate Amount or in the case of a transfer of funds in the Construction Accounts to pay any capitalized interest, that such transfer is necessary and in accordance with the provisions and requirements of the Resolution.

Any balance remaining in the respective Construction Accounts after the respective completion dates of the Building and the Series A Facilities, and after the District has set aside amounts for payment of items included in the Cost of the Building and the Series A Facilities but not then due and payable, shall be set aside and segregated from all other moneys of the District and applied at the discretion of the District as follows:

(i) to redeem or purchase 1995A Bonds or a portion thereof, in the case of redemption, at the earliest redemption date permitted on which a premium or penalty for redemption is not required; or

(ii) for any other legal purpose for which such funds may be used by the District, provided that the District obtains an opinion of Bond Counsel to the effect that such use is authorized under the Act, the Election Resolutions, the Bond Resolution and this Resolution and such use will not adversely affect the exclusion from federal income tax of interest on the 1995A Bonds.

Until used as provided in subsections (i) or (ii) above, such segregated amount may be invested as permitted by the Bond Resolution but may not be invested (without an opinion of Bond

Counsel to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any of the 1995A Bonds) to produce a yield on such amount greater than the yield on the 1995A Bonds, all in accordance with Section 148 of the Code. Any investment earnings shall be retained in the Construction Account from which derived and applied as provided herein; provided, however, that the District may, to the extent that it determines that adequate funds remain on deposit in the applicable Construction Account to pay the Cost of the Building or the Series A Facilities, as the case may be, and if it receives an opinion of Bond Counsel that such application will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 1995A Bonds, apply such earnings to pay operating costs of the Building or Series A Facilities, as the case may be.

B. Establishment of and Payments from the Series 1995A Rebate Account. There is hereby established and created a trust account within the Rebate Fund created pursuant to the Bond Resolution to be designated "Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 1995A Rebate Account" (hereinafter referred to as the "Series 1995A Rebate Account") into which amounts shall be deposited as set forth below.

The District covenants and agrees that it shall maintain and retain all records pertaining to and shall be responsible for making or having made all determinations and calculations of the Rebate Amount for the 1995A Bonds for each Rebate Year within twenty-five (25) days after the end of such Rebate Year and within twenty-five (25) days after the final maturity of such 1995A Bonds. On or before the expiration of each such period, the District shall deposit into the Series 1995A Rebate Account from any legally available funds of the District, an amount equal to the Rebate Amount with respect to the 1995A Bonds for such Rebate Year. The District shall use such moneys deposited in the Series 1995A Rebate Account only for the payment of the Rebate Amount with respect to the 1995A Bonds to the United States as required by the Bond Resolution, which payments shall be made in installments, commencing not more than thirty (30) day after the end of the fifth Rebate Year and with subsequent payments to be made not later than five (5) years after the preceding payment was due, except that the final payment shall be made within sixty (60) days after the final maturity of the last obligation of the 1995A Bonds. In complying with the foregoing, the District may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Series 1995A Rebate Account after payment in full of all 1995A Bonds issued hereunder and after payment in full of the Rebate Amount with respect to the 1995A Bonds to the United States in accordance with the terms hereof, such amounts shall be available to the District for any lawful purpose.

SECTION 11. Application of Proceeds of 1995A Bonds. The proceeds from the sale of the 1995A Bonds shall be applied by the District as follows:

(1) There shall first be paid into the Sinking Fund, established and administered by the District pursuant to the Bond Resolution, an amount equal to the accrued interest on the 1995A Bonds received by the District as part of the proceeds of the sale of the 1995A Bonds, which amount shall be used on the first interest payment date for the payment of interest due on the 1995A Bonds; and

(2) There shall next be paid into the Building Construction Account an amount set forth in a certificate of the President of the Board to be used to pay Costs of the Building, an amount set forth in a certificate of the President of the Board to be used to pay costs of issuance of the 1995A Bonds and an amount set forth in a certificate of the President of the Board to be used to pay capitalized interest on the 1995A Bonds; and

(3) There shall next be paid into the Series A Facilities Construction Account an amount set forth in a certificate of the President of the Board to be used to pay Costs of the Series A Facilities, an amount set froth in a certificate of the President of the Board to be used to pay costs of issuance of the 1995A Bonds and an amount set forth in a certificate of the President of the Board to be used to pay capitalized interest on the 1995A Bonds.

SECTION 12. Form of 1995A Bonds. The 1995A Bonds shall be in substantially the form provided in Exhibit "F" hereto, subject to such changes, omissions and insertions and such filling of blanks and the officers executing the same shall approve, such execution to be conclusive evidence of such approval.

SECTION 13. Approval of Purchase Contract. The form of the Purchase Contract presented by the Original Purchaser is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Purchase Contract by the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District, in a manner consistent with the provisions of this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement from the Original Purchaser, the President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District are hereby authorized to accept the offer of the Original Purchaser to purchase the 1995A Bonds in an aggregate principal amount not exceeding $60,000,000, at a TIC not to exceed the Maximum TIC, and at a purchase price of not less than the Minimum Purchase Price, plus accrued interest thereon to the date of delivery, upon the terms and conditions set forth in the Purchase Contract. The

President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District are hereby authorized to execute the Purchase Contract for and on behalf of the District pursuant to the terms hereof and of the Purchase Contract.

SECTION 14. Paying Agent, Registrar and Authenticating Agent. The Board hereby appoints Sun Bank, National Association as the initial Paying Agent and Registrar in connection with the 1995A Bonds under the terms of the Paying Agent Agreement, and Sun Bank, National Association, as Registrar, is hereby appointed to act as authenticating agent in connection with the 1995A Bonds.

SECTION 15. Paying Agent Agreement. The Board hereby approves the form and content of the Paying Agent Agreement attached hereto as Exhibit "D." The President of and Secretary to the Board are hereby authorized to execute on behalf of the Board, the Paying Agent Agreement substantially in the form attached hereto with such changes, omissions and insertions as they, in their sole discretion, may approve, such execution to be conclusive evidence of such approval.

SECTION 16. Official Statements. The Board hereby approves the form and content of the Preliminary Official Statement attached hereto as Exhibit "C" and ratifies the use and distribution of a Preliminary Official Statement by the Original Purchaser in connection with the marketing of the 1995A Bonds. The President of the Board or the Secretary is hereby authorized to make any findings with regard to the Preliminary Official Statement required under Securities and Exchange Commission Rule 15c2-12 and is hereby authorized to execute, on behalf of the Board, the 1995A Final Official Statement relating to the Series 1995A Bonds with such changes, omissions and insertions from the Preliminary Official Statement as the officer or officers executing the same may, in his or their sole discretion, approve, such execution to be conclusive evidence of such approval.

SECTION 17. Letters of Representations. The Board hereby approves the form and content of the Letter of Representations pertaining to the 1995A Bonds between the District and The Depository Trust Company ("DTC") attached hereto as Exhibit "E" (the "Letter of Representations"). The President of and the Secretary to the Board are hereby authorized to execute, on behalf of the District, the Letter of Representations substantially in the form attached hereto, with such changes, omissions and insertions as the officer executing the same may, in his or her sole discretion, approve, such execution to be conclusive evidence of such approval.

SECTION 18. Continuing Disclosure. (A) So long as any of the 1995A Bonds remain Outstanding, the District will provide to one or more nationally recognized municipal securities information

repositories, within 180 days of the end of each Fiscal Year, a complete copy of the District's audited general purpose financial statements for such Fiscal Year.

(B) So long as any of 1995A Bonds remain Outstanding, the District will also in good faith endeavor to provide one or more nationally recognized municipal securities information repositories notice of the occurrence of any of the following events promptly upon the District having actual knowledge thereof:

(i) delinquencies in the payment of principal or interest on the 1995A Bonds;

(ii) material non-payment defaults hereunder or under the Bond Resolution;

(iii) unscheduled draws on any credit enhancement securing any 1995A Bonds;

(iv) receipt of any adverse opinion of Bond Counsel relating to, or the occurrence of any event known to adversely affect, the exclusion from gross income for federal income tax purposes of interest on the 1995A Bonds;

(v) material amendments hereto or to the Bond Resolution;

(vi) the redemption of any 1995A Bonds other than pursuant to a mandatory sinking fund redemption;

(vii) the defeasance of any 1995A Bonds;

(viii) material matters adversely affecting the ad valorem taxes of the District;

(ix) the pledging of any supplemental revenues hereunder or under the Bond Resolution; and

(x) any changes in the credit ratings assigned to the 1995A Bonds.

(C) The District shall also provide such information to the Registrar. The Registrar is hereby authorized to provide such information to any requesting Bondholder or potential Bondholder, provided that the Registrar shall be entitled to charge such requesting Bondholder or potential Bondholder an amount sufficient to reimburse the Registrar for costs incurred for copying and shipping such information.

(D) By endeavoring to provide information pursuant to this Section, the District intends only to in good faith attempt to

make available information that might not otherwise be easily available to interested parties. The dissemination of certain information or notices pursuant to this Section shall not be construed as a representation by the District that other matters that may be material to an investment decision in the 1995A Bonds have not transpired; and failure to provide information or notice of matters referred to in this Section shall not be construed as a representation on behalf of the District that matters that may be material to an investment decision with respect to the 1995A Bonds have not transpired. Nothing in this Section is intended to impose upon the District, and this Section shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law.

SECTION 19. Amendment of Bond Resolution. In order to make certain amendments to Section 15F in order to comply with the current requirements of the Code, which amendments the Board hereby finds will be immaterial to the Holders of any Bonds Outstanding under the Bond Resolution, the provisions of Section 15F of the Bond Resolution are hereby amended in their entirety to read as follows:

F. COMPLIANCE WITH TAX REQUIREMENTS; REBATE FUND. The District hereby covenants and agrees, for the benefit of the Holders from time to time of each Series of Bonds that are not Taxable Bonds, to comply with the requirements applicable to it contained in the Internal Revenue Code of 1954, as amended, if applicable, and contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Internal Revenue Code of 1986, as amended, to the extent necessary to preserve the exclusion of interest on such Series of Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the District covenants and agrees:

(1) with respect to each Series of Bonds other than Taxable Bonds and other than the Series 1972 Bonds, to pay to the United States of America from the funds and sources of revenues pledged to the payment of such Series of Bonds, and from any other legally available funds, at the times required pursuant to Section 148(f) of the Code, the amount, if any, required by Section 148(f) of the Code the exclusion from gross income for federal income tax purposes of interest on such Series of Bonds (the "Rebate Amount");

(2) with respect to each Series of Bonds other than Taxable Bonds and other than the Series 1972 Bonds, to maintain and retain all records pertaining to and to be responsible for making or causing to be made all determinations and

calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code;

(3) with respect to each Series of Bonds other than Taxable Bonds, to refrain from using proceeds from any Series of Bonds in a manner that would cause such Series of Bonds or any of the Bonds of such Series or portions thereof, to bear interest that is not excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code; and

(4) with respect to each Series of Bonds other than Taxable Bonds, to refrain from taking any action that would cause any Series of Bonds or any portion thereof to become arbitrage bonds under Section 103(b) and Section 148 of the Code.

The District understands that the foregoing covenants impose continuing obligations on the District to comply with the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code so long as such requirements are applicable.

The District covenants and agrees that it shall maintain and retain all records pertaining to and shall be responsible for making or having made all determinations and calculations of the Rebate Amount for each Series of Bonds other than the Series 1972 Bonds and Taxable Bonds in the manner and at the times required in a subsequent resolution adopted by the Board with respect to such Series of Bonds. A special fund designated as the "Rebate Fund" is hereby created and established. Upon the issuance of each Series of Additional Bonds, except Taxable Bonds and except as otherwise provided in a subsequent resolution adopted by the Board with respect to such Series of Bonds, the District shall create a separate account within the Rebate Fund. The District shall deposit into the account in the Rebate Fund created with respect to a Series of Bonds, from any legally available funds of the District, an amount equal to the Rebate Amount with respect to such Series of Bonds. The District shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by Section 15F above in the manner and at the times required by a subsequent resolution adopted by the Board with respect to such Series of Bonds.

If any amount shall remain in any rebate account in the Rebate Fund after payment in full of the Series of Bonds for which such account was established, and after payment in full of the Rebate Amount with respect to such Series of Bonds to

the United States in accordance with the terms hereof, such amounts shall be available to the District for any lawful purpose.

Each rebate account in the Rebate Fund shall be held separate and apart from all other funds and accounts of the District, shall be impressed with a lien in favor of the Holders of the Series of Bonds for which such account was established, only after all obligations of the District with respect to payment of the Rebate Amounts with respect to such Series of Bonds have been fully satisfied and the moneys therein shall be available for use only as herein provided.

Notwithstanding any other provision of this resolution, the obligation to pay over the Rebate Amount with respect to a Series of Bonds to the United States and to comply with all other requirements of this Section 15F shall survive the defeasance or payment in full of any Series of Bonds.

SECTION 20. Bond Insurance. The President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District are hereby authorized to negotiate with a bond insurer for municpal bond insurance with respect to the 1995A Bonds and to execute a commitment and any other documentation necessary in connection therewith.

SECTION 21. Authorizations.

A. The President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District are hereby authorized and directed to sign the Purchase Contract at the places provided therein and to approve such changes, in accordance with the terms of this Resolution, to the Purchase Contract as they may deem advisable. The signature of the President and the Secretary or Director of Finance on the Purchase Contract shall be conclusive evidence of the acceptance and the terms thereof. The President of the Board and the Secretary to the Board or the Director of Finance and Planning of the District are hereby authorized and directed to deliver the Purchase Contract immediately following the execution thereof pursuant to the terms hereof to the representative of the Original Purchaser.

B. The President of and the Secretary to the Board or their duly authorized alternative officers are hereby authorized and directed on behalf of the District to execute the 1995A Bonds (including any temporary bond or bonds) as provided in the Bond Resolution and herein and any of such officers is hereby authorized and directed upon the execution of the 1995A Bonds in substantially the form and manner set forth herein, to deliver the 1995A Bonds in the amounts authorized to be issued hereunder to the Registrar for authentication and delivery to or upon the order of the Original Purchaser pursuant to the Purchase Contract upon payment of the

purchase price and upon compliance by the Original Purchaser with the terms of the Purchase Contract.

C. The President, Vice President or Treasurer of and Secretary and Assistant Secretary to the Board and the Director of Finance and Planning of the District, and such other officers of the Board legally authorized to take action in their absence, and such other officers, employees or agents of the District as may be designated by the President, are each designated as agents of the Board and the District in connection with the issuance and delivery of the 1995A Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Board and the District that are necessary or desirable in connection with the execution and delivery of the 1995A Bonds, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution or the Bond Resolution or any action relating to the 1995A Bonds heretofore taken by the Board. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 1995A Bonds.

SECTION 22. Severability. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 1995A Bonds issued hereunder.

SECTION 23. No Third Party Beneficiaries. Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the owners and holders of the 1995A Bonds issued under and secured by this Resolution, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders from time to time of the 1995A Bonds issued hereunder.

SECTION 24. Controlling Law; Members of Governing Body of Issuer Not Liable. All covenants, stipulations, obligations and agreements of the District contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent authorized by the Act and provided by the Constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Board or the

District in his individual capacity, and neither the members of the Board nor any official executing the 1995A Bonds shall be liable personally on the 1995A Bonds or this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Board or such members thereof.

SECTION 25. Repeal of Inconsistent Resolutions. All resolutions or portions thereof previously adopted by the Board, other than the Bond Resolution, which are inconsistent with the provisions of this resolution are hereby repealed to the extent of such inconsistency.

SECTION 26. Effective Date. This Resolution shall become effective immediately upon its adoption.

This Resolution approved and adopted by the Board of Supervisors of the Reedy Creek Improvement District, this 21st day of April, 1995.

REEDY CREEK IMPROVEMENT DISTRICT

President, Board of Supervisors

ATTEST:

Secretary to Board of Supervisors

(SEAL)

B-32

RESOLUTION NO. 579

A RESOLUTION OF THE REEDY CREEK IMPROVEMENT DISTRICT SUPPLEMENTING RESOLUTION NO. 245 ADOPTED ON NOVEMBER 15, 1991, AS AMENDED; AUTHORIZING THE ISSUANCE OF REEDY CREEK IMPROVEMENT DISTRICT AD VALOREM TAX BONDS ("BONDS") IN ONE OR MORE SERIES (1) IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING $350,000,000 TO FINANCE THE COSTS OF DISTRICT-WIDE TRANSPORTATION IMPROVEMENTS WITHIN OR OUTSIDE THE DISTRICT, (2) IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING $15,000,000 TO FINANCE THE COSTS OF ADDITIONAL TRANSPORTATION AND PARKING IMPROVEMENTS WITHIN OR OUTSIDE THE DISTRICT BENEFITTING PRIMARILY THE BUENA VISTA DRIVE CORRIDOR;AND (3) IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING $5,000,000 TO FINANCE THE COSTS OF ACQUIRING, DESIGNING, CONSTRUCTING, FURNISHING, EQUIPPING AND IMPROVING CERTAIN ADMINISTRATIVE AND/OR OPERATIONAL FACILITIES WITHIN THE DISTRICT; DELEGATING TO THE PRESIDENT, THE SECRETARY, THE DISTRICT ADMINISTRATOR, THE DEPUTY DISTRICT ADMINISTRATOR OR THE DISTRICT COMPTROLLER THE AUTHORIZATION TO AWARD THE SALE OF THE FIRST SERIES OF BONDS (THE "2016A BONDS") ON A NEGOTIATED BASIS; APPROVING THE FORM AND CONTENT OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE 2016A BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTRACT OF PURCHASE WITH RESPECT TO THE 2016A BONDS; AUTHORIZING U.S. BANK NATIONAL ASSOCIATION TO ACT AS REGISTRAR, PAYING AGENT AND AUTHENTICATING AGENT WITH RESPECT TO THE 2016A BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A REGISTRAR AND PAYING AGENT AGREEMENT AND A DISCLOSURE DISSEMINATION AGENT AGREEMENT RELATING TO THE 2016A BONDS; MAKING CERTAIN FINDINGS, REPRESENTATIONS AND COVENANTS WITH RESPECT THERETO; PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of Supervisors (the "Board") of the Reedy Creek Improvement District (the "District") previously adopted a Resolution on April 4, 1972 (the "1972 Resolution") authorizing the issuance of certain ad valorem tax bonds and additional bonds thereunder on a parity therewith; and

WHEREAS, on November 15, 1991, the District adopted Resolution No. 245 (the "1991 Resolution") providing for the amendment and restatement of the 1972 Resolution as provided therein; and

WHEREAS, on April 21, 1995, the District adopted Resolution No. 313 (the "1995A Resolution") supplementing and amending the 1991 Resolution (the 1991 Resolution as amended by the 1995A Resolution is hereinafter referred to as the "Bond Resolution") to authorize the issuance of the District's Ad Valorem Tax Bonds, Series 1995A and to amend Section 15F of the 1991 Resolution regarding compliance with tax requirements; and

WHEREAS, on July 24, 2013, the District adopted Resolution No. 551 (the "2013A Resolution") supplementing the Bond Resolution to authorize the issuance of the District's Ad Valorem Tax Bonds, Series 2013A (the "2013A Bonds") for the purpose of financing the costs of transportation and parking improvements within or outside the District, benefitting primarily the Buena Vista Drive Corridor; and

WHEREAS, the Board now desires to issue ad valorem tax bonds ("Bonds") pursuant to the Bond Resolution and this Resolution, payable on a parity with the bonds outstanding under the Bond Resolution, in (i) an aggregate principal amount not exceeding $350,000,000 to provide financing for the design, construction, equipping and improvement of roadways and other transportation improvements within or outside the District primarily relating to World Drive North, Center Drive, Western Way and Osceola Parkway as more particularly described in **Exhibit A** hereto (the "District-Wide Transportation Project"), (ii) an aggregate principal amount not exceeding $15,000,000 to fund the payment of costs of financing transportation and parking improvements within or outside the District, benefitting primarily the Buena Vista Drive Corridor as more particularly described in **Exhibit A** hereto (the "Additional Buena Vista Drive Corridor Improvements Project") in addition to those costs initially funded from the proceeds of the 2013A Bonds and (iii) an aggregate principal amount not exceeding $5,000,000 to provide financing for the costs of acquiring, designing, constructing, furnishing, equipping and improving certain administrative and/or operational facilities within the District as more particularly described in **Exhibit A** hereto (the "District Facilities Project"), the first series of Bonds to be designated as the "Series 2016A Bonds" (the "Series 2016A Bonds"), and the portion of the District-Wide Transportation Project, the Additional Buena Vista Drive Corridor Improvements Project and the District Facilities Project to be financed by the Series 2016A Bonds being hereinafter referred to as the "Series 2016A Project"; and

WHEREAS, pursuant to Resolution No. 570 adopted by the District on June 24, 2015, the District authorized the holding of a referendum related to the issuance of (i) not to exceed $350,000,000 ad valorem tax bonds, notes or other obligations to finance the costs of the District-Wide Transportation Project, and (ii) not to exceed $15,000,000 ad valorem tax bonds, notes or other obligations to finance the costs of the Additional Buena Vista Drive Corridor Improvements Project; and

WHEREAS, pursuant to Resolution No. 548 adopted by the District on April 24, 2013, the District authorized the holding of a referendum related to the issuance of (i) not to exceed $360,000,000 ad valorem tax bonds, notes or other obligations to finance the costs of a transportation project ("Original Buena Vista Drive Corridor Improvements Project") and (ii) not

to exceed $5,000,000 ad valorem tax bonds, notes or other obligations to finance the costs of the District Facilities Project; and

WHEREAS, the issuance of ad valorem tax bonds, notes or other obligations (i) in an aggregate principal amount not to exceed $350,000,000 to finance the District-Wide Transportation Project and (ii) in an aggregate principal amount not to exceed $15,000,000 to finance the Additional Buena Vista Drive Corridor Improvements Project was approved at an election of the qualified voters of the District held on August 18, 2015, which result was certified by the Board pursuant to Resolution No. 572 adopted by the District on August 26, 2015; and

WHEREAS, the issuance of ad valorem tax bonds, notes or other obligations (i) in an aggregate principal amount not to exceed $360,000,000 to finance the Original Buena Vista Drive Corridor Improvements Project and (ii) in an aggregate principal amount not to exceed $5,000,000 to finance the District Facilities Project was approved at an election of the qualified voters of the District held on June 4, 2013, which result was certified by the Board pursuant to Resolution No. 550 adopted by the District on June 26, 2013; and

WHEREAS, the Board wishes to approve the form of and authorize the execution, subject to the conditions hereinafter set forth, of a Contract of Purchase substantially in the form of **Exhibit C** (the "Purchase Contract"), with the underwriters named therein (the "Underwriters"), with respect to the 2016A Bonds; and

WHEREAS, the Board wishes to approve the form of and authorize the execution of a Registrar and Paying Agent Agreement, in substantially the form attached hereto as **Exhibit D** (the "Paying Agent Agreement") and to appoint U.S. Bank National Association to act as the registrar and paying agent thereunder and as authenticating agent for the 2016A Bonds; and

WHEREAS, the Board desires to approve the form and content of the Preliminary Official Statement ("Preliminary Official Statement") relating to the 2016A Bonds attached hereto as **Exhibit E**, to deem the same "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to authorize the execution and delivery of the final Official Statement relating to the 2016A Bonds (the "Final Official Statement") with such changes from the Preliminary Official Statement as shall be approved by the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller; and

WHEREAS, the Board wishes to approve the form and content of and authorize the execution and delivery by the District of a Disclosure Dissemination Agent Agreement ("Disclosure Dissemination Agent Agreement") with Digital Assurance Certification L.L.C. ("DAC") in connection with the 2016A Bonds, the proposed form of which is attached hereto as **Exhibit G**; and

WHEREAS, because of the current volatile conditions existing in the market for securities similar to the 2016A Bonds, the Board finds it appropriate to delegate to the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller, the authority to accept an offer from the Underwriters to purchase the 2016A Bonds

pursuant to the terms of the Purchase Contract, if certain conditions set forth in this Resolution are met; and

WHEREAS, the Board desires to take certain other actions with respect to, and to make other authorizations related to, the issuance of the 2016A Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE REEDY CREEK IMPROVEMENT DISTRICT THAT:

SECTION 1. Authority. This Resolution is adopted pursuant to Chapter 67-764, Laws of Florida, Special Acts of 1967, and other applicable provisions of law (collectively, the "Act") and the Bond Resolution.

SECTION 2. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as are ascribed to such terms in the Bond Resolution. All terms defined in the preamble hereto shall have the meanings ascribed therein. As used herein, the following terms shall have the meanings set forth below:

"Closing Date" means the date of issuance of the 2016A Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, including interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final regulations and temporary regulations), the applicable rulings of the Internal Revenue Service (including published revenue rulings and private letter rulings) and applicable court decisions.

"Costs" means the cost of acquisition, construction, improving or equipping and all other items of cost incident to the acquisition, construction, improving and equipping, and the financing or refinancing of the Series 2016A Project, including, without limitation, the following:

(i) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with such construction, for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction;

(ii) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such property, lands, rights, rights of way, franchises, easements and other interests in land constituting a part of, or as may be deemed necessary or convenient for the acquisition or construction of the Series 2016A Project, options and partial payments thereon, the cost of filling, draining or improving any lands so acquired, and the amount of any damages

incident to or consequent upon the acquisition or construction of the Series 2016A Project;

(iii) the fees and expenses of the Registrar and Paying Agent under the Paying Agent Agreement, including legal expenses and fees (including appellate fees), fees and expenses of consultants and financial advisors, escrow agents, verification agents, legal and accounting fees and expenses, financing charges, interest on the 2016A Bonds during construction of the Series 2016A Project and for a reasonable period thereafter, costs of preparing and issuing the 2016A Bonds not previously paid or reimbursed to the District, including but not limited to, consultant fees and expenses, costs of printing the Final Official Statement and the 2016A Bonds and any other costs incurred by the District with respect to the issuance of the 2016A Bonds, costs of bond insurance, if any, taxes or other municipal or governmental charges lawfully levied or assessed upon the Series 2016A Project during construction, or any property acquired therefor, and premiums of insurance (if any) in connection with the Series 2016A Project during construction;

(iv) fees and expenses of engineers for making studies, surveys and estimates of costs and of revenues and for preparing plans and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of the Series 2016A Project or the issuance of the 2016A Bonds therefor;

(v) expenses of administration properly chargeable to the Series 2016A Project, and all other items of expense not elsewhere in this Section specified, incident to the acquisition or construction and equipping of the Series 2016A Project and the placing of the same in operation, including, to the extent authorized by applicable law, certain operating expenses, and to the acquisition of real estate, franchises and rights of way therefor, including abstracts of title and title insurance; and

(vi) any amounts heretofore or hereafter advanced by the District for any of the foregoing purposes.

"Deputy District Administrator" means the Deputy District Administrator of the District.

"District Comptroller" means the Comptroller of the District.

"Election Resolutions" means, collectively (i) Resolution No. 570 adopted by the Board on June 24, 2015, and Resolution No. 572 adopted by the Board on August 26, 2015 with

respect to the District-Wide Transportation Project and the Additional Buena Vista Drive Corridor Improvements Project, and (ii) Resolution No. 548 adopted by the Board on April 24, 2013, and Resolution No. 550 adopted by the Board on June 26, 2013 with respect to the District Facilities Project.

"Paying Agent" means U.S. Bank National Association, appointed hereunder to serve as Paying Agent and Registrar under the Paying Agent Agreement, its successors or assigns.

"President" means the President or Vice President of the Board.

"Rebate Year" means, with respect to any series of 2016A Bonds issued hereunder, the twelve-month period commencing on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary of such Closing Date in the following year, except that the first Rebate Year with respect to a Series of the 2016A Bonds shall commence on the Closing Date and the final Rebate Year shall end on the date of final maturity of such Series of 2016A Bonds; or such other period as regulations promulgated by the United States Department of Treasury may prescribe.

"Secretary" means the Secretary to the Board.

SECTION 3. Findings and Awards

A. The District is authorized by the Act to own, acquire, construct, equip, operate, improve and maintain roads located within or outside of the District and projects of all types and descriptions and facilities for the carrying out of the functions of the District and to issue ad valorem tax bonds to pay all or part of the cost of the acquisition, construction, maintenance and operation of any project authorized by the Act.

B. The primary livelihood of the residents and taxpayers of the District is tourism and the provision of improvements to the roads and other public ways of the District will enhance the District and benefit the residents and taxpayers thereof by promoting development and having a positive impact on the general economy of the District.

C. Implementation of the Series 2016A Project will enhance the District and benefit the residents and taxpayers thereof by providing a more extensive network of roads and parking facilities, reducing the traffic congestion on existing roads arising from new development and population growth, and providing additional administrative and operational facilities for the District.

D It is necessary, desirable, and in the best interest of the District that Bonds be issued in the aggregate amount of not exceeding $350,000,000 to finance the District-Wide Transportation Project, in the aggregate amount of not exceeding $15,000,000 to finance the Additional Buena Vista Drive Corridor Improvements Project and in the aggregate amount of not exceeding $5,000,000 to finance the District Facilities Project.

E. The issuance of Bonds to finance the District-Wide Transportation Project and the Additional Buena Vista Drive Corridor Improvements Project was approved by a

majority vote of the qualified electors of the District at an election duly called pursuant to the Election Resolutions and held for that purpose on August 18, 2015, the results of which were certified to the Board by the inspectors and clerk of the election designated pursuant to the Election Resolutions on August 26, 2015.

F. The issuance of Bonds to finance the District Facilities Project was approved by a majority vote of the qualified electors of the District at an election duly called pursuant to the Election Resolutions and held for that purpose on April 24, 2013, the results of which were certified to the Board by the inspectors and clerk of the election designated pursuant to the Election Resolutions on June 26, 2013.

G. The 2016A Bonds will not be issued until all conditions relating to the issuance of Additional Bonds under the Bond Resolution have been met, including, but not limited to, (i) the Maximum Bond Service Requirement on all Bonds issued under the Bond Resolution and then Outstanding and the 2016A Bonds shall not exceed eight-five percent (85%) of the estimated annual collections from Ad Valorem Taxes calculated as provided in the Bond Resolution, and (ii) the principal amount of 2016A Bonds together with all other Bonds then outstanding will not exceed in the aggregate fifty percent (50%) of the assessed value of the taxable property within the District, and when issued, the 2016A Bonds will be payable on a parity with the District's Outstanding Series 2010 Bonds, Series 2011 Bonds, Series 2013A Bonds, Series 2013B Bonds and Series 2015A Bonds, and with any other Bonds authorized hereunder and any additional parity bonds hereafter issued under the terms of the Bond Resolution.

H. The District will issue the 2016A Bonds with the intent that the interest thereon will be excludable from the gross income of the Holders thereof for federal income tax purposes.

I. It is hereby found, determined and declared that a negotiated sale of the 2016A Bonds is in the best interest of the District and is found to be necessary on the basis of the following reasons, as to which specific findings are hereby made:

(i) Due to the volatility of the municipal market, including the market for tax exempt securities such as the 2016A Bonds, the District must be able to enter the market at the most advantageous time, rather than at a specific advertised date, thereby permitting the District to obtain the best possible price and interest rate with respect to the 2016A Bonds.

(ii) The Underwriters have participated in structuring the issuance of the 2016A Bonds and can assist the District in attempting to obtain the most attractive financing for the District.

J. It is hereby ascertained, determined and declared that it is in the best interest of the District to authorize the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller to accept an offer of the Underwriters to purchase the 2016A Bonds at a private negotiated sale upon the terms and conditions set forth herein and in the related Purchase Contract or as determined by the President, the Secretary, the

District Administrator, the Deputy District Administrator or the District Comptroller in accordance with the terms hereof.

K. The Underwriters will provide to the District prior to the execution of the Purchase Contract a disclosure statement regarding the 2016A Bonds, containing the information required by Section 218.385(6), Florida Statutes.

L. The 2016A Bonds shall only be issued at a rate of interest not exceeding the maximum interest rate established pursuant to the terms of section 215.84, Florida Statutes.

SECTION 4. Resolution to Constitute a Contract. In consideration of the acceptance of the 2016A Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution, together with the Bond Resolution, shall be deemed to be and shall constitute a contract between the District and the holders of the 2016A Bonds. The covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security of the Bondholders, and the 2016A Bonds shall be of equal rank and without preference, priority of or distinction over any other thereof, except as expressly provided herein.

SECTION 5. Authorization of Series 2016A Project. There is hereby authorized the portion of the District-Wide Transportation Project, the Additional Buena Vista Drive Corridor Improvements Project and the District Facilities Project to be financed from the proceeds of the Series 2016A Bonds as the Series 2016A Project pursuant to the respective reports, plans, specifications and designs on file, or to be on file, with the Board, as the same may be supplemented and amended, and subject to such modifications thereof and variations therefrom which, from time to time, may be determined by the Board to be necessary or to be in the best interests of the District.

SECTION 6. Authorization of Bonds. Subject and pursuant to the provisions of this Resolution and any subsequent resolutions adopted by the Board in connection with Bonds and prior to the issuance thereof, Bonds of the District to be known as "Reedy Creek Improvement District, Ad Valorem Tax Bonds, Series 2016A" are hereby authorized to be issued (i) in an aggregate principal amount not exceeding $350,000,000 to finance the District-Wide Transportation Project, (ii) in an aggregate principal amount not exceeding $15,000,000 to finance the Additional Buena Vista Drive Corridor Improvements Project, (iii) in an aggregate principal amount not exceeding $5,000,000 to finance the District Facilities Project, (iv) to pay capitalized interest on Bonds, if deemed appropriate and (v) to pay costs of issuance of Bonds, with the exact principal amounts to be determined in accordance with the terms hereof.

In the event that less than the maximum principal amount of Bonds authorized hereunder shall be issued initially as Series 2016A Bonds, the remaining authorized principal amount may be issued in one or more additional series of Bonds, to be designated by year and letter as determined by the District Administrator or Deputy District Administrator, and governed by this Resolution to the extent applicable.

SECTION 7. Delegation of Authority: Terms and Form of 2016A Bonds

A. The President, the Secretary, the District Administrator, the Deputy District Administrator and the District Comptroller are each hereby authorized and directed to award the sale of the 2016A Bonds to the Underwriters and to approve the terms thereof, including, without limitation, the principal amounts thereof, the series designations thereof, the date or dates thereof, the interest rates with respect thereto, the maturity dates thereof, the purchase prices thereof and the redemption terms with respect thereto, provided, however, that in no event shall (i) the principal amount of the 2016A Bonds exceed $370,000,000 , (ii) the purchase price of the 2016A Bonds be less than 98% of the face amount thereof exclusive of original issue discount (the "Minimum Purchase Price"), or (iii) the true interest cost rate (the "TIC") for the 2016A Bonds exceed 5.25% per annum (the "Maximum TIC").

B. The 2016A Bonds shall bear interest from their date(s) of issuance, payable semiannually on the first day of June and the first day of December of each year, commencing on the date provided in the Purchase Contract and approved by the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller, at the rates, and shall mature in accordance with the schedules, set forth or incorporated by reference in the Purchase Contract and the Final Official Statement and approved by the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller, such approval to be conclusively evidenced by their execution of the Purchase Contract. The principal of the 2016A Bonds shall be payable either in annual or semiannual installments, as shall be set forth in the Purchase Contract and approved by the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller, the execution thereof to be conclusive evidence of such approval.

The 2016A Bonds shall be issued as fully registered bonds in the denomination of $5,000 ($5,000 value at maturity with respect to zero coupon or Capital Appreciation Bonds) each or any integral multiple thereof and may be issued as current interest bonds, zero coupon bonds or capital appreciation bonds. In all cases, interest on the 2016A Bonds shall be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

So long as there shall be maintained a book-entry-only system with respect to the 2016A Bonds, the following provisions shall apply:

The 2016A Bonds shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), which will act initially as securities depository for the 2016A Bonds and so long as the 2016A Bonds are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the 2016A Bonds shall be deposited with DTC, which 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 DTC Participants, 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 2016A Bonds ("Beneficial Owners").

The principal of and interest on the 2016A Bonds 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 Paying Agent, or the Issuer.

The 2016A Bonds shall initially be issued in the form of one fully registered 2016A Bond for each maturity and shall be held in such form until maturity. Individuals may purchase beneficial interests in denominations of $5,000 or integral multiples thereof, in book-entry only form, without certificated 2016A Bonds, through DTC Participants and Indirect Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS REGISTERED OWNER OF THE 2016A BONDS, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO DTC PARTICIPANTS AND DTC PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DTC PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL PURCHASERS OF BENEFICIAL INTERESTS.

The District has entered 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 District. In the event of such termination, the District shall select another securities depository. If the District does not replace DTC, the Registrar will register and deliver to the Beneficial Owners replacement 2016A Bonds in the form of fully registered 2016A Bonds of the same series and maturity, in denominations of $5,000 or integral multiples thereof, in accordance with instructions from Cede & Co.

SECTION 8. Redemption Provisions. The 2016A Bonds shall be subject to such optional and mandatory redemption provisions, if any, as are provided in the Purchase Contract, and approved by the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller, the execution thereof to be conclusive evidence of such approval. In the case of an optional redemption (other than an optional make-whole redemption) of the 2016A Bonds, in no event shall the redemption price for the 2016A Bonds exceed one hundred percent (100%) of the principal amount or accreted value of the 2016A Bonds to be redeemed nor shall the first optional redemption date of the 2016A Bonds be later than June 1, 2026. Notwithstanding the provisions of Section 12C of the Bond Resolution, the effectiveness of any notice of optional redemption of any Series 2016A Bonds may be conditioned upon the occurrence of non-occurrence of such event or events as shall be specified in such notice of optional redemption (including, without limitation, the deposit of sufficient moneys with the Paying Agent for such purpose) and may also be subject to rescission by the District if expressly set forth in such notice.

SECTION 9. Notice of Redemption. In addition to the requirements of Section 12B of the Bond Resolution and Section 8 hereof, each notice of redemption, if any, with respect to the 2016A Bonds shall meet the requirements set forth in (i), (ii), (iii), (iv), and (v) below; provided however that, notwithstanding any other provision of this Resolution or of the Bond Resolution

to the contrary, failure of such notice or payment to comply with the terms of this Section 9 shall not in any manner defeat the effectiveness of a redemption if notice thereof is given as otherwise prescribed in Section 12B of the Bond Resolution.

(i) Each notice of redemption shall set forth the name and address of the Paying Agent, a contact person with the Paying Agent and his or her telephone number and the CUSIP numbers, if any, of the 2016A Bonds called for redemption, the date of publication of the notice, the redemption price, the date of the issue, the interest rate and the stated maturity date with respect to the 2016A Bonds to be redeemed; and with respect to owners of $1,000,000 or more in principal amount to be redeemed, such notice shall be sent by certified mail, return receipt requested.

(ii) In addition to the foregoing, further notice of any redemption hereunder shall be given by the Registrar simultaneously with mailed notice to Holders, for any redemption other than by sinking fund installment, to the Municipal Securities Rulemaking Board. Such further notice shall contain the information required in 9(i) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(iii) Each notice of redemption shall be published once in THE BOND BUYER, New York, New York or, if THE BOND BUYER is no longer published in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the 2016A Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

(iv) Upon the payment of the redemption price of the 2016A Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or be accompanied by an advice showing the CUSIP number identifying, by issue, the 2016A Bonds being redeemed with the proceeds of such check or other transfer.

(v) A second notice of redemption shall be mailed in the manner provided above to any registered owner who has not tendered 2016A Bonds that have been called for redemption within sixty (60) days after the applicable redemption date.

SECTION 10. Funds and Accounts

A. Establishment of and Payments from the Series 2016A Project Construction Account. There is hereby established and created an account within the

Construction Fund created pursuant to the Bond Resolution to be designated the "Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 2016A Project Construction Account" (hereinafter referred to as the "Construction Account") into which shall be deposited the amount provided in Section 12 below from which Costs of the Series 2016A Project and capitalized interest, if any, may be paid as set forth herein. Costs of issuance of the 2016A Bonds shall be paid from the Construction Account. The amounts in the Construction Account until applied as hereinafter provided, shall be held for the security of the 2016A Bonds outstanding. In addition to payment of Costs, funds may be disbursed from the Construction Account to pay any Rebate Amounts due in accordance with the Bond Resolution and this Resolution with respect to the 2016A Bonds.

The District shall make payments from the Construction Account to pay Costs of the Series 2016A Project only after making the following determinations:

(i) that the work to which the payment relates has been accomplished in a manner satisfactory to the District, and that the amount to be paid does not exceed the obligation on account of which the payment is made (the District's determinations shall be based upon certificates satisfactory to it provided by a consulting engineer or engineers or construction manager or managers);

(ii) that the obligation was properly incurred and is a proper charge against the Construction Account and that the amount requisitioned is due and unpaid;

(iii) that with respect to such items, there are no vendors' liens, mechanics' liens, or other liens, bailment leases or conditional sale contracts which must be satisfied or discharged before the payments as requisitioned therein are made, or which will not be discharged by such payment; and

(iv) in the case of a transfer of funds in the Construction Account to pay any Rebate Amount or in the case of a transfer of funds in the Construction Account to pay any capitalized interest, that such transfer is necessary and in accordance with the provisions and requirements of the Resolution.

Any balance remaining in the Construction Account after the completion date of the Series 2016A Project, and after the District has set aside amounts for payment of items included in the Cost of the Series 2016A Project but not then due and payable, shall be set aside and segregated from all other moneys of the District and applied at the discretion of the District as follows:

(i) to redeem or purchase 2016A Bonds or a portion thereof, in the case of redemption, at the earliest redemption date permitted on which a premium or penalty for redemption is not required; or

(ii) for any other legal purpose for which such funds may be used by the District, provided that the District obtains an opinion of Bond Counsel to the effect that such use is authorized under the Act, the Election Resolutions or any other subsequent election resolutions, the Bond Resolution and this Resolution and such use will not adversely affect the exclusion from federal income tax of interest on the 2016A Bonds.

Until used as provided in subsections (i) or (ii) above, such segregated amount may be invested as permitted by the Bond Resolution but may not be invested to produce a yield on such amount greater than the yield on the 2016A Bonds (without an opinion of Bond Counsel to the effect that such investment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2016A Bonds), all in accordance with Section 148 of the Code. Any investment earnings shall be retained in the Construction Account and applied as provided herein; provided, however, that the District may, to the extent that it determines that adequate funds remain on deposit in the Construction Account to pay the Cost of the Series 2016A Project and if it receives an opinion of Bond Counsel that such application will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2016A Bonds or violate the Act, apply such earnings to pay operating costs of the Series 2016A Project.

B. Establishment of and Payments from the Series 2016A Rebate Account. There is hereby established and created a trust account within the Rebate Fund created pursuant to the Bond Resolution to be designated "Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 2016A Rebate Account" (hereinafter referred to as the "Series 2016A Rebate Account"), into which amounts shall be deposited as set forth below.

The District covenants and agrees that it shall maintain and retain all records pertaining to and shall be responsible for making or having made all determinations and calculations of the Rebate Amount for the 2016A Bonds for each Rebate Year within twenty-five (25) days after the end of such Rebate Year and within twenty-five (25) days after the final maturity of the 2016A Bonds. On or before the expiration of each such period, the District shall deposit into the Series 2016A Rebate Account from any legally available funds of the District, an amount equal to the Rebate Amount with respect to the 2016A Bonds for such Rebate Year. The District shall use such moneys deposited in the Series 2016A Rebate Account only for the payment of the Rebate Amount with respect to 2016A Bonds to the United States as required by the Bond Resolution, which payments shall be made in installments, commencing not more than sixty (60) days after the end of the fifth Rebate Year and with subsequent payments to be made not later than five (5) years after the preceding payment was due, except that the final payment shall be made within sixty (60) days after the final maturity of the last obligation of the 2016A Bonds. In complying with the foregoing, the District may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Series 2016A Rebate Account after payment in full of all 2016A Bonds issued hereunder and after payment in full of the Rebate Amount with respect to the 2016A Bonds to the United States in accordance with the terms hereof, such amounts shall be available to the District for any lawful purpose.

SECTION 11. Application of Proceeds of 2016A Bonds. The proceeds from the sale of the 2016A Bonds shall be applied by the District as follows:

(i) There shall first be paid into the Sinking Fund, established and administered by the District pursuant to the Bond Resolution, an amount equal to the accrued interest, if any, on 2016A Bonds received by the District as part of the proceeds of the sale of such 2016A Bonds, which amount shall be used on the first interest payment date for the payment of interest due on such 2016A Bonds; and

(ii) Upon issuance of the 2016A Bonds there shall be paid into the Construction Account an amount of 2016A Bond proceeds set forth in a certificate of the President to be used to pay Costs of the Series 2016A Project, an amount to be used to pay costs of issuance of the 2016A Bonds and an amount to be used to pay capitalized interest on the 2016A Bonds for a period not to exceed the estimated completion of the Series 2016A Project, plus up to one year.

SECTION 12. Form of 2016A Bonds. The 2016A Bonds shall be in substantially the form provided in **Exhibit B** hereto, subject to such changes, omissions and insertions and such filling of blanks as the officers executing the same shall approve, such execution to be conclusive evidence of such approval.

SECTION 13. Approval of Purchase Contract for 2016A Bonds. The form of the Purchase Contract presented hereto as **Exhibit C**, by the Underwriters is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein as may be approved and made in such Purchase Contract by the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller, in a manner consistent with the provisions of Sections 7 and 8 of this Resolution, such execution to be conclusive evidence of such approval. Upon receipt of a disclosure statement from the Underwriters, the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller is hereby authorized to accept an offer of the Underwriters to purchase the 2016A Bonds in an aggregate principal amount not exceeding $370,000,000 , at a TIC not to exceed the Maximum TIC, and at a purchase price of not less than the Minimum Purchase Price, plus accrued interest thereon to the date of delivery, upon the terms and conditions set forth in the Purchase Contract. The President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller is hereby authorized to execute and deliver the Purchase Contract for and on behalf of the District pursuant to the terms hereof and of the Purchase Contract.

SECTION 14. Paying Agent, Registrar and Authenticating Agent. The Board hereby appoints U.S. Bank National Association as the initial Paying Agent and Registrar in connection with the 2016A Bonds under the terms of the Paying Agent Agreement, and U.S.

Bank National Association, as Registrar, is hereby appointed to act as authenticating agent in connection with the 2016A Bonds.

SECTION 15. **Paying Agent Agreement**. The Board hereby approves the form and content of the Paying Agent Agreement attached hereto as **Exhibit D**. The President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller is hereby authorized to execute on behalf of the Board, the Paying Agent Agreement substantially in the form attached hereto with such changes, omissions and insertions as they, in their sole discretion, may approve, such execution to be conclusive evidence of such approval.

SECTION 16. **Official Statement**. The Board hereby approves the form and content of the Preliminary Official Statement attached hereto as **Exhibit E**, and approves the use and distribution of a Preliminary Official Statement substantially in the form of Exhibit E by the Underwriters in connection with the marketing of the 2016A Bonds. The President is hereby authorized to execute, on behalf of the Board, a Final Official Statement relating to the 2016A Bonds with such changes, omissions and insertions from the form of Preliminary Official Statement as the officer or officers executing the same may, in his/her or their sole discretion, approve, such execution to be conclusive evidence of such approval. The use and distribution of the Final Official Statement in connection with the offering and sale of the 2016A Bonds by the Underwriters is hereby authorized. The District Comptroller is authorized to deem the Preliminary Official Statement "final", other than Permitted Omissions within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, in the form as mailed, and in furtherance thereof to execute a certificate evidencing same substantially in the form attached hereto as **Exhibit F**.

SECTION 17. **Continuing Disclosure Compliance**. The District hereby approves the form and content of an agreement between the District and DAC for continuing secondary market disclosure in connection with the 2016A Bonds (the "Disclosure Dissemination Agent Agreement"), in the form attached hereto as **Exhibit G**. The President, the Secretary, the District Administrator, the Deputy District Administrator or District Comptroller is hereby authorized and directed to execute and deliver the Disclosure Dissemination Agent Agreement substantially in the form of Exhibit G with such changes, insertions or deletions as the officer executing the same, in his or her sole discretion, may approve, such execution to constitute conclusive evidence of such approval.

SECTION 18. **Authorizations**.

A. The President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller is hereby authorized and directed to execute the Purchase Contract at the place provided therein and to approve such changes, in accordance with the terms of this Resolution, to the Purchase Contract as he or she may deem advisable. The signature of the President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller on a Purchase Contract shall be conclusive evidence of the acceptance of the terms thereof. The President, the Secretary, the District Administrator, the Deputy District Administrator or the District Comptroller is hereby authorized and directed to deliver the Purchase Contract immediately following the execution thereof pursuant to the terms hereof to the Underwriters.

B. The President and the Secretary or their duly authorized alternative officers are hereby authorized and directed on behalf of the District to execute the 2016A Bonds (including any temporary bond or bonds) as provided in the Bond Resolution and herein and any of such officers is hereby authorized and directed upon the execution of the 2016A Bonds in substantially the form and manner set forth herein, to deliver the 2016A Bonds in the amounts authorized to be issued hereunder to the Registrar for authentication and delivery to or upon the order of the Underwriters pursuant to the Purchase Contract upon payment of the purchase price and upon compliance by such Underwriters with the terms of the Purchase Contract.

C. The President and Secretary to the Board and the District Administrator, the Deputy District Administrator, the District Comptroller, and such other officers of the Board legally authorized to take action in their absence, and such other officers, employees or agents of the District as may be designated by the President, are each designated as agents of the Board and the District in connection with the issuance and delivery of the 2016A Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Board and the District that are necessary or desirable in connection with the execution and delivery of the 2016A Bonds, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution or the Bond Resolution or any action relating to the 2016A Bonds heretofore taken by the Board. Such officers and those so designated are hereby charged with the responsibility for the issuance of the 2016A Bonds.

SECTION 19. **Severability**. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution or of the 2016A Bonds issued hereunder.

SECTION 20. **No Third Party Beneficiaries**. Except as herein otherwise expressly provided, nothing in this Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the owners and holders of the 2016A Bonds issued under and secured by this Resolution, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all

its provisions being intended to be and being for the sole and exclusive benefit of the Holders from time to time of the 2016A Bonds issued hereunder.

SECTION 21. **Controlling Law: Members of Governing Body of Issuer Not Liable**. All covenants, stipulations, obligations and agreements of the District contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent authorized by the Act and provided by the constitution and laws of the State of Florida. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Board or the District in his individual capacity, and, to the extent permitted by law, neither the members of the Board nor any official executing the 2016A Bonds shall be liable personally on the 2016A Bonds or this Resolution or shall be subject to any personal liability or accountability by reason of the issuance or the execution by the Board or such members thereof.

SECTION 22. **Repeal of Inconsistent Resolutions**. All resolutions or portions thereof previously adopted by the Board, other than the Bond Resolution, which are inconsistent with the provisions of this resolution are hereby repealed to the extent of such inconsistency.

SECTION 23. **Open Meetings**. It is hereby found and determined that all formal actions of the Board concerning and relating to the adoption of this Resolution and the consummation of the transactions contemplated by this Resolution were adopted in open meetings of the Board, and that all deliberations of the Board that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.

SECTION 24. **Effective Date**. This Resolution shall become effective immediately upon its adoption.

This Resolution is hereby approved and adopted by the Board of Supervisors of the Reedy Creek Improvement District, this 27th day of April, 2016.

(SEAL)

REEDY CREEK IMPROVEMENT DISTRICT

President, Board of Supervisors

ATTEST

Secretary, Board of Supervisors

APPENDIX C

FORM OF BOND COUNSEL OPINION

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On the date of issuance of the Series 2016A Bonds in definitive form, Greenberg Traurig, P.A., Bond Counsel, expects to be able to render its approving opinion in substantially the following form:

[CLOSING DATE]

Reedy Creek Improvement District
1900 Hotel Plaza Boulevard
Lake Buena Vista, Florida 32830

Re: Reedy Creek Improvement District
Ad Valorem Tax Bonds, Series 2016A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Reedy Creek Improvement District (the "District"), of Reedy Creek Improvement District Ad Valorem Tax Bonds, Series 2016A (the "Series 2016A Bonds") in the aggregate principal amount of $165,500,000.

All terms used herein in capitalized form and not otherwise defined herein shall have the same meaning as ascribed to them under Resolution No. 245 adopted by the District on November 15, 1991, Resolution No. 313 adopted by the District on April 21, 1995 and Resolution No. 579 adopted by the District on April 27, 2016 (collectively, the "Resolution").

The Series 2016A Bonds are dated as of their date of issuance and have been issued in fully registered form. The Series 2016A Bonds have been issued to (i) finance the costs of all or a portion of the District-Wide Transportation Project, the Additional Buena Vista Drive Corridor Improvements Project and the District Facilities Project, as defined in the Resolution and (ii) pay the costs of issuance of the Series 2016A Bonds. The Series 2016A Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Resolution and the Official Statement relating to the 2016A Bonds dated June 22, 2016.

Pursuant to the Resolution, the principal of, premium, if any, and interest on the Series 2016A Bonds shall be payable from a levy of a direct annual tax on all the taxable property within the District (excluding homesteads to the extent provided under applicable law), and the ad valorem taxing power of the District, not to exceed 30 mills per annum per dollar of assessed valuation, is pledged for the payment of the principal of, interest on and premium, if any, with respect to the Series 2016A Bonds on a parity with the District's outstanding Ad Valorem Tax Refunding Bonds, Series 2011, Ad Valorem Tax Bonds, Series 2013A, Ad Valorem Tax Refunding Bonds, Series 2013B and Ad Valorem Tax Refunding Bonds, Series 2015A (collectively, the "Outstanding Bonds"), and with any other Bonds issued on a parity pursuant to the Resolution.

In rendering the opinions set forth below, we have examined certified copies of the legal proceedings, including the Resolution and certain other proceedings of the Board of Supervisors of the District, and other proofs submitted, relative to the issuance and sale of the Series 2016A Bonds.

In addition to the foregoing, we have examined and relied upon the opinion of Lee G. Schmudde, Special Counsel to the District, and such other agreements, certificates, documents and opinions, including certificates and representations of public officials and other officers and representatives of the various parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such agreements, documents, certificates, representations and opinions, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that:

(1) The District is a public corporation of the State of Florida with the power to adopt the Resolution, to issue the Series 2016A Bonds and to perform its obligations thereunder.

(2) The Resolution has been duly and lawfully adopted by the District, is in full force and effect, and constitutes a valid and binding obligation of the District, enforceable in accordance with its terms.

(3) The Series 2016A Bonds are valid and legally binding general obligations of the District, for the payment of which the ad valorem taxing power of the District, not to exceed 30 mills per annum per dollar of assessed valuation of the taxable property within the District, is irrevocably pledged on a parity with the Outstanding Bonds and with any other Bonds issued on a parity pursuant to the Resolution.

(4) The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the District must continue to meet after the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds not be included in gross income for federal income tax purposes. The failure of the District to meet these requirements may cause interest on the Series 2016A Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District has covenanted to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series

2016A Bonds. The District has full legal power and authority to comply with such covenants.

Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated in the following paragraph, interest on the Series 2016A Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Furthermore, interest on the Series 2016A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2016A Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of the Series 2016A Bonds.

In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Series 2016A Bonds in order that interest on the Series 2016A Bonds not be included in gross income for federal income tax purposes.

(5) The Series 2016A Bonds and the interest thereon are not subject to taxation imposed by the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined therein.

This opinion is qualified to the extent that the enforceability of the Series 2016A Bonds and the Resolution may be limited by general principles of equity which may permit the exercise of judicial discretion, and by bankruptcy, insolvency, moratorium, reorganization or similar laws relating to the enforcement of creditors' right generally, now or hereafter in effect.

We express no opinion herein with respect to any disclosure or offering document prepared or distributed in connection with the offering of the Series 2016A Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

GREENBERG TRAURIG, P.A.

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APPENDIX D

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated July 7, 2016, is executed and delivered by Reedy Creek Improvement District (the "District") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the District through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the District or anyone on the District's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. 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 Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements (if any) of the District 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 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary

Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the District and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the District pursuant to Section 9 hereof.

"Disclosure Representative" means the District's Comptroller, or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the District's failure to file an Annual Report on or before the Annual Filing Date.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having 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) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the District, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the District in connection with the Bonds, as listed on Appendix A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The District shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the March 31st following the end of each fiscal year of the District, commencing with the fiscal year ending September 30, 2016. Such date and each anniversary thereof is the Annual Filing Date. 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 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the District of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual

Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the District will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the District irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the District are prepared but not available prior to the Annual Filing Date, the District shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the District pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Tender offers;"

13. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

14. "Merger, consolidation, or acquisition of the obligated person, if material;" and

15. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the District pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;"

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;"

10. "derivative or other similar transaction;" and

11. "other event-based disclosures;"

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the District pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "interim/additional financial information/operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. "other financial/operating data."

(viii) provide the District evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The District may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the District, including the information provided in the Official Statement under the headings: "OUTSTANDING BONDS SECURED BY AD VALOREM TAXES," "AGGREGATE AD VALOREM DEBT SERVICE SCHEDULE," and the tables under the caption "THE REEDY CREEK IMPROVEMENT DISTRICT – Taxation".

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District will clearly identify each such document so incorporated by reference.

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.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. 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;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an 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 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 Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the 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; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The District shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the District or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the District determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the District as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the District shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The District acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The District may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the District as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The District may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the District desires to make, contain the written authorization of the District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the District desires for the Disclosure Dissemination Agent to

disseminate the information. If the Disclosure Dissemination Agent has been instructed by the District as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the District is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the District and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to an issue of the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds of such issue, when the District is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The District has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The District may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the District or DAC, the District agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the District shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the District.

SECTION 10. Remedies in Event of Default. In the event of a failure of the District or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the District has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the District and shall not be deemed to be acting in any fiduciary capacity for the District, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the District's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the District has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the District at all times.

The obligations of the District under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the District.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District and the Disclosure 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 both the District and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided neither the District or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the District. No such amendment shall become effective if the District shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Trustee of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the District have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

REEDY CREEK IMPROVEMENT DISTRICT, as Issuer

By:_____
John H. Classe, Jr.
District Administrator

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	REEDY CREEK IMPROVEMENT DISTRICT
Obligated Person(s)	_____
Name of Bond Issue:	Reedy Creek Improvement District (Florida) Ad Valorem Tax Bonds, Series 2016A

Date of Issuance: July 7, 2016
Date of Official Statement: June 22, 2016

CUSIP Numbers:

758449QD7
758449QE5
758449QF2
758449QG0
758449QH8
758449QJ4
758449QK1
758449QL9
758449QM7
758449QN5
758449QP0
758449QQ8
758449QR6
758449QS4
758449QT2
758449QU9
758449QV7
758449QW5

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	REEDY CREEK IMPROVEMENT DISTRICT
Obligated Person:	REEDY CREEK IMPROVEMENT DISTRICT
Name of Bond Issue:	Reedy Creek Improvement District (Florida) Ad Valorem Tax Bonds, Series 2016A
Date of Issuance:	
Date(s) of Disclosure Agreement:	**[B5]**_____
CUSIP Number:	**[B6]**_____

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the District and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The District has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by **[B7]**_____].

Dated: **[B8]**_____

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the District

_____

cc: **[B9]**
[B10]

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

District's and/or Other Obligated Person's Name:

[C1]_____

District's Six-Digit CUSIP Number:

[C2]_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

[C3]_____

Number of pages attached: **[C4]**_____

____ Description of Notice Events (Check One): **[C5]**

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material;"
9._____"Defeasances;"
10.____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11.____"Rating changes;"
12.____"Tender offers;"
13.____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14.____"Merger, consolidation, or acquisition of the obligated person, if material;" and
15.____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

____ Failure to provide annual financial information as required. **[C6]**

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: **[C7]** _____Title: **[C8]**_____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: **[C9]**

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of **[C10]** _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

[C1]_____

Issuer's Six-Digit CUSIP Number:

[C2]_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

[C3]_____

Number of pages attached: **[C4]**_____

____ Description of Voluntary Event Disclosure (Check One): **[C11]**

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party;"
10.____"derivative or other similar transaction;" and
11.____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: **[C7]** _____ Title: **[C8]**_____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: **[C9]**

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of **[C9]** _____ between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

[C1]_____

Issuer's Six-Digit CUSIP Number:

[C2]_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

[C3]_____

Number of pages attached: **[C4]**_____

____ Description of Voluntary Financial Disclosure (Check One): **[C12]**

1._____"quarterly/monthly financial information;"
2._____"change in fiscal year/timing of annual disclosure;"
3._____"change in accounting standard;"
4._____"interim/additional financial information/operating data;"
5._____"budget;"
6._____"investment/debt/financial policy;"
7._____"information provided to rating agency, credit/liquidity provider or other third party;"
8._____"consultant reports;" and
9._____"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: **[C7]** _____ Title: **[C8]**_____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: **[C9]**

APPENDIX E

FRS PENSION PLAN AND HIS PROGRAM INFORMATION

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The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Reports available at www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports and the Florida Comprehensive Annual Financial Reports available at www.myfloridacfo.com/division/aa/Reports/. No representation is made by the District as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

Florida Retirement System Plan

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS Pension Plan or participate in the SMSC in lieu of the Elected Officers' Class.

- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.

- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required

under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program (DROP) became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2015, the FRS Trust Fund projected $3,119,220,735 in accumulated benefits and interest for 34,829 current and prior participants in the DROP.

Administration. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration (the "SBA") invests the assets of the FRS

Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Contributions. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2015, was $148,454,681,903. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Effective July 1, 2011, both employees and employers required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates for Fiscal Year 2014-15 are as follows:

Membership Class	Employee Contribution Rate	Employer Contribution Rate[1]	Total Contribution Rate
Regular	3.00%	6.07%	9.07%
Special Risk	3.00	18.52	21.52
Special Risk Administrative Support	3.00	40.77	43.77
Elected Officers – Judges	3.00	31.87	34.87
Elected Officers - Legislators/Attorneys/Cabinet	3.00	44.96	47.96
Elected Officers - County	3.00	41.94	44.94
Senior Management Service	3.00	19.84	22.84
Deferred Retirement Option Program	N/A	11.02	11.02

[1] These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.26% contribution for the HIS and the fee of 0.04% for administration of the FRS Investment Plan and provision of educational tools for both plans.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Pension Amounts for the FRS Pension Plan.

Schedule of Changes in Net Pension Liability and Related Ratios[1]
(in thousands)

Total Pension Liability	June 30, 2014	June 30, 2015
Service cost	$2,256,738	$2,114,047
Interest on total pension liability	11,489,921	11,721,563
Effect of plan changes	0	0
Effect of economic/demographic (gains) or losses	(448,818)	1,620,863
Effect of assumption changes or inputs	1,256,045	0
Benefit payments	(8,714,251)	(10,201,501)
Net change in total pension liability	5,839,635	5,254,972
Total pension liability, beginning	150,276,128	156,115,763
Total pension liability, ending (a)	$156,115,763	$161,370,735
Fiduciary Net Position		
Employer contributions	$2,190,424	$2,438,085
Member contributions	682,507	698,304
Investment income net of investment expenses	22,812,286	5,523,287
Benefit payments	(8,714,250)	(10,201,500)
Administrative expenses	(18,352)	(18,074)
Net change in plan fiduciary net position	16,952,615	(1,559,898)
Fiduciary net position, beginning	133,061,677	150,014,292
Fiduciary net position, ending (b)	$150,014,292	$148,454,394
Net pension liability, ending = (a) – (b)	$6,101,471	$12,916,341
Fiduciary net position as a % of total pension liability	96.09%	92.00%
Covered payroll[2]	$24,723,565	$32,726,034
Net pension liability as a % of covered payroll	24.68%	39.47%

[1] This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated.

[2] For June 30, 2014, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for FRS Invest Plan members and payroll on which only UAL rates are charged. For June 30, 2015, and later, covered payroll shown includes the payroll for FRS Investment Plan members and payroll on which only UAL rates are charged.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2015, calculated based on the discount rate and actuarial assumptions below:

	June 30, 2014	June 30, 2015
Discount rate	7.65%	7.65%
Long-term expected rate of return, net of investment expense	7.65%	7.65%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in the determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2015
Measurement Date	June 30, 2015
Asset Valuation Method	Fair Market Value
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 7.65%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate.

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Total pension liability	$181,923,555,126	$161,370,735,088	$144,267,412,898
Fiduciary net position	148,454,393,902	148,454,393,902	148,454,393,902
Net pension liability	$33,469,161,224	$12,916,341,186	$(4,186,981,004)

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Retiree Health Insurance Subsidy

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly

payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.66% of payroll pursuant to Section 112.363, F.S. The state contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

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Pension Amounts for the HIS.

Schedule of Changes in Net Pension Liability and Related Ratios[1]
(in thousands)

Total Pension Liability	June 30, 2014	June 30, 2015
Service cost	$190,371	$217,519
Interest on total pension liability	409,907	405,441
Effect of plan changes	0	0
Effect of economic/demographic (gains) or losses	0	0
Effect of assumption changes or inputs	386,383	607,698
Benefit payments	(407,276)	(425,086)
Net change in total pension liability	579,385	805,572
Total pension liability, beginning	8,864,244	9,443,629
Total pension liability, ending (a)	$9,443,629	$10,249,201
Fiduciary Net Position		
Employer contributions	$342,566	$382,454
Member contributions	0	0
Investment income net of investment expenses	219	208
Benefit payments	(407,275)	(425,085)
Administrative expenses	(54)	(188)
Net change in plan fiduciary net position	(64,544)	(42,611)
Fiduciary net position, beginning	157,929	93,385
Fiduciary net position, ending (b)	93,385	50,774
Net pension liability, ending = (a) – (b)	$9,350,244	10,198,427
Fiduciary net position as a % of total pension liability	0.99%	0.50%
Covered payroll	29,676,340	30,340,449
Net pension liability as a % of covered payroll	31.51%	33.61%

[1] This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated.
Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Actuarial Methods and Assumptions for the HIS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2014 ("funding valuation") were used for the HIS program, unless otherwise noted. In a given membership class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	June 30, 2014	June 30, 2015
Discount rate	4.29%	3.80%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	4.29%	3.80%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. In September 2014, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. The discount rate used in the 2014 valuation was updated from 4.29% to 3.80%, reflecting the change in the Bond Buyer General Obligation 20- Bond Municipal Bond Index as of June 30, 2015.

The actuarial assumptions used to determine the total pension liability as of June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2014
Measurement Date	June 30, 2015
Asset Valuation Method	Fair Market Value
Discount rate (municipal bond rate)	3.80%
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015.

Sensitivity Analysis for the HIS. The following presents the net pension liability of the HIS, calculated using the discount rate of 3.80%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate.

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
Total pension liability	$11,671,407,115	$10,249,201,290	$9,063,295,120
Fiduciary net position	50,774,315	50,774,315	50,774,315
Net pension liability	$11,620,632,800	$10,198,426,975	$9,012,520,805

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015

APPENDIX F

GENERAL INFORMATION REGARDING TOURISM IN ORANGE AND OSCEOLA COUNTIES

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THE FOLLOWING INFORMATION IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL INFORMATION REGARDING TOURISM AND CERTAIN DEMOGRAPHIC INFORMATION IN THE DISTRICT'S SURROUNDING AREA. THE INFORMATION IN THIS APPENDIX F IS UNAUDITED AND HAS BEEN DERIVED SOLELY FROM THE SOURCES INDICATED.

Orange County, Florida

The following table shows the estimated number of arriving air visitors and hotel and motel units occupied for the last ten years.

ORANGE COUNTY, FLORIDA
STATISTICAL DATA
TOURISM FOR ORANGE COUNTY
ESTIMATED NUMBER OF ARRIVING AIR VISITORS AND HOTELS / MOTELS
LAST TEN YEARS
(Unaudited)

Year	Total Disembarked Air Visitors(1)	Licensed Hotels and Motels(2)	Total Hotel and Motel Units(2)
2015	18,981,831	286	87,717
2014	17,704,897	282	87,662
2013	17,393,070	280	86,571
2012	17,636,397	277	86,007
2011	17,782,615	275	83,529
2010	17,157,601	276	83,021
2009	16,849,421	265	78,472
2008	17,859,105	269	79,297
2007	18,302,943	267	78,698
2006	17,371,813	268	77,521

(1) Greater Orlando Aviation Authority, Office of Community Relations Information through 2008 is based on the calendar year. Information for 2009 through 2015 is based on the fiscal year.

(2) State of Florida, Department of Business and Professional Regulation; as of June 30 each year.

Source: Comprehensive Annual Financial Report of Orange County, Florida for Fiscal Year Ended September 30, 2015.

The following table shows the principal employers in Orange County for fiscal years 2015 and 2006.

ORANGE COUNTY, FLORIDA
STATISTICAL DATA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	2015			2006		
Employer	Employees[1]	Rank	Percentage of Total County Employment[2]	Employees[3]	Rank	Percentage of Total County Employment[2]
Walt Disney World Co.	74,000	1	11.21%	56,800	1	10.00%
Orange County Public Schools	22,347	2	3.39	24,862	2	4.37
Universal Orlando Resort	19,000	3	2.88	13,000	3	2.29
Florida Hospital/Adventist Health System	18,668	4	2.83	6,030	8	1.06
Orlando International Airport	18,000	5	2.73			-
Orlando Health	14,000	6	2.12	10,544	5	1.86
University of Central Florida	11,078	7	1.68	9,286	6	1.63
Orange County Government[4]	10,392	8	1.57	10,927	4	1.92
Walgreens Specialty Pharmacy	6,500	9	0.99			-
Darden Restaurants, Inc.	6,419	10	0.97			-
Lockheed Martin			-	6,200	7	1.09
SeaWorld Orlando			-	4,500	9	0.79
Westgate Resort			-	4,408	10	0.78
Totals	200,404		30.37%	146,557		25.79%

(1) Source: Economic Development Commission of Mid-Florida, Inc., Orange County Statistics.
(2) This calculation uses the Employed Labor Force numbers reported for Orange County in the Demographic and Economic Statistics Table.
(3) Source: Orlando Business Journal: 2007 Book of Lists, Central Florida.
(4) Orange County Government numbers are adjusted upwards from original source information to include employees of the six constitutional officers, which are included in the primary government.
Source: Comprehensive Annual Financial Report of Orange County, Florida for Fiscal Year Ended September 30, 2015.

Osceola County, Florida

The following table shows the estimated number of overnight visitors and mode of transportation used in Osceola County for the last ten years.

OSCEOLA COUNTY, FLORIDA
TOURIST STATISTICAL DATA
ESTIMATED NUMBER OF OVERNIGHT VISITORS AND MODE OF TRANSPORTATION
LAST TEN YEARS (IN THOUSANDS)
(Unaudited)

Year	Air Visitors	Auto Visitors	Train/Bus Visitors	Total Visitors	% Change
2006	3,658	2,185	30	5,873	2.9%
2007	3,803	2,312	66	6,181	5.2%
2008	3,862	2,176	100	6,138	-0.7%
2009	3,296	2,003	62	5,361	-12.7%
2010	3,297	2,004	57	5,358	-0.1%
2011	3,555	2,395	73	6,023	12.4%
2012	3,746	2,676	77	6,499	7.9%
2013	3,709	3,047	81	6,837	5.2%
2014	3,876	3,185	84	7,145	4.5%
2015(2)	--	--	--	6,100	N/A

Notes: (1) Data is on calendar year basis.
(2) Experience Kissimmee hired a new vendor for fiscal year 2015 that used different methodology in their calculations. Therefore, the Total Visitors information for fiscal year 2015 may be based on data that is different than the data shown for fiscal years 2006-2014. In addition, separate totals for visitors by air, auto, or train/bus are not available.

Source: Comprehensive Annual Financial Report of Osceola County, Florida for Fiscal Year Ended September 30, 2015.

Based on statistics compiled for the third quarter of 2015 by the Florida Agency for Workforce Innovation, Osceola County employment by standard industry title is reflected in the table below.

OSCEOLA COUNTY EMPLOYMENT
(Unaudited)

Standard Industry Title	Total Jobs	Percentage of Total Jobs
Agriculture, Forestry and Fishery	303	0.36%
Construction	4,906	5.88%
Manufacturing	1,250	1.50%
Transportation, Communications and Utilities	1,097	1.32%
Wholesale Trade	1,969	2.36%
Retail Trade	14,386	17.26%
Finance, Insurance and Real Estate	4,553	5.46%
Services	44,036	52.82%
Other	63	0.08%
Federal Government	387	0.46%
State Government	840	1.01%
Local Government	9,579	11.49%
	83,369	100.00%

Source: Comprehensive Annual Financial Report of Osceola County, Florida for Fiscal Year Ended September 30, 2015.

Orlando-Kissimmee-Sanford MSA

The following schedule demonstrates individual year growth (for the last three fiscal years) in the Orlando-Kissimmee-Sanford MSA (the "MSA"), which includes Orange, Seminole, Osceola, and Lake Counties, and also three, five, and ten year average annual trends in the MSA.

MSA ECONOMIC GROWTH
ACTUAL/ESTIMATES AND AVERAGE ANNUAL PERCENTAGE GROWTH
LAST THREE FISCAL YEARS, AND THREE, FIVE, AND TEN YEAR AVERAGES
(Unaudited)

	Fiscal Years					Average Annual % Growth		
	2015	2014	2013	2011	2006	Last 3	Last 5	Last 10
Population (in thousands)								
City of Orlando	262.9	255.6	250.4	242.0	224.1	2.4%	2.5%	2.1%
Orange County	1,252.4	1,228.0	1,203.0	1,157.3	1,079.5	2.2%	2.6%	2.0%
MSA	2,320.2	2,270.4	2,225.7	2,154.1	2,032.9	2.1%	2.1%	1.9%
Taxable Value (in billions)								
City of Orlando	$20.0	$18.7	$18.1	$18.7	$17.0	3.5%	(2.2)%	3.2%
Orange County	$90.1	$84.1	$81.1	$83.6	$75.5	3.6%	(1.3)%	3.4%
Dollar Value of Building Permits (in millions)								
City of Orlando	$1,648.1	$1,352.7	$1,311.4	$464.1	$1,551.8	22.8%	42.5%	2.6%
Building Permits - New Construction								
City of Orlando	1,280	1,313	1,360	598	2,212	15.9%	48.4%	(4.8)%
MSA Employment (in thousands)								
Selected Segments:								
Manufacturing & Construction	99.5	95.3	83.3	83.1	130.3	7.4%	3.0%	(1.5)%
Wholesale & Retail	226.5	179.4	170.3	155.6	168.6	13.4%	9.9%	3.9%
Service	600.5	610.3	592.0	566.5	572.8	1.9%	1.7%	1.1%
Government	119.2	117.6	116.6	115.8	116.0	0.9%	0.3%	0.7%
Other	108.5	102.4	100.5	92.3	94.3	4.6%	3.8%	2.3%
Total	1,154.2	1,105.0	1,062.7	1,013.3	1,082.0	4.3%	3.1%	1.3%
Sales Tax Revenue (in millions)								
City of Orlando	$37.9	$35.6	$33.4	$29.8	$25.9	7.4%	7.4%	2.9%
Tourist Development Tax (in millions)								
Orange County[1]	$226.2	$201.4	$187.0	$175.9	$129.9	9.7%	10.6%	8.8%
Orlando International Airport Activity (in millions)								
Passengers	37.8	35.2	34.8	35.6	34.7	2.3%	2.0%	1.2%
Lbs. of Airfreight	364.6	344.6	344.8	370.4	404.7	1.5%	1.7%	(2.1)%

(1) Effective September 1, 2006, the Tourist Development Tax rate increased from 5% to 6%.

Source: City of Orlando, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2015.

The MSA, a leading tourist destination with over 66 million visitors in 2015, has one of the highest number of available hotel rooms in the nation and experiences above industry average occupancy

levels. According to the U.S. Bureau of Labor Statistics, as of April, 2016, the unemployment rate in the MSA was 4.1% which is lower than the national unemployment rate of 5.0%.

Orlando International Airport

The following table shows historical domestic and international enplaned passenger information for the Orlando International Airport.

ORLANDO INTERNATIONAL AIRPORT
HISTORICAL DOMESTIC, INTERNATIONAL AND TOTAL
ENPLANED PASSENGERS
Years Ended September 30,
(Unaudited)

Fiscal Year	Domestic Enplaned Passengers (a)	Percent Change for Domestic Enplaned Passengers from Previous Years	International Enplaned Passengers (b)	Percent Change for International Enplaned Passengers from Previous Years	Total Enplaned Passengers (a+b=c)	Percent Change for Total Enplaned Passengers from Previous Year	International Enplaned Passengers as Percentage of Total Enplaned Passengers (b/c=d)
2006	16,258,674	3.16%	1,058,199	(1.35)%	17,316,873	2.87%	6.11%
2007	16,747,601	3.01	1,084,217	2.46	17,831,818	2.97	6.08
2008	16,920,447	1.03	1,317,831	21.55	18,238,278	2.28	7.23
2009	15,373,029	(9.15)	1,425,573	8.18	16,798,602	(7.89)	8.49
2010	15,535,522	1.06	1,595,574	11.93	17,131,096	1.98	9.31
2011	16,080,029	3.50	1,692,020	6.04	17,772,049	3.74	9.52
2012	15,870,366	(1.30)	1,859,675	9.91	17,730,041	(0.24)	10.49
2013	15,470,690	(2.52)	1,956,577	5.21	17,427,267	(1.71)	11.23
2014	15,477,675	0.05	2,057,323	5.15	17,534,998	0.62	11.73
2015	16,426,194	6.13	2,400,904	16.70	18,827,098	7.37	12.75

Source: Comprehensive Annual Financial Report of the Greater Orlando Aviation Authority for Fiscal Year Ended September 30, 2015 and 2014.

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