

Presented By: MBS Capital Markets



MBS CAPITAL MARKETS, LLC

Oakstead CDD

August 16, 2016

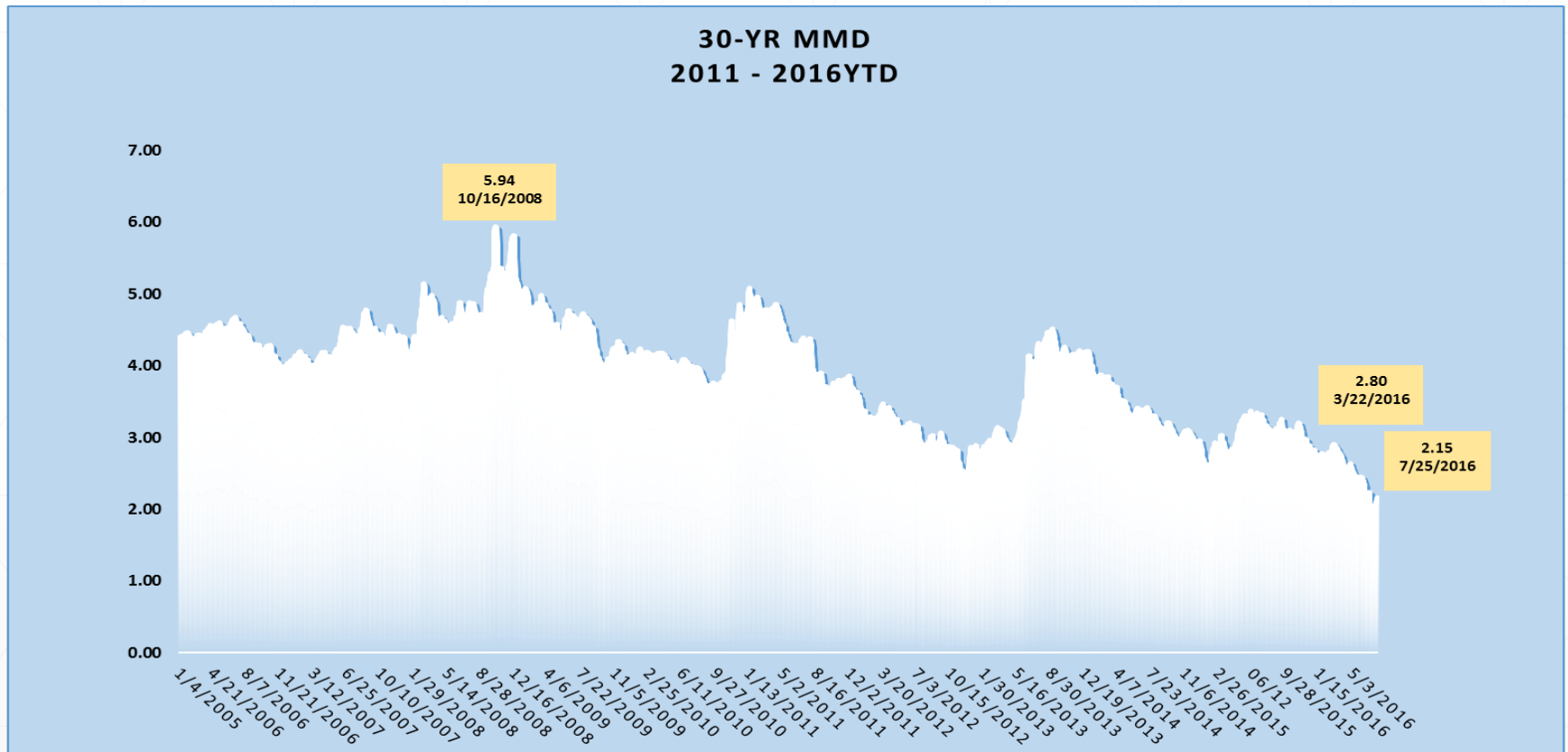


The MBS Advantage

- Prior to establishing MBS in 2011, the partners and key professionals of MBS ran the special tax district finance group of Prager, Sealy & Co., LLC (“Prager”) for more than fifteen (15) years. During that time, that division of Prager served as sole manager for the issuance of more than \$10 billion of special tax district bonds for more than 300 issuers in 700 separate transactions, representing approximately 80% of the CDD financings in Florida.
- MBS was established for the purpose of transitioning the special tax district finance group into a separate and distinct entity thereby carrying on the special tax district finance efforts previously undertaken by the partners and key professionals of MBS while at Prager. Since establishment in mid-2011, MBS has completed more than 150 Florida special tax district transactions with an aggregate principal amount in excess of \$1.5 billion.
- MBS served as underwriter for the District's Series 2000, Series 2002, Series 2003 and Series 2006 Bond issuances.
- With more than 150 transactions closed in the past five (5) years totaling \$1.5 billion, MBS has demonstrated our extensive banking and institutional bond purchaser relationships thereby allowing us to pursue multiple refinancing alternatives for our Florida special tax district clients.



Market Volatility – 30 Year MMD 2011- 2016 YTD





MBS Role

1. Compile Credit Package

- Research and credit work
- Update tax roll

2. Test Bond Placement Market

- Rate
- Size
- Term

3. Solicit & Negotiate Term Sheet/Commitment Letter from Banks

4. Prepare Offering Document for Wide Spectrum of Buyers

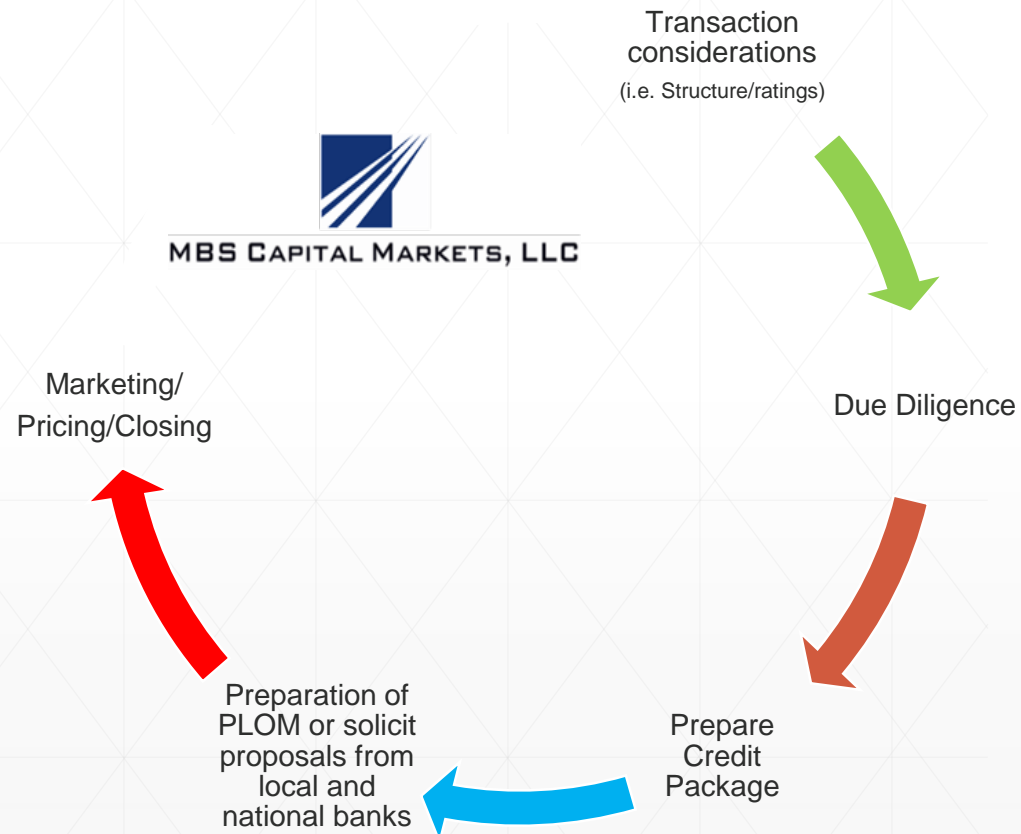
5. Market and Close Bonds



Refunding Bond Issue Distribution

Distribution Strategy:

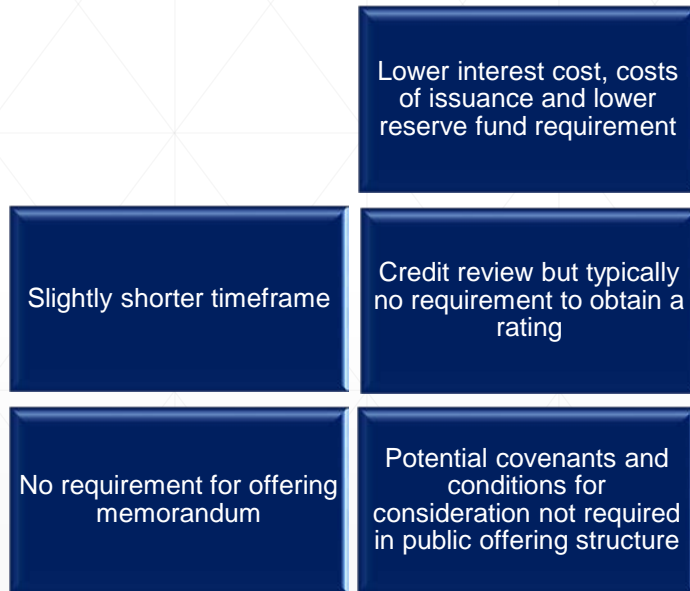
- Target sophisticated institutional buyers or ultra-high net worth family offices/individuals with significant real estate and municipal bond investment experience
- Pre-screens and then pre-selects our investor participants distinctly for each offering
- Actively engage in preliminary dialogue with investors, presenting the credit strengths and challenges to obtain feedback on investor interest in the transaction
- Solicit proposals from local and national banks to determine if a bank proposal can become the basis for a refunding that is more attractive than a public offering



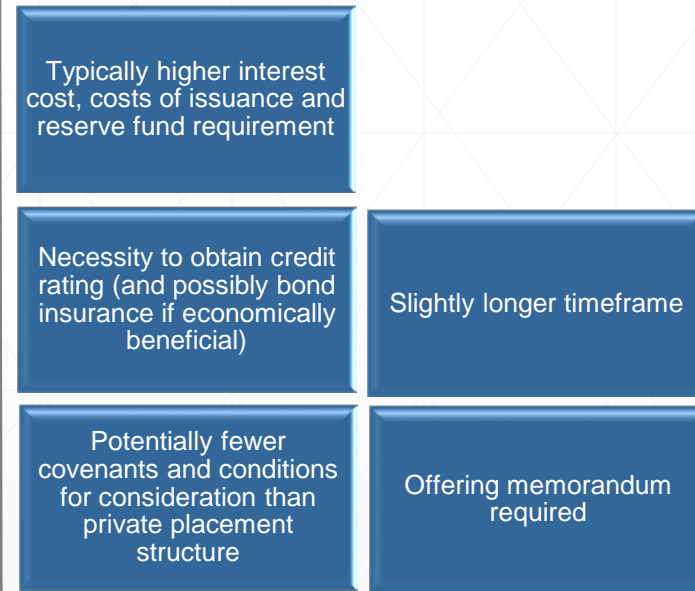


Refunding Structures

Bank Placement



Public Offering





The Series 2006 Bonds Overview

Series 2006 Bonds Overview

Overview Series 2006 Bonds:

- The District issued \$6,520,000 of the Series 2006A-1 Bonds and \$5,780,000 of the Series 2006A-2 Bonds on September 7, 2006.
- The Series 2006A-1 Bonds are due May 1, 2032 with an average coupon of 4.49%.
- The Series 2006A-2 Bonds are due May 1, 2033 with an average coupon of 4.49%.
- The Series 2006A-1 Bonds and Series 2006A-2 Bonds refunded the District's Series 2000A Bonds and the Series 2002A Bonds.

Current Status of the Series 2006 Bonds:

- Current Series 2006A-1 par outstanding: \$4,800,000.
- Current Series 2006A-2 par outstanding: \$4,320,000.
- Callable: May 1, 2016 @ par.
- Current S&P Underlying Rating: A- Underlying, Stable.

Series	Par Outstanding	Coupon	Maturity	1st Call Date
Series 2006A-1	\$ 4,800,000	4.49%	May 1, 2032	May 1, 2016
Series 2006A-2	\$ 4,320,000	4.49%	May 1, 2033	May 1, 2016



Credit Considerations

In order to obtain an investment grade rating from one of the rating agencies, a commitment from a bond insurer or a commitment letter from a bank (in the case of a private placement), the rating agencies, insurers or banks will review certain credit statistics including, without limitation, the following:

Current Composition

- Level of vertical build-out
- Assessed value of the land within the assessment area
- Value to lien analysis of each individual land use and product type within the assessment area
- Size of the assessment area

Diversification

- Top ten tax payers in the assessment area
- Concentration of top ten tax payers

Collection History

- History of delinquent taxes
- Success of tax certificate process
- Foreclosure, short sale and resale activity



Annual Debt Service Savings – Phase I – Series 2016A-1 Bonds

Refunding Results		Refunding Savings
Dated/Delivery Date	10/15/2016	<p>Legend: Refunding Debt Service (dark blue), Savings (green), Prior Debt Service (red)</p>
Refunding Par ⁽³⁾	\$4,980,000	
Refunded Par	\$4,800,000	
Average Coupon	2.61%	
Final Maturity ⁽⁶⁾	May 1, 2032	
DSRF Requirement	Surety Bond	
NPV Savings ⁽⁴⁾	\$454,939	
NPV Savings %	9.48%	
Max Annual Debt Service ⁽¹⁾	\$382,644	
Gross Annual Assessment Reduction % ^{(2) & (5)}	9.39%	
Gross Annual Assess Reduction \$ ^{(2) & (5)}	\$42,227	

Product-Type	# Units	Current Gross Annual Assessment Per Unit ⁽²⁾	Series 2016 Gross Annual Assessment Per Unit ⁽²⁾	Projected Annual Savings	Series 2016 Refunding Savings Per Unit
Ashmonte	71	\$789	\$715	\$74	9.39%
Benford*	141	710	644	67	9.39%
Hillington*	165	657	596	62	9.39%
Kenswick	109	657	596	62	9.39%
Strathmore	69	869	787	82	9.39%
Weymouth*	104	526	477	49	9.39%
Total	659			\$42,227	9.39%

* A few residents have partially prepaid a portion of their assessments.



Annual Debt Service Savings – Phase II – Series 2016A-2 Bonds

Refunding Results		Refunding Savings
Dated/Delivery Date	10/15/2016	<p>Legend: Refunding Debt Service (dark blue), Savings (green), Prior Debt Service (red)</p>
Refunding Par ⁽³⁾	\$4,480,000	
Refunded Par	\$4,320,000	
Average Coupon	2.71%	
Final Maturity ⁽⁶⁾	May 1, 2033	
DSRF Requirement	Surety Bond	
NPV Savings ⁽⁴⁾	\$419,448	
NPV Savings %	9.71%	
Max Annual Debt Service ⁽¹⁾	\$331,004	
Gross Annual Assessment Reduction % ^{(2) & (5)}	9.60%	
Gross Annual Assess Reduction \$ ^{(2) & (5)}	\$37,390	

Product-Type	# Units	Current Gross Annual Assessment Per Unit ⁽²⁾	Series 2016 Gross Annual Assessment Per Unit ⁽²⁾	Projected Annual Savings	Series 2016 Refunding Savings Per Unit
Ballastone	44	\$1,528	\$1,382	\$147	9.60%
Marchmont	206	763	690	73	9.60%
Tanglewyld*	143	611	552	59	9.60%
Weymouth	128	611	552	59	9.60%
Total	521			\$37,390	9.60%

* A few residents have partially prepaid a portion of their assessments.



Annual Debt Service Savings Con't

1. The net annual debt service excludes 4% discount for early payment and the 2% collection fees charged by the Pasco County Tax Collector and Appraiser.
2. The projected gross annual assessments per unit includes the gross-up to provide for the 4% discount for early payment and the 2% collection fees charged by the Pasco County Tax Collector and Appraiser.
3. The principal amount of the refunding bonds is estimated to increase. Such increase in principal would result in the necessity to undertake the Chapter 170 assessment process which includes the notification and holding of a public hearing.
4. These figures are net of all costs and transfers from the existing trust estate.
5. The reduction of annual debt service is calculated based upon comparing the debt service on the Series 2006A-1 and Series 2006A-2 Bonds and the debt service on the proposed refunding bonds
6. The maturity date on the proposed refunding bonds is 5/1/2032 and 5/1/2033 which is consistent with the maturity date on the Series 2006A-1 and Series 2006A-2 Bonds, respectively.
7. The underwriter's discount or placement agent fee is 1.5%. This fee is contingent upon the closing of the refinancing transaction. The estimated costs of issuance of the refinancing are consistent with other similarly recently closed CDD refinancing transactions. Such costs are to be negotiated between the District and the various financing team members.



Disclosures Regarding Underwriter's Role – MSRB Rule G-17

Disclosures Concerning the Underwriter's Role

- i. Municipal Securities Rulemaking Board Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- ii. The Underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the District and it has financial and other interests that differ from those of the District;
- iii. Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- iv. The Underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- v. The Underwriter will review the official statement for the District's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Disclosure Concerning the Underwriter's Compensation

Underwriter's compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the Underwriter to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.



Disclosures Regarding Underwriter's Role – MSRB Rule G-17

Payments to or from Third Parties. There are no undisclosed payments, values, or credits to be received by the Underwriter in connection with its underwriting of this new issue from parties other than the District, and there are no undisclosed payments to be made by the Underwriter in connection with this new issue to parties other than the District (in either case including payments, values, or credits that relate directly or indirectly to collateral transactions integrally related to the issue being underwritten). In addition, there are no third-party arrangements for the marketing of the District's securities.

Profit-Sharing with Investors. There are no arrangements between the Underwriter and an investor purchasing new issue securities from the Underwriter (including purchases that are contingent upon the delivery by the District to the Underwriter of the securities) according to which profits realized from the resale by such investor of the securities are directly or indirectly split or otherwise shared with the Underwriter.

Credit Default Swaps. There will be no issuance or purchase by the Underwriter of credit default swaps for which the reference is the District for which the Underwriter is serving as underwriter, or an obligation of that District.

Retail Order Periods. For new issues in which there is a retail order period, the Underwriter will honor such agreement to provide the retail order period. No allocation of securities in a manner that is inconsistent with an District's requirements will be made without the District's consent. In addition, when the Underwriter has agreed to underwrite a transaction with a retail order period, it will take reasonable measures to ensure that retail clients are bona fide.

Dealer Payments to District Personnel. Reimbursements, if any, made to personnel of the District will be made in compliance with MSRB Rule G-20, on gifts, gratuities, and non-cash compensation, and Rule G-17, in connection with certain payments made to, and expenses reimbursed for, District personnel during the municipal bond issuance process.