

In the opinion of Bond Counsel, assuming compliance with existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. However, see "TAX MATTERS" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that the 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 in Chapter 220. See "TAX MATTERS" herein.

**HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT
(Manatee County, Florida)**

\$16,755,000 Capital Improvement Revenue Bonds, Series 2005

Dated: October 1, 2005

Due: May 1, as shown below

Heritage Harbour Market Place Community Development District Capital Improvement Revenue Bonds, Series 2005 (the "Bonds") are being issued by the Heritage Harbour Market Place Community Development District (the "District") only in fully registered form, without coupons, in denominations of \$5,000 and integral multiples thereof; provided, however, that the Bonds will be deliverable to the initial purchasers only in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. The Bonds will bear interest at the fixed rate set forth below, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable semi-annually on each May 1 and November 1, commencing May 1, 2006. The Bonds, when issued, will be registered in the name of Cede & Co., as Bond Owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry form. Accordingly, principal of and interest on the Bonds will be paid by Wachovia Bank, National Association, as trustee (the "Trustee") directly to Cede & Co. as the registered owner thereof. Disbursements of such payments to the Direct Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of Direct Participants and the Indirect Participants, as more fully described herein. Any purchaser as a beneficial owner of a Bond must maintain an account with a broker or dealer who is, or acts through, a Direct Participant to receive payment of the principal of and interest on such Bond. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein.

The Bonds are being issued by the District, a local unit of special purpose government of the State of Florida, created by the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act") and established by an Ordinance No. 02-28 of the Board of County Commissioners of Manatee County, Florida. The Bonds are being issued pursuant to the Act and a Master Trust Indenture, dated as of November 1, 2004 (the "Master Indenture") as supplemented by a Second Supplemental Trust Indenture dated as of October 1, 2005 (the "Supplemental Indenture", collectively, with the Master Indenture, the "Indenture"), by and between the District and the Trustee. The Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived from the non-ad valorem special assessments (the "Assessments") levied upon the lands within the District specially benefited by the infrastructure and related improvements to be acquired, constructed and equipped by the District from the proceeds of the Notes (hereinafter defined) and the Bonds (the "Project") (as more particularly described under "THE PROJECT" herein and APPENDIX A hereto). Such Assessments are also referred to as the "2005 Pledged Revenues." The Bonds are additionally secured by amounts on deposit in the Funds and Accounts, other than the 2005 Rebate Account, created for the benefit of the Bonds pursuant to the Supplemental Indenture (the "2005 Pledged Funds and Accounts"). The 2005 Pledged Revenues and the 2005 Pledged Funds and Accounts collectively constitute the "2005 Trust Estate."

Pursuant to the Indenture, the Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts and at the redemption prices as more fully described herein under the caption "DESCRIPTION OF THE BONDS - Redemption Provisions".

The Bonds are being issued to: (i) retire all of the District's Outstanding Bond Anticipation Notes, Series 2004 (the "Notes"), (ii) finance certain costs of acquiring, constructing and equipping the Project; (iii) pay certain costs associated with the issuance of the Bonds; (iv) make a deposit into the 2005 Reserve Account for the benefit of all of the Bonds; and (v) pay a portion of the interest to become due on the Bonds.

NEITHER THE BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY THE PRINCIPAL OF, OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE BONDS. RATHER, ALL SUCH AMOUNTS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2005 PLEDGED REVENUES AND THE 2005 PLEDGED FUNDS AND ACCOUNTS, ALL AS PROVIDED IN THE INDENTURE.

THE BONDS INVOLVE A DEGREE OF RISK (SEE "BOND OWNERS' RISKS" HEREIN) AND ARE NOT SUITABLE FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT" HEREIN). NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE BONDS. THE UNDERWRITER IS REQUIRED TO LIMIT THIS OFFERING TO ACCREDITED INVESTORS. SUCH LIMITATION REGARDING THE LIMITED OFFERING DOES NOT DENOTE RESTRICTIONS OR TRANSFER IN ANY SECONDARY MARKET FOR THE BONDS. SEE "BOND OWNER'S RISKS," "NO RATING OR CREDIT ENHANCEMENT" AND "SUITABILITY FOR INVESTMENT" HEREIN.

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

MATURITY SCHEDULE

\$16,755,000 5.60% Term Bond due May 1, 2036, Price 100% Initial CUSIP No. 42725HAA6

The Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to the receipt of the opinion of legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel Young van Assenderp, P.A., Tallahassee, Florida. The Developer is being represented by Williams, Parker, Harrison, Dietz & Getzen, Sarasota, Florida, the Trustee is being represented by Holland & Knight, LLP, Miami, Florida, and the Underwriter is being represented by Akerman Senterfitt, Orlando, Florida. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC, New York, New York on or about October 11, 2005.

PRAGER, SEALY & CO., LLC

Dated: October 3, 2005

The District is not responsible for the use of the CUSIP number referenced herein nor is any representation made by the District as to its correctness; such CUSIP number is included solely for the convenience of the readers of this Limited Offering Memorandum.

HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT

BOARD OF SUPERVISORS

Anthony J. Squitieri, Chairman
Robyn Maddock Fischer, Vice Chairman
Charles A. Danna, Jr., Assistant Secretary
Joy DuPree, Assistant Secretary
Ken Stokes, Assistant Secretary

DISTRICT MANAGER

Severn Trent Environmental Services, Inc.
Coral Springs, Florida

DISTRICT COUNSEL

Young van Assenderp, P.A.
Tallahassee, Florida

CONSULTING ENGINEER

Banks Engineering, Inc.
Fort Myers, Florida

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM

No broker, dealer, salesperson, or other person has been authorized by the District, the State of Florida or the Underwriter to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District, the District Engineer, the District Manager, the Developer (as hereinafter defined), the Financial Advisor (as defined herein) and other sources that are believed by the Underwriter to be reliable. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information. The District, the Developer, the District Engineer and the Financial Advisor will all, at closing, deliver certificates certifying substantially to the effect that the information each supplied for inclusion herein does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The information set forth herein has also been obtained from public documents, records and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Limited Offering Memorandum, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the District, the Developer, the Development or the Project since the date hereof.

THE UNDERWRITER IS LIMITING THIS OFFERING TO ACCREDITED INVESTORS WITHIN THE MEANING OF THE RULES OF THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS LIMITED OFFERING MEMORANDUM CONTAINS CERTAIN "FORWARD-LOOKING STATEMENTS" CONCERNING THE DISTRICT AND THE DEVELOPER'S OPERATIONS, PERFORMANCE AND FINANCIAL CONDITION, INCLUDING THEIR FUTURE ECONOMIC PERFORMANCE, PLANS AND OBJECTIVES AND THE LIKELIHOOD OF SUCCESS IN DEVELOPING AND EXPANDING. THESE STATEMENTS ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES WHICH ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DISTRICT OR THE DEVELOPER. THE WORDS "MAY", "WOULD", "COULD", "WILL", "EXPECT", "ANTICIPATE", "BELIEVE", "INTEND", "PLAN", "ESTIMATE" AND SIMILAR EXPRESSIONS ARE MEANT TO IDENTIFY THESE FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS.

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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
SUITABILITY FOR INVESTMENT	2
DESCRIPTION OF THE BONDS	3
General Description.....	3
Redemption Provisions	4
Notice and Effect of Redemption	5
Purchase of Bonds.....	6
Book-Entry Only System	6
SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS	8
General	8
Parity Bonds	8
Reserve Fund.....	9
Deposit and Application of 2005 Pledged Revenues	9
Investments	11
Enforcement of Payment of Assessments	11
Covenant Regarding Collection of Assessments.....	12
Prepayment of Assessments	12
Adjustments to Assessments	12
Re-Assessment	12
ENFORCEMENT OF ASSESSMENT COLLECTIONS	12
Collection Procedures.....	12
Sale of Tax Certificates	14
Collection of Assessments by the District.....	15
THE ASSESSMENTS.....	16
General	16
BOND OWNERS' RISKS	16
Risk Factors.....	16
ESTIMATED SOURCES AND USES OF BOND PROCEEDS.....	18
DEBT SERVICE REQUIREMENTS	19
THE DISTRICT	20
General	20
Board of Supervisors	20
The District Manager and Other Consultants	21
THE PROJECT	21
THE DEVELOPMENT	21
General	21
Land Acquisition/Mortgages	22
Heritage Harbour DRI	23
Land Use Plan of Development Within the District.....	23
Existing Infrastructure	24
District Infrastructure and Finance Plan.....	24
Marketplace.....	25
Residential Development	26
Residential Sales Activity	27
Lifestyle Amenities	27
Educational Facilities	27
THE DEVELOPER	28

TAX MATTERS	29
Opinion of Bond Counsel.....	29
Internal Revenue Code of 1986.....	29
Collateral Tax Consequences	29
Florida Taxes.....	29
Other Tax Matters	29
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS.....	30
VALIDATION	30
LITIGATION	30
CONTINUING DISCLOSURE.....	30
UNDERWRITING	31
LEGAL MATTERS	31
AGREEMENT BY THE STATE.....	31
NO FINANCIAL STATEMENTS	31
EXPERTS AND CONSULTANTS	32
CONTINGENT AND OTHER FEES	32
NO RATING OR CREDIT ENHANCEMENT	32
LEGALITY FOR INVESTMENT	32
FORWARD-LOOKING STATEMENTS.....	32
MISCELLANEOUS.....	33
APPENDIX A:	REPORT OF DISTRICT ENGINEER
APPENDIX B:	ASSESSMENT METHODOLOGY
APPENDIX C:	FORM OF THE INDENTURE
APPENDIX D:	PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL
APPENDIX E:	FORM OF CONTINUING DISCLOSURE AGREEMENT

**HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT
\$16,755,000 CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2005**

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to set forth certain information in connection with the offering and issuing by the Heritage Harbour Market Place Community Development District (the "District") of its \$16,755,000 Capital Improvement Revenue Bonds, Series 2005 (the "Bonds"). The District was created by the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended (the "Act") and established by Ordinance No. 02-28 of the Board of County Commissioners of Manatee County, Florida (the "Ordinance"). The Ordinance became effective on September 9, 2002. The Bonds are being issued pursuant to the Act, a Master Trust Indenture dated as of November 1, 2004 (the "Master Indenture"), as supplemented by a Second Supplemental Trust Indenture dated as of October 1, 2005 (the "Supplemental Indenture" collectively with the Master Indenture, the "Indenture") both by and between the District and Wachovia Bank, National Association, as trustee (the "Trustee"), and resolutions of the District authorizing the issuance of the Bonds. All capitalized terms used in this Limited Offering Memorandum that are defined in the Indenture and not defined herein shall have the respective meanings set forth in the Indenture (see "FORM OF THE INDENTURE," APPENDIX C hereto).

The Bonds are equally and ratably secured under the Indenture by a lien upon and pledge of the revenues derived from the non-ad valorem special assessments (the "Assessments") levied upon land within the District specially benefited by the infrastructure improvements to be acquired, constructed and equipped by the District from the proceeds of the Bonds and the Notes (hereinafter defined) (the "Project") (as more particularly described under "THE PROJECT" herein). The term Assessments as used herein refers just to the non-ad valorem special assessments pledged to the Bonds. Such Assessments are also referred to as the "2005 Pledged Revenues." The Bonds are additionally secured by amounts on deposit in the Funds and Accounts, other than the 2005 Rebate Account created for the benefit of the Bonds pursuant to the Supplemental Indenture (the "2005 Pledged Funds and Accounts"). The 2005 Pledged Revenues and the 2005 Pledged Funds and Accounts are collectively referred to as the "2005 Trust Estate."

THE BONDS ARE NOT RATED OR CREDIT ENHANCED, AND ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS (SEE "SUITABILITY FOR INVESTMENT" AND "BOND OWNERS' RISKS" HEREIN). PROSPECTIVE INVESTORS IN THE BONDS ARE INVITED TO VISIT THE DISTRICT, ASK QUESTIONS OF REPRESENTATIVES OF THE DEVELOPER (AS HEREINAFTER DEFINED) AND TO REQUEST DOCUMENTS, INSTRUMENTS AND INFORMATION WHICH MAY NOT NECESSARILY BE REFERRED TO, SUMMARIZED OR DESCRIBED HEREIN. THEREFORE, PROSPECTIVE INVESTORS SHOULD RELY ON THE INFORMATION APPEARING IN THIS LIMITED OFFERING MEMORANDUM WITHIN THE CONTEXT OF THE AVAILABILITY OF SUCH ADDITIONAL INFORMATION AND THE SOURCES THEREOF. PROSPECTIVE INVESTORS MAY REQUEST SUCH ADDITIONAL INFORMATION AND ARRANGE TO VISIT THE DISTRICT AS DESCRIBED HEREIN UNDER THE CAPTION "SUITABILITY FOR INVESTMENT" HEREIN.

The District was established for the purpose of delivering specialized services and facilities described in the Act, including water, sewer, drainage, roads and landscape improvements. The Act grants to the District the power to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging or extending, equipping, operating and maintaining facilities relating to such services, and other basic infrastructure projects within and without the boundaries of the District, all as provided in the Act and the Ordinance.

Under the Constitution and laws of the State of Florida, including the Act, the District has the power and authority to levy non-ad valorem assessments upon specially benefited lands within the District (sometimes referred to as "District Lands") and to issue the Bonds for the purposes of providing community development services and facilities, including those comprising the Project, described below. Consistent with the requirements of the Indenture and the Ordinance, the Bonds are being issued for the primary purpose of financing and refinancing the acquisition and construction by the District of certain infrastructure and facilities specially benefiting District Lands

and constituting the Project. More specifically, the Project includes roadways, water and sewer and reclaimed water and irrigation facilities, stormwater management facilities, wetland mitigation and related professional fees and permits, more fully described in the Report of District Engineer (the "Engineer's Report") attached hereto as APPENDIX A.

The only debt previously issued by the District is its Bond Anticipation Notes, Series 2004 (the "Notes"). The Notes will be retired in connection with the issuance of the Bonds.

In addition to funding certain costs of the Project and retiring the Notes, proceeds of the Bonds will also be used to capitalize a portion of the interest accruing on the Bonds, to fund the 2005 Reserve Account, and to pay costs of issuing and delivering the Bonds. See "ESTIMATED SOURCES AND USES OF BOND PROCEEDS" and "THE PROJECT" herein.

The boundaries of the District encompass approximately 258 acres of land (the "District Lands") located in unincorporated Manatee County. For more complete information about the District, its Board of Supervisors and the District Manager, see "THE DISTRICT" herein.

The District Lands are being developed by Harbourvest, LLC, a Florida limited liability company (the "Developer"). See "THE DEVELOPMENT" and "THE DEVELOPER" herein.

In the Indenture, the District covenants and agrees that so long as there are any Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the 2005 Trust Estate; provided, the District reserves the right to issue bonds, notes or other obligations payable from or secured by the 2005 Trust Estate, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2005 Trust Estate equal or prior to the lien of the Supplemental Indenture. The District anticipates imposing and levying those certain non-ad valorem special assessments called maintenance assessments which maintenance assessments will encumber the same lands encumbered by the Assessments to fund the maintenance and operation of the District. The District and/or other public entities may also impose taxes or other assessments on the same properties encumbered by the Assessments without the consent of the Owners of the Bonds. See "BOND OWNERS' RISKS" herein.

The District has covenanted in the Indenture to comply with the continuing disclosure requirements contained in Securities and Exchange Commission Rule 15c2-12. See "CONTINUING DISCLOSURE" herein and APPENDIX E hereto.

There follows in this Limited Offering Memorandum a brief description of the District, the Project, the Development and the Developer, together with summaries of the terms of the Bonds, the Indenture and certain provisions of the Act. All references herein to the Indenture and the Act are qualified in their entirety by reference to such documents and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. The form of the Indenture appears as APPENDIX C hereto. The information herein under the captions "THE DEVELOPER" and "THE DEVELOPMENT" has been furnished by the Developer and has been included herein without independent investigation by the District, and the District makes no representation or warranty concerning the accuracy or completeness of such information. The Developer makes no representation or warranty as to the accuracy or completeness of information contained herein which has been furnished by any other party to the transactions contemplated hereby.

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

SUITABILITY FOR INVESTMENT

While the Bonds are not subject to registration under the Securities Act of 1933, as amended (the "Securities Act"), the Underwriter will, as required by Chapter 189, Florida Statutes, offer the Bonds only to "accredited investors," as defined in Chapter 517, Florida Statutes, and the rules promulgated thereunder. The limitation of the initial offering to accredited investors does not denote restrictions on transfer in any secondary market for the Bonds. Prospective investors in the Bonds should have knowledge and experience in financial and

business matters to be capable of evaluating the merits and risks of an investment in the Bonds and should have the ability to bear the economic risks of such prospective investment, including a complete loss of such investment.

Investment in the Bonds poses certain economic risks. See "BOND OWNER'S RISKS" herein. No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum. Additional information will be made available to each prospective investor, including the benefit of a site visit to the District, and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds. Prospective investors are encouraged to request such additional information, visit the District and ask such questions. Such requests should be directed to:

Mr. Brett Sealy
Prager, Sealy & Co., LLC
200 South Orange Avenue
Suite 1900
Orlando, Florida 32801
Telephone: (407) 481-9182

DESCRIPTION OF THE BONDS

General Description

The Bonds are issuable in registered form, without coupons, in the denominations of \$5,000 and integral multiple thereof; provided, however, that the Bonds will be deliverable to the initial purchasers only in aggregate principal amounts of \$100,000 or integral multiples of \$5,000 in excess of \$100,000.

The Bonds will be dated, and will bear interest at the fixed rate per annum set forth on the cover page hereof from the Interest Payment Date (each May 1 and November 1) to which interest has been paid next preceding their date of authentication, unless any such Bond is authenticated as of an Interest Payment Date, in which case it will bear interest from such Interest Payment Date, or unless a Bond is registered and authenticated prior to delivery to the initial purchaser thereof, in which event such Bond will bear interest from its dated date. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

The Bonds will mature, subject to the redemption provisions set forth below, on the date and in the amount set forth on the cover page hereof.

The Bonds shall be and have all the qualities and incidents of investment securities under the laws of the State of Florida.

The Bonds will be initially issued in the form of a single fully registered certificate for each maturity thereof. Upon initial issuance, the ownership of the Bonds will be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, the initial bond depository. All of the Outstanding Bonds will be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC (see "DESCRIPTION OF THE BONDS - Book-Entry Only System").

The Indenture provides that with respect to Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent will have no responsibility or obligation to any Bond Participant (as defined in the Indenture) or to any indirect Bond Participant (as defined in the Indenture). Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent will have no responsibility or obligation with respect to: (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Bond Participant or any other person other than a Bondholder, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any Bond Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal

of, premium, if any, or interest on the Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent shall treat and consider the person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent will pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided in the Indenture, and all such payments will be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the registration books kept by the Bond Registrar, will receive a certificated Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions of the Indenture.

Wachovia Bank, National Association, is the Trustee, Bond Registrar and Paying Agent for the Bonds.

Redemption Provisions

Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the District, in whole or in part at any time on or after May 1, 2015 at the Redemption Price of the principal amount of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption In Part

The Bonds are subject to mandatory redemption in part by the District by lot prior to scheduled maturity from moneys in the 2005 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts as follows:

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<u>Year</u> <u>(May 1)</u>	<u>Amortization</u> <u>Installment</u>	<u>Year</u> <u>(May 1)</u>	<u>Amortization</u> <u>Installment</u>
2007	\$ 220,000	2022	\$ 510,000
2008	235,000	2023	540,000
2009	250,000	2024	575,000
2010	260,000	2025	605,000
2011	275,000	2026	640,000
2012	290,000	2027	680,000
2013	310,000	2028	715,000
2014	325,000	2029	760,000
2015	345,000	2030	800,000
2016	365,000	2031	850,000
2017	385,000	2032	895,000
2018	410,000	2033	950,000
2019	435,000	2034	1,005,000
2020	460,000	2035	1,060,000
2021	485,000	2036*	1,120,000

* Maturity

As more particularly set forth in the Indenture, any Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Bonds other than from Amortization Installments so as to reamortize the remaining Outstanding principal balance of the Bonds as set forth in the Supplemental Indenture. See APPENDIX C hereto.

Extraordinary Mandatory Redemption

The Bonds are subject to extraordinary mandatory redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the 2005 Project (as such terms are defined in the Indenture) after payment of Deferred Costs (as defined in the Indenture), by application of moneys transferred from the 2005 Acquisition and Construction Account in the Acquisition and Construction Fund established under the Indenture to the 2005 Prepayment Subaccount of the 2005 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments (as defined in the Indenture) deposited into the 2005 Prepayment Subaccount of the Series 2005 Redemption Account; or

(c) after payment of Deferred Costs (as defined in the Indenture), from amounts transferred to the 2005 Prepayment Subaccount of the 2005 Redemption Account resulting from a reduction in the 2005 Reserve Account Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the 2005 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Bonds then Outstanding, including accrued interest thereon.

Notice and Effect of Redemption

Notice of each redemption of Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the Redemption Date to each registered Owner of

Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. Notice of redemption will be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but no defect in said notice nor any failure to send or secure such notice will affect the sufficiency of the proceedings for the redemption of Bonds. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the Bonds or such portions thereof so called for redemption will become and be due and payable at the Redemption Price provided for the redemption of such Bonds or such portions thereof on such date, interest on such Bonds or such portions thereof so called for redemption will cease to accrue, such Bonds or such portions thereof so called for redemption will cease to be entitled to any benefit or security under the Indenture and the Owners thereof will have no rights in respect of such Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent.

Failure to give notice by mailing to the Owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond.

Purchase of Bonds

The Indenture provides that the District may purchase at any time and from time to time any Bond at a price no higher than the highest redemption price for the Bond to be purchased. For additional information concerning purchase of Bonds see APPENDIX C hereto.

Book-Entry Only System

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

The Bonds will be issued as fully registered bonds without coupons. DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Once fully registered, one Bond will be issued for each maturity of the Bonds. Beneficial owners of the Bonds will not receive physical delivery of Bonds.

DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market investments from over one hundred (100) countries that 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners

will not receive written confirmation from DTC of their transaction, but Beneficial Owners are expected to receive written confirmation 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 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

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

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

Principal and interest payments on the 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 payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, DTC's nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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, Bonds certificates are required to be printed and delivered.

The District may decide, subject to the provisions of any agreement with DTC, to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds certificates will be printed and delivered.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDER OF THE BONDS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN DTC AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

The District can make no assurances that DTC will distribute payments of principal of, redemption price, if any, or interest on the Bonds to the Direct Participants, or that Direct and Indirect Participants will distribute payments of principal of, redemption price, if any, or interest on the Bonds or redemption notices to the Beneficial Owners of such Bonds or that they will do so on a timely basis, or that DTC or any of its Participants will act in a manner described in this Limited Offering Memorandum. The District is not responsible or liable for the failure of DTC to make any payment to any Direct Participant or failure of any Direct or Indirect Participant to give any notice or make any payment to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS

General

The Bonds are payable from and secured solely by the 2005 Pledged Revenues and the 2005 Pledged Funds and Accounts. The 2005 Pledged Revenues are the revenues derived by the District from the Assessments. The Indenture defines the Assessments as all assessments levied and collected by or on behalf of the District pursuant to Section 190.022 of the Act as amended from time to time, together with the interest specified by resolution adopted by the Governing Body, with interest specified in Chapter 170 Florida Statutes, as amended, if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments and which are pledged to the Bonds.

The Assessments represent an allocation of the costs of the Project, including bond financing costs, to the lands within the District benefiting from the Project in accordance with the assessment methodology report (the "Assessment Report") prepared for the District by Fishkind & Associates, Inc., which report has been adopted by the District. The Assessment Report is attached as APPENDIX B hereto.

NEITHER THE BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE INDENTURE. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE, OR THE BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2005 PLEDGED REVENUES AND THE 2005 PLEDGED FUNDS AND ACCOUNTS PLEDGED TO THE BONDS, ALL AS PROVIDED, IN THE INDENTURE.

Parity Bonds

Pursuant to the Indenture, the District has covenanted that so long as there are any Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the 2005 Trust Estate; provided, however, that the District has reserved the right to issue bonds, notes or other obligations payable from or secured by the 2005 Trust Estate pledged to the Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2005 Trust Estate equal or prior to the lien of the Supplemental Indenture. HOWEVER, MANATEE COUNTY, THE SCHOOL BOARD OF MANATEE COUNTY, FLORIDA OR OTHER POLITICAL SUBDIVISIONS MAY IN THE FUTURE IMPOSE, LEVY AND COLLECT ASSESSMENTS AND TAXES, THE LIENS OF WHICH WILL BE CO-EQUAL WITH THE LIEN OF THE ASSESSMENTS. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. See also "BOND OWNERS' RISKS" herein regarding taxes and other obligations payable on a parity with the Assessments.

Reserve Fund

The Indenture establishes a 2005 Reserve Account within the Reserve Fund for the benefit of all Bonds without distinction to any Bonds and without privilege or priority of one Bond over another.

The Series 2005 Reserve Account will, at the time of delivery of the Bonds, be funded from proceeds of the Bonds in an amount equal to the 2005 Reserve Account Requirement. The 2005 Reserve Account Requirement is defined as (A) on the date of initial issuance of the Bonds, the lesser of (i) Maximum Annual Debt Service Requirement for all Outstanding Bonds, (ii) 125% of the average annual debt service for all Outstanding Bonds, or (iii) 10% of the proceeds of the Bonds calculated as of the date of original issuance thereof, and, thereafter, (B) the 2005 Reserve Account Percentage times the Deemed Outstanding principal amount of the Bonds, as of the time of any such calculation.

"Deemed Outstanding" means the aggregate Outstanding principal amount of Bonds, reduced by the result of dividing (x) the amount on deposit in the 2005 Prepayment Subaccount in the 2005 Redemption Subaccount by (y) the 2005 Reserve Account Percentage.

"2005 Reserve Account Percentage" means the result of dividing (x) the 2005 Reserve Account Requirement on the date of initial issuance and delivery of the Bonds by (y) the initial Outstanding aggregate principal amount of the Bonds which equals 6.898%.

Amounts on deposit in the 2005 Reserve Account shall, except as otherwise provided in the Supplemental Indenture, be used for the purpose of making payments into the 2005 Interest Account and the 2005 Sinking Fund Account to pay Debt Service on the Bonds, when due, without distinction as to Bonds and without privilege or priority of one Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefore are insufficient for such purpose. Such Account shall consist only of cash and Investment Obligations.

The Trustee is authorized and directed pursuant to the Indenture to recalculate the 2005 Reserve Account Requirement on each May 2 or November 2 (or on the first Business day following such May 2 or November 2) and to transfer any excess amounts on deposit in the 2005 Reserve Account into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account to be used to pay Deferred Costs until the Deferred Costs Date of Completion and then into the 2005 Prepayment Subaccount and applied to the extraordinary redemption of the 2005 Bonds. See "DESCRIPTION OF THE BONDS – Redemption Provisions".

The Supplemental Indenture provides that on the earliest date on which there is on deposit in the 2005 Reserve Account, sufficient monies, after taking into account any Deferred Costs and after taking into account other monies available therefor, to pay and redeem all of the Outstanding Bonds, together with accrued interest and redemption premium, if any, on such Bonds to the earliest date of redemption permitted, then the Trustee shall transfer the amount on deposit in the 2005 Reserve Account into the 2005 Prepayment Subaccount in the 2005 Redemption Account to pay and redeem all of the Outstanding Bonds on the earliest date permitted for redemption. See "DESCRIPTION OF THE BONDS – Redemption Provisions."

Deferred Costs are defined in the Supplemental Indenture as Costs of the Capital Improvement Program which have not been paid from the General Subaccount in the 2005 Acquisition and Construction Account and which are identified by the District to the Trustee in writing as having been advanced under the Acquisition Agreement or any other contract or agreement pursuant to which the District may become obligated to pay for Costs of the Capital Improvement Program from the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account.

Deposit and Application of 2005 Pledged Revenues

(a) Pursuant to the Indenture, the District shall deposit 2005 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such 2005 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts as follows:

(i) 2005 Assessment Principal, which shall be deposited into the 2005 Sinking Fund Account.

(ii) 2005 Prepayment Principal, which shall be deposited into the 2005 Prepayment Subaccount in the 2005 Redemption Subaccount;

(iii) 2005 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2005 Reserve Account to pay the principal of Bonds, and, the balance, if any, shall be deposited into the 2005 Sinking Fund Account;

(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2005 Reserve Account and the balance, if any, deposited into the 2005 Revenue Account;

(v) all other 2005 Assessment Revenues, which shall be deposited into the 2005 Revenue Account.

(b) Moneys other than 2005 Assessment Revenues, shall, at the written direction of the District be deposited into the Optional Redemption Subaccount of the 2005 Redemption Subaccount and used to pay the principal of and premium, if any, on Bonds called or to be called for optional redemption at the written direction of the District in accordance with the provisions for optional redemption of Bonds as set forth in the Supplemental Indenture.

(c) On each March 15 and September 15 (or if such March 15 or September 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the 2005 Prepayment Subaccount, and if the balance therein is greater than zero, shall transfer from the 2005 Revenue Account for deposit into such Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of the Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in such Prepayment Subaccount in accordance with the provisions for extraordinary redemption of Bonds.

(d) The Trustee shall then transfer from amounts on deposit in the 2005 Revenue Account to the Funds and Accounts designated below, the following amounts in the following order of priority:

FIRST, on each May 1 or November 1 (or if such date is not a Business Day, on the Business Day preceding such date), the Trustee shall first transfer from the 2005 Capitalized Interest Account to the 2005 Interest Account the lesser of (x) the amount of interest coming due on the 2005 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the 2005 Capitalized Interest Account, and shall then transfer from the 2005 Revenue Account to the 2005 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2005 Bonds then Outstanding on such May 1 or November 1, less any other amount already on deposit in the 2005 Interest Account not previously credited;

SECOND, on each May 1 to the 2005 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the 2005 Sinking Fund Account not previously credited;

THIRD, to the 2005 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2005 Reserve Account Requirement; and

FOURTH, the balance shall be retained in the 2005 Revenue Account.

The Supplemental Indenture provides that it shall not, a fortiori, constitute an Event of Default thereunder if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefore.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2005 Revenue Account to the 2005 Rebate Account established for the Bonds in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the United States, when due, in accordance with such Tax Regulatory Covenants.

(f) On or after each November 2, the balance on deposit in the 2005 Revenue Account shall, until the Deferred Costs Date of Completion, be transferred into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, after the Deferred Costs Date of Completion, shall, at the written direction of the District be transferred to the District to be used for any lawful District purpose; provided, however, that on the date of such proposed transfer the amount on deposit in the 2005 Reserve Account in the Debt Service Reserve Fund shall be equal to the 2005 Reserve Account Requirement, and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Indenture relating to any of the Bonds, including the payment of Trustee's fees and expenses then due.

Investments

Earnings on investments in all of the Funds and Accounts held as security for the Bonds shall be invested only in 2005 Investment Obligations, and further, the earnings on the 2005 Acquisition and Construction Account and Subaccounts therein shall be retained, as realized, in such Account or Subaccount and used for the purpose of such Account or Subaccounts. Earnings on investments in the 2005 Sinking Fund Account and the 2005 Redemption Account shall be deposited, as realized, to the credit of the General Subaccount in the 2005 Acquisition and Construction Account until the Date of Completion of the 2005 Project, and then into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, on and after the Deferred Costs Date of Completion, into the 2005 Revenue Account and used for the purpose of such Account.

Earnings on investments in the 2005 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency in the 2005 Reserve Account as of the most recent date on which amounts on deposit in such Reserve Account were valued by the Trustee, and if no withdrawals have been made from such Reserve Account since such date which have created a deficiency, then earnings on investments in such Reserve Account, shall be deposited to the 2005 Capitalized Interest Account through November 1, 2006 and thereafter until the Deferred Costs Date of Completion, shall be deposited into the Deferred Costs Subaccount and applied to the payment of Deferred Costs, and then to the 2005 Revenue Account; and

(ii) if as of the last date on which amounts on deposit in the 2005 Reserve Account were valued by the Trustee there was a deficiency in such Reserve Account, or if after such date withdrawals have been made from the 2005 Reserve Account and have created such a deficiency, then earnings on investments in the 2005 Reserve Account shall be deposited to the credit of the 2005 Reserve Account until the amount on deposit therein equals the 2005 Reserve Account Requirement and, thereafter shall be deposited to the 2005 Capitalized Interest Account through November 1, 2006, and thereafter, until the Deferred Costs Date of Completion, shall be allocated to and deposited into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account, and applied to the payment of Deferred Costs, and then into the 2005 Revenue Account in the Revenue Fund.

Enforcement of Payment of Assessments

The District has covenanted in the Indenture to assess, levy, collect or cause to be collected and enforced the payment of Assessments in the manner prescribed by the Indenture and all resolutions, ordinances or laws thereunto appertaining at the times and in the amounts as shall be necessary to pay, when due, the principal of and

interest on the Bonds and to pay or cause to be paid the proceeds of such Assessments in accordance with the provisions of the Indenture.

Covenant Regarding Collection of Assessments

Pursuant to the Indenture, the District covenants to comply with the terms of the proceedings adopted with respect to the Assessments, and to levy the Assessments and any required payments under the "true up mechanism," in such manner as will generate funds sufficient to pay the principal of and interest on the Bonds, when due. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

Prepayment of Assessments

Pursuant to the terms of the Act, the owner of property subject to Assessments may pay the entire balance of the Assessment remaining due, without interest, within thirty (30) days after the Project has been completed and the Board of Supervisors has adopted a resolution accepting the Project as provided by Florida Statutes, Section 170.09. The Developer will waive, in connection with the issuance of the Bonds, this right to prepay the Assessments on property owned by it at the time the Board of Supervisors accepts the Project as being completed.

Pursuant to the terms of the Assessment Proceedings, subsequent to thirty (30) days after completion and acceptance of the Project, the owner of property subject to Assessments may prepay the entire remaining balance of the Assessment at any time, or a portion of the remaining balance of the Assessment one time if there is also paid, in addition to the prepaid principal balance of the Assessment, an amount equal to the interest that would otherwise be due on such prepaid amount on the next succeeding Interest Payment Date for the Bonds, or, if prepaid during the forty-five (45) day period preceding such Interest Payment Date, to the Interest Payment Date following such next succeeding Interest Payment Date.

The Bonds are subject to extraordinary mandatory redemption from Prepayments as indicated under "DESCRIPTION OF THE BONDS - Redemption Provisions - *Extraordinary Mandatory Redemption*." The prepayment of Assessments does not entitle the owner of the property to a discount for early payment.

Adjustments to Assessments

Upon completion of the Project, the Assessments shall be credited, pro rata, with any excess of the original Assessments over the actual Cost (which Cost includes, without limitation, costs associated with the issuance of the Bonds, the capitalized interest and the Series 2005 Reserve Account funded from proceeds of the Bonds) of the Project.

Re-Assessment

Pursuant to the Indenture, if any Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the District shall be satisfied that any such Assessment is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessment when it might have done so, the District shall either: (i) take all necessary steps to cause a new Assessment to be made for the whole or any part of such improvement or against any property benefited by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment from legally available moneys. In case any such subsequent Assessment shall also be annulled, the District shall obtain and make other Assessments until a valid Assessment shall be made.

ENFORCEMENT OF ASSESSMENT COLLECTIONS

Collection Procedures

The Assessments will be imposed and levied on those parcels of land within the District specially benefited by the Project. The Assessments are non-ad valorem special assessments which are imposed and levied against the land subject thereto upon the basis of a special benefit peculiar to such land determined to result from the

implementation of the Project. To the extent that landowners fail to pay such Assessments, delay payments, or are unable to pay the same, the successful pursuit of collection procedures available to the District is essential to continued payment of principal of and interest on the Bonds. The Act provides for various methods of collection of Delinquent Assessments by reference to other provisions of the Florida Statutes. **The following is a description of certain statutory provisions of assessment, payment, collection and enforcement procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes and applicable rules.**

The determination, order, levy, collection and enforcement of Assessments must be done in compliance with procedural and substantive requirements and guidelines provided by Florida law. Failure by the District or, in regard to collections of assessments pursuant to the Uniform Method described below, the Manatee County Tax Collector (the "Tax Collector") or the Manatee County Property Appraiser (the "Property Appraiser") to comply with such requirements could result in delays in the collection of, or the complete inability to collect, Assessments during any year. Such delays in the collection of, or complete inability to collect Assessments would have a material adverse effect on the ability of the District to make full or punctual payment of debt service on the Bonds. See "BOND OWNER'S RISKS" herein.

The District has covenanted in the Indenture to assess, levy, collect or cause to be collected and enforce the payment of Assessments in the manner prescribed by the Indenture and all resolutions, ordinances or laws thereunto appertaining and pay or cause to be paid to the Trustee the proceeds of Assessments, as received.

It is expected procedurally that the District will arrange for the Tax Collector to collect the Assessments on platted lots subject to a separate tax identification number on the annual November Tax Notice pursuant to the uniform method for the levy, collection and enforcement of assessments afforded by Sections 197.3631, 197.3632 and 197.3635, Florida Statutes (the "Uniform Method").

Under the Uniform Method of collecting non-ad valorem assessments, the Tax Collector will list on the collection roll for each of the relevant tax years the Assessments encumbering the benefited lands and will include on the tax notice issued pursuant to Sections 197.3632 and 197.3635, Florida Statutes, the dollar amount of such Assessments. Assessments collected pursuant to the Uniform Method become due and payable on November 1 of the year when assessed or as soon thereafter as the tax roll is certified by the District and shall constitute a lien upon the land from January 1 of each year until paid or barred by operation of law. Special assessments collected pursuant to the Uniform Method become delinquent on April 1 following the year in which they are assessed or immediately after sixty (60) days have expired from the mailing of the original tax notice, whichever is later.

The Assessments are a first lien on the land against which they are assessed until paid or barred by operation of law. Pursuant to Florida Statutes, the lien of the Assessments is of equal dignity with the liens for county, district, municipal taxes and other non-ad valorem special assessments and thus under Florida law is a first lien, superior to all other liens, including mortgages (except liens for county, district and municipal taxes and assessments which are of equal dignity). Regarding Assessments to be collected pursuant to the Uniform Method, the Tax Collector is to bill the Assessments, together with all applicable local government ad valorem taxes and non-ad valorem special assessments, and landowners in the District are required to pay all such taxes and assessments without preference in payment of any particular increment of the tax bill, such as the increment owing of the Assessment. Upon receipt by the Tax Collector of the Assessment, moneys therefrom will be deposited as provided in the Indenture. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS - Deposit and Application of the 2005 Pledged Revenues" herein and APPENDIX C hereto.

All county, municipal, school and special district taxes, special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, collected pursuant to the Uniform Method, including the Assessments, are payable at one time. If a taxpayer does not make complete payment, he or she cannot designate specific line items on his or her tax bill as deemed paid in full. In such cases, the Tax Collector does not accept such partial payment and the partial payment is returned to the taxpayer. Therefore, any failure to pay any one line item, whether it be the Assessments or not, would cause the Assessments to not be collected in such year to that extent, which would have a significant adverse effect on the ability of the District to make full or punctual payment of debt service on the Bonds.

If assessments or taxes collected pursuant to the Uniform Method are paid during November or during the following three months, the taxpayer is granted a variable discount equal to four percent (4%) if paid in November and decreasing one percentage point per month to one percent (1%) in February. All unpaid taxes and assessments including the Assessments collected pursuant to the Uniform Method become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes and non-ad valorem special assessments prior to April 1 and after that date to institute statutory procedures upon delinquency to collect such delinquent assessed taxes and special assessments. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Sale of Tax Certificates

The collection of Delinquent Assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for the payment of the Assessment due. The demand for such certificates is in turn dependent upon various factors, which includes the interest that can be earned by ownership of such certificates and the value of the land that is the subject of such certificates and which may be subject to sale at the demand of the certificate holder. Therefore, the underlying value of the benefited land within the District may affect the demand for such certificates and the successful collection of the Assessments to be collected pursuant to the Uniform Method. See "BOND OWNERS' RISKS" herein.

In the event of a delinquency in the payment of taxes and assessments on real property to be collected pursuant to the Uniform Method, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and assessments and interest and certain costs and charges relating thereto, and who accepts the lowest interest rate per annum to be borne by the certificates (bitten down from a statutory starting point and maximum of eighteen percent (18%)). Delinquent taxes and assessments may be paid by a taxpayer prior to the date of sale of a tax certificate by the payment of such taxes and assessments, together with interest and all costs and charges relating thereto. Tax certificates are sold by public bid. If there are no bidders at the public sale of tax certificates, the certificate is issued to the county in which the assessed lands are located, at the maximum rate of interest allowed (currently eighteen percent (18%)). **The Tax Collector does not collect any money if tax certificates are issued to the county.** Proceeds from the sale of tax certificates are required to be used to pay taxes and non-ad valorem special assessments, interest, and costs and charges on the real property described in the certificate.

County-held certificates may be purchased and any tax certificate may be redeemed, in whole, by any person at any time before a tax deed is issued or the property is placed on the list of lands available for sale, at a price equal to the face amount of the certificate or portion thereof together with all interest (at a rate not less than five percent (5%) unless the certificate bore interest at zero percent), costs, charges, and omitted taxes due. The proceeds of such a redemption are paid to the Tax Collector who transmits to the holder of the certificate such proceeds less service charges, and the certificate is canceled. Any holder, other than the county, of a tax certificate that has not been redeemed has seven years from the date of issuance of the tax certificate during which to act against the land that is the subject of the tax certificate.

After an initial period ending two (2) years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates and before the expiration of seven (7) years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay the Tax Collector at the time of application all amounts required to redeem or purchase all other outstanding tax certificates covering the land, plus interest, any omitted taxes or delinquent taxes and interest, and current taxes, if due. If the county holds a tax certificate on property valued at \$5,000 or more and has not succeeded in selling it, the county must apply for a tax deed two (2) years after April 1 of the year of issuance. The county pays costs and fees to the Tax Collector but not any amount to redeem any other outstanding certificates covering the land. Thereafter, the property is advertised for public sale.

In any such public sale, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the tax certificate, charges for the cost of sale, redemption of other tax certificates on the land, and the amount paid by such holder in applying for the tax deed, plus interest thereon at the rate of one and one-half percent (1.5%) per month for the period running from the month after the date of the application for the tax deed through the month of sale and costs

for the service of statutory notice. If there are no higher bids, the certificate holder receives title to the land and the amounts paid for the certificate and in applying for a tax deed are credited towards the purchase price. If there are other bids, the holder may enter the bidding. The highest bidder is awarded title to the land. The portion of proceeds of such sale needed to redeem the tax certificate, and all other amounts paid by such person in applying for a tax deed, are forwarded to the holder thereof or credited to such holder if such holder is the successful bidder. Excess proceeds are distributed first to satisfy governmental liens against the land and then to the former title holder of the property (less service charges), lienholders of record, mortgagees of record, vendees of recorded contracts for deeds, and other lienholders and any other persons to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their interest may appear.

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

If there are no bidders at the public sale, the county may, at any time within ninety (90) days from the date of offering for public sale, purchase the land without further notice or advertising for a statutorily prescribed opening bid. After ninety (90) days have passed, any person or governmental unit may purchase the land by paying the amount of the opening bid. Seven years from the date of offering for public sale, unsold lands escheat to the county in which they are located and all tax certificates and liens against the property are canceled and a deed is executed vesting title in the county commission.

Collection of Assessments by the District

The District intends to collect the Assessments on unplatted lots and platted lots which have not been assigned a separate tax parcel identification number directly and to the extent such Assessments are collected by the District rather than pursuant to the Uniform Method the District will bill the landowners on a semi-annual basis for amounts due in regard to such Assessments. In regard to the Assessments collected directly by the District rather than pursuant to the Uniform Method, the procedures and remedies described above under "Sale of Tax Certificates" will not be available in regard to any such Delinquent Assessments, or any other Delinquent Assessments for which the Uniform Method is unavailable. Concerning Delinquent Assessments billed directly by the District, the District is authorized to foreclose the lien of such Delinquent Assessments by bringing foreclosure proceedings in the Circuit Court in and for Manatee County, Florida as provided for in Chapter 173, Florida Statutes. Chapter 173, Florida Statutes provides that after the expiration of one (1) year from the date any special assessment or installment thereof becomes due, the District may commence foreclosure proceedings against the lands upon which the Assessments are liens. Such proceedings are in rem, meaning that it is brought against the land and not against the owner. The District may also foreclose on the lien of Delinquent Assessments pursuant to Section 170.10, Florida Statutes, as amended from time to time, which provides that upon the failure of any property owner to pay the principal of the Assessments or the interest thereon, when due, the governing body of the District is authorized to commence legal proceedings for the enforcement of the payment thereof, including commencement of an action in chancery and the commencement of a foreclosure proceeding.

THERE CAN BE NO ASSURANCE THAT ANY SALE, PARTICULARLY A BULK SALE, OF LAND SUBJECT TO DELINQUENT ASSESSMENTS WILL PRODUCE PROCEEDS SUFFICIENT TO PAY THE FULL AMOUNT OF SUCH DELINQUENT ASSESSMENTS PLUS OTHER DELINQUENT TAXES AND ASSESSMENTS APPLICABLE THERETO. ANY SUCH DEFICIENCY COULD RESULT IN THE INABILITY OF THE DISTRICT TO REPAY, IN FULL, THE PRINCIPAL OF AND INTEREST ON THE BONDS.

Enforcement of the obligation to pay Assessments and the ability to foreclose the lien created by the failure to pay Assessments or the ability of the Tax Collector to sell tax certificates and ultimately of the Clerk to sell tax deeds may not be readily available or may be limited as such enforcement is dependent upon judicial actions which are often subject to discretion and delay.

THE ASSESSMENTS

General

The Assessment Methodology included as APPENDIX B hereto has been provided by Fishkind & Associates, Inc., Orlando, Florida, in its capacity as Financial Advisor to the District. Such information is included herein in reliance upon the expertise of such firm and, although believed by the Underwriter to be reliable, has not been independently verified by the Underwriter or its counsel. No person other than the Financial Advisor makes any representation or warranty as to the accuracy or completeness of such information.

Chapters 170 and 190, Florida Statutes provides that payment of the Assessments is secured by a first lien on the real property in the District coequal with all State, county, school district and municipal taxes, superior in dignity to all other liens, titles and claims on such real property. ALTHOUGH THE LIEN AND THE PROCEEDS OF THE ASSESSMENTS WILL SECURE THE BONDS, AND SAID LIEN AND PROCEEDS OF THE ASSESSMENTS ARE PLEDGED EXCLUSIVELY TO SAID BONDS, THE LIEN OF THE ASSESSMENTS MAY BE ON THE SAME PROPERTY AS, AND THEREFORE OVERLAP AND BE CO-EQUAL WITH, THE LIENS IN FAVOR OF OTHER ASSESSMENTS OR TAXES WHICH HAVE BEEN OR MAY BE IMPOSED AND LEVIED BY THE DISTRICT, MANATEE COUNTY OR OTHER UNITS OF LOCAL GOVERNMENT HAVING ASSESSMENT OR TAXING POWERS WITHIN THE BOUNDARY OF THE DISTRICT.

BOND OWNERS' RISKS

Risk Factors

Investment in the Bonds involves a high degree of investment risk. Certain of these risks are described in the preceding section entitled "ENFORCEMENT OF ASSESSMENT COLLECTIONS"; however, certain additional risks are associated with the Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the Bonds and prospective purchasers are advised to read this Limited Offering Memorandum including all appendices hereto in its entirety to identify investment considerations relating to the Bonds.

1. Until further development takes place on the benefited land within the District and assessable properties are sold to end users, payment of the Assessments is substantially dependent upon their timely payment by the Developer or any other landowner. See "THE DEVELOPMENT" and "THE DEVELOPER" herein. In the event of the institution of bankruptcy or similar proceedings with respect to the Developer or any subsequent owner of property within the District, delays and impairment could occur in the payment of debt service on the Bonds as such bankruptcy could negatively impact the ability of: (i) Developer and any other land owner being able to pay the Assessments; (ii) the County to sell tax certificates in relation to such property, and (iii) the District to foreclose the lien on the Assessments. In addition, the remedies available to the Owners of the Bonds, the Trustee and the District upon an event of default under the Indenture are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by federal, state and local law and in the Indenture and the Bonds, including, without limitation, enforcement of the obligation to pay Assessments and the ability of the District to foreclose the lien of the Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available respecting the Bonds could have a material adverse impact on the interest of the Owners thereof. Beyond legal delays that could result from bankruptcy, the ability of the County to sell tax certificates will be dependant on various factors, including the interest rate which can be earned by ownership of such certificates and the value of the land which is the subject of such certificates and which may be subject to sale at the demand of the certificate holder after two (2) years.

2. The principal security for the payment of the principal and interest on the Bonds is the timely collection of the Assessments. The Developer expects to proceed in the normal course of business to sell assessable property in the District to end users. Assessments do not constitute a personal indebtedness of the owners of the

land subject thereto, but are secured by a lien on such land. There is no assurance that the owners will be able to pay the Assessments or that they will pay such Assessments even though financially able to do so. The assessment of the benefits to be received by the land within the District as a result of implementation and development of the Project is not indicative of the realizable or market value of the land, which value may actually be higher or lower than the assessment of benefits. To the extent that the realizable or market value of the land benefited by the Project is lower than the assessment of benefits, the ability of the District to realize sufficient value from a foreclosure action to pay debt service on the Bonds may be adversely affected. Such adverse effect could render the District unable to collect Delinquent Assessments, if any, and provided such delinquencies are significant, could negatively impact the ability of the District to make the full or punctual payment of debt service on the Bonds.

3. The development of the Development may be affected by changes in general economic conditions, fluctuations in the real estate market, catastrophic weather, increases in lending rates and other factors beyond the control of the Developer. In addition, the development of the Development is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the design, nature and extent of required improvements, both public and private, and construction of the Development must be in accordance with applicable zoning, land use and environmental regulations for the Development. Although no delays are anticipated, failure to obtain any such approvals in a timely manner could delay or adversely affect the development of the Development, which may negatively impact the Developer's desire or ability to develop the Development as contemplated. No assurance can be given that unknown hazardous materials, protected animals, etc., do not currently exist or may develop in the future whether originating within the Development or from surrounding property, and what effect such may have on the development of the Development.

4. The District has not granted, and may not grant under Florida law, a mortgage or security interest in the Project. Furthermore, the District has not pledged any revenues from the operation of any of the Project as security for, or a source of payment of, the Bonds. Neither has the District covenanted to establish rates, fees and charges for any of the Project at any specified levels. The Bonds are payable solely from, and secured solely by, the 2005 Trust Estate.

5. The willingness and/or ability of an owner of land within the Development to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property by the District, Manatee County, or other governmental entities with jurisdiction over the District. Public entities whose boundaries overlap those of the District, such as Manatee County, the Manatee County School District and other taxing authorities, could, without the consent of the owners of the land within the District, impose additional taxes or assessments on the property within the Development. All County, municipal, school, special district taxes and assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds and collected pursuant to the Uniform Method, including the Assessments, are payable at one time. As referenced above, if a taxpayer does not make complete payment, he or she cannot designate specific line items on the tax bill as deemed paid in full. In such case, the Tax Collector does not accept such partial payment. Therefore, any failure to pay any one line item, whether or not it is such Assessments, would cause such Assessments not to be collected to that extent, which could have a significant adverse impact on the District's ability to make full or punctual payment of debt service on the Bonds. As referenced herein, the District intends to impose maintenance assessments which would encumber the property burdened by the Assessments.

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

7. In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of Delinquent Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of the Assessments and the value of the land which is the subject of such proceedings and which may be subject to sale. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. If the District has difficulty in collecting the Assessments, the 2005 Reserve Account could be rapidly depleted and the ability of the District to pay debt service could be materially adversely affected.

8. The District is only undertaking the improvements included in the Project with proceeds of the Bonds. The cost of certain improvements within the District that are not included in the Project will be paid for by Developer or other funds and/or a future bond issue to be secured by special assessments imposed, levied and collected by the District with respect to property specially benefited by projects financed with proceeds of such bonds. There can be no assurance that the Developer or the District will be able to pay, or arrange to pay, for the costs or construction of these other improvements.

9. No application for credit enhancement or a rating on the Bonds has been made.

10. In the event that the permits or approvals necessary for construction of the Project and the Development are not forthcoming or are significantly delayed, the ability of the Developer to market and sell property within the Development could be significantly impaired or frustrated.

11. Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bondowners should it be necessary to institute proceedings due to the nonpayment of the Assessments. Failure to complete or substantial delays in the completion of the development of the Development due to litigation or other causes may reduce the value of the Development and increase the length of time during which Assessments will be payable from undeveloped property and may affect the willingness and ability of the owners of such property to pay the Assessments when due.

12. The market for the commercial and other product planned for the Development is very competitive.

13. There can be no assurance that development operations with respect to the Development will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national economy.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

Proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	\$16,755,000.00
Plus Accrued Interest	26,063.33
Plus unexpended proceeds of the Notes	<u>554,263.92</u>
Total Sources	<u><u>\$17,335,327.25</u></u>

Uses of Funds

Retirement of Notes	\$ 7,332,597.22
Deposit to General Subaccount in the 2005 Acquisition and Construction Account	7,530,459.35
Cost of Issuance (including Underwriter's discount)	349,437.50
Deposit to 2005 Reserve Account	1,155,800.00
Deposit to 2005 Capitalized Interest Account ⁽¹⁾	940,969.85
Deposit of Accrued Interest to 2005 Interest Account	<u>26,063.33</u>
Total Uses	<u><u>\$17,335,327.25</u></u>

⁽¹⁾ Together with estimated earnings thereon, such amount capitalizes interest on the Bonds through November 1, 2006.

DEBT SERVICE REQUIREMENTS

The following table sets forth the scheduled debt service on the Bonds.

<u>Year Ending November 1</u>	<u>Amortization Installments</u>	<u>Interest</u>	<u>Total Debt Service</u>
2006	\$ —	\$ 1,016,470*	\$ 1,016,470
2007	220,000	932,120	1,152,120
2008	235,000	919,380	1,154,380
2009	250,000	905,800	1,155,800
2010	260,000	891,520	1,151,520
2011	275,000	876,540	1,151,540
2012	290,000	860,720	1,150,720
2013	310,000	843,920	1,153,920
2014	325,000	826,140	1,151,140
2015	345,000	807,380	1,152,380
2016	365,000	787,500	1,152,500
2017	385,000	766,500	1,151,500
2018	410,000	744,240	1,154,240
2019	435,000	720,580	1,155,580
2020	460,000	695,520	1,155,520
2021	485,000	669,060	1,154,060
2022	510,000	641,200	1,151,200
2023	540,000	611,800	1,151,800
2024	575,000	580,580	1,155,580
2025	605,000	547,540	1,152,540
2026	640,000	512,680	1,152,680
2027	680,000	475,720	1,155,720
2028	715,000	436,660	1,151,660
2029	760,000	395,360	1,155,360
2030	800,000	351,680	1,151,680
2031	850,000	305,480	1,155,480
2032	895,000	256,620	1,151,620
2033	950,000	204,960	1,154,960
2034	1,005,000	150,220	1,155,220
2035	1,060,000	92,400	1,152,400
2036	<u>1,120,000</u>	<u>31,360</u>	<u>1,151,360</u>
Total	\$16,755,000	\$18,857,650	\$35,612,650

* Includes interest accrued and capitalized from Bond proceeds and estimated earnings thereon. Interest on the Bonds is capitalized through November 1, 2006.

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THE DISTRICT

General

The District is an independent local unit of special-purpose government of the State created by and established pursuant to the Act, by the Ordinance. The District encompasses approximately 258 acres of land located in an unincorporated area of the County.

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

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

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

Board of Supervisors

The governing body of the District is its Board of Supervisors (the "Board"), which is composed of five Supervisors (the "Supervisors"). The Act provides that, at a meeting of the landowners held within 90 days of establishment of the District, Supervisors must be elected by the landowners with the two Supervisors receiving the highest number of votes to serve for four years and the remaining Supervisors to serve for a two-year term. The Developer as the majority owner of the lands within the District determined the composition of the current Board. Three of the five Supervisors are elected to the Board every two years in November. At such election the two Supervisors receiving the highest number of votes are elected to four-year terms and the remaining Supervisor is elected to a two-year term. Ownership of the land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number). Upon the later of six (6) years after the initial appointment of Supervisors or the year in which there are at least 250 qualified electors in the District, or such earlier time as the Board may decide to exercise its ad valorem taxing power, the Supervisors are elected (as their terms expire) by vote of the qualified electors of the District. A qualified elector is a registered voter, a resident of the District and the State of Florida and a citizen of the United States. At the election where Supervisors are first elected by qualified electors, two Supervisors must be qualified electors and be elected by qualified electors, one to a four-year term and one to a two-year term. The other Supervisor will be elected by landowners for a four-year term. Thereafter, as terms expire, all Supervisors must be qualified electors and are elected to serve staggered four-year terms. If there is a vacancy on the Board, the remaining Board members are to fill such vacancy for the unexpired term.

The Act provides that it shall not be an impermissible conflict of interest under Florida law governing public officials for a Supervisor to be a stockholder, officer or employee of a landowner but that impermissible conduct is prohibited. The current members of the Board and the expiration of the term of each member are set forth below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Anthony J. Squitieri	Chairman	November, 2007
Robyn Maddock Fischer	Vice Chairman	November, 2007
Charles A. Danna, Jr.	Assistant Secretary	November, 2005
Joy DuPree	Assistant Secretary	November, 2005
Ken Stokes	Assistant Secretary	November, 2005

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

The District Manager and Other Consultants

The Act authorizes the Board to hire a District Manager as the chief administrative official of the District. The Act provides that the District Manager shall have charge and supervision of the works of the District and shall be responsible for (i) preserving and maintaining any improvement or facility constructed or erected pursuant to the provisions of the Act, (ii) maintaining and operating the equipment owned by the District, and (iii) performing such other duties as may be prescribed by the Board.

Severn Trent Environmental Services, Inc. has been retained as the firm to provide district management services for the District. The District Manager is actively involved in the management of more than 150 districts in Florida.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, the District has employed the services of Young van Assenderp, P.A., Tallahassee, Florida, as District Counsel; Banks Engineering, Inc., as District Engineer; and Nabors, Giblin & Nickerson, P.A., Tampa, Florida, as Bond Counsel.

THE PROJECT

The Project is a continuation of the infrastructure and related improvements financed with certain proceeds of the Notes. The Project includes a portion of the acquisition and construction of certain roadways, water and sewer and reclaimed water and irrigation facilities, stormwater management facilities, wetland mitigation and associated professional fees. The District Engineer has estimated the total cost of the District's capital improvement program at \$14.08 million (the "Total Project"). It is the intent of the District to fund only a portion of these improvements in the approximate amount of \$13.8 million and the Developer will fund the remainder. The District issued the Notes to fund approximately \$6.9 million of the Total Project. A portion of the proceeds of the Bonds will retire the Notes and fund an additional \$6.9 million of the Total Project.

THE DEVELOPMENT

The information under the captions "THE DEVELOPMENT" and "THE DEVELOPER" has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the District, and the District has no way of guaranteeing the accuracy of all of the following. At the time of issuance of the Bonds, the Developer will certify that the information herein under the captions "THE DEVELOPER," and "THE DEVELOPMENT," does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they are made, not misleading.

General

Heritage Harbour (the "Development") is situated within the Heritage Harbour Development of Regional Impact ("Heritage Sound DRI"), an approved DRI located at the northeast corner of State Road 64 and Interstate 75 interchange in northeast Manatee County. The Development encompasses approximately 2,500 acres and is planned

to include five (5) residential communities planned for 5,000 units and supporting commercial development. It is expected that three (3) or more community development districts will ultimately be established for the construction and long-term maintenance of certain public infrastructure improvements for the residential developments as well as the commercial development. The Development is bounded on the west by Interstate 75, on the south by State Road 64, on the north by the Manatee River and on the east by a middle and elementary school, residential development and undeveloped land. The Development is approximately fifteen (15) minutes northeast of downtown Sarasota, approximately ten (10) minutes east of downtown Bradenton and approximately fifteen (15) minutes northeast of the Sarasota-Bradenton International Airport. In addition, St. Petersburg and Tampa are located within twenty (20) and thirty-five (35) minutes, respectively.

The Development is planned to feature a variety of residential communities for all lifestyles that will be complemented by the Heritage Harbour Marketplace (the "Marketplace") which is planned to offer a variety of shopping conveniences. The main entrance to the Development, located at the intersection of State Road 64 and Grand Harbour Parkway, is marked with an entry monument featuring a waterfall. Situated within a short distance of the entrance is the fifty-five (55) foot tall Signature Lighthouse set on a lake. A short drive over the Gateway Bridge past the lighthouse on to River Heritage Boulevard leads to Central Park, a 30-acre park surrounded on either side by the first two (2) residential communities known as Stoneybrook and Lighthouse Cove. Central Park's centerpiece is the approximately 70-acre Beacon Lake with trails for walking, biking, jogging or skating. In addition, Central Park includes fields for soccer, baseball and softball, picnic areas, gazebos and playgrounds. The Development is also planned to showcase up to forty-five (45) holes of championship golf and currently includes an 18-hole, par-72, course designed by Arthur Hills. The first golf course is complemented by the Stoneybrook Golf Club which features casual and fine dining, banquet/wedding facilities, a grill-room, pro shop, aqua driving range, putting greens and locker facilities. In addition to Stoneybrook and Lighthouse Cove Heritage Harbour is planned to include: a highly amenitized 2,000+ unit active adult community situated along the Manatee River with a marina and a 27-hole golf course; a 400-unit non-golf community; and an upscale 400-unit apartment complex.

The County established the Heritage Harbour South Community Development District (the "Residential District #1") in August 2001 which lands encompass the Stoneybrook and Lighthouse Cove communities and the Stoneybrook Golf Club. Residential District #1 is situated adjacent to the north boundary of the District and the south boundary of the remaining undeveloped residential property in the Development. In August 2003 the County established the District which boundaries include approximately 258 acres of land planned for supporting commercial development. The District's southern boundary is State Road 64 and its northern boundary is Residential District #1. The Developer plans to facilitate the establishment of one (1) or more additional community development districts for the remaining undeveloped residential land situated to the north of Residential District #1.

Land Acquisition/Mortgages

The Developer purchased the property constituting the Development in June 2000 from John P. Harlee, III, as trustee for Leesburg Land Trust and River Valley Land Trust (collectively the "Seller") for an aggregate purchase price of \$25 million. At closing, the Developer paid \$6 million in cash and the Seller took back a purchase money mortgage in the amount of \$19 million. In February 2003, the Developer obtained a revolving line of credit from Wachovia Bank, National Association ("Wachovia") in the principal amount of \$18 million (the "Wachovia Loan") a portion of which was utilized to retire the Seller's purchase money mortgage. The Wachovia Loan accrues interest at a rate of LIBOR plus two and one-half percent (2.5%) and matures on October 31, 2005. The development loan agreement permits the extension of the loan for two (2) year periods and the Developer is currently working with Wachovia to accomplish the same. The development loan agreement also stipulates that 100% of the net sales proceeds (inclusive of community development district debt) derived from lots sales from the Developer to U.S. Home, Lennar or any other homebuilder/developer or from the sale of commercial acreage to a commercial developer shall be applied to repay the principal of the Wachovia Loan. All of the unsold property within Heritage Harbour is encumbered by the Wachovia mortgage. As of August 31, 2005, the Wachovia Loan was outstanding in the approximate principal amount of \$2.8 million.

Heritage Harbour DRI

The Heritage Harbour DRI was approved in March, 2000 and modified in July, 2003. The table below illustrates the phasing schedule and development plan approved by the Heritage Harbour Development Order (the "DO").

<u>Category</u>	<u>Phase I 2000 - 2009</u>	<u>Phase II 2004 - 2009</u>	<u>Total</u>
<u>Commercial</u>			
Retail	300,000 SF	497,000 SF	797,000 SF
Office	103,000 SF	67,000 SF	170,000 SF
Hotel	150 Rooms	150 Rooms	300 Rooms
ACLF	0 Beds	600 Beds	600 Beds
<u>Residential</u>			
SF Detached	1,290 Units	980 Units	2,270 Units
SF Attached	500 Units	640 Units	1,140 Units
Multi-Family	760 Units	830 Units	1,590 Units
Total Residential	2,550 Units	2,450 Units	5,000 Units
Marina	162 Wet Slips	300 Dry Slips	462 Slips
<u>Recreational Open Space</u>			
Golf Course	36 Holes	9 Holes	45 Holes
Park	41.2 Acres	0 Acres	41.2 Acres
Institutional	7.5 Acres	2.8 Acres	10.3 Acres

The DO sets forth certain guidelines and requirements for the Development, most of which are typical requirements of any development order. Aside from the typical requirements, the DO required that the Developer construct a significant amount of off-site improvements specifically related to the widening of State Road 64 to four (4) lanes which have been completed.

The Developer is currently in compliance with all aspects of the DO. However, failure to comply with the DO at any time could result in the delay or cessation of development.

Land Use Plan of Development Within the District

The land use plan for the developable land within the District, which is subject to change, is illustrated in the table below:

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<u>Parcel</u>	<u>Acreage (Acres)</u>	<u>Approved Land Use</u>	<u>Planned SF/ Rooms</u>
19 and 20	83.70	Commercial/Retail/Office/MF Residential/Hotel	590,000 SF/300 Rooms
22	3.38	Professional/Office/Institutional	28,000 SF
23	2.13	Commercial/Office	15,000 SF
24	3.13	Commercial/Office/Institutional	30,000 SF
25	16.36	Commercial/Office	160,000 SF
26	9.26	Commercial/Office	75,250 SF
27	5.00	Commercial/Office	40,000 SF
Total	122.96		938,250 SF/300 Rooms

While the Development is vested for the entitlements listed above, the DO required a subsequent review process to implement the entitlements granted for Phase II of the DRI. Accordingly, the Developer filed a notice of proposed of change ("NOPC") on May 27, 2004 seeking to amend the DO as follows: (1) initiate Phase II (including extending the Certificate Level of Service to be concurrent with the expiration of the DO); (2) add 238 acres to the boundaries of the DRI without increasing development totals; (3) provide an additional location for retail development without increasing square footage; (4) amend Map H to make such changes and various other changes; and (5) amend the DO to update terminology and departmental references and other changes for internal consistency. In conjunction with the NOPC, the Developer is also processing an amendment to the zoning ordinance. The Developer has been through one sufficiency response and a second sufficiency response has been filed. Based upon the feedback from the various governmental agencies through the sufficiency responses, the Developer expects that the NOPC will be approved by the end of 2005.

Approval of the NOPC is required to initiate Phase II of the DO which includes a significant portion of the density planned for the District. While delay in the approval of the NOPC is not expected, until the NOPC is approved the extent of the vertical construction in the District is limited to the entitlements granted in Phase I.

Existing Infrastructure

Residential District #1, the District and the Developer have constructed a substantial amount of infrastructure to date to serve the entire Development. Construction of the three (3) main roadways, or sections thereof, that provide access to the Development are complete including: Grand Harbour Parkway, the main entrance into the Development; Port Harbor Parkway, the east-west roadway bisecting the southern and northern portions of the Development; and the section of River Heritage Boulevard, the main north/south artery running through the District and Residential District #1, extending to Port Harbour Parkway. Residential District #1 has also constructed an entry monument with a waterfall situated just north of the intersection of State Road 64 and Grand Harbour Parkway marking the entrance to Heritage Harbour. As previously mentioned, construction on the widening of State Road 64 is complete.

In addition to the improvements in the preceding paragraph, a substantial amount of the infrastructure to serve the Stoneybrook and Lighthouse Cove communities is complete as are the lots themselves within those communities. The Developer has also completed construction of the Stoneybrook Golf Club as well as the extensive recreational amenities situated in Residential District #1 and those situated in Central Park.

District Infrastructure and Finance Plan

As previously discussed, the District and Residential District #1 are sharing in the costs of certain transportation improvements; they are also sharing the costs of the construction of a master pump station and force main. Residential District #1 commenced construction of certain on-site roads for the Development as well as a portion of the widening of State Road 64 as previously described. The District Engineer has estimated the total cost of the District's proportionate cost of the shared improvements as well as all of the on-site improvements specific to the District at \$14.08 million (the "Total Project"). It is the intent of the District to fund only a portion of these

improvements in the approximate amount of \$13.8 million and the Developer intends to fund the remainder. The District issued its Notes to fund approximately \$6.9 million of the Total Project. A portion of the proceeds of the Bonds will retire the Notes and fund an additional \$6.9 million of the Total Project.

Marketplace

Marketplace is conveniently situated with excellent visibility and access from Interstate 75 and State Road 64, a portion of which has been widened to four (4) lanes to accommodate the traffic that has been generated from the residential growth in the area of the Development. In addition to the existing more than 8,000 household market base within a three (3) mile radius of the Development and the 5,000 residential units planned for the Development, there are several residential communities in close proximity to the Development in demand of commercial services that are either nearing build out or that are achieving rapid absorption. Such active communities include Waterlefe and GreyHawk Landing, both of which are described in more detail below.

Waterlefe is a 610-unit WCI community located approximately two (2) miles from Heritage Harbour on Upper Manatee River Road just north of State Road 64 and two (2) miles east of Interstate 75. Waterlefe is situated along the Manatee River and includes a 4,300 square foot clubhouse with dining facilities, a 73-slip marina and an 18-hole championship golf course. Homes prices in Waterlefe range from \$160,000 to \$700,000 and to date approximately 575 homes have been sold since sales commenced in 2001.

Greyhawk Landing is a 789-unit single-family community located on State Road 64 approximately three (3) miles east of Heritage Harbour that is being developed by Sam Rodgers Communities. GreyHawk Landing includes a 3,800 square foot clubhouse, resort style swimming pool and other family-oriented amenities. Homes prices in GreyHawk Landing range from \$250,000 to \$600,000 and to date approximately 790 homes have been sold since sales commenced in 2002.

In addition, Bruce Williams Homes recently built-out its Greenleaf Plantation, a 600+ unit golf course community situated just to the east of the Development. The aforementioned communities, including the Development are planned for more than 7,000 residential units.

Development of the 28,000-acre Lakewood Ranch, the 18th top-selling master-planned community in the United States, is now progressing north of State Road 70, one interchange south of the State Road 64 and Interstate 75 interchange. Development of the first Lakewood Ranch residential neighborhood north of State Road 70 has commenced which is planned for approximately 1,000 residential units. A significant amount of additional residential development in Lakewood Ranch is planned north of State Road 70 and south of State Road 64. The substantially built-out commercial core servicing the existing 5,000 developed acres in Lakewood Ranch is situated on University Parkway approximately two (2) miles south of State Road 70 via Lakewood Ranch Boulevard. The build-out of the commercial core on University Parkway in conjunction with the current and anticipated residential growth is expected to generate additional demand for commercial services along State Road 64.

In July 2004 the Developer sold a twenty-eight (28) acre parcel of land to Bainbridge, a developer of upscale multi-family housing complexes, this parcel is slated for approximately 400 upscale multi-family for-rent units located within Marketplace but not included within the District's boundaries. Final site plan approval has been granted by the County and site work activities are underway with completion expected in the first quarter of 2006.

Marketplace has been master planned to provide commercial and retail services to the residents of the Development as well as the surrounding area. The table below illustrates the anticipated end uses by parcel.

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<u>Parcel</u>	<u>Acreage</u>	<u>Anticipated End-Use</u>	<u>Planned SF/ Rooms</u>
19 and 20	83.70 acres	Mixed Use	590,000 SF/300 Rooms
22	3.38 acres	Mixed Use	28,000 SF
23	2.13 acres	Mixed Use	15,000 SF
24	3.13 acres	Mixed Use	30,000 SF
25	16.36 acres	Mixed Use	160,000 SF
26	9.26 acres	Mixed Use	75,250 SF
27	5.00 acres	Mixed Use	40,000 SF

The Developer intends to sell the parcels listed above to developers as well as directly to end-users. The sales and interest activity to date has not been a result of significant marketing activities specifically for Marketplace but rather unsolicited interest. The Developer has sold Parcels 22, 26 and 27 to affiliated entities of The Starling Group ("Starling"), a Sarasota-based full service real estate organization, engaged in all phases of real estate including acquisition, planning, design, construction, sales, marketing and management. Based upon information obtained from their website, the companies of The Starling Group have completed over \$150 million in real estate development on Florida's west coast and currently manage in excess of 1.25 million square feet office space in the Sarasota/Bradenton and Venice areas.

Starling purchased Parcel 27 in October 2003, Parcel 22 in July 2004 and Parcel 26 in October 2004 for approximately \$150,000 to \$220,000 per acre. Starling has not announced definitive construction plans for such parcels but it is expected that the end use will be office space.

In addition to the parcel sales to Starling, the Developer has entered into a contract for the sale of Parcels 19 and 20 totaling approximately eighty-four (84) acres which transaction was scheduled to close in August 2005. Such closing has been deferred as the Developer and the contract purchaser are still in negotiation.

Based upon the sales and interest activity to date, the Developer expects that the remainder of the parcels located within the District will be sold over a three (3) year period.

Residential Development

The residential component of the Development is planned to include a variety of communities that are intended to appeal to a wide demographic. Stoneybrook, the first residential community to commence development, is a golf course community that offers extensive recreational amenities including an 18-hole Arthur Hills-designed golf course.

Stoneybrook is planned to offer a variety of product type to attract the wide spectrum of buyers that are expected to purchase homes within the Development. The following table reflects the Development Manager's current expectations of the mix of unit types to be constructed in Stoneybrook and their respective approximate prices and square footage. The matters set forth in the table are subject to change.

<u>Product Type</u>	<u>Planned Number of Units</u>	<u>Approximate Square Footage</u>	<u>Estimated Home/Lot Package Price</u>
2-Story	184	1,250 - 1,650	\$250,000 - \$275,000
38' x 130'	145	1,400 - 1,900	\$287,000 - \$320,000
55' x 120'	308	1,600 - 2,200	\$299,000 - \$334,000
65' x 120'	214	1,900 - 3,500	\$339,000 - \$430,000
80' x 130'	152	2,100 - 4,000	\$454,000 - \$700,000
Total	1,003		

Lighthouse Cove, the second residential community which is located adjacent to Beacon Lake and Central Park, is planned to offer 255 townhomes ranging in size from 1,200 to 1,600 square feet and in price from \$225,000 to \$250,000. Also planned are 245 single-family homes situated on 40' – 43' x 115' homesites ranging in size from 1,500 to 2,000 square feet and in price from \$275,000 to \$325,000.

In addition to Stoneybrook and Lighthouse Cove, Heritage Harbour is planned to include: a highly amenitized 2,000+ unit active adult community situated along the Manatee River with a marina and a 27-hole golf course; a 400-unit non-golf community; and an upscale 400-unit apartment complex.

Residential Sales Activity

Both Stoneybrook and Lighthouse Cove have experienced rapid absorption. As of June 30, 2005, more than 940 homes had been sold to retail buyers since sales commenced in 2002.

Lifestyle Amenities

Aside from the extensive amenities that the Development will offer, prospective residents are expected to purchase homes due to the central location to the many lifestyle amenities the Sarasota/Bradenton area has to offer. Some of these amenities include:

<u>Shopping</u>	<u>Beaches and Parks</u>
Heritage Harbour Market Place	Anna Maria Island
Sarasota Square Mall	Longboat Key
St. Armand's Circle	Little Manatee River State Recreation Area
<u>Entertainment</u>	<u>Sports</u>
Van Wezel Performing Arts Hall	Raymond James Stadium
Sarasota Opera House	Tropicana Field
Ringling Museum	Ice Palace
Busch Gardens	McKechnie Field

Educational Facilities

Heritage Harbour is in close proximity to educational facilities that will provide numerous educational opportunities for both children and adults including the following:

Pre-School and Day Care

- Located in nearby Lakewood Ranch is a Kids R' Kids educational and day care facility that offers child care for infants through school age children in a structured educational environment. Kids R' Kids offers full-day care, before and after-school care and school holiday care including summer camp.

Elementary and Middle Schools

- Located within walking distance to the Development is Freedom Elementary School and Carol E. Haile Middle School.

High School

- Located approximately three (3) miles from Heritage Harbour is the Lakewood Ranch High School ("LRHS"), a state-of-the-art facility that opened in 1998. LRHS is Manatee County's first school designed and built specifically as a high school. Situated on a 104 acre campus, the school's next-door neighbor is a regional county park.

Private/Preparatory Schools

- The Out-of-Door Academy, a prestigious private school existing since 1924, opened its high school in nearby Lakewood Ranch in 1997 and such site now also includes middle school classes. The high school provides a college preparatory curriculum, with a full range of academic courses, including honors and advanced placement classes.

Undergraduate/Graduate/Continuing Education

- Located close by the Development are Manatee Community College, University of South Florida/New College and other campuses in Tampa and St. Petersburg.

The materials and discussion contained herein with respect to the Development and the Developer are not intended as, and may not be construed as, representations by the District or the Underwriter, that such development will take place or be completed in accordance with present intentions or agreements, or that such intentions or agreements will not be changed, amended, breached or rescinded in the future. The District does not have the right to control the identity or actions of the Developer.

THE DEVELOPER

Harbourvest, L.L.C. (the "Developer" or "Landowner") is a Florida limited liability company. The two (2) members of the Developer are USHHH, Inc. and HHUS, Inc., both Florida corporations. USHHH, Inc. is the operating member of the Developer and a wholly owned subsidiary of U.S. Home Corporation ("U.S. Home" or "Development Manager"), which is wholly-owned subsidiary of Lennar Corporation ("Lennar"). U.S. Home serves as the development manager for the Development and has entered into option contracts for both the residential and commercial component of the Development with the Developer to purchase all of the property within the Development. However, the Developer may sell undeveloped tracts of land for residential and commercial development to other builders and developers.

U.S. Home is a Houston-based company that was organized in 1954 and incorporated in 1959. U.S. Home builds and sells homes for the affordable, move-up and retirement homebuyer. Since May 2000, U.S. Home has operated as a wholly-owned subsidiary of Lennar.

Lennar stock trades on the New York Stock Exchange under the symbol LEN. Lennar is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the Securities and Exchange Commission (the "SEC"). The file number for Lennar is No-1-11749. Such reports, proxy statements, and other information can be inspected and copied at the Public Reference Section of the SEC, Room 1024, 450 Fifth Street NW, Judiciary Plaza, Washington, DC, and at the SEC's regional offices in Chicago (Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois). Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. The most recent Annual Report on Form 10-K of Lennar on file with the SEC and any other documents and reports filed with the SEC by Lennar subsequent to the date of such Annual Report (including Form 10-Q and Form 10-K) through and including the end of the "underwriting period" (as defined in SEC Rule 15c2-12) are hereby incorporated herein by reference.

All documents subsequently filed by Lennar pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, the form of which is included as APPENDIX D hereto, the interest on the Bonds is excludable from gross income and is not a specific item of tax preference for federal income tax purposes under existing statutes, regulations, rulings and court decisions. However, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Failure by the District to comply subsequent to the issuance of the Bonds with certain requirements of the Code, regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The District has covenanted in the Indenture to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation. In rendering this opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Bonds, including, among other things, restrictions relating to the use of and investment of the proceeds of the Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

Collateral Tax Consequences

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 Bonds. Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in other collateral federal tax consequences. For example, ownership of the Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL OR CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Florida Taxes

In the opinion of Bond Counsel, the 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 in Chapter 220.

Other Tax Matters

Interest on the Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Bonds should consult their tax advisors as to the income tax status of interest on the Bonds in their particular state or local jurisdictions.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the

Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder (the "Disclosure Act") requires that the District make a full and fair disclosure of any bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time after December 31, 1975. The District has never been in default as to principal or interest on any debt obligations issued or guaranteed by it.

VALIDATION

On October 19, 2004, the Circuit Court for Manatee County, Florida validated the issuance by the District of its capital improvement revenue bonds and certain related matters. The appeal period from such final judgment has expired with no appeal being filed. The Bonds are included within the validated amount.

Section 75.09, Florida Statutes, provides that a final judgment validating bonds and taxes, assessments or revenues pledged for the payment thereof, from which no appeal is taken or from which an appeal is taken and the judgment is affirmed, is forever conclusive as to all matters adjudicated against a plaintiff and all parties affected thereby, including all property owners and taxpayers of the District and all others having or claiming any right, title or interest in property to be affected by the issuance of said bonds, certificates or other obligations or to be affected in any way thereby, and the validity of said bonds, certificates or other obligations or of any taxes, assessments or revenues pledged for the payment thereof, or of the proceedings authorizing the issuance thereof, including any remedies provided for their collection, shall never be called in question in any court by any person or party. The scope of judicial review, however, focuses on whether: (1) a public body has the authority to incur the obligation; (2) the purpose of the obligation is legal; and (3) the proceedings authorizing the obligation were proper. A final judgment validating bonds does not preclude a party from challenging the validity of such bonds or certificates on constitutional grounds.

LITIGATION

There is no pending or, to the knowledge of the District, any threatened litigation against the District of any nature whatsoever which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the execution of the Indenture. Neither the creation, organization or existence, nor the title of the present members of the Board of Supervisors or the District Manager is being contested.

There is no litigation pending, or to the knowledge of the Developer, threatened against the Developer that could in any material way affect the development of the Development, as described herein.

CONTINUING DISCLOSURE

The Act requires that financial statements of the District be audited by an independent certified public accountant at least once a year. The Act further provides that the District's budget for the following fiscal year be adopted prior to October 1 of each year. Meetings of the District's Board of Supervisors are open to the public, and a proposed schedule for meetings of the year is published at the beginning of each fiscal year.

The District covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, a form of which is attached hereto as APPENDIX E. Notwithstanding any other provisions of the Indenture, failure of the District to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may and, at the request of any Participating Underwriter (as defined in Rule15c2-12 of the Securities and Exchange Commission) or the Beneficial Owners of at least 25%

aggregate principal amount of Outstanding Bonds, and receipt of indemnity satisfactory to the Trustee or any such Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations.

Neither the District nor the Developer have ever failed to provide continuing disclosure with respect to the aforementioned Rule 15c2-12.

UNDERWRITING

The Underwriter has agreed, pursuant to a contract with the District, subject to certain conditions, to purchase the Bonds from the District in a limited offering transaction at a purchase price of \$16,545,562.50 (par amount of Bonds less Underwriter's discount of \$209,437.50) plus accrued interest. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all the Bonds if any are purchased.

The Underwriter intends to offer the Bonds to accredited investors at the offering price set forth on the cover page of this Limited Offering Memorandum, which may subsequently change without prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the initial offering price and such initial offering price may be changed from time to time by the Underwriter.

LEGAL MATTERS

The Bonds are offered for delivery when, as and if issued by the District and accepted by the Underwriter, subject to the receipt of the opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the District by its counsel Young van Assenderp, P.A. Tallahassee, Florida. The Developer is being represented by Williams, Parker, Harrison, Dietz & Getzen, Sarasota, Florida; the Trustee is being represented by Holland & Knight, LLP, Miami, Florida and the Underwriter is being represented by Akerman Senterfitt, Orlando, Florida.

AGREEMENT BY THE STATE

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

NO FINANCIAL STATEMENTS

The activities of the District to the date of this Limited Offering Memorandum have been limited principally to the non-revenue producing activities preliminary to the issuance of the Bonds. No audited financial statements of the District have been prepared. The District has covenanted in the Continuing Disclosure Agreement attached hereto as APPENDIX E to provide its annual audit commencing with the audit for the District fiscal year ended September 30, 2005, to certain information repositories as described therein.

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EXPERTS AND CONSULTANTS

The references herein to Banks Engineering, Inc. as the District Engineer have been approved by said firm. The Report of the District Engineer prepared by such firm relating to the Project has been included as APPENDIX A attached hereto in reliance upon such firm as an expert in engineering. References to and excerpts herein from such report do not purport to be adequate summaries of such report or complete in all respects. Such report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein. The District Engineer also serves as the Developer's engineer.

The references herein to Fishkind & Associates, Inc. as Financial Advisor have been approved by said firm. The Assessment Methodology prepared by such firm has been included as APPENDIX B attached hereto in reliance upon such firm as an expert in developing assessment methodologies. References to and excerpts herein from such report do not purport to be adequate summaries of such report or complete in all respects. Such report is an integral part of this Limited Offering Memorandum and should be read in its entirety for complete information with respect to the subjects discussed therein.

CONTINGENT AND OTHER FEES

The District has retained Bond Counsel, District Counsel, the Financial Advisor, the Underwriter (who has retained Underwriter's Counsel) and the Trustee (who has retained Trustee's Counsel), with respect to the authorization, sale, execution and delivery of the Bonds. Payment of the fees of certain of such professionals are contingent upon the issuance of the Bonds.

NO RATING OR CREDIT ENHANCEMENT

No application for a rating or credit enhancement on the Bonds has been made.

LEGALITY FOR INVESTMENT

The Act provides that the 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, 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 for voluntary statutory deposits.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

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

MISCELLANEOUS

Any statements made in this Limited Offering Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Limited Offering Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

The information and expression of opinion herein are subject to change without notice and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the District, the Developer, the Project or the Development from the date hereof. However, certain parties to the transaction will, on the closing date of the Bonds, deliver certificates substantially to the effect that nothing has come to their attention that would lead them to believe that applicable portions of the Limited Offering Memorandum contains an untrue statement of a material fact or omits to state a material fact that should be included herein for the purpose for which the Limited Offering Memorandum is intended to be used, or that is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading and to the effect that from the date of the Limited Offering Memorandum to the date of closing of the Bonds that there has been no material adverse change in the information provided.

This Limited Offering Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

The appendices hereof are integral parts of this Limited Offering Memorandum and must be read in their entirety together with all foregoing statements.

HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT

By: /s/ Anthony J. Squitieri
Its: Chairman

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APPENDIX A
REPORT OF DISTRICT ENGINEER

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ENGINEER'S REPORT
FOR THE
HERITAGE HARBOUR MARKETPLACE
COMMUNITY DEVELOPMENT DISTRICT

PREPARED FOR:

BOARD OF SUPERVISORS
HERITAGE HARBOUR MARKETPLACE COMMUNITY DEVELOPMENT
DISTRICT

ENGINEERS:

BANKS ENGINEERING, INC.
10511-101 SIX MILE CYPRESS PARKWAY
FORT MYERS, FLORIDA 33912

FINANCIAL ADVISOR:

FISHKIND AND ASSOCIATES
2424 RESEARCH PARKWAY
SUITE 275
ORLANDO, FLORIDA 32826

November, 2001
(Revised September 2005)

TABLE OF CONTENTS

<u>SECTION</u>		<u>PAGE NO.</u>
1.	INTRODUCTION	3
2.	DISTRICT BOUNDARIES AND PROPERTIES SERVED	4
3.	PROPOSED DISTRICT INFRASTRUCTURE	7
4.	OPINION OF PROBABLE CONSTRUCTION COSTS	10
5.	PERMITS	12
 <u>TABLES</u>		
TABLE 1	LAND USE SUMMARY	3
TABLE 2	SUMMARY OF OPINION OF PROBABLE COSTS FOR THE PROJECT INFRASTRUCTURE	10
TABLE 3	SUMMARY OF OPINION OF PROBABLE COSTS AND ESTIMATED TIMETABLE	11
 <u>EXHIBITS</u>		
EXHIBIT A	HERITAGE HARBOUR MARKETPLACE PROJECT MAP ILLUSTRATING DISTRICT BOUNDARIES AND PROPERTIES SERVED	6

HERITAGE HARBOUR MARKETPLACE COMMUNITY DEVELOPMENT DISTRICT
ENGINEER’S REPORT

1. INTRODUCTION

1.1 Description of Heritage Harbour Marketplace Community Development

The Heritage Harbour Marketplace development served by the Community Development District, (the “District”) is located in Manatee County, Florida lying within Sections 23, 25, 26, 35 and 36, Township 34 South, Range 18 East and more precisely being North of State Road 19, Northeast of Interstate 75 and East of Kay Road. The Development has three access points on State Road 64. The complete project will contain a maximum of 897,000 square feet of commercial floor area, as well as a 600 unit hotel. The District is located within the boundaries of the Heritage Sound Development of Regional Impact (DRI). The DRI was approved.

TABLE 1

TYPE OF USE	ACREAGE +/-	% OF TOTAL
COMMERCIAL	112.20	43%
RIGHT-OF-WAY	25.10	10%
PRESERVE & PASSIVE RECREATION	121.12	47%
TOTAL	258.42	100%

1.2 Purpose and Scope of the Report

The purpose of this report is to provide a description of the Heritage Harbour Marketplace Community Development District, the capital improvements to be constructed and financed by the District and an apportionment of the costs for the capital improvements. The financing and assessment methodology will developed by the District’s financial advisor.

2. DISTRICT BOUNDARIES AND PROPERTIES SERVED

2.1 District Boundaries

Exhibit "A" delineates the proposed boundaries of the District. The District is bound on the South by State Road 69, the Southwest by Interstate 75 and the West by Kay Road.

2.2 Description of Properties Served

The District is located in Sections 23, 25, 26, 35 and 36, Township 34 South, Range 18 East, Manatee County, Florida.

The existing land within the Manatee County District consists of wetlands and forested open space, and pasture. The terrain is flat with elevations ranging from 16 to 20 feet NGVD. Ground water is generally at or above natural ground to one foot below natural ground during the wet season. The dry season water table may drop up to 5 feet.

The entire property within the District is zoned for commercial development as part of the approved DRI and is depicted on Exhibit "A".

2.3 Existing Infrastructure

The District is located within the Manatee County Water-Sewer District which will provide water supply and wastewater disposal services to the community in the immediate future and is expected to provide reclaimed wastewater supply services in the future. The Manatee County Board of Commissioners Council serves as Ex-Officio Governing Board of the Manatee County Water-Sewer District.

Potable water for the community will be provided by connection to and extension of existing Manatee County Water-Sewer District water mains. There is an existing 30" main located within the road right-of-way of State Road 64. The potable water is provided by the Manatee County Water Plant.

Wastewater from the community will be collected within the site and pumped via force mains and pumping stations located within the site. The wastewater from the site will be pumped to an existing 16" force main maintained and operated by Manatee County. This existing 16" force main is located within the road rights-of-way of State Road 64 and Lena Road.

Reclaimed wastewater service will be provided by the Manatee County Water-Sewer District when reclaimed wastewater becomes available from the Manatee County Wastewater Treatment Facility. Reclaimed wastewater mains have not been extended to the community at this time. When said mains are extended, two irrigation lakes will serve as supply reservoirs for the reclaimed wastewater. Groundwater pumped from on-site wells will supplement the reclaimed wastewater delivered by the proposed County system.

Surface water runoff from the District will be initially discharged to a lake to the North which, in turn, discharges to the Manatee River.

The District is adjacent to two major arterial roadways, State Road 64 to the South, and I-75 to the West. The District will have access to three connections to State Road 64.

The District is located within the franchise areas of Florida Power and Verizon. Cable service is available from Cable Technologies, Inc. These utility companies are expected to provide electrical power, telephone and cable television services to the District.

All utilities are available to the property or will be during the development of the infrastructure.

SKETCH OF DESCRIPTION

OF
A PARCEL OF LAND LYING IN
SECTIONS 23, 25, 26, 35 & 36 TOWNSHIP 34 SOUTH, RANGE 18 EAST
MANATEE COUNTY, FLORIDA
(HERITAGE HARBOUR MARKETPLACE CDD)

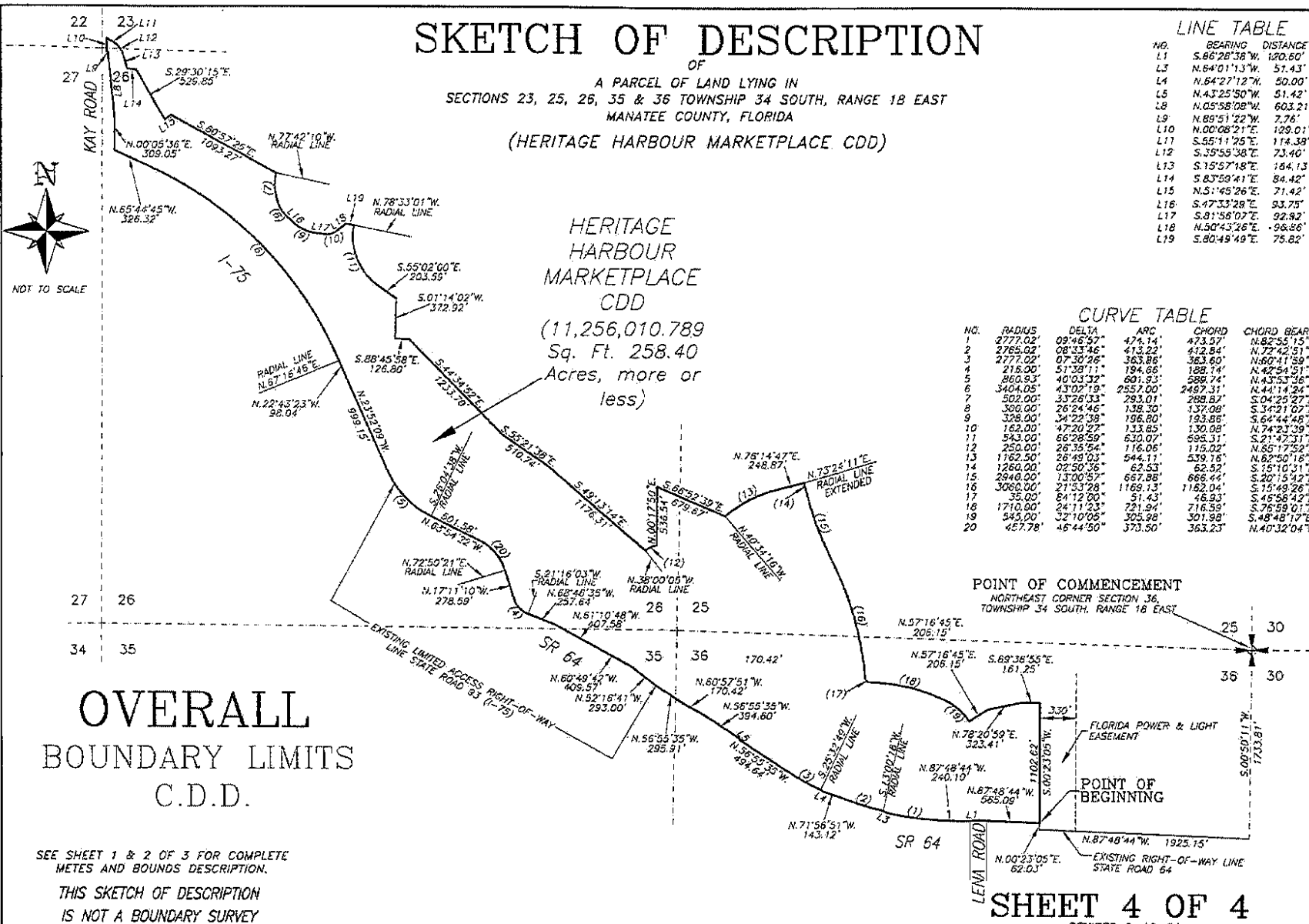
HERITAGE HARBOUR MARKETPLACE CDD
(11,256,010.789
Sq. Ft. 258.40
Acres, more or less)

LINE TABLE

NO.	BEARING	DISTANCE
L1	S.86°28'38"W	120.60'
L3	N.64°01'13"W	57.43'
L4	N.64°27'12"W	50.00'
L5	N.43°25'50"W	51.42'
L8	N.05°58'08"W	603.21'
L9	N.89°51'22"W	7.76'
L10	N.00°08'21"E	129.01'
L11	S.95°11'25"E	114.38'
L12	S.35°58'38"E	73.40'
L13	S.15°57'18"E	164.13'
L14	S.83°58'41"E	84.42'
L15	N.51°45'26"E	71.42'
L16	S.47°33'28"E	93.75'
L17	S.81°58'07"E	92.92'
L18	N.50°43'26"E	96.86'
L19	S.80°49'49"E	75.82'

CURVE TABLE

NO.	RADIUS	DELTA	ARC	CHORD	CHORD BEARING
1	2777.02'	09°46'57"	474.14'	473.57'	N.82°55'15"W
2	2765.02'	08°33'46"	413.22'	412.84'	N.72°42'51"W
3	2777.02'	07°30'26"	363.86'	363.60'	N.60°41'59"W
4	216.00'	51°38'11"	194.66'	188.74'	N.42°54'51"W
5	860.93'	40°03'32"	601.93'	589.74'	N.43°53'38"W
6	3404.05'	43°02'19"	2557.00'	2487.31'	N.44°14'24"W
7	502.00'	33°26'33"	293.01'	289.57'	S.04°25'27"E
8	308.00'	26°24'46"	138.30'	137.08'	S.17°21'07"E
9	328.00'	34°22'38"	196.80'	193.86'	S.64°44'48"E
10	162.00'	47°20'27"	133.85'	130.08'	N.74°23'39"E
11	943.00'	66°28'59"	630.07'	598.31'	S.21°47'31"E
12	250.00'	20°35'54"	116.06'	115.02'	N.85°17'52"E
13	1162.50'	26°49'03"	544.11'	539.76'	N.62°50'16"E
14	1260.00'	02°50'36"	62.53'	62.52'	S.15°10'31"E
15	2940.00'	13°00'57"	667.88'	666.44'	S.20°15'42"E
16	3060.00'	13°33'28"	1169.13'	1162.04'	S.15°48'26"E
17	35.00'	84°12'00"	51.43'	46.93'	S.46°58'42"E
18	1710.00'	24°11'23"	221.94'	216.59'	S.78°59'01"E
19	545.00'	32°10'05"	305.98'	301.98'	S.48°48'10"E
20	457.78'	46°44'50"	373.50'	363.23'	N.40°32'04"W



OVERALL
BOUNDARY LIMITS
C.D.D.

SEE SHEET 1 & 2 OF 3 FOR COMPLETE METES AND BOUNDS DESCRIPTION.
THIS SKETCH OF DESCRIPTION IS NOT A BOUNDARY SURVEY

RICHARD M. RITZ, R.L.S.
FLORIDA CERTIFICATION NO. 4009
- THIS SKETCH OF DESCRIPTION IS NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL BASED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.

D:\CADD\12781\SURVEY\12781-MARKETPLACE\CD\11.DWG
D:\CADD\12781\SURVEY\12781-MARKETPLACE\CD\11.DWG

Banks Engineering, Inc.
ENGINEERING, SURVEYING & LAND PLANNING
18801 BOX NILE EXPRESS PARKWAY - SUITE 104
PORT WYOMING, FLORIDA 33824
(881) 928-5480

SKETCH OF DESCRIPTION HARBOURVEST, LLC MANATEE, FLORIDA							FILE NO. (S-1-R)
DATE	PROJECT NO.	DESIGNED	DRAWN	CHECKED	SCALE	SHT. #	OF #
08-30-01	10763MARC	JPG	JFG	JPG	NTS		

EXHIBIT "A"

-9-

SHEET 4 OF 4
REVISED 9-19-01

3. PROPOSED DISTRICT INFRASTRUCTURE

3.1 Summary of the Proposed District Infrastructure

The District infrastructure will generally consist of the following:

- Roadways
- Utilities
- Earthwork
- Water Management
- Wetland Mitigation
- Professional Services
- Miscellaneous Costs

3.2 Roadways

The roadways within the District will consist of two-lane undivided and four lane divided sections. The roadways will provide access to the various land uses within the District and will connect to proposed roadways which border the District. The roadways will be constructed within platted rights-of-ways or access easements. Presently there are two, to approximately three miles of roadway proposed for construction.

The roadways will be constructed of stabilized subgrade, cement-treated shell base, asphalt paving, curbing and gutter, sidewalks, signage and striping. The roadways will also include landscaping and street lighting. The street lighting will be provided and installed by Florida Power and Light. The landscaping will be addressed in a subsequent section. The roadways will be designed and constructed in accordance with appropriate Manatee County Subdivision Standards. All roadways within the District will be owned and maintained by the District. The costs of all off-site roadway improvements will be shared by this District and the Heritage Harbour South Community Development District, which will also utilize these roadways. The traffic generated by the development within this District will comprise 67% of the total traffic generated on these roadways. Therefore, the Heritage Harbour Market Place CDD, will be responsible for 67% of the cost of all of the off-site roadway improvements and the Heritage Harbour South CDD, will be responsible for 33% of the costs.

Those off-site roadway improvements subject to the above shared costs arrangement and partially included in the Table 3 Opinion of Probable Costs will include the following:

1. Port Harbour Parkway Construction.
2. All S.R. 64 Intersection Improvements.
3. S.R. 64 four-lane widening from I-75 to Lena Road.

Additionally the construction of the following portions of the off-site roadway improvements will generate Manatee County transportation impact fee credits in accordance with Manatee County Zoning Ordinance PDMU-98-08(G)(R):

1. Reconfigure Northbound 64 off-ramp to S.R. 64 east.
2. Extend S.R. 64/Kay Rd. Eastbound left-turn lane.
3. S.R. 64 Westbound left-turn lane at Grand Harbour Pkwy.
4. Lakewood Ranch Blvd. Northbound left-turn lane at S.R. 64.
5. S.R. 64 four-lane widening from I-75 to Lena Road.

The potential value of impact fee credits generated by these improvements will exceed the probable costs (From Table 3) of the off-site roadway improvements. The actual value of impact fee credits generated will be dependent on the intensity of residential and commercial development achieved at 100% build-out.

3.3 Utilities

The utilities within the District will consist of potable water, wastewater collection/transmission, reclaimed wastewater and irrigation systems which will be designed and constructed in accordance with the appropriate Manatee County Water-Sewer District and Florida Department of Environmental Protection Standards. It is anticipated that the potable water will be conveyed by the District to the Manatee County Water-Sewer District for ownership, operation and maintenance after completion of construction. It is also anticipated that the wastewater collection/ transmission and reclaimed wastewater systems will be owned and maintained by the District.

The potable water facilities will consist of distribution mains of varying sizes with all required valves, fire hydrants and water services to individual lots and development tracts. Connections to the existing Manatee County system will be located at each of the three roadway connections to State Road 64. There will be approximately 15,200 linear feet of water main constructed.

The wastewater facilities will consist of gravity collection mains with individual lot and development tract services flowing to a number of on-site pumping stations, with forcemains connecting these stations to the existing Manatee County system, will be located within the State Road 64 right-of-way. It is estimated that 4,000 linear feet of gravity collection system and 15,200 feet of force main will be constructed.

The master pump station and forcemain will also benefit Heritage Harbour South CDD, which is located outside of this District's boundaries. Therefore, this District will constitute 24% of the total wastewater generated, and will contribute 24% of the cost to construct the master lift station and forcemain.

The irrigation system will consist of two irrigation lakes, each with a deep well to recharge the irrigation lakes from groundwater sources and an irrigation pumping station. Additionally, the system will include irrigation transmission mains. The irrigation lakes will become reclaimed water storage facilities when Manatee County can provide reclaimed wastewater to the development. This portion of the irrigation system shall be owned and operated by Aquatera, Inc. All distribution mains shall be owned and maintained by the District.

3.4 Earthwork and Clearing

Stormwater management, within the District will be excavated and the material will be used for fill of roadways and embankments. It is necessary to fill these components to provide minimum finished elevations for typical storm events and flood protection. Also, due to unsuitable material located within the substrata of the community, rock burial zones have been utilized where possible in the community to generate suitable fill for the community.

3.5 Storm Water Management

The District stormwater management system consists of excavated stormwater management lakes, drainage pipes, catch basins, swales, berms and water control structures. Stormwater runoff from within the District will be collected and conveyed to the stormwater management lakes for water quality treatment and quantity storage. The stormwater will discharge from a number of water control structures to a permitted discharge ditch that has been constructed from State Road 64 to the Manatee River for a distance of approximately two miles. The stormwater management will be designed and constructed in accordance with Southwest Florida Water Management District standards for water quality treatment, quantity storage and flood protection.

3.6 Landscaping and Security

Landscaping will be provided in roadways, perimeter monument walls and District entrances. Landscaping will consist of sod, annual flowers, shrubs, ground cover, littoral plantings in lakes. Existing vegetation will be utilized where possible.

3.7 Wetland Mitigation

The wetland mitigation within the District will consist of the construction and planting of aquatic littoral zones in the stormwater management lakes, the construction and planting of aquatic vegetation within mitigation areas, the removal of exotic plant species from the preserve areas and restoration and the enhancement of the wetland hydroperiods within the wetland preserves and wildlife management areas.

3.8 Professional Service

The professional services for design and construction of all components within the District consist of engineering of walls and structures for security, roadways, utilities, soils investigation and testing, landscaping design, environmental consultation and construction services for inspection of infrastructure during construction.

3.9 Miscellaneous Costs

These costs include permitting fees for construction of required District infrastructure bonding for these facilities, and construction inspection services.

4. OPINION OF PROBABLE CONSTRUCTION COSTS

An opinion of probable costs in 2004 dollars for the District infrastructure is represented in Table 1. The District will be financing the proposed infrastructure.

The total includes a 10% contingency for the entire costs of District infrastructure. All costs are represented in 2004 dollars. The professional fees consist of land surveying and engineering, soils investigation and testing, and engineering construction services that are necessary for the design, permitting and services during construction of the District infrastructure. The miscellaneous costs consist of permitting fees, bonding and construction engineering inspection services that are necessary during construction of District infrastructure.

The costs do not include the legal, administrative, financing, operation or maintenance services necessary to finance, construct and operate the District infrastructure.

It is my professional opinion that these costs are reasonable for the quality of work desired.

TABLE 2
(In thousands of dollars)

Project Infrastructure Costs	\$14,088
Amount Spent to Date	\$6,350

TABLE 3

**Heritage Harbour Market Place
Community Development District**

Summary of Opinion of Probable Cost and Estimated Timetable*:

	Year 2001/2006
WATER MANAGEMENT (INCLUDES WETLAND MITIGATION)	980
EARTHWORK	800
ON-SITE ROADWAY	473
OFF-SITE ROADWAY IMPROVMENTS	6,700
POTABLE WATER**	323
SANITARY SEWER**	1,087
LANDSCAPE/IRRIGATION	1,644
LIGHTING	-
PROFESSIONAL FEES/PERMITTING	800
SUB-TOTAL	12,807
10% CONTINGENCY (OF ABOVE)	1,281
TOTAL	\$14,088

*Estimated costs of construction are for those special powers permitted under 190.012, Florida Statutes (1999 and hereafter) only. Estimates are provided for such powers exercised under section 190.012(2), since the consent to exercise such powers is by the local general purpose government within whose jurisdiction such powers are to be exercised, in this instance, Manatee County. Until such consent is or may be made, upon petition of the Board of Supervisors of the District, no further estimate of such costs will be prepared.

** Currently it is anticipated water and sewer will be provided by Manatee County.

* The probable costs estimated herein do not include anticipated carrying cost, interest, reserves or other anticipated CDD expenditures that may be incurred. The probable costs estimated include shared costs with the Heritage Harbour South C.D.D.

5. Permits

Permits for construction are required prior to the commencement of infrastructure improvements. These permits include the following:

- Army Corps of Engineers Dredge and Fill Permit.
- Local zoning approval
- Southwest Florida Water Management District Environmental Resource Permit (ERP) and Water Use Permit (WUP).
- Environmental Protection Agency NPDES permit.
- Site plan, subdivision plat and construction plan approvals by Manatee County.
- Florida Department of Environmental Protection Water and Wastewater Construction Permits.

All approvals and permits have been obtained for the construction of the proposed infrastructure.

Randy S. Banks, P.E.
District Engineer

Date

APPENDIX B
ASSESSMENT METHODOLOGY

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**SUPPLEMENTAL
ASSESSMENT
REPORT FOR THE
SERIES 2005 BONDS
HERITAGE HARBOUR
MARKETPLACE
COMMUNITY DEVELOPMENT
DISTRICT**

Final Numbers

October 10, 2005

Prepared for

**Board of Supervisors
Heritage Harbour Marketplace Community Development
District**

Prepared by

**Fishkind & Associates, Inc.
11869 High Tech Avenue
Orlando, Florida 32817
407-382-3256**

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**SUPPLEMENTAL ASSESSMENT REPORT
HERITAGE HARBOUR MARKETPLACE COMMUNITY DEVELOPMENT
DISTRICT**

FINAL NUMBERS

SERIES 2005 BONDS

OCTOBER 10, 2005

1.0 Introduction

1.1 Purpose

This Supplemental Assessment Report (“Supplement” or “Supplemental Report”) demonstrates the application of the Adopted Master Assessment Methodology (“Methodology”) for the Heritage Harbour Marketplace Community Development District (“District”) as it relates to its Series 2005 Bonds. The Methodology has two stated goals: (1) to estimate the special benefits provided to properties within the District which result from the installation of the Capital Improvement Program (“CIP”) and (2) to equitably allocate the costs incurred by the District to provide these special benefits.

It is the District’s adopted CIP that will allow for the development of property within the District. The CIP confers special benefits to the properties within the District. This Supplement equitably allocates the costs incurred by the District to provide the benefits of the Series 2005 Project to certain properties within the District.

The Series 2005 Bonds, in conjunction with financial or infrastructure contributions from the Developer, will complete the Series 2005 Project. The bonds will be repaid from the proceeds of an assessment levied by the District. The levy will take the form of non-ad valorem special assessments that will be liens against properties within the boundary of the District that receive special benefits from the Series 2005 Project. The algorithms and logic used in this report are the same algorithms and logic found in the Methodology (September 21, 2005). The details herein

describe the Series 2005 Bonds and the assessments required to repay the Series 2005 Bonds.

1.2 Special Benefits and General Benefits

Improvements undertaken by the District create both special benefits and general benefits. However, these general benefits to the public at large are incidental in nature and are readily distinguishable from the special benefits which accrue to property within the District. The CIP of the District enables properties within its boundaries to be developed. Without the District's CIP there would be no infrastructure to support development of land within the District. Without these improvements development of property in the District would be prohibited by law.

There is no doubt that the general public, and property owners outside the District, will benefit from the provision of District infrastructure. However, these are incidental to the District's Capital Improvement Program which is designed solely to meet the needs of property within the District. Properties outside the District do not depend upon the District's CIP to obtain, or to maintain their development entitlements. This fact alone clearly distinguishes the special benefits which District properties receive compared to those properties lying outside of the District's boundaries.

At this time the Financial Advisor can not calculate the exact amount of benefit conferred to the specially benefited properties, but it is our opinion that the benefits exceed the costs of the financed infrastructure.

1.3 Requirements of a Valid Assessment Methodology

Valid special assessments under Florida law have two requirements. First, the properties assessed must receive a special benefit from the improvements paid for via the assessments. Second, the assessments must be fairly and reasonably allocated to the properties being assessed.

If these two characteristics of valid special assessments are adhered to, Florida law provides wide latitude to legislative bodies, such as the District's Board of Supervisors, in approving special assessments. Indeed, Florida courts have found that the mathematical perfection of calculated special benefit is probably impossible. Only if the District's Board was to act in an arbitrary, capricious, or grossly unfair fashion would its assessment methods be overturned.

2.0 The Series 2005 Bonds

2.1 Master Development Program

The master development program for the District has not been finalized at this time. The eventual master development program will include a commercial center with community retail space, office space, and some assisted living units. Table 1 (Appendix) provides a preliminary Development Program.

2.2 Capital Improvement Program – The Series 2005 Project

The District Engineer has identified certain infrastructure that may be provided by the District and has provided a cost estimate for the CIP. The CIP consists of earth work and storm water management, on-site and off-site roadways, sewer and potable water utilities, and landscaping with irrigation. Details of the CIP can be found in the District's Improvement Plan dated November, 2001 as Revised September, 2005. The September revision reduced the CIP to a total of \$14,088,000. The Series 2005 Project is defined as the CIP in its entirety. Table 2 of this Supplemental Report summarizes the estimated Series 2005 Project construction requirements.

2.3 Series 2005 Bonds

The Series 2005 Bonds have been sized to pay the principal and interest on the Series 2004 Bond Anticipation Notes ("2004 BAN"). The 2004 BAN funded initial construction within the District. In addition to paying the obligations related to the 2004 BAN, the Series 2005 Bonds include amounts for a construction fund, capitalized interest, a debt service reserve fund, underwriter's discount, and issuance costs. The Series 2005 Bonds do not completely fund the construction requirements for the Series 2005 Project. The Series 2005 Project requirements not funded through the Series 2005 Bonds will be completed through Developer contributions.

The Series 2005 Bonds have a term of 30-years and carry a coupon of 5.6%. This series of bonds includes an allowance for capitalized interest through November 1, 2006 with the first sinking fund payment occurring May 1, 2007.

3.0 Assessment Methodology

3.1 Structure

Special and peculiar benefits are conveyed to the properties within the District flowing from the implementation of the CIP. The assessment methodology detailed herein provides the mechanism by which these costs, based on an estimated determination of benefit, are distributed to the assessable acres within the District for levy and collection.

The Assessment Methodology is a three-step process. First, the District's engineer determines the costs for the CIP. Secondly, the FA will determine the amount of the Series 2005 Bonds. Finally, the debt required to repay the Series 2005 Bonds be allocated to the benefiting lands within the District based on a fair and reasonable estimate of special and peculiar benefits each property receives from the implementation of the CIP.

3.2 Master Infrastructure Improvements as a System of Improvements

The District is undertaking the responsibility of providing infrastructure to the Heritage Harbour Marketplace area. As designed, the CIP/Series 2005 Project is an integrated set of facilities. Each infrastructure facility works as a system to provide benefits to the lands within the District. As a system the transportation system consists not only of the first mile of roadway, but also the last few feet. Taken as a system, all landowners benefit from the first mile of roadway pavement. Additionally, all landowners benefit from the last few feet of roadway pavement. Similarly, the water management lakes and structures also work as a system. The water management system provides storm water protection not just for a single building within the eventual Development Program but for the entire eventual Development Program. This logic can also be used when considering the water and sewer system, and landscaping. Each facility has been designed as an integrated system to provide benefits to all of the developable lands within the District.

While each facility (transportation, utilities, storm water management, etc.) is an integrated system, all of the facilities also work in unison. An example of this additional level of integration is exemplified in how the roadway system works with the water management system. The design of the roadway system is such that the roadways not only provide transportation pathways but also channel water to help in the provision of storm water protection. Integration can also be found between the landscaping plan and the water management facilities. While the water management lakes and structures have been functionally designed to

provide storm water protection, the landscaping plan has been designed, in part, to beautify the water management facilities, thereby yielding the additional benefits of added enjoyment of the property and the probability of increased marketability of the property. This level of integration can also be found between the roadway system and the landscaping plan. Therefore, the facilities within the CIP/Series 2005 Project can be considered as an integrated system of improvements which provides a package of special benefits for each unit within the Development Program.

3.3 Benefit Allocation

The debt incurred by the District can be allocated to the properties receiving special benefits on the basis of the benefit conferred by the package of infrastructure implemented within the District. The responsibility for the repayment of the District's debt through assessments will ultimately be distributed in proportion to the special benefit peculiar to the land within the District.

The final Development Program within the District has not been established, but the density and intensity of the development program within the District is anticipated to be fairly consistent from land use to land use. An estimate of the benefit conferred by the CIP/Series 2005 Project can be made on the basis of acreage. Expressed another way, the CIP/Series 2005 Project confers approximately the same level of benefit to each assessable acre of land within the District. Therefore, the bond related debt can be allocated to the assessable acreage within the District on an equal acre basis.

3.4 Assignment of Assessments

The Series 2005 Bonds will be levied against the assessable lands of the District on an equal acre basis. As development parcels are defined, the acreage within that parcel will be assigned an assessment on a per developable (net) acre basis. At the time a parcel is defined, the assessment for that parcel shall be the number of assessable acres within the parcel multiplied by the per net acre assessment. This assessment shall be termed the "Parcel Assessment". Once defined, the Parcel Assessment shall remain with each specified parcel. The number of development units a parcel will have shall be defined by the County approved Site Development Plan (or similar document needing County approval). Upon a building receiving a Certificate of Occupancy ("CO") development units are considered defined and complete. At that time a portion of the Parcel Assessment shall be assigned to the completed development units in proportion to the "planned units" as defined by the Site Development Plan (or similar document). A "development unit" shall

be one gross square foot of office or retail space, one multifamily unit, or one assisted living unit.

The District shall assess the owners of the development units or the owners of the parcels of assessable land until such time as the Series 2005 Bonds have been retired.

4.0 Assessment Determination

4.1 Special and Peculiar Benefit to the Property

This discussion is covered in the Adopted Master Assessment Methodology dated September 21, 2005 and will not be repeated here.

4.2 Reasonable and Fair Apportionment of the Duty to Pay

This discussion is covered in the Adopted Master Assessment Methodology dated September 21, 2005 and will not be repeated here.

5.0 True-Up Mechanism

The District anticipates that there are 122.96 net developable and assessable acres within its boundaries. If however this number of net developable and assessable acres is incorrect, the District shall adjust the acreage to the correct amount and reallocate the debt to all parcels, units, and net developable and assessable lands within the District.

6.0 Series 2005 Initial Assessment Roll

The debt associated with the Series 2005 Bonds will be allocated on an equal gross acreage basis across all of the assessable acreage within the District.

Exhibit A shows the preliminary assessments on a per acre basis. The attached legal description represents 100% of the gross acreage within the District.

Exhibit A
Series 2005 Initial Assessment Roll
Heritage Harbour Marketplace Community Development District

The lands within the District's boundaries consist of 122.96+/- acres as listed below. The lands within the District are owned by two landowners whose names and addresses are included below.

The anticipated par amount of bonds to be borrowed by the District to pay for infrastructure improvements is \$16,755,000.

Prior to platting, the assessments levied against the lands within the District will be apportioned on a per acre basis. Therefore, each acre of land will be assessed approximately \$136,264.

<u>Parcel ID Number</u>	<u>Landowners</u>	<u>Gross Acreage</u>	<u>Par Debt Assessment</u>
1108600169	Harbourvest	83.70	\$11,405,282.21
1442300259	Harbourvest	21.62	\$2,946,023.91
1442302559	BrownStar Properties	3.38	\$460,571.73
1442302359	BrownStar Properties	9.26	\$1,261,803.03
1442303009	BrownStar Properties	<u>5.00</u>	<u>\$681,319.13</u>
		122.96	\$16,755,000.00

Landowners Name & Address:

Harbourvest, LLC
 Attn: Tony Squitirei
 551 N. Cattlemen Road
 Suite 202
 Sarasota, FL 34232

BrownStar Properties LLC
 2201 Cantu Court
 Suite 104
 Sarasota, FL 34232

APPENDIX

**TABLE 1
HERITAGE HARBOUR MARKETPLACE CDD
DEVELOPMENT PROGRAM
SERIES 2005 BONDS
SUPPLEMENTAL ASSESSMENT REPORT**

<u>Parcel</u>	<u>Potential Product Use (1)</u>	<u>Acres</u>
19 & 20	Mixed Use	83.7
22	Office	3.38
23	Commercial	2.13
24	Commercial	3.13
25	Commercial	16.36
26	Office	9.26
27	Office	5.00
Totals		122.96

(1) Potential Product Use is subject to change based on marketing and other factors.

TABLE 2
HERITAGE HARBOUR MARKETPLACE CDD
SERIES 2005 PREJECT/CIP
SERIES 2005 BONDS
SUPPLEMENTAL ASSESSMENT REPORT

<u>Facility</u>	<u>Estimated Cost (1)</u>
Stormwater Management	\$ 980,000
Earthwork	\$ 800,000
On-Site Roadways	\$ 473,000
Off-Site Roadway Improvements	\$ 6,700,000
Potable Water	\$ 323,000
Sanitary Sewer	\$ 1,087,000
Landscape/Irrigation	\$ 1,644,000
Professional Fees/Permitting	\$ 800,000
Contingency	\$ 1,281,000
Total Series 2005 Project	\$ 14,088,000

(1) Cost Estimates provided by Banks Engineering.
Professional fees and permitting have been allocated to each Facility.

TABLE 3
HERITAGE HARBOUR MARKETPLACE CDD
ESTIMATED BOND SIZE
SERIES 2005 BONDS
SUPPLEMENTAL ASSESSMENT REPORT

	<u>Par Amount of Bonds</u>
Retire Series 2004 Notes (Principal)	\$ 7,000,000
Interest on Series 2004 Notes	\$ 332,597
Construction Fund	\$ 6,976,195
Debt Service Reserve	\$ 1,155,800
Capitalized Interest	\$ 940,970
Cost of Issuance	\$ 140,000
Underwriter's Discount	\$ 209,438
Rounding	\$ -
Total Par Debt	\$ 16,755,000

**TABLE 4
HERITAGE HARBOUR MARKETPLACE CDD
PER ACRE ASSESSMENT ALLOCATION
SERIES 2005 BONDS
SUPPLEMENTAL ASSESSMENT REPORT**

<u>Parcel</u>	<u>Acres</u>	<u>Approximate Par Debt Allocation (1)</u>	<u>Par Debt Allocation/ Acre</u>	<u>Annual Assessment/Acre (1)</u>	<u>Net Debt Service Generated by the Parcel</u>
19 & 20	83.7	\$ 11,405,282	\$ 136,264	\$ 10,000	\$786,780
22	3.38	\$ 460,572	\$ 136,264	\$ 10,000	\$31,772
23	2.13	\$ 290,242	\$ 136,264	\$ 10,000	\$20,022
24	3.13	\$ 426,506	\$ 136,264	\$ 10,000	\$29,422
25	16.36	\$ 2,229,276	\$ 136,264	\$ 10,000	\$153,784
26	9.26	\$ 1,261,803	\$ 136,264	\$ 10,000	\$87,044
27	<u>5</u>	<u>\$ 681,319</u>	<u>\$ 136,264</u>	<u>\$ 10,000</u>	<u>\$47,000</u>
Totals	122.96	\$ 16,755,000			\$1,155,824

(1) Assumes 4% discount for early payment and 2% in collection fees to the property appraiser and tax collector.

APPENDIX C
FORM OF THE INDENTURE

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ARTICLE I

DEFINITIONS

SECTION 101. MEANING OF WORDS AND TERMS 8
SECTION 102. RULES OF CONSTRUCTION 23

ARTICLE II

FORM, EXECUTION, DELIVERY AND DESIGNATION OF BONDS

SECTION 201. ISSUANCE OF BONDS 24
SECTION 202. DETAILS OF BONDS 24
SECTION 203. EXECUTION AND FORM OF BONDS 25
SECTION 204. NEGOTIABILITY, REGISTRATION AND TRANSFER OF BONDS... 26
SECTION 205. OWNERSHIP OF BONDS 26
SECTION 206. SPECIAL OBLIGATIONS 26
SECTION 207. AUTHORIZATION OF BONDS 27
SECTION 208. TEMPORARY BONDS 29
SECTION 209. MUTILATED, DESTROYED OR LOST BONDS 29
SECTION 210. PARI PASSU OBLIGATIONS UNDER CREDIT AGREEMENTS 30
SECTION 211. BOND ANTICIPATION NOTES 30
SECTION 212. TAX STATUS OF BONDS 31

ARTICLE III

REDEMPTION OF BONDS

SECTION 301. REDEMPTION GENERALLY 31
SECTION 302. NOTICE OF REDEMPTION; PROCEDURE FOR SELECTION 32
SECTION 303. EFFECT OF CALLING FOR REDEMPTION 34
SECTION 304. CANCELLATION 35

ARTICLE IV

ACQUISITION AND CONSTRUCTION FUND

SECTION 401. ACQUISITION AND CONSTRUCTION FUND 35
SECTION 402. PAYMENTS FROM ACQUISITION AND CONSTRUCTION FUND .. 35
SECTION 403. COST OF PROJECT 35
SECTION 404. DISPOSITION OF BALANCES IN ACQUISITION AND CONSTRUCTION FUND 38

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

1

MASTER TRUST INDENTURE
HERITAGE HARBOUR MARKET PLACE
COMMUNITY DEVELOPMENT DISTRICT
TO
WACHOVIA BANK, NATIONAL ASSOCIATION, AS
TRUSTEE

Dated as of November 1, 2004

SECTION 501. LIEN 38
SECTION 502. ESTABLISHMENT OF FUNDS AND ACCOUNTS 39
SECTION 503. ACQUISITION AND CONSTRUCTION FUND 40
SECTION 504. REVENUE FUND AND SERIES REVENUE ACCOUNTS 41
SECTION 505. DEBT SERVICE FUND AND SERIES DEBT SERVICE ACCOUNT... 41
SECTION 506. OPTIONAL REDEMPTION 45
SECTION 507. REBATE FUND AND SERIES REBATE ACCOUNTS 47
SECTION 508. INVESTMENT OF FUNDS AND ACCOUNTS 48
SECTION 509. DEFICIENCIES AND SURPLUSES IN FUNDS 50
SECTION 510. INVESTMENT INCOME 51
SECTION 511. CANCELLATION OF THE BONDS 51

ARTICLE VI

CONCERNING THE TRUSTEE

SECTION 601. ACCEPTANCE OF TRUST 52
SECTION 602. NO RESPONSIBILITY FOR RECITALS 52
SECTION 603. TRUSTEE MAY ACT 52
SECTION 604. COMPENSATION AND INDEMNITY 52
SECTION 605. NO DUTY TO RENEW INSURANCE 53
SECTION 606. NOTICE OF DEFAULT; RIGHT TO INVESTIGATE 53
SECTION 607. OBLIGATION TO ACT ON DEFAULT 54
SECTION 608. RELIANCE BY TRUSTEE 54
SECTION 609. TRUSTEE MAY DEAL IN BONDS 54
SECTION 610. CONSTRUCTION OF AMBIGUOUS PROVISION 54
SECTION 611. RESIGNATION OF TRUSTEE 55
SECTION 613. REMOVAL OF TRUSTEE 55
SECTION 614. APPOINTMENT OF SUCCESSOR TRUSTEE 55
SECTION 615. QUALIFICATION OF SUCCESSOR TRUSTEE 56
SECTION 616. INSTRUMENTS OF SUCCESSION 56
SECTION 617. MERGER OF TRUSTEE 56
SECTION 618. RESIGNATION OF PAYING AGENT OR BOND REGISTRAR 56
SECTION 619. REMOVAL OF PAYING AGENT OR BOND REGISTRAR 57
SECTION 620. APPOINTMENT OF SUCCESSOR PAYING AGENT OR BOND REGISTRAR 57
SECTION 621. QUALIFICATIONS OF SUCCESSOR PAYING AGENT OR BOND REGISTRAR 58
SECTION 622. ACCEPTANCE OF DUTIES BY SUCCESSOR PAYING AGENT OR BOND REGISTRAR 58
SECTION 623. SUCCESSOR BY MERGER OR CONSOLIDATION 58

ARTICLE VII

FUNDS CONSTITUTE TRUST FUNDS

SECTION 701. TRUST FUNDS 59

ARTICLE VIII

COVENANTS AND AGREEMENTS OF THE DISTRICT

SECTION 801. PAYMENT OF BONDS 60
SECTION 802. EXTENSION OF PAYMENT OF BONDS 60
SECTION 803. FURTHER ASSURANCE 60
SECTION 804. POWER TO ISSUE BONDS AND CREATE A LIEN 60
SECTION 805. POWER TO UNDERTAKE SERIES PROJECTS AND TO COLLECT PLEDGED REVENUE 61
SECTION 806. SALE OF SERIES PROJECTS 61
SECTION 807. COMPLETION AND MAINTENANCE OF SERIES PROJECTS 62
SECTION 808. ACCOUNTS AND REPORTS 62
SECTION 809. ARBITRAGE AND OTHER TAX COVENANTS 63
SECTION 810. ENFORCEMENT OF PAYMENT OF ASSESSMENT 64
SECTION 811. METHOD OF COLLECTION OF ASSESSMENTS AND BENEFIT SPECIAL ASSESSMENTS 64
SECTION 812. DELINQUENT ASSESSMENT 64
SECTION 813. DEPOSIT OF PROCEEDS FROM SALE OF TAX CERTIFICATES 65
SECTION 814. SALE OF TAX DEED OR FORECLOSURE OF ASSESSMENT OR BENEFIT SPECIAL ASSESSMENT LIEN 65
SECTION 815. OTHER OBLIGATIONS PAYABLE FROM ASSESSMENTS OR BENEFIT SPECIAL ASSESSMENTS 66
SECTION 816. RE-ASSESSMENTS 66
SECTION 817. GENERAL 66
SECTION 818. SECONDARY MARKET DISCLOSURE 67

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

SECTION 901. EXTENSION OF INTEREST PAYMENT 67
SECTION 902. EVENTS OF DEFAULT 67
SECTION 903. ACCELERATION OF MATURITIES OF BONDS OF A SERIES 69
SECTION 904. ENFORCEMENT OF REMEDIES 70
SECTION 905. PRO RATA APPLICATION OF FUNDS AMONG OWNERS OF A SERIES OF BONDS 70
SECTION 906. EFFECT OF DISCONTINUANCE OF PROCEEDINGS 72
SECTION 907. RESTRICTION ON INDIVIDUAL OWNER ACTIONS 72
SECTION 908. NO REMEDY EXCLUSIVE 73
SECTION 909. DELAY NOT A WAIVE 73
SECTION 910. RIGHT TO ENFORCE PAYMENT OF BONDS 73
SECTION 911. NO CROSS DEFAULT AMONG SERIES 73
SECTION 912. INDEMNIFICATION 73

ARTICLE X

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 1001.	EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS	74
SECTION 1002.	DEPOSIT OF BONDS	74

ARTICLE XI

SUPPLEMENTAL INDENTURES

SECTION 1101.	SUPPLEMENTAL INDENTURES	74
SECTION 1102.	SUPPLEMENTAL INDENTURES WITH OWNER CONSENT.....	75
SECTION 1103.	OPINION OF BOND COUNSEL WITH RESPECT TO SUPPLEMENTAL INDENTURE.....	77
SECTION 1104.	SUPPLEMENTAL INDENTURE PART OF INDENTURE.....	78
SECTION 1105.	INSURER OR ISSUER OF A CREDIT OR LIQUIDITY FACILITY AS OWNER OF BONDS	78

ARTICLE XII

DEFEASANCE

SECTION 1201.	DEFEASANCE AND DISCHARGE OF THE LIEN OF THIS MASTER INDENTURE AND SUPPLEMENTAL INDENTURES.....	79
SECTION 1202.	MONEYS HELD IN TRUST	83

ARTICLE XIII

MISCELLANEOUS PROVISIONS

SECTION 1301.	EFFECT OF COVENANT	84
SECTION 1302.	MANNER OF GIVING NOTICE TO THE DISTRICT AND THE TRUSTEE	84
SECTION 1303.	MANNER OF GIVING NOTICE TO THE OWNERS	85
SECTION 1304.	SUCCESSORSHIP OF DISTRICT OFFICERS.....	85
SECTION 1305.	INCONSISTENT PROVISIONS	86
SECTION 1306.	FURTHER ACTS	86
SECTION 1307.	HEADINGS NOT PART OF INDENTURE	86
SECTION 1308.	EFFECT OF PARTIAL INVALIDITY	86
SECTION 1309.	ATTORNEYS' FEES.....	86
SECTION 1310.	EFFECTIVE DATE.....	87

EXHIBIT A

FORM OF REQUISITION

MASTER TRUST INDENTURE

THIS IS A MASTER TRUST INDENTURE, dated as of November 1, 2004, by and between **HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT**, a local unit of special-purpose government organized and existing under the laws of the State of Florida (the "District"), and **WACHOVIA BANK, NATIONAL ASSOCIATION**, as trustee (the "Trustee"), a national banking association and having the authority to exercise corporate trust powers, with its designated corporate trust office located in Miami, Florida; and its designated office and post office address located at 200 South Biscayne Boulevard, 14th Floor, Miami, Florida 33131, Attention: Corporate Trust Department.

WHEREAS, the District is a community development district duly organized and existing under the provisions of Chapter 190, Florida Statutes, as amended (the "Act"), for the purpose, among other things, of financing and managing the acquisition, construction, installation, maintenance, and operation of the major infrastructure within and without the boundaries of the District; and

WHEREAS, the District has the power and authority under the Act to issue special assessment bonds and revenue bonds and to use the proceeds thereof to finance the cost of acquiring and constructing assessable improvements (as defined in the Act) and, by virtue of Section 190.022 of the Act, to levy and collect special assessments therefor as provided in Chapter 170, Florida Statutes, as amended, and to levy and collect user charges and fees therefor as provided in Section 190.011, Florida Statutes, as amended; and

WHEREAS, the District has the power and authority under and by virtue of Section 190.021 of the Act to levy and collect Benefit Special Assessments (hereinafter defined); and

WHEREAS, the District has found and determined and does hereby find and determine, that acquisition and construction of the Series Projects (hereafter defined) is and will be necessary and desirable in serving the District's goal of properly managing the

acquisition, construction, installation and operation of portions of the infrastructure within and without the boundaries of the District; and

WHEREAS, the execution and delivery of the Bonds and of this Master Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Master Indenture a valid and binding agreement and a valid and binding lien on the Trust Estate (hereinafter defined) have been done;

NOW, THEREFORE, THIS MASTER TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the District, in consideration of the premises and acceptance by the Trustee of the trusts hereby created and the purchase and acceptance of the Bonds (hereafter defined) by the Owners (hereafter defined), and of the sum of ten dollars (\$ 10.00), lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds of a Series (hereafter defined) issued hereunder according to their tenor and effect and to secure the performance and observance by the District of all of the covenants expressed or implied herein, in the Supplemental Indenture authorizing the issuance of such Series of Bonds and in the Bonds of such Series, does hereby assign and grant a security interest in the following (herein called the "Trust Estate") to the Trustee and its successors in trust, and assigns forever, for the securing of the performance of the obligations of the District herein set forth: (i) the Pledged Revenues (hereinafter defined) and Pledged Funds (hereinafter defined); and (ii) any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with, the Trustee as security for any Series of Bonds issued pursuant to this Master Indenture by the District or anyone on its behalf or with its consent, or which pursuant to any of the provisions hereof or of the Supplemental Indenture securing such Series of Bonds may come into the possession or control of the Trustee or of a lawfully appointed

receiver, as such additional security, and the Trustee is hereby authorized to receive any and all such property as and for security for the payment of such Series of Bonds and the interest and premium, if any, thereon, and to hold and apply all such property subject to the terms hereof, it being expressly understood and agreed that except as otherwise provided herein or in a Supplemental Indenture the Trust Estate established and held hereunder for Bonds of a Series shall be held separate and in trust solely for the benefit of the Owners of the Bonds of such Series and for no other Series;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth (a) for the equal and proportionate benefit and security of all present and future Owners of the Bonds of a Series, without preference of any Bond of such Series over any other Bond of such Series, (b) for enforcement of the payment of the Bonds of a Series, in accordance with their terms and the terms of this Master Indenture and the Supplemental Indenture authorizing the issuance of such Series of Bonds, and all other sums payable hereunder, under the Supplemental Indenture authorizing such Series of Bonds or on the Bonds of such Series, and (c) for the enforcement of and compliance with the obligations, covenants and conditions of this Master Indenture except as otherwise expressly provided herein, as if all the Bonds at any time Outstanding (hereafter defined) had been authenticated, executed and delivered simultaneously with the execution and delivery of this Master Indenture, all as herein set forth.

IT IS HEREBY COVENANTED, DECLARED AND AGREED

(a) that this Master Indenture creates a continuing lien equally and ratably to secure the payment in full of the principal of, premium, if any, and interest on all Bonds of a Series which may from time to time be Outstanding hereunder, except as otherwise expressly provided herein, (b) that the Trust Estate shall immediately be subject to the lien of this pledge and assignment without any physical delivery thereof or further act, (c) that the lien of this pledge and assignment shall be a first lien and shall be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the District, irrespective of whether such parties have notice thereof, and (d) that the Bonds of a Series are to be issued, authenticated and delivered, and that the Trust Estate is to be held, dealt with, and

disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Master Indenture and the District covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds of each respective Series, as follows:

ARTICLE I DEFINITIONS

Section 101. Meaning of Words and Terms. The following words and terms used in this Master Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Accountant" shall mean the independent certified public accountant or independent certified public accounting firm retained by the District to perform the duties of the Accountant under this Master Indenture.

"Accountant's Certificate" shall mean an opinion signed by an independent certified public accountant or firm of certified public accountants (which may be the Accountants) from time to time selected by the District.

"Accounts" shall mean all accounts created pursuant to Section 502 hereof except amounts on deposit in the Series Rebate Account within the Rebate Fund.

"Accreted Value" shall mean, as of the date of computation with respect to any Capital Appreciation Bonds, an amount (truncated to three (3) decimal places) equal to the original principal amount of such Capital Appreciation Bonds at the date of issuance plus the interest accrued on such Bonds from the date of original issuance of such Capital Appreciation Bonds to the date of computation, such interest to accrue at the rate of interest per annum of the Capital Appreciation Bonds (or in accordance with a table of compound accreted values set forth in such Capital Appreciation Bonds), compounded semi-annually on each Interest Payment Date; provided, however, that if the date with respect to which any such computation is made is not an Interest Payment Date, the Accreted Value of any Bond as of such date shall be the amount determined by compounding the Accreted Value of such Bond as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first

8

amounts received by the District from the sale of tax certificates or otherwise from the collection of Delinquent Assessments and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Authorized Denomination" shall, except as provided in any Supplemental Indenture relating to a Series of Bonds, mean the denomination of \$5,000 or any integral multiple thereof.

"Authorized Officer" shall mean any person authorized by the District in writing directed to the Trustee to perform the act or sign the document in question.

"Benefit Special Assessments" shall mean benefit special assessments levied and collected in accordance with Section 190.021(2), Florida Statutes (2002), as amended from time to time, together with any and all amounts received by the District from the sale of tax certificates or otherwise from the collection of Benefit Special Assessments which are not paid in full when due and which are referred to as such and pledged to a Series of Bonds pursuant to the Supplemental Indenture authorizing the issuance of such Series of Bonds.

"Bond Counsel" shall mean an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the District.

"Bond Registrar" or "Registrar" shall mean the bank or trust company designated as such by Supplemental Indenture with respect to a Series of Bonds for the purpose of maintaining the registry of the District reflecting the names, addresses, and other identifying information of Owners of Bonds of such Series.

"Bond Year" shall mean, unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, the period commencing on the first day of May in each year and ending on the last day of April of the following year.

"Bonds" shall mean the Outstanding Bonds of all Series.

"Business Day" shall mean any day excluding Saturday, Sunday or any other day on which banks in the cities in which the designated

Interest Payment Date succeeding the date of original issuance) at the rate of interest per annum of the Capital Appreciation Bonds for the partial semi-annual compounding period determined by dividing (x) the number of days elapsed (determined on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months) from the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance), by (y) one hundred eighty (180). A table of Accreted Values for the Capital Appreciation Bonds shall be incorporated in a Supplemental Indenture executed by the District upon issuance of any Capital Appreciation Bonds.

"Acquisition and Construction Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"Act" shall mean Chapter 190, Florida Statutes, as amended from time to time.

"Additional Bonds" shall mean Bonds of a Series authenticated and delivered pursuant to the terms of a Supplemental Indenture providing for the issuance of *pari passu* Additional Bonds of such Series.

"Additional Series Project" shall mean the acquisition and/or construction of any additions, extensions, improvements and betterments to and reconstructions of a Series Project to be financed, in whole or in part, from the proceeds of any Subordinated Debt.

"Amortization Installments" shall mean the moneys required to be deposited in the Redemption Account within the Debt Service Fund for the purpose of redeeming and paying when due any Term Bonds, the specific amounts and dates of such deposits to be set forth in a Supplemental Indenture.

"Assessments" shall mean all assessments levied and collected by or on behalf of the District pursuant to Section 190.022 of the Act as amended from time to time, together with the interest specified by resolution adopted by the Governing Body, the interest specified in Chapter 170 Florida Statutes (2002), if any such interest is collected by or on behalf of the Governing Body, and any applicable penalties collected by or on behalf of the District, together with any and all

9

corporate trust office of the Trustee or the Paying Agent are located are authorized or required by law or other governmental action to close and on which the Trustee or Paying Agent, or both, is closed.

"Capital Appreciation Bonds" shall mean Bonds issued under the Indenture and any Supplemental Indenture 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 or earlier redemption thereof, all as so designated in a Supplemental Indenture of the District providing for the issuance thereof.

"Capitalized Interest" shall mean, with respect to the interest due or to be due on a Series of Bonds prior to, during and for a period not exceeding one year after the completion of a Series Project to be funded by such Series, all or part of such interest which will be paid, or is expected to be paid, from the proceeds of such Series.

"Capitalized Interest Account" shall mean any Capitalized Interest Account to be established within a Series Debt Service Account by Supplemental Indenture with respect to any Series of Bonds issued under this Master Indenture, as authorized pursuant to this Master Indenture.

"Chairman" shall mean the Chairman of the Governing Body of the District or his or her designee or the person succeeding to his or her principal functions.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor provisions thereto and the regulations promulgated thereunder or under the Internal Revenue Code of 1954, as amended, if applicable, or any successor provisions thereto.

"Completion Bonds" shall mean Bonds issued pursuant to a Supplemental Indenture ranking on a parity with the Series of Bonds issued under such Supplemental Indenture, the proceeds of which are to be used to complete the Series Project.

"Connection Fees" shall mean all fees and charges assessed by the District to users for the actual costs of connecting to a utility system of the District, but shall not include any Impact Fees.

"Consulting Engineers" shall mean the independent engineer or engineering firm or corporation employed by the District in connection with any Series Project to perform and carry out the duties of the Consulting Engineer under this Indenture or any Supplemental Indenture.

"Cost" as applied to a Series Project or Additional Series Project, shall include the cost of acquisition and construction thereof and all obligations and expenses relating thereto including, but not limited to, those items of cost which are set forth in Section 403 hereof.

"Credit or Liquidity Facility" shall mean a letter of credit, a municipal bond insurance policy, a surety bond or other similar agreement issued by a banking institution or other entity satisfactory to the District and providing for the payment of the principal of, interest on or purchase price of a Series of Bonds or any alternate or substitute Credit or Liquidity Facility if then in effect.

"Current Interest Bonds" shall mean Bonds of a Series the interest on which is payable at least annually.

"Date of Completion" with respect to a Series Project or Additional Series installed Project shall mean: (i) the date upon which such Project and all components thereof have been acquired or constructed and are capable of performing the functions for which they were intended, as evidenced by a certificate of the Consulting Engineer filed with the Trustee and the District; or (ii) the date on which the District determines, upon the recommendation of or in consultation with the Consulting Engineer, that it cannot complete such Project in a sound and economical manner within a reasonable period of time as evidenced by a certificate of the Consulting Engineer of the District filed with the Trustee and the District; provided that in each case such certificate of the Consulting Engineer shall set forth the amount of all Costs of such Project which has theretofore been incurred, but which on the Date of Completion is or will be unpaid or unreimbursed.

"Debt Service" shall mean collectively the principal (including Amortization Installments), interest, and redemption premium, if any, payable with respect to the Bonds.

"Debt Service Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

12

"Government Obligations" shall mean direct obligations of, or obligations the payment of which is unconditionally guaranteed by, the United States of America.

"Indenture" shall mean this Master Indenture, as amended and supplemented from time to time by a Supplemental Indenture or indentures, and, shall mean when used with respect to a Series of Bonds issued hereunder, this Master Indenture, as amended and supplemented by the Supplemental Indenture relating to such Series of Bonds.

"Insurer" shall mean the issuer of any municipal bond insurance policy insuring the timely payment of the principal of and interest on Bonds or any Series of Bonds.

"Interest Payment Date" shall mean the dates specified in a Supplemental Indenture with respect to a Series of Bonds upon which the principal of and/or interest on Bonds of such Series shall be due and payable in each Bond Year.

"Investment Obligations" shall mean and include, except as otherwise provided in the Supplemental Indenture providing of the authorization of Notes or Bonds, mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

(i) Government Obligations;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies or such other government - sponsored agencies which may presently exist or be hereafter created; provided that, such bonds, debentures, notes or other evidences of indebtedness are fully guaranteed as to both principal and interest by the United States of America; Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Financing Bank; Federal Home Loan Bank System; Export-Import Bank of the United States; Farmers Home Administration; Small Business Administration; Inter-American Development Bank; International Bank for Reconstruction and Development; Federal Land Banks; the Federal National Mortgage Association; the Government National Mortgage Association; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;

14

"Delinquent Assessments" shall mean, collectively, any and all installments of any Assessments which are not paid within thirty (30) days of the date on which such installments are due and payable.

"Depository" shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the District as a depository of moneys subject to the provisions of this Master Indenture.

"District" shall mean the Heritage Harbour Market Place Community Development District, a community development district established pursuant to the Act or any successor thereto which succeeds to the obligations of the District hereunder.

"Engineers' Certificate" shall mean a certificate of the Consulting Engineers or of such other engineer or firm of engineers having a favorable repute for skill and experience in the engineering matters with respect to which such certification is required by this Master Indenture.

"Federal Securities" shall mean, to the extent permitted by law for investment as contemplated in this Master Indenture and any Supplemental Indenture, (i) Government Obligations, (ii) any Tax Exempt Obligations which are fully secured as to principal and interest by an irrevocable pledge of Government Obligations, which Government Obligations are segregated in trust and pledged for the benefit of the holders of the Tax Exempt Obligations, (iii) certificates of ownership of the principal or interest of Government Obligations, which Government Obligations are held in trust and (iv) investment agreements at least 100% collateralized by obligations described in clauses (i), (ii) or (iii) above.

"Fiscal Year" shall mean the fiscal year of the District in effect from time to time, which shall initially mean the period commencing on the first day of October of any year and ending on the last day of September of the following year.

"Funds" shall mean all funds, except the Rebate Fund, created pursuant to Section 502 hereof.

"Governing Body" shall mean the Board of Supervisors of the District

13

(iii) Direct and general obligations of any state of the United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in either of the two highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

(iv) Negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements issued by any bank or trust company, including the Trustee, or any federal savings and loan association, the deposits of which are insured by the Federal Deposit Insurance Corporation (including the FDIC's Savings Association Insurance Fund), which securities, to the extent that the principal thereof exceeds the maximum amount insurable by the Federal Deposit Insurance Corporation and, therefore, are not so insured, shall be fully secured to the extent permitted by law as to principal and interest by the securities listed in subsection (i), (ii) or (iii) above; provided, however, that with respect to securities used to secure securities hereunder, in addition to direct and general obligations of any political subdivision or instrumentality of any such state, to the payment of the principal of and interest on which the full faith and credit of such subdivision or instrumentality is pledged if such obligations are initially rated in one of the three highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

(v) Bank or broker repurchase agreements fully secured by securities specified in (i) or (ii) above, which may include repurchase agreements with the commercial banking department of the Trustee, provided that such securities are deposited with the Trustee, with a Federal Reserve Bank or with a bank or trust company (other than the seller of such securities) having a combined capital and surplus of not less than \$100,000,000;

(vi) A promissory note of a bank holding company rated in either of the two highest rating categories without regard to gradations within any such categories by either S&P or Moody's;

(vii) Any short term government fund or any money market fund whose assets consist of (i), (ii) and (v) above;

15

(viii) Commercial paper which at the time of purchase is rated in the highest rating category without regard to gradations with such category by either S&P or Moody's;

(ix) (A) Certificates evidencing a direct ownership interest in non-callable Government Obligations or in future interest or principal payments thereon held in a custody account by a custodian satisfactory to the Trustee, and (B) obligations of any state of the United States of America or any political subdivision, public instrumentality or public authority of any such state which are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and which are fully secured by and payable solely from non-callable Government Obligations held pursuant to an escrow agreement; and

(x) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 (1993) or the corresponding provisions of subsequent laws.

"Letter of Credit Agreement" shall mean any financing agreement relating to a Credit Facility for so long as such agreement will be in effect.

"Liquidity Agreement" shall mean any financing agreement relating to a Liquidity Facility for so long as such agreement will be in effect.

"Master Indenture" shall mean this Master Trust Indenture, as amended and supplemented from time to time in accordance with the provisions hereof.

"Maturity Amount" shall mean the amount due at maturity with respect to a Capital Appreciation Bond.

"Maximum Annual Debt Service Requirement" shall mean, at any given time of determination, the greatest amount of principal, interest and Amortization Installments coming due in any current or future Bond Year with regard to the Series of Bonds for which such calculation is made; provided, the amount of interest coming due in any Bond Year shall be reduced to the extent moneys derived from the proceeds of Bonds are used to pay interest in such Bond Year.

16

provision for payment has been made in accordance with Article XII hereof.

In addition, Bonds actually known by the Trustee to be held by or for the District will not be deemed to be Outstanding for the purposes and within the purview of Article IX and Article XI of this Master Indenture.

"Owner" or **"Owners"** shall mean the registered owners from time to time of Bonds.

"Paying Agent" shall mean the bank or trust company designated by Supplemental Indenture with respect to a Series of Bonds as the place where Debt Service shall be payable with respect to such Series of Bonds and which accepts the duties of Paying Agent under this Master Indenture and under such Supplemental Indenture.

"Pledged Funds" shall mean all of the Series Pledged Funds.

"Pledged Revenues" shall mean all of the Series Pledged Revenues.

"Prepayments" shall mean any Assessments or Benefit Special Assessments, or portions thereof, which shall be paid to the District prior to the time such amounts become due. Prepayments shall not include any interest paid on such Assessments.

"Principal and Interest Requirement" shall mean with respect to a Series of Bonds, the respective amounts which are required in each Bond Year to provide:

(i) for paying the interest on all Bonds of such Series then Outstanding which is payable in such Bond Year;

(ii) for paying the principal or Maturity Amount of all Serial Bonds of such Series then Outstanding which is payable in such Bond Year; and

(iii) the Amortization Installments on the Term Bonds of such Series of Bonds, if any, payable in such Bond Year.

"Property Appraiser" shall mean the Property Appraiser of Flagler County, Florida, or the person succeeding to such officer's principal functions.

18

"Moody's" shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, Moody's will be deemed to refer to any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

"Option Bonds" shall mean Current Interest Bonds, which may be either Serial or Term Bonds, which by their terms may be tendered by and at the option of the Owner for purchase prior to the stated maturity thereof.

"Outstanding" when used with reference to Bonds, shall mean, as of a particular date, all Bonds theretofore authenticated and delivered under this Master Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under this Master Indenture or Supplemental Indenture with respect to Bonds of any Series and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in Article III hereof or in the Supplemental Indenture relating to the Bonds of any Series;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Master Indenture and the Supplemental Indenture with respect to Bonds of a Series unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser in due course; and

(iv) Bonds paid or deemed to have been paid as provided in this Master Indenture or in a Supplemental Indenture with respect to Bonds of a Series, including Bonds with respect to which payment or

17

"Rebate Amount" shall mean the amount, if any, required to be rebated to the United States pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended, and the regulations and rulings thereunder.

"Rebate Analyst" shall mean the person or firm selected by the District to calculate the Rebate Amount, which person or firm shall either be a firm of attorneys or independent certified public accountants with expertise in the calculation of the Rebate Amount.

"Rebate Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"Record Date" shall mean the fifteenth (15th) day of the calendar month next preceding any Debt Service payment date or, in the case of any proposed redemption of Bonds, the fifth (5th) day next preceding the date of mailing of notice of such redemption, or if either of the foregoing days is not a Business Day, then the Business Day immediately preceding such day.

"Redemption Account" shall mean the account so designated in, and created pursuant to, Section 502 hereof.

"Redemption Price" shall mean the principal of, premium, if any, and interest accrued to the date fixed for redemption of any Bond called for redemption pursuant to the provisions thereof, hereof and of the Supplemental Indenture pursuant to which such Bond is issued.

"Refunding Bonds" shall mean Bonds issued pursuant to provisions of this Master Indenture, the proceeds of which are used to refund one or more Series of Outstanding Bonds.

"Reserve Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"Revenue Fund" shall mean the fund so designated in, and created pursuant to, Section 502 hereof.

"S&P" shall mean Standard & Poor's Rating Group, a division of McGraw Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and its assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, S&P will be deemed to refer to

19

any other nationally recognized securities rating agency designated by the District by written notice to the Trustee.

"Secretary" shall mean the Secretary or any Assistant Secretary to the Governing Body, or his or her designee or the person succeeding to his or her principal functions.

"Serial Bonds" shall mean Bonds (other than Term Bonds) that mature in annual or semi-annual installments.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance of a stipulated aggregate principal amount in a simultaneous transaction under and pursuant to the same Supplemental Indenture and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to this Master Indenture and such Supplemental Indenture regardless of variations in maturity, interest rate or other provisions; provided, however, two or more Series of Bonds may be issued simultaneously under the same Supplemental Indenture if designated as separate Series of Bonds by the District upon original issuance.

"Series Acquisition and Construction Account" shall mean the account within the Acquisition and Construction Fund with respect to each Series of Bonds so designated in, and created pursuant to, Supplemental Indenture.

"Series Interest Account" shall mean the account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

"Series Pledged Funds" shall mean all amounts on deposit from time to time in the Funds and Accounts and designated in the Supplemental Indenture relating to such Series of Bonds as pledged to the payment of such Series of Bonds; provided, however, such term shall not include any amounts on deposit in a Series Rebate Account in the Rebate Fund.

"Series Pledged Revenues" shall mean the revenues designated as such by Supplemental Indenture and which shall constitute the security for and source of payment of a Series of Bonds and may consist of Assessments, Benefit Special Assessment, Impact Fees, Connection Fees or other user fees or other revenues or combinations thereof imposed or levied by the District in accordance with the Act.

20

lesser of the amounts specified in the immediately preceding sentence. In computing the Series Reserve Account Requirement in accordance with clause (C) of this definition in respect of any Capital Appreciation Bonds, the principal amount of such Bonds shall be the original principal amount thereof, not the Accreted Value.

"Series Revenue Account" shall mean the Revenue Account for a Series of Bonds established in the Revenue Fund by Supplemental Indenture for such Series of Bonds.

"Subordinate Debt" shall mean indebtedness secured hereby or by any Supplemental Indenture which is by its terms expressly subordinate and inferior hereto both in lien and right of payment.

"Supplemental Indenture" shall mean an indenture supplemental hereto authorizing the issuance of a Series of Bonds hereunder and establishing the terms thereof and the security therefor and shall also mean any indenture supplementary hereto entered into for the purpose of amending the terms and provisions hereof with respect to all Bonds in accordance with Article XI hereof.

"Taxable Bonds" shall mean Bonds of a Series which are not Tax Exempt Bonds.

"Tax Collector" shall mean the Tax Collector of Manatee County, Florida, appointed by the chief financial officer of the County of Manatee, Florida, or the person succeeding to such officer's principal functions.

"Tax Exempt Bonds" shall mean Bonds of a Series the interest on which, in the opinion of Bond Counsel on the date of original issuance thereof, is excludable from gross income for federal income tax purposes.

"Tax Exempt Obligations" shall mean any bond, note or other obligation issued by any person, the interest on which is excludable from gross income for federal income tax purposes.

"Tax Regulatory Covenants" shall mean the Tax Regulatory Covenants of the District contained in the Supplemental Indenture authorizing the issuance of a Series of Tax Exempt Bonds, setting forth the covenants of the District necessary for the preservation of the excludability of interest thereon from gross income for federal income

22

"Series Principal Account" shall mean the account with respect to a Series of Bonds established within the Debt Service Fund so designated in, and created pursuant to, Section 502 hereof.

"Series Project" or **"Series Projects"** shall mean the acquisition, construction, equipping and/or improvement of capital projects to be located within or without the District for the benefit of the District to be financed with all or a part of the proceeds of a Series of Bonds as shall be described in the Supplemental Indenture authorizing such Series of Bonds.

"Series Rebate Account" shall mean the account in the Rebate Fund with respect to a Series of Bonds so designated in, and created pursuant to, Supplemental Indenture.

"Series Reserve Account" shall mean the Reserve Account for the Series of Bonds established in the Reserve Fund by Supplemental Indenture in an amount equal to the Series Reserve Account Requirement for such Series of Bonds.

"Series Reserve Account Requirement" shall mean the amount of money or other security which may be in the form of a reserve fund insurance policy or other security as may be required by the terms of a Supplemental Indenture to be deposited in or credited to a Series Reserve Account for each Series of Bonds provided, however, that unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, as of any date of calculation for a particular Series Reserve Account, the "Series Reserve Account Requirement" shall be an amount equal to the lesser of: (A) Maximum Annual Debt Service Requirement for all Outstanding Bonds of such Series, (B) 125% of the average annual debt service for all Outstanding Bonds of such Series, or (C) the aggregate of 10% of the proceeds of the Bonds of such Series calculated as of the date of original issuance thereof. In computing the Series Reserve Account Requirement in respect of any Series of Bonds that constitute Variable Rate Bonds, the interest rate on such Bonds shall be assumed to be the greater of: (1) 110% of the daily average interest rate on such Variable Rate Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period of time that such Series of Bonds shall have been Outstanding, or (2) the actual rate of interest borne by the such Variable Rate Bonds on such date of calculation; provided, in no event shall the Series Reserve Account Requirement as adjusted on such date of calculation exceed the

21

tax purposes, as such covenants shall be amended from time to time upon written instructions from Bond Counsel.

"Term Bonds" shall mean Bonds that mature on one date and that are subject to mandatory redemption from Amortization Installments or are subject to extraordinary mandatory or mandatory redemption upon receipt of unscheduled Pledged Revenues.

"Time Deposits" shall mean time deposits, certificates of deposit or similar arrangements with any bank or trust company, including the Trustee or an affiliate thereof, which is a member of the Federal Deposit Insurance Corporation and any Federal or State of Florida savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or its successors and which are secured or insured in the manner required by Florida law.

"Trust Estate" shall have the meaning ascribed to such term in the granting clauses hereof, including, but not limited to, the Pledged Revenues and Pledged Funds.

"Trustee" shall mean SunTrust Bank with its designated office in Miami, Florida, and any successor trustee appointed or serving pursuant to Article VI hereof.

"Variable Rate Bonds" shall mean Current Interest Bonds, which may be either Serial Bonds or Term Bonds, issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue, which Bonds may also be Option Bonds.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Owner," "person," "Paying Agent," and "Bond Registrar" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof. All references to Florida Statutes or other provisions of Florida law shall be deemed to include any and all amendments thereto.

23

ARTICLE II
FORM, EXECUTION, DELIVERY AND DESIGNATION OF
BONDS

Section 201. Issuance of Bonds. For the purpose of providing funds for paying all or part of the Cost of a Series Project, Bonds of a Series, without limitation as to aggregate principal amount, may be issued under this Master Indenture subject to the conditions hereinafter provided in Section 207 of this Article. Debt Service on each Series of Bonds shall be payable solely from the Pledged Revenues and Pledged Funds pledged to such Series of Bonds in the Supplemental Indenture authorizing the issuance of such Series of Bonds and, as may be provided in such Supplemental Indenture, all of the provisions of this Master Indenture shall be for the benefit and security of the present and future Owners of such Series of Bonds so issued, without preference, priority or distinction, as to lien or otherwise, of any one Bond of such Series over any other Bond of such Series. The District may also issue from time to time, Additional Bonds, Completion Bonds and Refunding Bonds of a Series under and pursuant to the terms of the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 202. Details of Bonds. Bonds of a Series shall be in such denominations, numbered consecutively, shall bear interest from their date until their payment at rates not exceeding the maximum rate performed by law, shall be dated, shall be stated to mature in such year or years in accordance with the Act, and all be subject to redemption prior to their respective maturities, subject to the limitations hereinafter provided, as provided for in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series may be Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Option Bonds or any combination thereof and may be secured by a Credit and/or Liquidity Facility, all as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds. Bonds of a Series (or a part of a Series) may be in book-entry form at the option of the District as shall be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Debt Service shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be

24

Section 204. Negotiability, Registration and Transfer of Bonds. The District shall cause books for the registration and for the transfer of the Bonds as provided in this Master Indenture to be kept by the Bond Registrar. All Bonds shall be registered as to both principal and interest. Any Bond may 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 Bond Registrar, such transfer to be made on such books and endorsed on the Bond by the Bond Registrar. No charge shall be made to any Owner for resignation and transfer as hereinabove provided, but any Owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. The Bond Registrar shall not be required to transfer any Bond during the period between the Record Date and the Interest Payment Date next succeeding the Record Date of such Bond, during the period between the Record Date for the mailing of a notice of redemption and the date of such mailing, nor after such Bond has been selected for redemption. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive Owner, in accepting any of the Bonds, 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 laws of the State of Florida.

Section 205. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed the absolute owner thereof for all purposes, and payment of Debt Service shall be made only to or upon the order of the registered owner thereof or his attorney or legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Trustee, the District, the Bond Registrar and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Trustee, the District, the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

Section 206. Special Obligations. Each Series of Bonds shall be a special and direct obligation of the District. Neither the Bonds nor the interest and premium, if any, payable thereon shall

26

paid to the registered Owner of Bonds at the close of business on the Record Date for such interest; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 hereof, the payment of interest and principal or Redemption Price or Amortization Installments pursuant hereto shall be made by the Paying Agent to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of a Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent in [Miami, Florida]. Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner if such Owner requests such method of payment in writing prior to the Record Date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner owns not less than \$1,000,000 in aggregate principal amount of the Bonds). Unless otherwise provided in the Supplemental Indenture authorizing a Series of Bonds, interest on a Series of Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Section 203. Execution and Form of Bonds. The Bonds shall be signed by, or bear the facsimile signature of the Chairman, shall be attested and countersigned by the Secretary, and the certificate of authentication appearing on the face of the Bonds shall be signed by, or bear the facsimile signature of the Trustee; provided, however, that each Bond shall be manually signed by either the Chairman, the Secretary or the Trustee. The official seal of the District shall be imprinted or impressed on the Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid for all purposes the same as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers. The Bonds, and the provisions for registration and reconversion to be endorsed on such Bonds, shall be substantially in the form set forth in a Supplemental Indenture. The Trustee may appoint one or more authenticating agents.

25

constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of Florida. The Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided herein or in the Supplemental Indenture authorizing the issuance of such Series of Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or an other public authority or governmental body to pay Debt Service or to pay any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds. Rather, Debt Service and any other amounts required to be paid pursuant to this Master Indenture, any Supplemental Indenture, or the Bonds, shall be payable solely from, and shall be secured solely by, the Series Pledged Revenues and the Series Pledged Funds pledged to such Series of Bonds, all as provided herein and in such Supplemental Indenture.

Section 207. Authorization of Bonds. There shall be issued from time to time in Series, under and secured by this Master Indenture, Bonds without limitation as to aggregate principal amount for the purposes of: (i) paying all or part of the Cost of a Project or Projects or refunding an Outstanding Series of Bonds or any portion thereof; (ii) depositing the Series Reserve Account Requirement to the Series Reserve Account for such Series of Bonds; and (iii) paying the costs and expenses of issuing such Series of Bonds.

Each Series of Bonds, upon initial issuance thereof, shall be executed by the District for delivery to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of the following:

- (i). an executed and attested original or certified copy of this Master Indenture;
- (ii). an executed and attested original or certified copy of the Supplemental Indenture fixing the amount of and security for the Series of Bonds authorized to be issued thereby and establishing, among other things, the dates on which, and the amounts in which, such Series of Bonds will mature (provided that the final maturity date of such Series of Bonds shall be not later than permitted by the Act with respect to such Series of Bonds), designating the Paying Agent

27

and Bond Registrar, fixing the Amortization Installments, if any, for the Term Bonds of such Series, awarding the Series of Bonds, specifying the interest rates or the method for calculating such interest rates with respect to such Series of Bonds, specifying the redemption provisions and prices thereupon, specifying other details of such Series of Bonds, and directing the delivery of such Series of Bonds to or upon the order of the initial purchaser thereof upon payment of the purchase price therefor set forth in such Supplemental Indenture;

(iii). an opinion of counsel for the District substantially to the effect that the signer is of the opinion that this Master Indenture and the Supplemental Indenture relating to such Series of Bonds have been duly and validly authorized in accordance with the terms hereof and of the Act, and have been duly approved and adopted, that the issuance of such Series of Bonds has been duly authorized, and that this Master Indenture and the Supplemental Indenture constitute binding obligations of the District, enforceable at the District in accordance with their terms except as enforcement thereof may be affected by bankruptcy and other similar laws relating to creditor's rights generally;

(iv). An opinion of Bond Counsel for the District substantially to the effect that the signer is of the opinion that the Bonds of such Series are valid, binding and enforceable obligations of the District and, if such Series of Bonds are not Taxable Bonds, that interest thereon is excludable from gross income of the Owners under the income tax laws of the United States in effect on the date such Series of Bonds are delivered to their initial purchasers.

The Trustee shall be provided with reliance letters with respect to the opinions required in paragraphs (iii) and (iv) above. When the documents mentioned in subsections (i) through (iv) above shall have been received, and when the Bonds of such Series shall have been executed and authenticated as required by this Master Indenture, such Series of Bonds shall be delivered to, or upon the order of, the District, but only upon payment to the Trustee of the purchase price of such Series of Bonds, together with accrued interest, if any, thereon as set forth in a certificate of delivery and payment executed by the Chairman or Vice Chairman of the District.

28

in lieu of and in substitution for such Bond destroyed or lost, and upon payment by the Owner of the reasonable expenses and charges of the District and the Trustee in connection therewith and, in the case of a Bond destroyed or lost, upon the Owner filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost and of his or her ownership thereof, and upon furnishing the District and the Trustee with indemnity satisfactory to them.

Section 210. Pari Passu Obligations Under Credit Agreements. As may be provided for or required in any Supplemental Indenture, the District may incur financial obligations under a Letter of Credit Agreement or a Liquidity Agreement payable pari passu with respect to the lien on the Trust Estate pledged to a Series of Bonds issued under this Master Indenture and a Supplemental Indenture, without meeting any financial test or requirement set forth in this Master Indenture or the corresponding Supplemental Indenture, but only if the Letter of Credit Agreement or Liquidity Agreement supports a related Series of Bonds then being issued which does meet such tests or requirements.

Section 211. Bond Anticipation Notes. Whenever the District shall authorize the issuance of a Series of Bonds, the District may by resolution authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of such Series. The aggregate principal amount of Bonds of such Series and all other Bonds previously authenticated and delivered to pay the Cost of the Series Project or Projects for which the proceeds of the Bond Anticipation Note will be applied shall not exceed such Cost. The interest on such Bond Anticipation Notes may be payable out of the related Series Interest Account to the extent provided in the resolution of the District authorizing such Bond Anticipation Notes. The principal of and interest on such Bond Anticipation Notes and renewals thereof shall be payable from any moneys of the District available therefor or from the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued. The proceeds of sale of Bond Anticipation Notes shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Indenture for such purposes; provided, however, that the resolution or resolutions authorizing such Bond Anticipation Notes may provide for

30

The proceeds (including accrued interest and any premium) of each Series of Bonds shall be applied as soon as practicable upon delivery thereof to the Trustee as follows:

(i) the amount received as accrued interest on the Bonds shall be deposited to the credit of the Series Interest Account and Capitalized Interest, if any, shall be deposited to the credit of the Series Interest Account;

(ii) an amount equal to the Series Reserve Account Requirement or the initial cost of satisfying the Series Reserve Account Requirement if not satisfied by the deposit of cash, shall be deposited to the credit of the Series Reserve Account; and

(iii) the balance shall be deposited and applied as provided for the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 208. Temporary Bonds. Pending delivery of definitive Bonds, there may be executed, authenticated, and delivered to the Owners thereof, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in Authorized Denominations, substantially of the tenor set forth in the Bond form to be set forth in the Supplemental Indenture authorizing such Series of Bonds. The District shall cause definitive Bonds to be prepared and to be executed, endorsed, registered and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Bond, shall cancel the same or cause the same to be canceled and cause to be authenticated and delivered, in exchange therefor, at the place designated by the Owner, without expense to the Owner, definitive Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest or yield to maturity at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits of this Master Indenture and any Supplemental Indenture as the definitive Bonds to be issued hereunder.

Section 209. Mutilated, Destroyed or Lost Bonds. If any Bonds become mutilated or destroyed or lost, the District may cause to be executed, and the District may cause to be delivered, a new Bond in substitution therefor upon the cancellation of such mutilated Bond or

29

the payment of interest on such Bond Anticipation Notes from the proceeds of sale of such Bond Anticipation Notes and for the deposit, in the related Series Interest Account. In the event that the District adopts a resolution authorizing the issuance of Bond Anticipation Notes, the District will promptly furnish to the Trustee a copy of such resolution, certified by an Authorized Officer, together with such information with respect to such Bond Anticipation Notes as the Trustee may reasonably request, including, without limitation, information as to the paying agent or agents for such Bond Anticipation Notes. The Trustee shall have no duties or obligations to the holders of such Bond Anticipation Notes unless specifically so authorized by the resolution of the District authorizing the issuance of such Bond Anticipation Notes.

Section 212. Tax Status of Bonds. Any Series of Bonds issued under this Master Indenture either (i) may be issued as Tax Exempt Bonds, or (ii) may be issued as Taxable Bonds. The intended tax status of any Series of Bonds to be issued may be referenced in any Supplemental Indenture authorizing the issuance of such Series of Bonds.

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption Generally. The Bonds of any Series shall be subject to redemption, either in whole on any date or in part on any Interest Payment Date, and at such times, in the manner and at such prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Series of Bonds. The District shall provide written notice to the Trustee of any optional redemption on or before the forty-fifth (45th) day next preceding the date to be fixed for such optional redemption.

Unless otherwise provided in the Supplemental Indenture relating to a Series of Bonds, if less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds of a Series to be redeemed shall be selected by lot in such reasonable manner as the Bond Registrar in its discretion may determine. The portion of any Series of Bonds to be redeemed shall be in an Authorized Denomination and, in selecting the Bonds of such Series to be redeemed, the Bond Registrar shall treat each such Bond as representing that number of Bonds of such Series which is obtained

31

by dividing the principal amount of such Bond by an Authorized Denomination (such amount being hereafter referred to as the "unit of principal amount").

If it is determined that one or more, but not all, of the units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such unit or units of principal amount as provided below, the registered Owner of such Bond, upon surrender of such Bond to the Paying Agent for payment to such registered Owner of the redemption price of the unit or units of principal amount called for redemption, shall be entitled to receive a new Bond or Bonds of such Series in the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. New Bonds of such Series representing the unredeemed balance of the principal amount shall be issued to the Owner thereof without any charge therefor. If the Owner of any Bond of a denomination greater than the unit of principal amount to be redeemed shall fail to present such Bond to the Paying Agent for payment in exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption.

Subject to the provisions of Section 506(ii) hereof, the District may purchase a Bond or Bonds of a Series in the open market at a price no higher than the highest redemption price (including premium) for the Bond to be so purchased with any funds legally available therefor and any such Bonds so purchased shall be credited to the amounts otherwise required to be deposited for the payment of Bonds of such Series as provided in Section 506(ii) hereof or as otherwise provided in the Supplemental Indenture relating to such Series.

Section 302. Notice of Redemption; Procedure for Selection. The District shall establish each redemption date, other than in the case of a mandatory redemption, in which case the Trustee shall establish the redemption date, and the District or the Trustee, as the case may be, shall notify the Bond Registrar in writing of such redemption date on or before the forty-fifth (45th) day next preceding the date fixed for redemption, which notice shall set forth the terms of the redemption and the aggregate principal amount of Bonds so to be redeemed. Except as provided below, notice of redemption shall be given by the Bond Registrar not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption by first-class

32

such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Securities Depositories include: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax (516) 227-4164 or 4190, Attention: Call Notification; Midwest Securities Trust Company, Capital Structures - Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax (312) 663-2959 or 2960; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Fax (215) 496-5058; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories or any such other depositories as the District may designate in writing to the Bond Registrar.

Information Services include: Financial Information, Inc., 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Called Bond Service Editor; Kenny Information Systems, Inc., 65 Broadway, 16th Floor, New York, New York 10006, Attention: Called Bond Department; Moody's Investors Service, 99 Church Street, New York, New York 10007, Attention: Called Bond Department; and Standard and Poor's Corporation, 25 Broadway, New York, New York 10004, Attention: Called Bond Department; or, in accordance with the then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other services providing information with respect to called bonds, or any other such services as the District may designate in writing to the Bond Registrar.

Failure to give notice by mailing to the Owner of any Bond designated for redemption or to any depository or information service shall not affect the validity of the proceedings for the redemption of any other Bond.

Section 303. Effect of Calling for Redemption. On the date designated for redemption of any Bonds, notice having been filed and mailed in the manner provided above, the Bonds called for redemption shall be due and payable at the redemption price provided for the redemption of such Bonds on such date and, moneys for payment of the redemption price being held in a separate account by the Paying Agent in trust for the Owners of the Bonds to be redeemed, interest on the Bonds called for redemption shall cease to be entitled to

34

mail, postage prepaid, to any Paying Agent for the Bonds to be redeemed and to the registered Owner of each Bond to be redeemed, at the address of such registered Owner on the registration books maintained by the Bond Registrar (and, for any Owner of \$1,000,000 or more in the principal amount of Bonds, to one additional address if written request therefor is provided to the Bond Registrar prior to the Record Date); and a second notice of redemption shall be sent by registered or certified mail at such address to any Owner who has not submitted his Bond to the Paying Agent for payment on or before the date sixty (60) days following the date fixed for redemption of such Bond, in each case stating: (i) the numbers of the Bonds to be redeemed, by giving the individual certificate number of each Bond to be redeemed (or stating that all Bonds between two stated certificate numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption); (ii) the CUSIP numbers of all Bonds being redeemed; (iii) in the case of a partial redemption of Bonds, the principal amount of each Bond being redeemed; (iv) the date of issue of each Bond as originally issued and the complete official name of the Bonds including the series designation; (v) the rate or rates of interest borne by each Bond being redeemed; (vi) the maturity date of each Bond being redeemed; (vii) the place or places where amounts due upon such redemption will be payable; and (viii) the notice date, redemption date, and redemption price. The notice shall require that such Bonds be surrendered at the designated corporate trust office of the Paying Agent for redemption at the redemption price and shall state that further interest on such Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all redemption payments.

Any required notice or redemption also shall be sent by registered mail, overnight delivery service, telecopy or other secure means, postage prepaid, to any Owner of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed, to certain municipal registered Securities Depositories (described below) which are known to the Bond Registrar to be holding Bonds thirty-two (32) days prior to the redemption date and to at least two of the national Information Services (described below) that disseminate securities redemption notices, when possible, at least thirty (30) days prior to the redemption date; provided that neither failure to send or receive any

33

any benefit under this Master Indenture, and the Owners of such Bonds shall have no rights in respect thereof, except to receive payment of the redemption price thereof, and interest, if any, accrued thereon to the redemption date, and such Bonds shall no longer be deemed to be Outstanding.

Section 304. Cancellation. Bonds called for redemption shall be canceled upon the surrender thereof.

ARTICLE IV ACQUISITION AND CONSTRUCTION FUND

Section 401. Acquisition and Construction Fund. There is created an established by Section 502 hereof a fund designated as the "Acquisition Construction Fund" which shall be held by the Trustee and to the credit of the Series Acquisition and Construction Accounts there shall be deposited the amounts specified in the Supplemental Indenture relating to such Series of Bonds.

Section 402. Payments From Acquisition and Construction Fund. Payment of the Cost of construction and acquiring the Project shall be made from the Acquisition and Construction Fund as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Article and in Article V hereof, and the District covenants that it will not request any sums to be paid from the Acquisition and Construction Fund except in accordance with such provisions and restrictions. Moneys in the Acquisition and Construction Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Trustee legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth in Section 503(ii) hereof.

Section 403. Cost of Project. For the purposes of this Master Indenture, the Cost of the Series Project shall include, without intending thereby to limit or to restrict or expand any proper definition of such cost under the Act, other applicable provisions of Florida law, or this Master Indenture, the following:

(i). **Expenses of Bond Issuance.** All expenses and fees relating to the issuance of the Bonds, including, but not limited to,

35

initial Credit and Liquidity Facility fees and costs, attorneys' fees, underwriting fees and discounts, the Trustee's acceptance fees, expenses and Trustee's counsel fees and costs, rating agency fees, fees of financial advisors, engineer's fees and costs, administrative expenses of the District, the costs of preparing audits and engineering reports, the costs of preparing reports, surveys, and studies, and the costs of printing the Bonds and preliminary and final disclosure documents.

(ii). **Accrued and Capitalized Interest.** An interest accruing on the Bonds from their date through the first Interest Payment Date received from the proceeds of the Bonds (to be deposited into the related Series Interest Account) and Capitalized Interest (to be deposited into the related Series Interest Account or Capitalized Interest Account) as may be authorized or provided for by a Supplemental Indenture related to a Series of Bonds. Notwithstanding the deposit of Capitalized Interest into the related Series Capitalized Interest Account or Interest Account, Capitalized Interest shall also include any amount directed by the District to the Trustee in writing to be withdrawn from the related Series Acquisition and Construction Account and deposited into such Capitalized Interest Account or Interest Account, provided that such direction includes a certification that such amount represents earnings on amounts on deposit in the related Series Acquisition and Construction Account and that, after such deposit, the amount on deposit in such Acquisition and Construction Account, together with earnings thereon will be sufficient to complete the related Series Project which is to be funded from such Acquisition and Construction Account.

(iii). **Acquisition Expenses.** The costs of acquiring, by purchase or condemnation, all of the land, structures, improvements, rights-of-law, franchises, easements, plans and specifications and similar items and other interests in property, whether real or personal, tangible or intangible, which themselves constitute the Project or which are necessary or convenient to acquire, install and construct the Project and payments, contributions, dedications, taxes, assessments or permit fees or costs and any other exactions required as a condition to receive any government approval or permit necessary to accomplish any District purpose.

(iv). **Construction Expense.** All costs incurred including interest charges, for labor and materials, including equipment, machinery and fixtures, by contractors, builders, and materialmen in

36

(xviii). **Refinancing Costs.** All costs described in (i) through (xvii) above or otherwise permitted by the Act associated with refinancing or repaving any loan or other debt obligation, of the District.

Section 404. Disposition of Balances in Acquisition and Construction Fund. On the Date of Completion of a Series Project, the balance in the related Series Acquisition and Construction Account not reserved for the payment of any remaining part of the Cost of the Series Project shall be transferred by the Trustee to the credit of the Series Redemption Account, and used for the purposes set forth for such Account in the Supplemental Indenture relating to such Series of Bonds.

ARTICLE V ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 501. Lien. There is hereby irrevocably pledged for the payment of the Bonds of each Series issued hereunder, subject only to the provisions of this Master Indenture and any Supplemental Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Master Indenture and any such Supplemental Indenture with respect to each Series of Bonds, the Trust Estate; provided, however, that unless otherwise specifically provided herein or in a Supplemental Indenture relating to a Series of Bonds with respect to the Trust Estate securing such Series of Bonds, the Pledged Funds and Pledged Revenues securing a Series of Bonds shall secure only such Series of Bonds and shall not secure any other Bonds or Series of Bonds.

The foregoing pledge shall be valid and binding from and after the date of initial delivery of the Bonds and the proceeds of sale of the Bonds and all the moneys, securities and funds set forth in this Section 501 shall immediately be subject to the lien of the foregoing pledge, which lien is hereby created, without any physical delivery thereof or further act. Such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District or the Trustee, irrespective of whether such parties have notice thereof. Such lien shall be prior and superior to all other liens now existing or hereafter created.

38

connection with the acquisition, installation and construction of the Project, and including without limitation costs incident to the award of contracts.

(v). **Other Professional Fees and Miscellaneous Expenses.** All legal, architectural, engineering survey, and consulting fees, as well as all financing charges, taxes, insurance premiums, and miscellaneous expenses, not specifically referred to in this Master Indenture that are incurred in connection with the acquisition and construction of the Project.

(vi). Expenses of determining the feasibility or practicality of acquisition, construction, installation, or reconstruction.

(vii). Costs of surveys, estimates, plans and specifications.

(viii). Costs of improvements.

(ix). Financing charges.

(x). Creation of initial reserve and debt service funds.

(xi). Working capital.

(xii). Amounts to repay temporary or bond anticipation notes or loans made to finance any costs permitted under the Act.

(xiii). Costs incurred to enforce remedies against contractors, subcontractors, any provider of labor, material, services or any other person for a default or breach under the corresponding contract, or in connection with any dispute.

(xiv). Premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same.

(xv). Expenses of Project management and supervision.

(xvi). Costs of effecting compliance with any and all governmental permits relating to the Project.

(xvii). Any other "cost" or expense as provided by the Act.

37

Section 502. Establishment of Funds and Accounts. The following funds and accounts are hereby established and shall be held by the Trustee:

(a) Acquisition and Construction Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Acquisition and Construction Account and a Series Costs of Issuance Account for each Series of Bonds issued hereunder;

(b). Revenue Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Revenue Account for each Series issued hereunder;

(c). Debt Service Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Debt Service Account and within such Series Debt Service Account,

(i) a Series Interest Account,

(ii) a Series Principal Account,

(iii) a Series Sinking Fund Account,

(iv) a Series Redemption Account and therein a Prepayment Subaccount and an Optional Redemption Subaccount, and

(v) a Capitalized Interest Account

for each such series of Bonds issued hereunder;

(d). Reserve Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Reserve Account for each such Series of Bonds issued hereunder and any Bonds issued on a parity with any such Series of Bonds hereunder; and

(e). Rebate Fund, and within such Fund there may be established by Supplemental Indenture authorizing a Series of Bonds a separate Series Rebate Account for each such Series of Tax Exempt Bonds issued hereunder.

39

Notwithstanding the foregoing, the Supplemental Indenture authorizing any Series of Bonds may establish such other Series Accounts or dispense with the Series Accounts set forth above as shall be deemed advisable by the District in connection with such Series of Bonds.

Section 503. Acquisition and Construction Fund.

(a) Deposits. The District shall pay to the Trustee, for deposit into the related Acquisition and Construction Account in the Acquisition and Construction Fund, as promptly as practicable, the following amounts received by it:

(1) the amount set forth in the Supplemental Indenture relating to such Series of Bonds;

(2) payments made to the District from the sale, lease or other disposition of the Series Project or any portion thereof;

(3) the balance of insurance proceeds with respect to the loss or destruction of the Series Project or any portion thereof; and

(4) such other amounts as may be provided in a Supplemental Indenture.

Amounts in such Acquisition and Construction Account shall be applied to the Cost of the Series Project; provided, however, that if any amounts remain in the Acquisition and Construction Account after the Date of Completion, and if such amounts are not reserved for payment of any remaining part of the Cost of the Series Project, such amounts shall be applied in the manner set forth in Section 404 above.

(b) Disbursements. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds, payments from a Series Acquisition and Construction Account shall be paid in accordance with the provisions of this subsection (ii). Before any such payment shall be made, the District shall file with the Trustee a requisition in the form of Exhibit A hereto, signed by an Authorized Officer.

Upon receipt of each such requisition and accompanying certificate the Trustee shall promptly withdraw from the Series Acquisition and Construction Account and pay to the person, firm or

40

(ii) to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein will equal the principal amount, if any, payable with respect to Serial Bonds of such Series on such Interest Payment Date;

(iii) in each Bond Year in which Term Bonds of such Series are subject to mandatory redemption from Amortization Installments, to the related Series Sinking Fund Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Amortization Installment payable on the Term Bonds of such Series on such Interest Payment Date;

(iv) in each Bond Year in which Capital Appreciation Bonds of such Series mature to the related Series Principal Account, an amount which, together with other amounts, if any, then on deposit therein, will equal the Maturity Amount payable with respect to the Capital Appreciation Bonds of such Series maturing on such Interest Payment Date;

(v) to the credit of the Series Reserve Account, an amount, if any, which, together with the amount then on deposit therein, will equal the Series Reserve Account Requirement; and

(vi) to the credit of the Series Rebate Account the Rebate Amount, if any, required to be deposited therein pursuant to the Supplemental Indenture related to a Series of Tax Exempt Bonds.

Notwithstanding the foregoing, so long as there are moneys on deposit in the related Series Capitalized Interest Account on the date required for any transfer into the Series Interest Account as set forth above, the Trustee shall, prior to making any transfer into the related Series Interest Account from the related Series Revenue Account, transfer to the related Series Interest Account from the related Series Capitalized Interest Account, the lesser of the interest on such Series of Bonds coming due on the next succeeding Interest Payment Date or the amount remaining on deposit in the related Series Capitalized Interest Account.

(b) **Disposition of Remaining Amounts on Deposit in Series Revenue Account.** The District shall authorize the withdrawal, from time to time, from the Series Revenue Account an amount sufficient to pay the fees and charges of the Trustee, Bond

42

corporation named in such requisition the amount designated in such requisition. The Trustee shall have no duty to investigate the accuracy or validity of the items delivered pursuant to this Section 503(ii).

(c) Inspection. All requisitions and certificates received by the Trustee pursuant to this Article shall be retained in the possession of the Trustee, subject at all reasonable times to the inspection of the District, the Consulting Engineer, the Owner of any Bonds of the related Series, and the agents and representatives thereof.

(d) Completion of Series Project. On the Date of Completion, the balance in the Acquisition and Construction Account not reserved by the District for the payment of any remaining part of the Cost of acquiring or constructing the Series Project shall be applied in accordance with the provisions of Section 404 hereof.

Section 504. Revenue Fund and Series Revenue Accounts. The District hereby covenants and agrees that it will assess, impose, establish and collect the Pledged Revenues with respect to each Series of Bonds in amounts and at times sufficient to pay, when due, the principal of, premium, if any, and interest on such Series of Bonds. The District hereby covenants and agrees to immediately deposit upon receipt of all such Pledged Revenues (except Prepayments), when received, into the related Series Revenue Account and to immediately deposit all Prepayments, when received, into the related Series Redemption Account, unless otherwise provided for in the Supplemental Indenture relating to a Series of Bonds.

Section 505 Debt Service Fund and Series Debt Service Account.

(a) **Principal, Maturity Amount, Interest and Amortization Installments.** On the Business Day preceding each Interest Payment Date on the Bonds, the Trustee shall withdraw from the Series Revenue Account and, from the amount so withdrawn, shall make the following deposits in the following order of priority:

(i) to the credit of the related Series Interest Account, an amount which, together with other amounts, if any, then on deposit therein will equal the amount of interest payable on the Bonds of such Series on such Interest Payment Date;

41

Registrar, and Paying Agent, when due. Subject to the provisions of Section 604 hereof, if (i) the amount on deposit in the Series Interest Account, Series Principal Account, and Series Redemption Account in each Bond year equals the interest payable on the Bonds of such Series in such Bond Year, the principal amount of Serial Bonds payable in such Bond Year, the Maturity Amount of all Capital Appreciation Bonds due in such Bond Year and the Amortization Installment required to be paid into the Series Redemption Account in such Bond Year, and (ii) any amounts remain in the Series Revenue Account, then, such amounts shall, at the written direction of the District, be applied to pay the commissions, fees, costs and any other charges of the Tax Collector and the Property Appraiser, or, if such commissions, fees, costs, or other charges have been paid by the District, then to reimburse the District for such payment upon written request of an Authorized Officer. If, after such amounts have been withdrawn, paid and provided for as provided above, any amounts remain in the Series Revenue Account, such amounts shall be disbursed to the District on written request of an Authorized Officer and applied to pay the operating and administrative costs and expenses of the District. After making the payments provided for in this subsection (ii), the balance, if any, remaining in the Series Revenue Account shall be retained therein, or, at the written direction of an Authorized Officer to the Trustee, transferred into the Series Redemption Account.

(c) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be used for the purpose of paying interest or principal or Amortization Installment or Maturity Amount on the Bonds of the related Series whenever amounts on deposit in the Series Debt Service Account shall be insufficient for such purpose.

(d) **Series Debt Service Account.** Moneys held for the credit of a Series Principal Account and Series Interest Account in a Series Debt Service Account shall be withdrawn therefrom by the Trustee and transferred by the Trustee to the Paying Agent in amounts and at times sufficient to pay, when due, the interest on the Bonds of such Series, the principal of Serial Bonds of such Series, the Maturity Amount of Capital Appreciation Bonds of such Series and to redeem Term Bonds of such Series that are subject to mandatory redemption from Amortization Installments, as the case may be.

(e) **Series Redemption Account.** Moneys representing Prepayments on deposit in a Series Redemption Account to the full

43

extent of a multiple of an Authorized Denomination shall unless otherwise provided in the Supplemental Indenture relating to such Series of Bonds, be used by the Trustee to redeem Bonds of such Series on the earliest date on which such Bonds are permitted to be called without payment of premium by the terms hereof (including extraordinary or extraordinary mandatory redemption) and of the Supplemental Indenture relating to such Series of Bonds. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption. Moneys other than from Prepayments shall be held and applied in a Series Redemption Account as provided in Section 506(i) hereof.

(f) **Payment to the District.** When no Bonds of a Series remain Outstanding, and after all expenses and charges herein and in the related Supplemental Indenture required to be paid have been paid as certified to the Trustee in writing by an Authorized officer, and after all amounts due and owing to the Trustee have been paid in full, the Trustee shall pay any balance in the Series Accounts for such Series of Bonds to the District upon the written direction of an Authorized Officer, free and clear of any lien and pledge created by this Master Indenture; provided, however, that if an Event of Default has occurred and is continuing in the payment of the principal or Maturity Amount of, or interest or premium on the Bonds of any other Series, the Trustee shall pay over and apply any such excess pro rata (based upon the ratio of the aggregate principal amount of such Series to the aggregate principal amount of all Series Outstanding and for which such an Event of Default has occurred and is continuing) to each other Series of Bonds for which such an Event of Default has occurred and is continuing.

44

Account sufficient moneys to pay such respective amounts. In the event that there are insufficient moneys on deposit in the related Series Principal Account with which to pay the principal portion of the purchase price of any Term Bonds, the Trustee may, at the written direction of the District, transfer moneys into such related Series Principal Account from the related Series Revenue Account to pay the principal amount of such purchase price, but only in an amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year calculated after giving effect to any other purchases of Term Bonds during such Bond Year. The Trustee may pay the principal portion of the purchase price of Bonds from the related Series Redemption Account, but only upon delivery of written instructions from an Authorized Officer to the Trustee by the District accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Redemption Account to pay the purchase price of such Bonds; (ii) setting forth the amounts and maturities of Bonds of such Series which are to be redeemed from such amounts; and (iii) containing cash flows which demonstrate that, after giving effect to the purchase of Bonds in the amounts and maturities set forth in clause (ii) above, the Pledged Revenues to be received by the District in the current and each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of an interest on all Bonds of such Series. The Trustee may pay the principal portion of the purchase price of any Term Bonds from the related Series Principal Account, but only Term Bonds of a maturity having Amortization Installments in the current Bond Year and in the principal amount no greater than the Amortization Installment related to such Series of Bonds coming due in the current Bond Year (calculated after giving effect to any other purchases of Term Bonds during such Bond Year). The Trustee may pay the principal portion of the purchase price of Term Bonds having maturities different from or in amounts greater than set forth in the next preceding sentence from amounts on deposit in the related Series Principal Account and the Trustee may transfer moneys from the related Series Revenue Account to the related Series Principal Account for such purpose, but only upon delivery of written instructions from an Authorized Officer to the Trustee accompanied by a certificate of an Authorized Officer: (i) stating that sufficient moneys are on deposit in the Series Principal Account, after giving effect to any transfers from the related Series Revenue Account, to pay the principal portion of the purchase price of such Term Bonds; (ii) setting forth the amounts and

46

Section 506. Optional Redemption.

(a) **Excess Amounts in Series Redemption Account.** The Trustee shall, but only at the written direction of an Authorized Officer on or prior to the forty-fifth (45th) day preceding the date of redemption, call for redemption on each Interest Payment Date on which Bonds are subject to optional redemption, from moneys on deposit in a Series Redemption Account such amount of Authorized Denominations of Bonds of such Series then subject to optional redemption as, with the redemption premium, if any, will exhaust such amount as nearly as may be practicable. Such redemption shall be made pursuant to the provisions of Article III. The District shall pay all expenses incurred by the Trustee and Paying Agent in connection with such redemption.

(b) **Purchase of Bonds of a Series.** The District may purchase Bonds of a Series then Outstanding at any time, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the Owners of such Bonds under the provisions of this Master Indenture and the Supplemental Indenture pursuant to which such Series of Bonds was issued if such Bonds were called for redemption on such date. Before making each such purchase, the District shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Bonds of such Series so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Bonds. The Trustee shall pay the interest accrued on such Bonds to the date of delivery thereof from the related Series Interest Account and the principal portion of the purchase price of Serial Bonds from the related Series Principal Account, but no such purchase shall be made after the Record Date in any Bond Year in which Bonds have been called for redemption. To the extent that insufficient moneys are on deposit in a related Series Interest Account to pay the accrued interest portion of the purchase price of any Bonds or in a related Series Principal Account to pay the principal amount of the purchase price of any Serial Bond, the Trustee shall transfer into such Accounts from the related Series Revenue

45

maturities of Term Bonds of such Series which are to be redeemed from such amounts and the Amortization Installments against which the principal amount of such purchases are to be credited; and (iii) containing cash flow which demonstrate that, after giving effect to the purchase of Term Bonds in the amounts and having the maturities and with the credits against Amortization Installments set forth in clause (ii) above and any transfers from the related Series Revenue Account, the Pledged Revenues to be received by the District in the current and in each succeeding Bond Year will be sufficient to pay the principal, Maturity Amount and Amortization Installments of and interest on all Bonds of such Series. If any Bonds are purchased pursuant to this Subsection (b), the principal amount of the Bonds so purchased shall be credited as follows:

(i) if the Bonds are to be purchased from amounts on deposit in the Prepayment Subaccount of a Series Redemption Account, against the principal coming due or Amortization Installments set forth in the certificate of the Authorized Officer accompanying the direction of the District to effect such purchase; or

(ii) if the Bonds are Term Bonds of a Series, against the Amortization Installment for Bonds of such Series first coming due in the current Bond Year, or, if such Term Bonds so purchased are to be credited against Amortization Installments coming due in any succeeding Bond Year, against the Amortization Installments on Term Bonds of such Series maturing on the same date and designated in the certificate of the Authorized Officer accompanying the direction of the District to effect such purchase; or

(iii) against the principal or Maturity Amount of Serial Bonds coming due on the maturity date of such Serial Bond.

Section 507. Rebate Fund and Series Rebate Accounts.

(a) **Creation.** There is hereby created and established a Rebate Fund, and within the Rebate Fund a Series Rebate Account for each Series of Tax Exempt Bonds. Moneys deposited and held in the Rebate Fund shall not be subject to the pledge of this Master Indenture.

(b) **Payment to United States.** The Trustee shall pay to the District upon written request of the District, the Rebate Amount

47

required to be paid to the United States at the times, in the manner and as calculated in accordance with the Supplemental Indenture related to a Series of Tax Exempt Bonds. The Trustee shall have no responsibility for computation of the Rebate Amount and instead the District shall cause the Rebate Amount to be calculated by the Rebate Analyst and shall cause the Rebate Analyst to deliver such computation to the Trustee as provided in the Supplemental Indenture related to a Series of Tax Exempt Bonds but before the date of any required payment of the Rebate Amount to the Internal Revenue Service. The fees of, and expenses incurred by, the Rebate Analyst in computing the Rebate Amount shall be paid by the District, which amount shall be treated as administrative and operating expenses of the District payable or reimbursable from the Series Revenue Account in accordance with Section 505(ii) hereof.

(c) **Deficiencies.** If the Trustee does not have on deposit in the Series Rebate Account sufficient amounts to make the payments required by this Section, the District shall pay, from any legally available source, the amount of any such deficiency to the United States as in paragraph (ii) above provided.

Section 508. Investment of Funds and Accounts. Unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series of Bonds, moneys held for the credit of the Series Accounts shall be invested as hereinafter in this Section 508 provided.

(a) **Series Acquisition and Construction Account, Revenue Account and Debt Service Account.** Moneys held for the credit of a Series Acquisition and Construction Account, the Series Revenue Account, and the Series Debt Service Account shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in Investment Obligations as directed in writing by an Authorized Officer, which Investment Obligations shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates, as estimated by an Authorized Officer, when moneys held for the credit of each such Series Account will be required for the purposes intended.

(b) **Series Reserve Account.** Moneys held for the credit of a Series Reserve Account shall be continuously invested and reinvested by the Trustee in Investment Obligations as directed in writing by an Authorized Officer.

48

premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price.

Section 509. Deficiencies and Surpluses in Funds. For purposes of this Section: (a) a "deficiency" shall mean, in the case of a Series Reserve Account, that the amount on deposit therein is less than the Series Reserve Account Requirement (but only after the Bond Year in which the amount on deposit therein is less than the Series Reserve Account Requirement (but only after the Bond Year in which the amount on deposit therein first equals the Series Reserve Account Requirement), and (b) a "surplus" shall mean in the case of a Series Reserve Account, that the amount on deposit therein is in excess of the Series Reserve Account Requirements.

At the time of any withdrawal from a Series Reserve Account that results in a deficiency therein, the Trustee shall promptly notify the District of the amount of any such deficiency and the Trustee shall withdraw the amount of such deficiency from the related Series Revenue Account, and, if amounts on deposit therein are insufficient therefor, the District shall pay the amount of such deficiency to the Trustee, for deposit in such Series Reserve Account, from the first legally available sources of the District.

The Trustee, as of the close of business on the last Business Day in each Bond Year, after taking into account all payments and transfers made as of such date, shall compute, in the manner set forth in Section 508(iv), the value of the Series Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such Series Reserve Account and shall promptly notify the District of the amount of any deficiency or surplus as of such date in such Series Reserve Account. The District shall immediately pay the amount of any deficiency to the Trustee, for deposit in the Series Reserve Account, from any legally available sources of the District. The Trustee, as soon as practicable after such computation, shall deposit

50

(c) **Investment Obligations as a Part of Funds and Accounts.** Investment Obligations purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and the interest accruing thereon and profit realized from such investment shall be credited as provided in Section 510 hereof. Any loss resulting from such investment shall be charged to such Fund or Account. The foregoing notwithstanding, for purposes of investment and to the extent permitted by law, amounts on deposit in any Fund or Account may be commingled for purposes of investment, provided adequate care is taken to account for such amounts in accordance with the prior sentence. The Trustee may, upon the direction of an Authorized Officer, transfer investments within such Funds or Accounts without being required to sell such investments. The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund or Account. The Trustee shall not be liable or responsible for any loss resulting from any such investment or for failure to make an investment (except failure to make an investment in accordance with the written direction of an Authorized Officer) or for failure to achieve the maximum possible earnings on investments.

(d) **Valuation.** In computing the value of the assets of any Fund or Account, investments and earnings thereon shall be deemed a part thereof. The Trustee shall value the assets in each of the Funds and Accounts established hereunder as of September 30 of each Fiscal Year, and as soon as practicable after each such valuation date (but no later than ten (10) days after each such valuation date) shall provide the District a report of the status of each Fund and Account as of the valuation date. For the purpose of determining the amount on deposit to the credit of any Fund or Account established hereunder, with the exception of a Series Reserve Account, obligations in which money in such Fund or Account shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, or at the redemption price thereof, to the extent that any such obligation is then redeemable at the option of the holder. For the purpose of determining the amount on deposit to the credit of a Series Reserve Account, obligations in which money in such Account shall have been invested shall be valued at par, if purchased at par, or at amortized cost, if purchased at other than par, plus, in each case, accrued interest. Amortized cost, when used with respect to an obligation purchased at a

49

any surplus, at the direction of an Authorized Officer, to the credit of the Series Redemption Account or the Series Principal Account.

Section 510. Investment Income. Unless provided otherwise in a Supplemental Indenture, earnings on Investments in an Series Acquisition and Construction Account, a Series Interest Account and a Series Revenue Account shall be deposited, as realized, to the credit of such Series Account and used for the purpose of such Account. Unless provided in a Supplemental Indenture, earnings on investments in a Series Principal Account and Redemption Account shall be deposited, as realized, to the credit of such Series Interest Account and used for the purpose of such Account.

Earnings on investments in a Series Reserve Account shall unless otherwise therein provided in a Supplemental Indenture be disposed of as follows:

(a) if there was no deficiency (as defined in Section 509 above) in the Series Reserve Account as of the most recent date on which amounts on deposit in the Series Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series Reserve Account since such date, then earnings on investments in the Series Reserve Account shall be deposited, as realized, in the Series Revenue Account.

(b) if as of the last date on which amounts on deposit in the Series Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 above) in the Series Reserve Account, or if after such date withdrawals have been made from the Series Reserve Account and have created such a deficiency, then earnings on investments in the Series Reserve Account shall be deposited to the credit of the Series Reserve Account until the amount on deposit therein equals the Series Reserve Account Requirement and thereafter shall be deposited to the Series Revenue Account

Section 511. Cancellation of the Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be canceled upon the payment, redemption or purchase of such Bonds. All Bonds canceled under any of the provisions of this Master Indenture shall be destroyed by the Paying Agent, which shall execute a certificate in duplicate describing the Bonds so destroyed. One executed certificate

51

shall be filed with the Trustee and the other executed certificate shall be retained by the Paying Agent.

ARTICLE VI CONCERNING THE TRUSTEE

Section 601. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto and the Owners agree. The Trustee shall have only those duties expressly set forth herein, and no duties shall be implied against the Trustee.

Section 602. No Responsibility for Recitals. The recitals, statements and representations in this Master Indenture, in any Supplemental Indenture or in the Bonds, save only the Trustee's authentication certificate, if any, upon the Bonds, have been made by the District and not by the Trustee; and the Trustee shall be under no responsibility for the correctness thereof.

Section 603. Trustee May Act Through Agents; Answerable Only for Willful Misconduct or Gross Negligence. The Trustee may execute any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of counsel concerning all questions hereunder, and the Trustee shall not be answerable for the default or misconduct of any attorney, agent or employee selected by it with reasonable care. In performance of its duties hereunder, the Trustee may rely on the advice of counsel and shall not be held liable for actions taken in reliance on the advice of counsel. The Trustee shall not be answerable for the exercise of any discretion or power under this Master Indenture or any Supplemental Indenture nor for anything whatever in connection with the trust hereunder, except only its own gross negligence or willful misconduct.

Section 604. Compensation and Indemnity. The District shall pay the Trustee reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, and to the extent permitted under Florida law shall indemnify the Trustee and hold the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties

52

respective reimbursement agreement, but shall not be deemed to have actual knowledge of any other default unless notified in writing of such default by the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. The Trustee may, however, at any time require of the District full information as to the performance of any covenant hereunder; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the District, an investigation into the affairs of the District.

Section 607. Obligation to Act on Default. Before taking any action under this Master Indenture or any Supplemental Indenture in respect of an Event of Default, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability resulting from its own gross negligence or willful misconduct in connection with any such action.

Section 608. Reliance by Trustee. The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document or telephone message which it in good faith believes to be genuine and to have been passed, signed or given by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Master Indenture or any Supplemental Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

Section 609. Trustee May Deal in Bonds. The Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owners may be entitled to take with like effect as if the Trustee were not a party to this Master Indenture or any Supplemental Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the District.

Section 610. Construction of Ambiguous Provision. The Trustee may construe any ambiguous or inconsistent provisions of this Master Indenture or any Supplemental Indenture and any construction by the Trustee shall be binding upon the Owners. The Trustee shall give prompt written notice to the District of any intention to make such construal.

54

hereunder except with respect to its own negligence or misconduct. The Trustee shall have no duty in connection with its responsibilities hereunder to advance its own funds nor shall the Trustee have any duty to take any action hereunder without first having received indemnification satisfactory to it. If the District defaults in respect of the foregoing obligations, the Trustee may deduct the amount owing to it from any moneys received by the Trustee under this Master Indenture or any Supplemental Indenture and payable to the District other than moneys from a Credit Facility or a Liquidity Facility. This provision shall survive termination of this Master Indenture and any Supplemental Indenture, and as to any Trustee, its survival or removal thereof. As security for the foregoing, the District hereby grants to the Trustee a security interest in and to the amounts of deposit in all Series Funds and Accounts (other than the Rebate Fund) thereby, in effect, granting the Trustee a first charge against these moneys following an Event of Default for its fees and expenses (including legal counsel and default administration costs and expenses), subordinate and inferior to the security interest granted to the Owners of the Bonds from time to time secured thereby, but nevertheless payable in the order of priority as set forth in Section 905(i) upon the occurrence of an Event of Default.

Section 605. No Duty to Renew Insurance. The Trustee shall be under no duty to effect or to renew any insurance policy nor shall it incur any liability for the failure of the District to require or effect or renew insurance or to report or file claims of loss thereunder.

Section 606. Notice of Default; Right to Investigate. The Trustee shall give written notice, as soon as practicable, by first-class mail to registered Owners of Bonds of all defaults of which the Trustee has actual knowledge, unless such defaults have been remedied (the term "defaults" for purposes of this Section and Section 607 being defined to include the events specified as "Events of Default" in Section 902 hereof, but not including any notice or periods of grace provided for therein) or if the Trustee based upon the advice of counsel upon which the Trustee is entitled to rely, determines that the giving of such notice is not in the best interests of the Owners of the Bonds. The Trustee will be deemed to have actual knowledge of any payment default under this Master Indenture or under any Supplemental Indenture and, after receipt of written notice thereof by a Credit Facility issuer or a Liquidity Facility issuer of a default under its

53

Section 611. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Master Indenture by written resignation filed with the Secretary of the District not less than sixty (60) days before the date when such resignation is to take effect; provided that notice of such resignation shall be sent by first-class mail to each Owner as its name and address appears on the Bond Register and to any Paying Agent, Bond Registrar, any Credit Facility issuer, and any Liquidity Facility issuer, at least sixty (60) days before the resignation is to take effect. Such resignation shall take effect on the day specified in the Trustee's notice of resignation unless a successor Trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor; provided, however, that notwithstanding the foregoing such resignation shall not take effect until a successor Trustee has been appointed. If a successor Trustee has not been appointed within sixty (60) days after the Trustee has given its notice of resignation, the Trustee may petition any court of competent jurisdiction for the appointment of a temporary successor Trustee to serve as Trustee until a successor Trustee has been duly appointed.

Section 613. Removal of Trustee. Any Trustee hereunder may be removed at any time by an instrument appointing a successor to the Trustee so removed, executed by the Owners of a majority in aggregate principal amount of all Bonds then Outstanding and filed with the Trustee and the District.

The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Master Indenture or any Supplemental Indenture with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the District or the Owners of not less than 20% in aggregate principal amount of the Bonds then Outstanding.

Section 614. Appointment of Successor Trustee. If the Trustee or any successor Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the District shall appoint a successor and shall mail notice of such appointment by first-class mail to each Owner as its name and address appears on the Bond Register, and to the Paying Agent, Bond Registrar, any Credit Facility issuer and any

55

Liquidity Facility issuer; provided, however, that no successor Trustee shall be appointed unless the District shall have received the prior written consent, which consent shall not be unreasonably withheld, of any Credit Facility issuer, and any Liquidity Facility issuer, to the appointment of such successor Trustee.

Section 615. Qualification of Successor Trustee. A successor Trustee shall be a national bank with trust powers or a bank or trust company with trust powers, having a combined net capital and surplus of at least \$50,000,000, but in no event shall the successor Trustee ever be the Credit Facility issuer or Liquidity Facility issuer.

Section 616. Instruments of Succession. Any successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder; and thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named Trustee herein. After paying to Trustee any amounts owed to it hereunder, the Trustee ceasing to act hereunder shall pay over to the successor Trustee all moneys held by it hereunder; and the Trustee ceasing to act and the District shall execute and deliver an instrument or instruments transferring to the successor Trustee all the estates, properties, rights, powers and trusts hereunder of the Trustee ceasing to act.

Section 617. Merger of Trustee. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, shall be the successor Trustee under this Master Indenture, without the execution or filing of any paper or any further act on the part of the parties thereto, anything herein to the contrary notwithstanding; provided, however, that any such successor corporation continuing to act as Trustee hereunder shall meet the requirements of Section 614 hereof, and if such corporation does not meet the aforesaid requirements, a successor Trustee shall be appointed pursuant to this Article VI.

Section 618. Resignation of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may resign and be discharged of the duties created by this Master Indenture by executing

56

Agent or Bond Registrar, the successor Paying Agent or Bond Registrar, the Trustee and all Owners. Any new Paying Agent or Bond Registrar so appointed shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

Section 621. Qualifications of Successor Paying Agent or Bond Registrar. Every successor Paying Agent or Bond Registrar (i) shall be a commercial bank or trust company (a) duly organized under the laws of the United States or any state or territory thereof, (b) authorized by law to perform all the duties imposed upon it by this Master Indenture, and (c) capable of meeting its obligations hereunder, and (ii) shall have a combined net capital and surplus of at least \$50,000,000.

Section 622. Acceptance of Duties by Successor Paying Agent or Bond Registrar. Any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates property, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the District shall execute and deliver an instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or registrar shall pay over and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

Section 623. Successor by Merger or Consolidation. Any corporation into which any Paying Agent or Bond Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Master Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Master Indenture to the contrary notwithstanding.

58

an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the District and the Trustee not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect, and by giving written notice of such resignation shall take effect, and by giving written notice of such resignation mailed not less than sixty (60) days prior to such resignation date to each Owner as its name and address appear on the registration books of the District maintained by the Bond Registrar. Such resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Trustee may appoint a successor Paying Agent or Bond Registrar as provided in Section 619 hereof.

Section 619. Removal of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may be removed at any time prior to any Event of Default by the District by filing with the Paying Agent or Bond Registrar to be removed, and with the Trustee, an instrument or instruments in writing executed by an Authorized Officer appointing a successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the District an instrument accepting such appointment hereunder.

Section 620. Appointment of Successor Paying Agent or Bond Registrar. In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved, or if its property or affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a successor shall be appointed by the District; and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the District. Upon any such appointment, the District shall give written notice of such appointment to the predecessor Paying

57

ARTICLE VII FUNDS CONSTITUTE TRUST FUNDS

Section 701. Trust Funds. Subject to the provisions of Section 604 and Section 905(i) hereof, all amounts on deposit in Series Funds or Accounts for the benefit of a Series of Bonds shall:

(a) be used only for the purposes and in the manner herein and in the Supplemental Indenture relating to such Series of Bonds provided and, pending such application, be held by the Trustee in trust for the benefit of the Owners of such Series of Bonds;

(b) be irrevocably pledged to the payment of such Series of Bonds, except for amounts on deposit in the Series Rebate Accounts in the Rebate Fund;

(c) be held and accounted for separate and apart from all other Funds and Accounts, including Series Accounts of other Series of Bonds, and other funds and accounts of the Trustee and the District;

(d) until applied for the purposes provided herein, be subject to a first lien in favor of the Owners of such Series of Bonds and any pari passu obligations to issuers of Credit or Liquidity Facilities with respect to such series of Bonds, which lien is hereby created, prior and superior to all other liens now existing or hereafter created, and, to a second lien in favor of the Trustee, as security for the reasonable compensation for the services of the trustee hereunder, and also all its reasonable expenses and disbursements, including the reasonable fees and expenses of Trustee's counsel, subordinate and inferior to the security interest granted to the Owners of such Series of Bonds and any pari passu obligations to issuers of Credit or Liquidity Facilities with respect to such series of Bonds, but nevertheless payable in the order or priority as set forth in Section 905(i) hereof upon the occurrence of an Event of Default; and

(e) shall not be subject to lien or attachment by any creditor of the Trustee or any creditor of the District or any other Series of Bonds other than the Owners of such Series of Bonds and the issuers of Credit or Liquidity Facilities with respect to such Series of Bonds.

ARTICLE VIII COVENANTS AND AGREEMENTS OF THE DISTRICT

Section 801. Payment of Bonds. The District shall duly and punctually pay or cause to be paid, but only from the Trust Estate with respect to each Series of Bonds, Debt Service on the dates, at the places, and in the amounts stated herein, in any Supplemental Indenture, and in the Bonds of such Series.

Section 802. Extension of Payment of Bonds. Except as provided in Section 901 hereof, the District shall not directly or indirectly extend the time for payment of the interest on any Bonds. The time for payment of Bonds of any Series shall be the time prescribed in the Supplemental Indenture relating to such Series of Bonds.

Section 803. Further Assurance. At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the District may become bound to pledge or assign after the date of execution of this Master Indenture.

Section 804. Power to Issue Bonds and Create a Lien. The District hereby represents to the Trustee and to the Owners that it is and will be duly authorized under all applicable laws to issue the Bonds of each Series, to execute this Master Indenture, to adopt Supplemental Indentures, and to pledge its moneys, securities and funds in the manner and to the extent provided herein. Except as provided herein, the District hereby represents that such moneys, securities and funds of the District are and will be free and clear of any pledge, lien, charge or encumbrance thereon and all action on the part of the District to that end has been and will be duly and validly taken. The Bonds of each Series, this Master Indenture and any Supplemental Indenture are and will be the valid and legally enforceable obligations of the District, enforceable in accordance with their terms except to the extent that enforcement thereof may be subject to bankruptcy and other similar laws affecting creditors' rights generally. The District shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and lien created by this Master Indenture and all the

60

Series of Bonds, by gift or dedication thereof to Manatee County, Florida, the City of Daytona Beach, Florida, or to the State or any agency or instrumentality of either of the foregoing or the United States Government; and/or (ii) impose, declare or grant title to or interests in the Series Project or a portion or portions thereof in order to create ingress and egress rights and public and private utility easements as the District may deem necessary or desirable for the development, use and occupancy of the property within the District; and/or (iii) impose or declare covenants, conditions and restrictions pertaining to the use, occupancy and operation of the Series Projects.

Section 807. Completion and Maintenance of Series Projects. The District shall complete the acquisition and construction of a Series Project with all practical dispatch and in a sound and economical manner. So long as any Series Project is owned by the District, the District shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted.

Section 808. Accounts and Reports.

(a) **Annual Report.** The District shall, within thirty days of receipt and approval by the District, so long as any Bonds are Outstanding, deliver to each Requesting Owner (hereinafter defined) and file with the Trustee, solely as a repository of such information, and otherwise as provided by law, a copy of its annual audit for such year, accompanied by an Accountant's Certificate, including: (a) statements in reasonable detail of its financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, and (b) statements of all receipts and disbursements of the Pledged Revenues of each Series of Bonds (unless the Pledged Revenues of such Series are remitted directly to the Trustee). The Trustee shall, within ninety (90) days after the close of each Fiscal Year so long as any Bonds are Outstanding, file with the District a summary with respect to each Fund and Account of the deposits thereto and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year, or at the option of the Trustee, such summary can be made on a monthly basis. For purposes of the foregoing, the term

62

rights of the Owners hereunder against all claims and demands of all other persons whomsoever.

Section 805. Power to Undertake Series Projects and to Collect Pledged Revenue. The District has or will have upon the date of issuance of each Series of Bonds, and will have so long as any Bonds are Outstanding, good right and lawful power: (i) to undertake the Series Projects, or it will take such action on its part required which it deems reasonable in order to obtain licenses, orders, permits or other authorizations, if any, from any agency or regulatory body having lawful jurisdiction which must be obtained in order to undertake such Series Project; and (ii) to fix, levy and collect or cause to be collected any and all Pledged Revenues.

Section 806. Sale of Series Projects. The District covenants that, until such time as there are no Bonds of a Series Outstanding, it will not sell, lease or otherwise dispose of or encumber the related Series Project or any part thereof other than as provided herein. The District may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments, or other movable property acquired by the District in connection with a Series Project, or any materials used in connection therewith, if the District shall determine that such articles are no longer needed or are no longer useful in connection with the acquisition, construction, operation or maintenance of a Series Project, and the proceeds thereof may be applied to the replacement of the properties so sold or disposed of and, if not so applied, shall be deposited to the credit of the related Series Acquisition and Construction Account or, after the Date of Completion of the Series Project, shall be deposited to the credit of the related Series Principal Account. The District may from time to time sell or lease such other property forming part of a Series Project which it may determine is not needed or serves no useful purpose in connection with the maintenance and operation of such Series Project, if the Consulting Engineers shall in writing approve such sale or lease; the proceeds of any such sale shall be disposed of as hereinabove provided for the proceeds of the sale or disposal of movable property. The proceeds of any lease as described above shall be deposited to the credit of the related Series Principal Account or Redemption Account.

Notwithstanding the foregoing, the District may: (i) dispose of all or any part of a Series Project, other than a Series Project to the revenues to be derived from the operation of which are pledged to a

61

"Requesting Owner" shall mean the Owner (or beneficial owner in the case of book-entry Bonds) of more than \$1,000,000 aggregate principal amount of any Series of Bonds who requests such information in writing to the District.

(b) **No Default Certificate.** The District shall file with the Trustee, so long as any Bonds are Outstanding, a certificate of an Authorized Officer upon the occurrence of an Event of Default as described in Section 902 (vii) hereof, such certificate to contain a description of the nature of such default and actions taken or to be taken to remedy with default.

(c) **Inspection.** The reports, statements and other documents required to be furnished by the District to the Trustee and by the Trustee to the District pursuant to any provisions hereof shall be available for inspection by any Owner at the designated corporate trust office of the Trustee upon the giving of at least five (5) days advance written notice to the Trustee.

(d) **Reports Pursuant to Uniform Special District Accountability Act of 1989.** The District covenants and agrees that it will comply with the provisions of Chapter 189.401 et seq., Florida Statutes, as amended (2002), the Uniform Special District Accountability Act of 1989, to the extent applicable to the District, including any reporting requirements contained therein which are applicable to the District. The District may contract with a service provider selected by the District to ensure such compliance.

Section 809. Arbitrage and Other Tax Covenants. The District hereby covenants that it will not take any action, and will not fail to take any action, which action or failure would cause the Tax Exempt Bonds to become "arbitrage bonds" as defined in Section 148 of the Internal Revenue Code of 1986. The District further covenants that it will take all such actions after delivery of any Tax Exempt Bonds as may be required in order for interest on such Tax Exempt Bonds to remain excludable from gross income (as defined in Section 61 of the Internal Revenue Code of 1986) of the Owners. Without limiting the generality of the foregoing, the District hereby covenants that it will to the extent not remitted by the Trustee from funds held in the Rebate Account, remit to the United States that Rebate Amount at the time and place required by this Master Indenture and any Supplemental Indenture, including any Tax Regulatory Covenants contained therein.

63

Section 810. Enforcement of Payment of Assessment. The District will assess, levy, collect or cause to be collected and enforce the payment of Assessments, Benefit Special Assessments, and/or any other sources which constitute Pledged Revenues for the payment of any Series of Bonds in the manner prescribed by this Master Indenture, any Supplemental Indenture and all resolutions, ordinances or laws thereunto appertaining at times and in amounts as shall be necessary in order to pay, when due, the principal of and interest on the Series of Bonds to which such Pledged Revenues are pledged; and to pay or cause to be paid the proceeds of such Assessments as received to the Trustee in accordance with the provisions hereof.

Section 811. Method of Collection of Assessments and Benefit Special Assessments. The District shall levy and collect Assessments and Benefit Special Assessment in accordance with applicable Florida law.

Section 812. Delinquent Assessment. If the owner of any lot or parcel of land shall be delinquent in the payment of any Assessment or Benefit Special Assessment, pledged to a Series of Bonds, then such Assessment or Benefit Special Assessments, shall be enforced in accordance with the provisions of Chapters 170 and/or 197, Florida Statutes (2002), including but not limited to the sale of tax certificates and tax deed as regards such Delinquent Assessment. In the event the provisions of Chapter 197, Florida Statutes, are inapplicable or unavailable, then upon the delinquency of any Assessment or Benefit Special Assessments, the District either on its own behalf, or through the actions of the Trustee, may, but is not obligated to, declare the entire unpaid balance of such Assessment or Benefit Special Assessment, to be in default and, at its own expense, cause such delinquent property to be foreclosed in the same method now or hereafter provided by law for the foreclosure of mortgages on real estate, or pursuant to the provisions of Chapter 173, and Sections 190.026 and/or 170.10, Florida Statutes (2002), or otherwise as provided by law. The District further covenants to furnish, at its expense, to any Owner of Bonds of the related Series so requesting, sixty (60) days after the due date of each annual installment, a list of all Delinquent Assessments together with a copy of the District's annual audit, and a list of foreclosure actions currently in progress and the current status of such Delinquent Assessments.

64

fifteen percent (15%) in aggregate principal amount of the Outstanding Bonds of such Series.

Section 815. Other Obligations Payable from Assessments or Benefit Special Assessments. The District will not issue or incur any obligations payable from the proceeds of Assessments or Benefit Special Assessments securing a Series of Bonds nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon such Assessments or Benefit Special Assessments other than the lien of any Subordinate Debt except for fees, commissions, costs, and other charges payable to the Property Appraiser or to the Tax Collector pursuant to Florida law.

Section 816. Re-Assessments. If any Assessments or Benefit Special Assessments shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or the District shall be satisfied that any such Assessments or Benefit Special Assessments is so irregular or defective that it cannot be enforced or collected, or if the District shall have omitted to make such Assessments or Benefit Special Assessments when it might have done so, the District shall either: (i) take all necessary steps to cause a new Assessment or Benefit Special Assessment to be made for the whole or any part of such improvement or against any property benefitted by such improvement; or (ii) in its sole discretion, make up the amount of such Assessment or Benefit Special Assessment from legally available moneys, which moneys shall be deposited into the related Series Revenue Account. In case any such subsequent Assessment or Benefit Special Assessment shall also be annulled, the District shall obtain and make other Assessments or Benefit Special Assessments until a valid Assessment or Benefit Special Assessment shall be made.

Section 817. General. The District shall do and perform or cause to be done and performed ALL ACTS and things required to be done or performed by or on behalf of the District UNDER LAW and this Master Indenture, in accordance with the terms of such provisions.

Upon the date of issuance of each Series of Bonds, all conditions, acts and things required by law and this Master Indenture and any Supplemental Indenture to exist, to have happened and to have been performed precedent to and in the issuance of such Series of Bonds shall exist, have happened and have been performed and upon issuance the issue of such Series of Bonds shall be within every debt and other

66

Section 813. Deposit of Proceeds from Sale of Tax Certificates. If any tax certificates relating to Delinquent Assessments which are pledged to a Series of Bonds are sold by the Tax Collector pursuant to the provisions of Section 197.432, Florida Statutes (2002), or if any such tax certificates are not sold but are later redeemed, the proceeds of such sale or redemption (to the extent that such proceeds relate to the Assessments), less any commission or other charges retained by the Tax Collector, shall, if paid by the Tax Collector to the District, be paid by the District to the Trustee not later than five (5) Business Days following receipt of such proceeds by the District and shall be deposited by the Trustee to the credit of the related Series Revenue Account.

Section 814. Sale of Tax Deed or Foreclosure of Assessment or Benefit Special Assessment Lien. If any property shall be offered for sale for the nonpayment of any Assessment, which is pledged to a Series of Bonds, and no person or persons shall purchase such property for an amount equal to the full amount due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), the property may then be purchased by the District for an amount equal to the balance due on the Assessments or Benefit Special Assessments (principal, interest, penalties and costs, plus attorneys' fees, if any), from any legally available funds of the District and the District shall receive in its corporate name title to the property for the benefit of the Owners of the Series of Bonds to which such Assessments or Benefit Special Assessments were pledged. The District, either through its own actions, or actions caused to be taken through the Trustee, shall have the power and shall lease or sell such property, and deposit all of the net proceeds of any such lease or sale into the related Series Revenue Account. Not less than ten (10) days prior to the filing of any foreclosure action as herein provided, the District shall cause written notice thereof to be mailed to any designated agents of the Owners of the related Series of Bonds. Not less than thirty (30) days prior to the proposed sale of any lot or tract of land acquired by foreclosure by the District, it shall give written notice thereof to such representatives. The District, either through its own actions, or actions caused to be taken through the Trustee, agrees that it shall be required to take the measures provided by law for sale of property acquired by it as trustee for the Owners of the related Series of Bonds within thirty (30) days after the receipt of the request therefor signed by the Trustee or the Owners of at least

65

limit prescribed by the laws of the State of Florida applicable to the District.

Section 818. Secondary Market Disclosure. The District covenants and agrees with the Owners, from time to time, of the Bonds issued hereunder to make best efforts to provide, or cause to be provided, on a timely basis, all appropriate information repositories such information and documents as shall be required by applicable law to enable Owners to purchase and resell the Bonds issued, from time to time, hereunder. For purposes of complying with the above-described provision, the District may rely on an opinion of counsel which is familiar with disclosure of information relating to municipal securities. Nothing herein shall, however, require the District to provide disclosure in order to enable the purchaser of a security in a "private placement transaction" within the meaning of applicable securities laws, to offer or re-sell such security in other than a "private placement transaction. All financial statements provided to a repository shall be in accordance with generally accepted governmental accounting principles and shall be provided to such repository as soon as practicable after the same becomes available. The financial statements shall contain such information as shall be customary for local governments, such as the District. Nothing in this Section 818 is intended to impose upon the District, and this Section 818 shall not be construed as imposing upon the District, any disclosure obligations beyond those imposed by applicable law.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 901. Extension of Interest Payment. If the time for payment of interest of a Bond of any Series shall be extended, whether or not such extension be by or with the consent of the District, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Master Indenture unless the aggregate principal amount of all Bonds of such Bonds then Outstanding and of all accrued interest the time for payment of which shall not have been extended shall have previously been paid in full.

Section 902. Events of Default. Each of the following events is hereby declared an Event of Default with respect to a Series of Bonds:

67

(a) Any payment of Debt Service on such Series of Bonds is not made when due;

(b) The District shall for any reason be rendered incapable of fulfilling its obligations hereunder or under the Supplemental Indenture relating to such Series of Bonds;

(c) The District admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for the whole or any part of a related Series Project;

(d) The District is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the District, or an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the District, a receiver or trustee of the District or of the whole or any part of its property and if the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof;

(e) The District shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(f) Under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District's assets or any part thereof, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or

(g) The District shall default in the due and punctual performance of any of the material covenants, conditions, agreements and provisions contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds on the part of the District to be performed (other than a default in the payment of Debt Service on the related Series of Bonds when due, which is an Event of Default under subsection (i) above) and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given

68

no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 904. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 902 above with respect to a Series of Bonds, the Trustee or, if the Trustee is unwilling or unable to act, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of such Series then Outstanding may protect and enforce the rights of the Owners of the Bonds of such Series under Florida law, and under this Master Indenture, the related Supplemental Indenture and the Bonds of such Series, by such proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein or in the related Supplemental Indenture granted or for the enforcement of any proper legal or equitable remedy, as the Trustee or the Owners of such Series of Bonds, as the case may be, shall deem most effectual to protect and enforce such rights.

Section 905. Pro Rata Application of Funds Among Owners of a Series of Bonds. Anything in this Master Indenture to the contrary notwithstanding, if at any time the moneys in the Series Funds and Accounts shall not be sufficient to pay Debt Service on the related Series of Bonds when due, such moneys together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the aggregate principal amount of all the Bonds of such Series shall have become due and payable or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied:

First: to the payment of any then-due fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid;

Second: to payment to the persons entitled thereto of all installments of interest then due and payable on the Bonds of such Series, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the

70

to the District by the Trustee or, if the Trustee is unwilling or unable to act, by Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds of such Series then Outstanding.

Section 903. Acceleration of Maturities of Bonds of a Series. Upon the happening and continuance of any Event of Default specified in clauses (i) through (vi) of Section 902 above with respect to a Series of Bonds, the Trustee shall, upon written direction of the Owners of not less than fifty-one (51%) of the aggregate principal amount of the Bonds of such Series then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of all of the Bond of such Series then Outstanding (if not then due and payable) to be due and payable immediately and, upon such declaration, the same shall become and be immediately due and payable, anything contained in the Bonds of such Series or in this Master Indenture or in the Supplemental Indenture authorizing such Series to the contrary notwithstanding; provided, however, that if at any time after the aggregate principal amount of the Bonds of any Series then Outstanding shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Master Indenture or the related Supplemental Indenture, moneys shall have accumulated in the related Series Revenue Account sufficient to pay the principal of all matured Bonds of such Series and all arrears of interest, if any, upon all Bonds of such Series then Outstanding (except the aggregate principal amount of any Bonds of such Series then Outstanding that is only due because of a declaration under this Section, and except for the interest accrued on the Bonds of such Series since the last Interest Payment Date), and all amounts then payable by the District hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Paying Agent, and every other default (other than a default in the payment of the aggregate principal amount of the Bonds of such Series then Outstanding that is due only because of a declaration under this Section) shall have been remedied, then the Trustee or, if the Trustee is unable or unwilling to act, the Owners of not less than 51% of the aggregate principal amount of the Bonds of such Series then Outstanding not then due except by virtue of a declaration under this Section, may, by written notice to the District, rescind and annul such declaration and its consequences, but

69

amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the rates of interest specified in the Bonds of such Series; and

Third: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds of such Series which shall have become due (other than Bonds of such Series called for redemption for the payment of which sufficient moneys are held pursuant to this Master Indenture), in the order of their due dates, with interest upon the Bonds of such Series at the rates specified therein from the dates upon which they become due to their payment date, and, if the amount available shall not be sufficient to pay in full the principal of Bonds of such Series due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the Owners of the Bonds of such Series entitled thereto without any discrimination or preference except as to any difference in the foregoing rates of interest.

(b) If the aggregate principal amount of all the Bonds of a Series shall have become due and payable in accordance with their terms or shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, all such moneys shall be applied first to the payment of any fees and expenses of the Trustee, including reasonable counsel fees and expenses, to the extent not otherwise paid, and, then the payment of the whole amount of principal and interest then due and unpaid upon the Bonds of such Series, without preference or priority of principal or of interest or of any installment of interest over any other without preference or priority of principal or of interest or of any installment of interest over any other installment of interest, or of any Bond over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, 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 of such Series.

(c) If the principal of all the Bonds of a Series shall have been declared due and payable pursuant to the provisions of Section 903 of this Article, and if such declaration shall thereafter have been rescinded and annulled pursuant to the provisions of Section 903 of this Article, then, if the aggregate principal amount of all of the Bonds of

71

such Series shall later become due or be declared due and payable pursuant to the provisions of Section 903 of this Article, the moneys remaining in and thereafter accruing to the related Series Revenue Fund shall be applied in accordance with subsection (b) above.

The provisions of this Section are in all respects subject to the provisions of Section 901 of this Article.

Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied by the Trustee at such times as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application. The deposit of such moneys with the Paying Agent shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to any Owner or to any other person for any delay in applying any such funds, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies such moneys in accordance with such provisions of this Master Indenture as may be applicable at the time of application. Whenever the Trustee shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to any Owner until such Bond shall be surrendered to him for appropriate endorsement.

Section 906. Effect of Discontinuance of Proceedings. If any proceeding taken by the Trustee or any Owner on account of any default shall have been discontinued or abandoned for any reason, then the District and the Owner shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Owners shall continue as though no such proceeding had been taken.

Section 907. Restriction on Individual Owner Actions. Except as provided in Section 910 below, no Owner of any of the Bonds shall have any right in any manner whatever to affect, disturb or prejudice the security of this Master Indenture or any Supplemental Indenture, or to enforce any right hereunder or thereunder except in the manner herein or therein provided, and all proceedings at law or in

equity shall be instituted and maintained for the benefit of all Owners of the Bonds of such Series.

Section 908. No Remedy Exclusive. No remedy conferred upon the Trustee or the Owners is intended to be exclusive of any other remedy herein or in any Supplemental Indenture provided, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereunder.

Section 909. Delay Not a Waiver. No delay or omission of the Trustee or any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee and the Owners may be exercised from time to time and as often as may be deemed expedient.

Section 910. Right to Enforce Payment of Bonds. Nothing in this Article shall affect or impair the right of any Owner to enforce the payment of Debt Service on the Bond of which such person is the registered Owner, or the obligation of the District to pay Debt Service to the Owner at the time and place specified in such Bond.

Section 911. No Cross Default Among Series. The occurrence of an Event of Default hereunder or under any Supplemental Indenture with respect to any Series of Bonds shall not constitute an Event of Default with respect to any other Series of Bonds, unless the event giving rise to the Event of Default also constitutes an Event of Default hereunder or under the Supplemental Indenture with respect to such other Series of Bonds.

Section 912. Indemnification. Other than to make proper draws under a Credit Facility, the Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Master Indenture or any Supplemental Indenture or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to advance its own money, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against liability.

72

73

ARTICLE X EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF BONDS

Section 1001. Execution of Instruments by Owners and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture or any Supplemental Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor and may be signed or executed by Owners or their attorneys or legal representatives. Proof of the execution of any such instrument shall be sufficient for any purpose of this Master Indenture and shall be conclusive in favor of the District with regard to any action taken by it under such instrument if verified by any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the Trustee or the District in pursuance of such request or consent.

Section 1002. Deposit of Bonds. Notwithstanding the foregoing, neither the District nor the Trustee shall be required to recognize any person as an Owner of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee.

ARTICLE XI SUPPLEMENTAL INDENTURES

Section 1101. Supplemental Indentures Without Owners' Consent. The Governing Body from time to time may authorize such indentures supplemental hereto or amendatory hereof as shall not be inconsistent with the terms and provisions hereof (which

supplemental indenture shall thereafter form a part hereof), without the consent of the Owners, for the following purposes:

(a) to provide for the initial issuance of a Series of Bonds or refunding bonds of a Series; or

(b) to make any change whatsoever to the terms and provisions of this Master Indenture, but only as such change relates to a Series of Bonds upon the original issuance thereof (or upon the original issuance of refunding bonds of a Series which defease and discharge the Supplemental Indenture of the Series of Bonds to be refunded) under and pursuant to the terms of the Supplemental Indenture effecting such change; or

(c) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Master Indenture; or

(d) to grant to the Owners or to the Trustee on behalf of the Owners any additional rights or security that may lawfully be granted; or

(e) to add to the covenants and agreements of the District in this Master Indenture other covenants and agreements thereafter to be observed by the District to the benefit of the Owners of the Outstanding Bonds; or

(f) to make such changes as may be necessary in order to reflect amendments to Chapters 170, 190, 197 and 298, or other Florida Statutes (2002), so long as, in the opinion of counsel to the District, such changes either: (a) do not have a material adverse effect on the Owners of each Series of Bonds to which such changes relate; or (b) if such changes do have a material adverse effect, that they nevertheless are required to be made as a result of such amendments; or

(g) to modify the provisions of this Master Indenture or any Supplemental indenture provided that such modification does not, in the written opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Bonds Outstanding.

Section 1102. Supplemental Indentures With Owner Consent. Subject to the provisions contained in this Section, and not otherwise, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have

74

C-19

75

the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental hereto or amendatory hereof as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of this Master Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds then Outstanding,

(a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond;

(b) a reduction in the principal, premium, or interest on any Bond;

(c) a preference or priority of any Bond over any other Bond; or

(d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

In addition to the foregoing, the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds of any Series then Outstanding shall have the right, from time to time, anything contained in this Master Indenture or in the Supplemental Indenture relating to such Series of Bonds to the contrary notwithstanding, to consent to and approve the adoption of such indentures supplemental to the Supplemental Indenture relating to such Series of Bonds or amendatory thereof, but not hereof, as shall be deemed desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the provisions of such Supplemental Indenture or of any indenture supplemental thereto; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of all Owners of Bonds of such Series then Outstanding,

(a) an extension of the maturity of, or an extension of the Interest Payment Date on, any Bond of such Series;

(b) a reduction in the principal, premium, or interest on any Bond of such Series;

76

accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or general equitable principles. In addition, if such indenture relates to a Series of Tax Exempt Bonds, such opinion shall also state that such indenture will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the related Series of Bonds.

Section 1104. Supplemental Indenture Part of Indenture. Any supplemental indenture executed in accordance with this Article and approved as to legality by counsel to the District shall thereafter, except as otherwise provided therein, form a part of this Master Indenture. Except as applicable only to Bonds of a Series, all of the terms and conditions contained in any such supplemental indenture amendatory of this Master indenture shall be part of the terms and conditions hereof.

Section 1105. Insurer or Issuer of a Credit or Liquidity Facility as Owner of Bonds. As long as a Credit or Liquidity Facility securing all or a portion of the Bonds of a Series Outstanding is in effect, the issuer of the Credit or Liquidity Facility or the Insurer, to the extent so authorized in the applicable Supplemental Indenture, will be deemed to be the Owner of the Bonds of such Series secured by the Credit or Liquidity Facility: (i) at all times for the purpose of the execution and delivery of a supplemental indenture or of any amendment, change or modification of the Master Indenture or the applicable Supplemental Indenture or the initiation by Owners of any action to be undertaken by the Trustee at the Owner's request, which under the Master Indenture or the applicable Supplemental Indenture requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the Bonds of the Series at the time Outstanding; (ii) at all times for the purpose of the mailing of any notice to Owners under the Master Indenture or the applicable Supplemental Indenture; and (iii) following an Event of Default for all other purposes. Notwithstanding the foregoing, neither an Insurer nor the issuer of a Credit or Liquidity Facility with respect to a Series of Bonds will not be deemed to be an Owner of the Bonds of such Series with respect to any such Supplemental Indenture or of any amendment, change or modification of the Master Indenture which would have the effect of permitting: (i) a change in the terms of redemption or maturity of any Bonds of a Series Outstanding or of any installment of interest thereon; or (ii) a reduction in the principal

78

(c) a preference or priority of any Bond of such Series over any other Bond of such Series; or

(d) a reduction in the aggregate principal amount of the Bonds of such Series required for consent to such indenture supplemental to the Supplemental Indenture.

If at any time the District shall determine that it is desirable to approve any Supplemental Indenture pursuant to this Section 1102, the District shall cause the Trustee to mail notice of the proposed approval to the Owners whose approval is required. Such notice shall be prepared by the District and shall briefly set forth the nature of the proposed Supplemental Indenture or indenture supplemental to a Supplemental Indenture and shall state that copies thereof are on file with the Secretary for inspection by all affected Owners. The District shall not, however, be subject to any liability to any Owner by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such Supplemental Indenture or indenture supplemental to a Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one (1) year after the date of the first mailing of such notice, there shall be delivered to the District an instrument or instruments in writing purporting to be executed by the Owners of the requisite principal amount of the Bonds of such Series Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture or indenture supplemental to a Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Governing Body and the Trustee may approve such Supplemental Indenture and cause it to be executed, in substantially such form, without liability or responsibility to any Owner.

Section 1103. Opinion of Bond Counsel With Respect to Supplemental Indenture. In addition to the other requirements herein set forth with respect to Supplemental Indentures or indenture supplemental to a Supplemental Indenture, no such indenture shall be effective unless and until there shall have been delivered to the Trustee the opinion of Bond Counsel to the effect that such indenture is permitted pursuant to this Master Indenture and that such indenture is the valid and binding obligation of the District enforceable in

77

amount or the Redemption Price thereof or in rate of interest thereon; or (iii) reducing the percentage or otherwise affecting the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment; or (iv) creating any preference or priority of any Bond of a Series over any other Bond of such Series.

ARTICLE XII DEFESANCE

Section 1201. Defeasance and Discharge of the Lien of this Master Indenture and Supplemental Indentures.

(a) If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon and the obligations under any Letter of Credit Agreement and any Liquidity Agreement, at the times and in the manner stipulated therein and in this Master Indenture and any Letter of Credit Agreement and any Liquidity Agreement and pays or causes to be paid all other moneys owing hereunder and under any Supplemental Indenture (including, without limitation the fees and expenses of the Trustee, including reasonable counsel fees and expenses), then the lien of this Master Indenture and all covenants, agreements and other obligations of the District to the Owners and the issuer of any Credit Facility or Liquidity Facility shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee upon the request of the District shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and the Paying Agent shall pay over or deliver, as directed by the District, all moneys or securities held by them pursuant to this Master Indenture which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption or for payment of obligations under any Letter of Credit Agreement and any Liquidity Agreement. If the District pays or causes to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds or of a particular maturity, of a particular Series or of any part of a particular maturity or Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Master Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture, and all covenants, agreements and obligations of the

79

District to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Anything to the contrary in this Section 1201 notwithstanding, this Master Indenture shall not be discharged nor shall any Bonds with respect to which moneys or Federal Securities have been deposited in accordance with the provisions of this Section 1201 cease to be entitled to the lien, benefit or security under this Master Indenture, except to the extent that the lien, benefit and security of this Master Indenture and the obligations of the District hereunder shall be limited solely to and such Bonds shall be secured solely by and be payable solely from the moneys or Federal Securities so deposited.

(b) Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit pursuant to this Master Indenture of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in this Section. All Outstanding Bonds of any particular maturity or Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 1201 if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee or the Bond Registrar irrevocable instructions accepted in writing by the Trustee or the Bond Registrar to mail as provided in Article III notice of redemption of such Bonds on such date; (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due shall, as demonstrated in an Accountant's Certificate, provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be; (iii) the District shall have given the Trustee or the Bond Registrar in form satisfactory to it irrevocable instructions to mail, postage prepaid, to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice to the registered Owners of such Bonds and to the Registrar that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section 1201 and

80

rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds and obligations under Letter of Credit Agreement and any Liquidity Agreement pursuant to the provisions of this Section, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Master Indenture or under any Letter of Credit Agreement or any Liquidity Agreement.

(d) Notwithstanding any of the provisions of this Master Indenture to the contrary, Option Bonds may only be fully discharged and satisfied either pursuant to subsection (i) above or by depositing in the Series Interest Account, the Series Principal Account and the Series Redemption Account, or in such other accounts which are irrevocably pledged to the payment of the Option Bonds, as the District may create and establish by Supplemental Indenture, moneys which together with other moneys lawfully available therefor shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and redemption price, if any, and interest on such Option Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided however, that if, at the time a deposit is made pursuant to this subsection (iv), the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection (iv). If any portion of the moneys deposited for the payment of the principal of and redemption price, if any, and interest on Option Bonds is not required for such purpose and is not needed to reimburse an Insurer or an issuer of any Credit Facility or Liquidity Facility, for obligations under any Letter of Credit Agreement or any Liquidity Agreement, the District may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing such Option Bonds or otherwise existing under this Master Indenture or any Letter of Credit Agreement or Liquidity Agreement.

82

stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on such Bonds; and (iv) an opinion of Bond Counsel to the effect that such defeasance is permitted under this Master Indenture and the Supplemental Indenture relating to the Series of Bonds so defeased and that, in the case of Tax-Exempt Bonds, such defeasance will not adversely affect the tax exempt status of such Series of Bonds. Neither Federal Securities nor moneys deposited with the Trustee pursuant to this Section 1201 nor principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee: (a) to the extent such cash shall not be required at any time for such purpose as evidenced by an Accountant's Certificate or, and to the extent all obligations under any Letter of Credit Agreement or any Liquidity Agreement are satisfied, as determined by an Insurer or an issuer of any Credit Facility and any Liquidity Facility securing the Bonds with respect to which such Federal Securities have been so deposited, shall be paid over upon the direction of the District as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing such Bonds or otherwise existing under this Master Indenture; and (b) to the extent such cash shall be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Securities maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on such Bonds, or obligations under any Letter of Credit Agreement or any Liquidity Agreement, on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over as received by the Trustee to the District, free and clear of any lien, pledge or security interest securing such Bonds or otherwise existing under this Master Indenture. For the purposes of this provision, Federal Securities means and includes only such securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof.

(c) As to any Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (i) or (ii) above, the amount required for the interest thereon shall be calculated at the maximum

81

(e) Anything in this Master Indenture to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bonds became due and payable, shall, at the written request of the District be repaid by the Trustee or Paying Agent to the District, as its absolute property and free from trust, and the Trustee or Paying Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Trustee or Paying Agent shall, at the expense of the District, cause to be mailed, postage prepaid, to any Insurer or any issuer of any Credit Facility or Liquidity Facility, and to each registered Owner of Bonds then Outstanding at the address, if any, appearing upon the registry books of the District, a notice that such moneys remain unclaimed and that, after a date named in such notice, which date shall be not less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed shall be returned to the District.

(f) In the event that the principal and Redemption Price, if applicable, and interest due on the Bonds shall be paid by the Insurer pursuant to a municipal bond insurance policy, the assignment and pledge and all covenants, agreements and other obligations of the District to the Owners of such Bonds shall continue to exist and the Insurer shall be subrogated to the rights of such Owners.

(g) Anything in this Master Indenture to the contrary notwithstanding, the provisions of the foregoing subsections (ii) through (vi) shall apply to the discharge of Bonds of a Series and to the discharge of the lien of any Supplemental Indenture securing such Series of Bonds as though each reference to the "Master Indenture" were a reference to such "Supplemental Indenture" and as though each reference to "Bonds Outstanding" were a reference to the "Bonds of such Series Outstanding."

Section 1202. Moneys Held in Trust. All moneys and obligations held by an escrow or paying agent or trustee pursuant to

83

this Section shall be held in trust and the principal and interest of said obligations when received, and said moneys, shall be applied to the payment, when due, of the principal, interest and premium, if any, of the Bonds to be paid or to be called for redemption.

**ARTICLE XIII
MISCELLANEOUS PROVISIONS**

Section 1301. Effect of Covenant. All covenants, stipulations, obligations and agreements of the District contained in this Master Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the District and of the Governing Body of the District to the full extent authorized or permitted by law and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided herein, all rights, powers and privileges conferred, and duties and liabilities imposed, upon the District or upon the Governing Body by this Master Indenture shall be exercised or performed by the Governing Body, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Governing Body in his or her individual capacity, and neither the members of the Governing Body nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 1302. Manner of Giving Notice to the District and the Trustee. Any notice, demand, direction, request or other instrument authorized or required by this Master Indenture to be given to or filed with the District or the Governing Body or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Master Indenture if and when sent by certified mail, return receipt requested:

84

Section 1305. Inconsistent Provisions. All provisions of any resolutions, and parts thereof, which are inconsistent with any of the provisions of this Master Indenture are hereby declared to be inapplicable to this Master Indenture.

Section 1306. Further Acts. The officers and agents of the District are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Master Indenture, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Master Indenture.

Section 1307. Headings Not Part of Indenture. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Master Indenture, nor shall they affect its meaning, construction or effect.

Section 1308. Effect of Partial Invalidity. In case any one or more of the provisions of this Master Indenture or of any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Master Indenture or of the Bonds, but this Master Indenture and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Master Indenture is adopted with the intent that the laws of the State of Florida shall govern their construction.

Section 1309. Attorneys' Fees. Any reference herein to the term "attorneys' fees" or "legal fees" or words of like import shall include but not be limited to fees of legal assistants and paralegal and fees incurred in any and all legal proceedings, including any trial or appellate level proceedings, and any sales tax thereon.

86

To the District, addressed to:
District Manager
Heritage Harbour Market Place Community Development District
10300 N.W. 11th Manor
Coral Springs, Florida 33071

To the Trustee, addressed to:
Wachovia Bank, National Association
200 South Biscayne Boulevard
14th Floor
Miami, Florida 33131
Attention: Corporate Trust Department

or to such other address as shall be provided to the other party hereto in writing.

All documents received by the District and the Trustee under this Master Indenture shall be retained in their possession, subject at all reasonable times to the inspection of any Owner and the agents and representatives thereof.

Section 1303. Manner of Giving Notice to the Owners. Any notice, demand, direction, request, or other instrument authorized or required by this Master Indenture to be mailed to the Owners shall be deemed to have been sufficiently mailed if mailed by first class mail, postage pre-paid, to the Owners at their addresses as they appear at the time of mailing on the registration books maintained by the Bond Registrar.

Section 1304. Successorship of District Officers. If the offices of Chairman, or Secretary shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the District or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

85

Section 1310. Effective Date. This Master Indenture shall be effective as of the date first above-written.

SEAL **HERITAGE HARBOUR
MARKET PLACE COMMUNITY
DEVELOPMENT DISTRICT**

Attest:

Assistant Secretary Chairman, Board of Supervisors

SEAL **WACHOVIA BANK,
NATIONAL ASSOCIATION
as Trustee**

By:
Authorized Signatory

87

**EXHIBIT A
FORM OF REQUISITION**

The undersigned, an Authorized Officer of Heritage Harbour Market Place Community Development District (the "District") hereby submits the following requisition for disbursement under and pursuant to the terms of the Master Trust Indenture from the District to SunTrust Bank, as trustee (the "Trustee"), dated as of November 1, 2004 (the "Master Indenture"), as amended and supplemented by the [] Supplemental Indenture from the District to the Trustee, dated as of [] (the Master Indenture as amended and supplemented is hereinafter referred to as the "Indenture") (all capitalized terms used herein shall have the meaning ascribed to such term in the Indenture):

- (A) Requisition Number:
- (B) Name of Payee:
- (C) Amount Payable:

(D) Purpose for which paid or incurred (refer also to specific contract if amount is due and payable pursuant to a contract involving progress payments, or, state Costs of Issuance, if applicable):

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

The undersigned hereby certifies that [obligations in the stated amount set forth above have been incurred by the District, that each disbursement set forth above is a proper charge against the [] Acquisition and Construction Account and the subaccount, if any, referenced above, that each disbursement set forth above was incurred in connection with the acquisition and construction of the [] Project and each represents a Cost of the [] Project, and has not previously been paid] OR [this requisition is for Costs of Issuance payable from the Costs of Issuance Account that has not previously been paid].

The undersigned hereby further certifies that there has not been filed with or served upon the District notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of,

1

made; and, (ii) the report of the Consulting Engineer attached as an Exhibit to the [] Supplemental Indenture, as such report shall have been amended or modified on the date hereof.

Consulting Engineer

any of the moneys payable to the Payee set forth above, which has not been released or will not be released simultaneously with the payment hereof.

The undersigned hereby further certifies that such requisition contains no item representing payment on account of any retained percentage which the District is at the date of such certificate entitled to retain.

If this requisition is for a disbursement from other than the Costs of Issuance Account or for payment of capitalized interest, there shall be attached a resolution of the Governing Body of the District approving this requisition or the approving the specific contract with respect to which disbursements pursuant to this requisition are due and payable.

Attached hereto are originals of the invoice(s) from the vendor of the property acquired or services rendered with respect to which disbursement is hereby requested.

**HERITAGE HARBOUR
MARKET PLACE COMMUNITY
DEVELOPMENT DISTRICT**

By:

Authorized Officer

**CONSULTING ENGINEER'S APPROVAL FOR NON-COST
OF ISSUANCE AND CAPITALIZED INTEREST REQUESTS
ONLY**

If this requisition is for a disbursement from other than Capitalized Interest or Costs of Issuance, the undersigned Consulting Engineer hereby certifies that this disbursement is for a Cost of the [] Project and is consistent with: (i) the applicable acquisition or construction contract; (ii) the plans and specifications for the portion of the [] Project with respect to which such disbursement is being

2

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TABLE OF CONTENTS

This Table of Contents is incorporated herein for ease of reference only as shall not be deemed a part of the Second Supplemental Trust Indenture.

SECOND SUPPLEMENTAL TRUST INDENTURE

**HERITAGE HARBOUR MARKET PLACE
COMMUNITY DEVELOPMENT DISTRICT**

TO

**WACHOVIA BANK, NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of October 1, 2005

Article I

Definitions

Section 101. Definitions 5

Article II

Authorization, Issuance and Provisions of 2005 Bonds

Section 201. Authorization of 2005 Bonds; Book-Entry Only Form 14
 Section 202. Terms 16
 Section 203. Dating; Interest Accrual 16
 Section 204. Denominations 16
 Section 205. Paying Agent 16
 Section 206. Bond Registrar 16
 Section 207. Conditions Precedent to Issuance of 2005 Bonds 16

Article III

Redemption of 2005 Bonds

Section 301. Bonds Subject to Redemption 18
 Section 302. Redemption from Excess Acquisition and Construction Account Proceeds 18

Article IV

Deposit of 2005 Bond Proceeds and Application Thereof; Establishment of Accounts and Operation Thereof

Section 401. Establishment of Accounts 18
 Section 402. Use of 2005 Bond Proceeds 19
 Section 403. Acquisition and Construction Account and 2005 Capitalized Interest Account 19
 Section 404. Costs of Issuance Account 21
 Section 405. 2005 Reserve Account 21
 Section 406. Amortization Installments 22
 Section 407. Tax Covenants and Rebate Accounts 22

Section 408. Establishment of 2005 Revenue Account in Revenue Fund; Application of Revenues and Investment Earnings 22

Article V

Concerning the Trustee

Section 501. Acceptance by Trustee 26
 Section 502. Limitation of Trustee's Responsibility 26
 Section 503. Trustee's Duties 26

Article VI

Additional Bonds

Section 601. No Parity Bonds 27

Article VII

Miscellaneous

Section 701. Confirmation of Master Indenture 27
 Section 702. Continuing Disclosure Agreement 27
 Section 703. Collection of Assessments 28
 Section 704. Additional Covenant Regarding Assessments 28

Exhibit A - Description of 2005 Project
 Exhibit B - Form of Bonds
 Exhibit C - Tax Regulatory Covenants

SECOND SUPPLEMENTAL TRUST INDENTURE

THIS SECOND SUPPLEMENTAL TRUST INDENTURE (the "Second Supplemental Indenture") dated as of October 1, 2005, from **HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **WACHOVIA BANK, NATIONAL ASSOCIATION**, as Trustee (the "Trustee"), a national banking association, and authorized to accept and execute trusts of the character herein set out, with its designated corporate trust office and post office address located at 200 South Biscayne Boulevard, 14th Floor, Miami, Florida 33131, Attention: Corporate Trust Department.

WHEREAS, the District has entered into a Master Trust Indenture, dated as of November 1, 2004 (the "Master Indenture") with the Trustee; and

WHEREAS, pursuant to Resolution 2005-1, adopted by the Governing Body on October 16, 2003 (as amended and supplemented by the Award Resolution hereinafter defined, the "Bond Resolution"), the District authorized the issuance, sale and delivery of not to exceed \$25,000,000 of its Heritage Harbour Market Place Community Development District Capital Improvement Revenue Bonds (the "Bonds"), to be issued in one or more Series of Bonds as authorized under the Master Indenture, which Bonds were validated by final judgment of the Circuit Court of Manatee County, Florida on October 19, 2004; and

WHEREAS, the Governing Body of the District duly adopted Resolution No. 2005-8 on August 4, 2005, providing for the acquisition, construction and installation of assessable capital improvements (the "Capital Improvement Program"), providing estimated Costs of the Capital Improvement Program, defining assessable property to be benefited by the Capital Improvement Program, defining the portion of the Costs of the Capital Improvement Program with respect to which Assessments will be imposed and the manner in which such Assessments shall be levied against such benefited property within the District, directing the preparation of an assessment roll, and, stating the intent of the District to issue Bonds of the District secured by such Assessments to finance the costs of the acquisition, construction and installation of the Capital Improvement Program (the "Preliminary

Assessment Resolution") and the Governing Body of the District duly adopted Resolution No. 2005-12, on October 10, 2005, following a public hearing conducted in accordance with the Act, to fix and establish the Assessments and the benefited property (collectively, the "Assessment Resolution"); and

WHEREAS, pursuant to Resolution No 2005-10, adopted by the Governing Body of the District on August 24, 2005 (the "Award Resolution"), the District has authorized the issuance, sale and delivery of not to exceed \$17,500,000 of its Heritage Harbour Market Place Community Development District Capital Improvement Revenue Bonds, Series 2005 (the "2005 Bonds") as an issue of Bonds under the Master Indenture, and has authorized the execution and delivery of the Master Indenture and this Second Supplemental Indenture to secure the issuance of the 2005 Bonds and to set forth the terms of the 2005 Bonds; and

WHEREAS, the District will apply the proceeds of the 2005 Bonds to: (i) redeem all of the Outstanding principal amount of the District's \$7,000,000 Heritage Harbour Market Place Community Development District Bond Anticipation Notes Series 2004 (the "Notes"), together with accrued but unpaid interest thereon, (ii) finance the Cost of acquiring, constructing and equipping assessable improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A hereto, the "2005 Project"); (iii) pay certain costs associated with the issuance of the 2005 Bonds; (iv) make a deposit into the Reserve Account for the benefit of all of the 2005 Bonds; and (v) pay a portion of the interest to become due on the 2005 Bonds; and

WHEREAS, the 2005 Bonds will be payable from and secured by Assessments imposed, levied and collected by the District with respect to property specially benefited by the 2005 Project (the "Series 2005 Assessments"), which, together with the Series 2005 Pledged Funds will comprise the Series 2005 Trust Estate, which shall constitute a "Series Trust Estate" as defined in the Master Indenture; and

WHEREAS, the execution and delivery of the 2005 Bonds and of this Second Supplemental Indenture have been duly authorized by the Governing Body of the District and all things necessary to make the 2005 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make

2

IN TRUST NEVERTHELESS, except as in each such case may otherwise be provided in the Master Indenture, upon the terms and trusts in the Indenture set forth for the equal and proportionate benefit, security and protection of all and singular the present and future Owners of the 2005 Bonds issued or to be issued under and secured by this Second Supplemental Indenture, without preference, priority or distinction as to lien or otherwise, of any one 2005 Bond over any other 2005 Bond by reason of priority in their issue, sale or execution;

PROVIDED FURTHER HOWEVER, that if the District, its successors or assigns, shall well and truly pay, or cause to be paid, or make due provision for the payment of the principal and Redemption Price of the 2005 Bonds or any 2005 Bond of a particular maturity issued, secured and Outstanding under this Second Supplemental Indenture and the interest due or to become due thereon, at the times and in the manner mentioned in the 2005 Bonds and this Second Supplemental Indenture, according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this Second Supplemental Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of the Master Indenture and this Second Supplemental Indenture, then upon such final payments, this Second Supplemental Indenture and the rights hereby granted shall cease and terminate, with respect to all 2005 Bonds or any 2005 Bond of a particular maturity, otherwise this Second Supplemental Indenture shall remain in full force and effect;

THIS SECOND SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2005 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the rights and property pledged to the payment thereof are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as in the Master Indenture (except as amended directly or by implication by this Second Supplemental Indenture), including this Second Supplemental Indenture, expressed, and the District has agreed and covenanted, and does hereby agree and covenant, with the

4

this Second Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the Series 2005 Trust Estate have been done;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS SECOND SUPPLEMENTAL TRUST INDENTURE WITNESSETH:

That the District, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the mutual covenants herein contained, the purchase and acceptance of the 2005 Bonds by the purchaser or purchasers thereof, and other good and valuable consideration, receipt of which is hereby acknowledged, and in order to further secure the payment of the principal and Redemption Price of, and interest on, all 2005 Bonds Outstanding (as defined in the Master Indenture) from time to time, according to their tenor and effect, and such other payments required to be made under the Master Indenture or hereunder, and such other payments due under any Letter of Credit Agreement or Liquidity Agreement (as defined in the Master Indenture), and to further secure the observance and performance by the District of all the covenants, expressed or implied in the Master Indenture, in this Second Supplemental Indenture and in the 2005 Bonds: (a) has executed and delivered this Second Supplemental Indenture and (b) does hereby, in confirmation of the Master Indenture, grant, bargain, sell, convey, transfer, assign and pledge unto the Trustee, and unto its successors in the trusts under the Master Indenture, and to them and their successors and assigns forever, all right, title and interest of the District, in, to and under, subject to the terms and conditions of the Master Indenture and the provisions of the Master Indenture pertaining to the application thereof for or to the purposes and on the terms set forth in the Master Indenture the revenues derived by the District from the 2005 Assessments (the "2005 Pledged Revenues") and the Funds and Accounts (except for the 2005 Rebate Account) established hereby (the "2005 Pledged Funds and Accounts") which shall comprise a part of the Trust Estate securing the 2005 Bonds (the "2005 Trust Estate");

TO HAVE AND TO HOLD all the same by the Master Indenture granted, bargained, sold, conveyed, transferred, assigned and pledged, or agreed or intended so to be, to the Trustee and its successors in said trust and to it and its assigns forever;

3

Trustee and with the respective Owners, from time to time, of the 2005 Bonds, as follows:

Article I Definitions

Section 101. Definitions All terms used herein that are defined in the recitals hereto are used with the same meaning herein unless the context clearly requires otherwise. All terms used herein that are defined in the Master Indenture are used with the same meaning herein (including the use of such terms in the recitals hereto and the granting clauses hereof) unless (i) expressly given a different meaning herein or (ii) the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used herein shall have the following meanings:

"Acquisition Agreement" shall mean the Acquisition Agreement, dated as of October 1, 2005, between the District and HarbourVest, LLC.

"Bond Depository" shall mean the securities depository from time to time under Section 201 hereof, which may be the District.

"Bond Participants" shall mean those broker-dealers, banks and other financial institutions from time to time for which the Bond Depository holds Bonds as securities depository.

"Capital Improvement Program" shall mean the program of assessable capital improvements established by the District in the Assessment Proceedings, a portion of which is comprised of the 2005 Project.

"Deemed Outstanding" shall mean the aggregate Outstanding principal amount of 2005 Bonds reduced by the result of dividing (x) the amount on deposit in the 2005 Prepayment Subaccount in the 2005 Redemption Account by (y) 1- the 2005 Reserve Account Percentage.

"Deferred Costs" shall mean Costs of the Capital Improvement Program which have not been paid from the General Subaccount in the Series 2005 Acquisition and Construction Account and which are identified by the District to the Trustee in writing as having been advanced under the Acquisition Agreement or any other contract or agreement pursuant to which the District may become obligated to pay

5

for Costs of the Capital Improvement Program from the Deferred Costs Subaccount in the Series 2005 Acquisition and Construction Account.

"Deferred Costs Date of Completion" shall mean the Date of Completion of the Capital Improvement Program, as evidenced by a certificate of the Consulting Engineer establishing the Date of Completion of a Series Project, as defined in the Master Indenture, accompanied by the certificate of an Authorized Officer directed to the Trustee, on which the Trustee may conclusively rely, stating that there remain no unpaid Deferred Costs.

"Delinquent Assessment Interest" shall mean 2005 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Assessment Interest has, or would have, become delinquent under State law applicable thereto.

"Delinquent Assessment Principal" shall mean 2005 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such 2005 Assessment Principal has, or would have, become delinquent under State law applicable thereto.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"First Supplemental Indenture" shall mean the First Supplemental Indenture, dated November 1, 2004, from the District to the Trustee pursuant to which the Notes were issued and securing the Notes.

"Government Obligations" shall mean direct obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Interest Payment Date" shall mean each May 1 and November 1, commencing May 1, 2006.

"Notes" shall mean the District's \$7,000,000 Heritage Harbour Market Place Community Development District Bond Anticipation Notes Series 2004.

"2005 Assessment Interest" shall mean the interest on the 2005 Assessments which is pledged to the 2005 Bonds.

6

(vii) obligations of any state of the United States or political subdivision thereof or constituted authority thereof the interest on which is exempt from federal income taxation under Section 103 of the Code and rated in one of the top two rating categories by both Moody's and S&P;

(viii) both (A) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or a regulated investment company (as defined in Section 851(a) of the Code) that is a money market fund that is rated in the highest rating category by both Moody's and S&P, and (B) shares of money market mutual funds that invest only in Government Obligations and repurchase agreements secured by such obligations, which funds are rated in the highest categories for such funds by both Moody's and S&P;

(ix) repurchase agreements, which will be collateralized at the onset of the repurchase agreement of at least 103% marked to market weekly with Collateral with a domestic or foreign bank or corporation (other than life or property casualty insurance company) the long-term debt of which, or, in the case of a financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's provided that the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's falls below "AA" or "Aa3," respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within ten days of receipt of publication of such downgrade, either (A) maintain Collateral at levels, sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (B) repurchase all Collateral and terminate the repurchase agreement. Further, if the provider's rating by either S&P or Moody's falls below "A-" or "A3," respectively, the provider must at the direction of the District to the Trustee, within ten (10) calendar days, either (1) maintain Collateral at levels sufficient to maintain an "AA" rated investment from S&P and an "Aa" rated investment from Moody's, or (2) repurchase all Collateral and terminate the repurchase agreement without penalty. In the event the repurchase agreement provider has not satisfied the above conditions within ten (10) days of the date such conditions apply, then the repurchase agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall

8

"2005 Assessment Principal" shall mean the principal amount of 2005 Assessments received by the District which represent a proportionate amount of the principal of and Amortization Installments of the 2005 Bonds, other than applicable Delinquent Assessment Principal and 2005 Prepayment Principal.

"2005 Assessment Proceedings" shall mean the proceedings of the District with respect to the establishment, levy and collection of the 2005 Assessments, including, but not limited to Resolutions No. 2005-8, 2005-9 and 2005-12, as supplemented, adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the 2005 Assessments.

"2005 Assessment Revenues" shall mean all revenues derived by the District from the 2005 Assessments.

"2005 Bonds" shall mean \$16,755,000.00 Heritage Harbour Market Place Community Development District Capital Improvement Revenue Bonds, Series 2005.

"2005 Investment Obligations" shall mean and includes any of the following securities, if and to the extent that such securities are legal investments for funds of the District;

- (i) Government Obligations;
- (ii) obligations of the Government National Mortgage Association (including participation certificates issued by such Association);
- (iii) obligations of the Federal National Mortgage Association (including participation certificates issued by such Association);
- (iv) obligations of Federal Home Loan Banks;
- (v) deposits, Federal funds or bankers' acceptances (with term to maturity of 270 days or less) of any bank which has an unsecured, uninsured and unguaranteed obligation rated in one of the top two rating categories by both Moody's and S&P;
- (vi) commercial paper rated in the top two rating category by both Moody's and S&P;

7

withdraw the entire amount invested plus accrued interest within two (2) Business Days. Any repurchase agreement entered into in satisfaction of this definition shall contain the following additional provisions:

(A) Failure to maintain the requisite Collateral percentage will require the District or the Trustee to liquidate the Collateral as provided above;

(B) The Holder of the Collateral, as hereinafter defined, shall have possession of the Collateral or the Collateral shall have been transferred to the Holder of the Collateral, in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(C) The repurchase agreement shall state and an opinion of Counsel in form and in substance satisfactory to the Trustee shall be rendered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted Collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(D) The repurchase agreement shall be a "repurchase agreement" as defined in the United States Bankruptcy Code and, if the provider is a domestic bank, a "qualified financial contract" as defined in the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") and such bank is subject to FIRREA;

(E) The repurchase transaction shall be in the form of a written agreement, and such agreement shall require the provider to give written notice to the Trustee of any change in its long-term debt rating;

(F) The District or its designee shall represent that it has no knowledge of any fraud involved in the repurchase transaction;

(G) The District and the Trustee shall receive the opinion of Counsel (which opinion shall be addressed to the District and

9

the Trustee and shall be in form and substance satisfactory to the Trustee) that such repurchase agreement complies with the terms of this section and is legal, valid, binding and enforceable upon the provider in accordance with its terms;

(H) The term of the repurchase agreement shall be no longer than ten years;

(I) The interest with respect to the repurchase transaction shall be payable no less frequently than quarterly;

(J) The repurchase agreement shall provide that the Trustee may withdraw funds without penalty at any time, or from time to time, for any purpose permitted or required under this Indenture;

(K) Any repurchase agreement shall provide that a perfected security interest in such investments is created for the benefit of the Beneficial Owners under the Uniform Commercial Code of Florida, or book-entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. are created for the benefit of the Beneficial Owners; and

(L) The Collateral delivered or transferred to the District, the Trustee, or a third-party acceptable to, and acting solely as agent for, the Trustee (the "Holder of the Collateral") shall be delivered and transferred in compliance with applicable state and federal laws (other than by means of entries on provider's books) free and clear of any third-party liens or claims pursuant to a custodial agreement subject to the prior written approval of the majority of the Holders and the Trustee. The custodial agreement shall provide that the Trustee must have disposition or control over the Collateral of the repurchase agreement, irrespective of an event of default by the provider of such repurchase agreement.

If such investments are held by a third-party, they shall be held as agent for the benefit of the Trustee as fiduciary for the Beneficial Owners and not as agent for the bank serving as Trustee in its commercial capacity or any other party and shall be segregated from securities owned generally by such third party or bank;

10

(D) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such insurance company, bank, financial institution or parent;

(E) in the event of a suspension, withdrawal, or downgrade below Aa3, AA- or AA- by Moody's, S&P or Fitch, respectively, the provider shall immediately notify the Trustee and the provider shall at its option, within five (5) days of receipt of publication of such downgrade, either, at the choice of the Provider:

(1) collateralize the agreement at levels, sufficient to maintain an "AA" rated investment from S&P and an "Aa2" from Moody's with a market to market approach, or

(2) assign the agreement to another provider, as long as the minimum rating criteria of "AA" rated investment from S&P and an "Aa2" from Moody's with a market to market approach or

(3) have the agreement guaranteed by a Provider acceptable to the District; and

(F) in the event of a suspension, withdrawal, or downgrade below A3, A- or A- by Moody's, S&P or Fitch, respectively, the provider must, at the direction of the District or the Trustee, within five (5) days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment in either case with no penalty or premium to the District or Trustee. In the event the Provider has not satisfied the above condition with five (5) days of the date such conditions apply, then the agreement shall provide that the Trustee shall be entitled to, and in such event, the Trustee shall withdraw the entire amount invested plus accrued interest within two (2) Business days.

(xiii) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are rated in one of the three highest ratings by both

12

(x) any other investment approved in writing by the Owners of a majority in aggregate principal amount of the Bonds secured thereby;

(xi) bonds, notes and other debt obligations of any corporation organized under the laws of the United States, any state or organized territory of the United States or the District of Columbia, if such obligations are rated in one of the three highest ratings by both Moody's and S&P or in one of the two highest categories by either S&P or Moody's; and

(xii) investment agreements with a bank, insurance company or other financial institution, or the subsidiary of a bank, insurance company or other financial institution if the parent guarantees the investment agreement, which bank, insurance company, financial institution or parent has an unsecured, uninsured and unguaranteed obligation (or claims-paying ability) rated in the highest short-term rating category by Moody's or S&P (if the term of such agreement does not exceed 365 days), or has an unsecured, uninsured and unguaranteed obligation (or claims paying ability) rated by at least 2 national rating agencies with a minimum rating of Aa2, AA or AA by Moody's, S&P or Fitch, respectively (if the term of such agreement is more than 365 days) or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation of the aforesaid ratings, provided:

(A) interest is paid at least quarterly at a fixed rate (subject to adjustments for yield restrictions required by the Code) during the entire term of the agreement;

(B) moneys invested thereunder may be withdrawn without penalty, premium, or charge upon not more than two days' notice unless otherwise specified in a Supplemental Indenture;

(C) the same guaranteed interest rate will be paid on any future deposits made to restore the account to its required amount; and

11

Moody's and S&P or in one of the two highest categories by either S&P or Moody's;

(xiv) the Local Government Surplus Funds Trust Fund as described in Florida Statutes, Section 218.405 or the corresponding provisions of subsequent laws provided that such fund is rated at least "AA" by S&P (without regard to gradation) or at least "Aa" by Moody's (without regard to gradation); and

(xv) other investments permitted by Florida law.

Under all circumstances, the Trustee shall be entitled to request and to receive from the District a certificate of an Authorized Officer setting forth that any investment directed by the District is permitted under the Indenture.

"2005 Pledged Revenues" shall mean the 2005 Assessments.

"2005 Prepayment Principal" shall mean the excess amount of 2005 Assessment Principal received by the District over the 2005 Assessment Principal included within an Assessment appearing on any outstanding and unpaid tax bill, whether or not mandated to be prepaid in accordance with the Assessment Proceedings. Anything herein or in the Master Indenture to the contrary notwithstanding, the term 2005 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

"2005 Reserve Account Percentage" shall mean: the result of dividing (x) the 2005 Reserve Account Requirement on the date of initial issuance and delivery of the 2005 Bonds (\$1,155,800.00), by (y) the initial Outstanding aggregate principal amount of the 2005 Bonds, which equals 6.898%.

"2005 Reserve Account Requirement" shall mean (A) on the date of initial issuance of the 2005 Bonds, the lesser of: (i) Maximum Annual Debt Service Requirement for all Outstanding 2005 Bonds, (ii) 125% of the average annual debt service for all Outstanding 2005 Bonds, or (iii) 10% of the proceeds of the 2005 Bonds calculated as of the date of original issuance thereof, and, thereafter, (B) the Series 2005 Reserve Account Percentage times the Deemed Outstanding principal amount of the 2005 Bonds, as of the time of any such calculation.

13

"*Nominee*" shall mean the nominee of the Bond Depository, which may be the Bond Depository, as determined from time to time pursuant to this Supplemental Indenture.

Article II Authorization, Issuance and Provisions of 2005 Bonds

Section 201. Authorization of 2005 Bonds; Book-Entry Only Form

The 2005 Bonds are hereby authorized to be issued in one Series in the aggregate principal amount of \$16,755,000.00 for the purposes enumerated in the recitals hereto to be designated "Heritage Harbour Market Place Community Development District Capital Improvement Revenue Bonds, Series 2005." The 2005 Bonds shall be substantially in the form set forth as Exhibit B to this Second Supplemental Indenture. Each 2005 Bond shall bear the designation "2005R" and shall be numbered consecutively from 1 upwards.

The 2005 Bonds shall be initially issued in the form of a separate single certificated fully registered 2005 Bond for each Series and maturity thereof. Upon initial issuance, the ownership of each such 2005 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the initial Bond Depository. Except as provided in this Section 201, all of the Outstanding 2005 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC.

With respect to 2005 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any such Bond Participant or to any indirect Bond Participant. Without limiting the immediately preceding sentence, the District, the Trustee, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Bond Participant with respect to any ownership interest in the 2005 Bonds, (ii) the delivery to any Bond Participant or any other person other than an Owner, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the 2005 Bonds, including any notice of redemption, or (iii) the payment to any Bond Participant or any other person, other than an Owner, as shown in the

14

name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the 2005 Bonds shall designate, in accordance with the provisions hereof.

Section 202. Terms The 2005 Bonds shall be Term Bonds, shall be issued in one series, shall bear interest at the fixed interest rates per annum and shall mature in the amounts and on the date set forth below:

Number	Principal Amount	Maturity Date	Interest Rate	CUSIP
2005R-1	\$16,755,000.00	May 1, 2036	5.60%	42725HAA6

Section 203. Dating; Interest Accrual. Each 2005 Bond shall be dated October 1, 2005. Each 2005 Bond also shall bear its date of authentication. Each 2005 Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication: (i) is an Interest Payment Date to which interest on such 2005 Bond has been paid, in which event such 2005 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2005 Bonds, in which event, such 2005 Bond shall bear interest from its date. Interest on the 2005 Bonds shall be due and payable on each May 1 and November 1, commencing May 1, 2006, and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 204. Denominations. The 2005 Bonds shall be issued in Authorized Denominations; provided, however, that the 2005 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000.

Section 205. Paying Agent. The District appoints the Trustee as Paying Agent for the 2005 Bonds.

Section 206. Bond Registrar. The District appoints the Trustee as Bond Registrar for the 2005 Bonds.

Section 207. Conditions Precedent to Issuance of 2005 Bonds. In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the 2005 Bonds, all the 2005 Bonds shall be executed by the District for delivery to the Trustee

16

registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the 2005 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2005 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such 2005 Bond for the purpose of payment of principal, premium and interest with respect to such 2005 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2005 Bond, for the purpose of registering transfers with respect to such 2005 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the 2005 Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the 2005 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Bond Registrar, shall receive a certificated 2005 Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to the provisions hereof. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new Nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in this Second Supplemental Indenture shall refer to such new Nominee of DTC; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee, Bond Registrar and the Paying Agent.

Upon receipt by the Trustee or the District of written notice from DTC: (i) confirming that DTC has received written notice from the District to the effect that a continuation of the requirement that all of the Outstanding 2005 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, is not in the best interest of the beneficial owners of the 2005 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute Bond Depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, the 2005 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the

15

and thereupon shall be authenticated by the Trustee and delivered to the District or upon its order, but only upon the further receipt by the Trustee of:

- (a) Certified copies of the Assessment Proceedings;
- (b) Executed copies of the Master Indenture and this Second Supplemental Indenture;
- (c) A Bond Counsel opinion to the effect that: (i) the District has the right and power under the Act as amended to the date of such opinion to authorize, execute and deliver the Master Indenture and this Second Supplemental Indenture, and the Master Indenture and this Second Supplemental Indenture have been duly and lawfully authorized, executed and delivered by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their respective terms; (ii) the Master Indenture, as amended and supplemented by this Second Supplemental Indenture, creates the valid pledge which it purports to create of the 2005 Trust Estate in the manner and to the extent provided in the Master Indenture and this Second Supplemental Indenture; and (iii) the 2005 Bonds are valid, binding, special obligations of the District, enforceable in accordance with their terms and the terms of the Master Indenture and this Second Supplemental Indenture, subject to bankruptcy, insolvency or other laws affecting the rights of creditors generally and entitled to the benefits of the Act as amended to the date of such opinion, and the 2005 Bonds have been duly and validly authorized and issued in accordance with law and the Master Indenture and this Second Supplemental Indenture;
- (d) The District Counsel opinion required by the Master Indenture;
- (e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the 2005 Bonds, the District will not be in default in the performance of the terms and provisions of the Master Indenture or this Second Supplemental Indenture;
- (f) the Engineers' Report attached hereto as Appendix A;
- (g) A certified copy of the final judgment of validation in respect of the Bonds together with a certificate of no appeal.

17

**Article III
Redemption of 2005 Bonds**

Section 301. Bonds Subject to Redemption. The 2005 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit B to this Second Supplemental Indenture.

Section 302. Redemption from Excess Acquisition and Construction Account Proceeds Excess moneys on deposit in the 2005 Acquisition and Construction Fund which are to be deposited into a 2005 Prepayment Subaccount in the 2005 Redemption Account in accordance with Section 403(c) hereof shall be deposited into the 2005 Prepayment Account in the 2005 Redemption Account and applied to the extraordinary mandatory redemption of 2005 Bonds.

**Article IV
Deposit of 2005 Bond Proceeds and Application Thereof;
Establishment of Accounts and Operation Thereof**

Section 401. Establishment of Accounts. There are hereby established, the following Funds and Accounts.

(a) There are hereby established within the Acquisition and Construction Fund held by the Trustee the following accounts:

(i) a 2005 Acquisition and Construction Account, and therein, a General Subaccount and a Deferred Costs Subaccount; and

(ii) a 2005 Costs of Issuance Account; and

(iii) a 2005 Capitalized Interest Account.

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a 2005 Debt Service Account and therein a 2005 Sinking Fund Account and a 2005 Interest Account; and (ii) a 2005 Redemption Account, and, therein a 2005 Prepayment Subaccount and an Optional Redemption Subaccount;

(c) There is hereby established within the Reserve Fund held by the Trustee a 2005 Reserve Account, which shall be held for the benefit of all of the 2005 Bonds, without distinction as to 2005 Bonds and without privilege or priority of one 2005 Bond over another;

18

in the General Subaccount upon the Date of Completion of the 2005 Project and after retaining the amount, if any, of all remaining unpaid Costs of the 2005 Project set forth in the Engineers' Certificate establishing such Date of Completion shall be deposited into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account until the Deferred Costs Date of Completion and thereafter shall be transferred to and deposited in the 2005 Redemption Account and applied to the Extraordinary Mandatory Redemption of the 2005 Bonds in the manner prescribed in the form of 2005 Bond set forth as Exhibit B hereto.

(b) Anything herein or in the Master Indenture to the contrary notwithstanding, until the Deferred Costs Date of Completion: (i) the Trustee shall not close the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account; and (ii) the Trustee shall deposit into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account the amounts transferred pursuant to Sections 403(a), 405 and 408 hereof which amounts shall be held separate and apart from other amounts on deposit in the 2005 Acquisition and Construction Account, including amounts on deposit in the General Subaccount, and shall be used solely to pay Deferred Costs. Deferred Costs shall be paid upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture and pursuant to the Acquisition Agreement at the written direction of the District. The District will provide the Trustee on each May 1 and November 1 in writing with the amount of all accrued and unpaid Deferred Costs.

(c) After the Deferred Costs Date of Completion, any balance remaining in the Deferred Costs Subaccount, after the Date of Completion of the 2005 Project and after retaining the amount, if any, of all remaining unpaid Costs of the 2005 Project set forth in the Engineers' Certificate establishing such Date of Completion, shall be transferred to and deposited in the 2005 Redemption Account and applied to the Extraordinary Mandatory Redemption of the 2005 Bonds in the manner prescribed in the form of 2005 Bond set forth as Exhibit B hereto.

(d) Amounts on deposit in the 2005 Capitalized Interest Account shall, until November 1, 2006, be transferred into the 2005 Interest Account and applied to the payment of interest first coming due on the 2005 Bonds. On November 2, 2006, any excess remaining in the 2005 Capitalized Interest Account shall be transferred into the

20

(d) There is hereby established within the Revenue Fund held by the Trustee a 2005 Revenue Account; and

(e) There is hereby established within the Rebate Fund held by the Trustee a 2005 Rebate Account.

Section 402. Use of 2005 Bond Proceeds. The net proceeds of sale of the 2005 Bonds, \$16,571,625.83, together with \$554,263.92 from amounts on deposit in the Funds and Accounts established for the Notes, \$17,125,889.75, shall as soon as practicable upon the delivery thereof to the Trustee by the District pursuant to Section 207 of the Master Indenture, be applied as follows:

(a) \$7,000,000.00 shall be deposited into the 2004 Principal Account and \$332,597.22 will be deposited to the 2004 Interest Account pursuant to Section 401(e) of the First Supplemental Indenture and applied to the payment of the principal of and accrued interest on the Notes;

(b) \$26,063.33, representing accrued interest shall be deposited to the credit of the 2005 Interest Account;

(c) \$940,969.85 shall be deposited to the 2005 Capitalized Interest Account;

(d) \$1,155,800.00, representing the 2005 Reserve Account Requirement shall be deposited to the credit of the 2005 Reserve Account;

(e) \$140,000.00, representing the costs of issuance relating to the 2005 Bonds shall be deposited to the credit of the 2005 Costs of Issuance Account; and

(f) the balance of the proceeds of the 2005 Bonds remaining after the deposits above, \$7,530,459.35, shall be deposited to the credit of the General Subaccount in the 2005 Acquisition and Construction Account.

Section 403. Acquisition and Construction Account and 2005 Capitalized Interest Account. (a) Amounts on deposit in the 2005 Acquisition and Construction Account shall be applied to pay the Costs of the 2005 Project upon compliance with the requisition provisions set forth in Section 503(b) of the Master Indenture. Any balance remaining

19

General Subaccount in the 2005 Acquisition and Construction Account and used for the purposes thereof.

Section 404. Costs of Issuance Account. The amount deposited in the 2005 Costs of Issuance Account shall, at the written direction of an Authorized Officer to the Trustee, be used to pay the costs of issuance relating to the 2005 Bonds. At the written direction of an Authorized Officer, any amounts deposited in the 2005 Costs of Issuance Account which are not needed to pay such costs shall be transferred over and deposited into the General Subaccount in the 2005 Acquisition and Construction Account and used for the purposes permitted therefor.

Section 405. 2005 Reserve Account. Amounts on deposit in the 2005 Reserve Account shall be used only for the purpose of making payments into the 2005 Interest Account and the 2005 Sinking Fund Account to pay Debt Service on the 2005 Bonds, when due, without distinction as to 2005 Bonds and without privilege or priority of one 2005 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose. Such Account shall consist only of cash and Investment Obligations.

Anything herein or in the Master Indenture to the contrary notwithstanding, the Trustee is hereby authorized and directed to recalculate the 2005 Reserve Account Requirement on each May 2 or November 2 (or on the first Business Day following such May 2 or November 2) and to transfer any resulting excess on deposit in the 2005 Reserve Account into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account to be used to pay Deferred Costs until the Deferred Costs Date of Completion and then into the 2005 Prepayment Account in the Redemption Fund and applied to the extraordinary redemption of 2005 Bonds.

On the earliest date on which there is on deposit in the 2005 Reserve Account, sufficient monies, after taking into account any Deferred Costs and after taking into account other monies available therefor, to pay and redeem all of the Outstanding 2005 Bonds, together with accrued interest and redemption premium, if any, on such 2005 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the 2005 Reserve Account into the 2005 Prepayment Subaccount in the

21

2005 Redemption Account to pay and redeem all of the Outstanding 2005 Bonds on the earliest date permitted for redemption therein and herein.

Section 406. Amortization Installments. (a) The Amortization Installments are established for the 2005 Bonds shall be as set forth in the forms of Bonds attached hereto.

(b) Upon any redemption of 2005 Bonds (other than 2005 Bonds redeemed in accordance with scheduled Amortization Installments and other than 2005 Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section 506(b) of the Master Indenture), the District shall cause to be recalculated and delivered to the Trustee revised Amortization Installments recalculated so as to amortize the Outstanding 2005 Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the 2005 Bonds.

Section 407. Tax Covenants and Rebate Accounts. The District shall comply with the Tax Regulatory Covenants set forth as Exhibit C to this Second Supplemental Indenture, as amended and supplemented from time to time in accordance with their terms.

Section 408. Establishment of 2005 Revenue Account in Revenue Fund; Application of Revenues and Investment Earnings. (a) The Trustee is hereby authorized and directed to establish within the Revenue Fund a 2005 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein by this Section 408 or by any other provision of the Master Indenture or this Supplemental Indenture, and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture for said purpose. The 2005 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Indenture and from all other moneys of the Trustee.

(b) The District shall deposit 2005 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such 2005 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

22

(d) The Trustee shall transfer amounts on deposit in the 2005 Revenue Account to the Funds and Accounts designated below at the following times, in the following amounts and in the following order of priority:

FIRST, on each May 1 or November 1 (or if such date is not a Business Day, on the Business Day preceding such date), the Trustee shall first transfer from the 2005 Capitalized Interest Account to the 2005 Interest Account the lesser of (x) the amount of interest coming due on the 2005 Bonds on such May 1 or November 1, less the amount already on deposit therein, or (y) the amount remaining in the 2005 Capitalized Interest Account, and shall then transfer from the 2005 Revenue Account to the 2005 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2005 Bonds then Outstanding on such May 1 or November 1, less any other amount already on deposit in the 2005 Interest Account not previously credited;

SECOND, on each May 1, to the 2005 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all 2005 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the 2005 Sinking Fund Account not previously credited;

THIRD, to the 2005 Reserve Account, the amount, if any, which is necessary to make the amount on deposit therein equal to the 2005 Reserve Account Requirement with respect to the 2005 Bonds; and

FOURTH, the balance shall be retained in the 2005 Revenue Account.

Anything herein to the contrary notwithstanding, it shall not, a fortiori, constitute an Event of Default hereunder if the full amount of the foregoing deposits are not made due to an insufficiency of funds therefor.

(e) On any date required by the Tax Regulatory Covenants, the District shall give the Trustee written direction, and the Trustee shall, transfer from the 2005 Revenue Account to the 2005 Rebate Account in the Rebate Fund in accordance with the Master Indenture, the amount due and owing to the United States, which amount shall be paid, to the

24

(i) 2005 Assessment Principal, which shall be deposited into the 2005 Sinking Fund Account;

(ii) 2005 Prepayment Principal, which shall be deposited into the 2005 Prepayment Subaccount in the Redemption Account;

(iii) 2005 Delinquent Assessment Principal, which shall first be applied to restore the amount of any withdrawal from the 2005 Reserve Account to pay the principal of 2005 Bonds, and, the balance, if any, shall be deposited into the 2005 Sinking Fund Account;

(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any withdrawal from the 2005 Reserve Account, and, the balance, if any, deposited into the 2005 Revenue Account; and

(v) all other 2005 Assessment Revenues, which shall be deposited into the 2005 Revenue Account.

Moneys other than 2005 Assessment Revenues, shall, at the written direction of the District be deposited into the Optional Redemption Subaccount of the 2005 Redemption Account and used to pay the principal of and premium, if any, on 2005 Bonds called or to be called for optional redemption at the written direction of the District in accordance with the provisions for optional redemption of 2005 Bonds as set forth in the form of 2005 Bonds attached hereto.

(c) On each March 15 and September 15 (or if such March 15 or September 15 is not a Business Day, on the Business Day next preceding such day), the Trustee shall determine the amount on deposit in the 2005 Prepayment Subaccount, and, if the balance therein is greater than zero, shall transfer from the 2005 Revenue Account for deposit into the 2005 Prepayment Subaccount, an amount sufficient to increase the amount on deposit therein to an integral multiple of \$5,000, and, shall thereupon give notice and cause the extraordinary mandatory redemption of 2005 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in the 2005 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of such 2005 Bonds set forth in the form of 2005 Bond attached hereto, Section 301 hereof, and Article III of the Master Indenture.

23

United States, when due, in accordance with such Tax Regulatory Covenants.

(f) On or after each November 2, the balance on deposit in the 2005 Revenue Account shall until the Deferred Costs Date of Completion be transferred into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, after the Deferred Costs Date of Completion, shall, at the written direction of the District be transferred to the District to be used for any lawful District purpose; provided, however, that on the date of such proposed transfer the amount on deposit in the 2005 Reserve Account in the Debt Service Reserve Fund shall be equal to the 2005 Reserve Account Requirement, and, provided further, that the Trustee shall not have actual knowledge of an Event of Default under the Master Indenture or hereunder relating to any of the 2005 Bonds, including the payment of Trustee's fees and expenses then due.

(g) Anything herein or in the Master Indenture to the contrary notwithstanding, earnings on investments in all of the Funds and Accounts held as security for the 2005 Bonds shall be invested only in 2005 Investment Obligations, and further, earnings on the 2005 Acquisition and Construction Account and the subaccounts therein shall be retained, as realized, in such Accounts or subaccounts and used for the purpose of such Account or subaccount. Earnings on investments in the 2005 Sinking Fund Account and the 2005 Redemption Account shall be deposited, as realized, to the credit of the General Subaccount in the 2005 Acquisition and Construction Account until the Date of Completion of the 2005 Project, and then into the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, on and after the Deferred Costs Date of Completion, into the 2005 Revenue Account and used for the purpose of such Account.

Earnings on investments in the 2005 Reserve Account shall be disposed of as follows:

(i) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the 2005 Reserve Account as of the most recent date on which amounts on deposit in such Reserve Account were valued by the Trustee, and if no withdrawals have been made from such Reserve Account since such date which have created a deficiency,

25

then earnings on investments in the 2005 Reserve Account shall be deposited into the 2005 Capitalized Interest Account through November 1, 2006, and, thereafter until the Deferred Costs Date of Completion, shall be allocated to and deposited to the credit of the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, thereafter, into the 2005 Revenue Account and used for the purpose of such Account; and

(ii) if as of the last date on which amounts on deposit in the 2005 Reserve Account were valued by the Trustee there was a deficiency (as defined in Section 509 of the Master Indenture), or if after such date withdrawals have been made from the 2005 Reserve Account and have created such a deficiency, then earnings on investments in the 2005 Reserve Account shall be deposited into the 2005 Reserve Account until the amount therein equals the 2005 Reserve Account Requirement and then into the 2005 Capitalized Interest Account through November 1, 2006, and, thereafter until the Deferred Costs Date of Completion, to the credit of the Deferred Costs Subaccount in the 2005 Acquisition and Construction Account and applied to the payment of Deferred Costs to the extent thereof, and, thereafter, into the 2005 Revenue Account and used for the purpose of such Account.

**Article V
Concerning the Trustee**

Section 501. Acceptance by Trustee. The Trustee accepts the trusts declared and provided in this Second Supplemental Indenture and agrees to perform such trusts upon the terms and conditions set forth in the Master Indenture.

Section 502. Limitation of Trustee's Responsibility. The Trustee shall not be responsible in any manner for the due execution of this Second Supplemental Indenture by the District or for the recitals contained herein, all of which are made solely by the District.

Section 503. Trustee's Duties. Except as otherwise expressly stated in this Second Supplemental Indenture, nothing contained herein shall limit the rights, benefits, privileges, protection and entitlements inuring to the Trustee under the Master Indenture, including, particularly, Article VI thereof.

26

under the Securities and Exchange Act of 1934. The District covenants and agrees to comply with the provisions of such Continuing Disclosure Agreement; however, as set forth therein, failure to so comply shall not constitute an Event of Default hereunder, but, instead shall be enforceable by mandamus, injunction or any other means of specific performance.

Section 703. Collection of Assessments. Anything herein or in the Master Indenture to the contrary notwithstanding, the District shall not be required to employ the Uniform Method to collect the 2005 Assessments with respect to any tax parcel which has not been platted for its intended use and issued a separate tax parcel identification number prior to the date on which a tax roll is required to be certified to the Tax Collector.

Section 704. Additional Covenant Regarding Assessments. In addition, and not in limitation of, the covenants contained elsewhere in this Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the 2005 Assessments, including the Master Special Assessment Methodology Report, dated September 21, 2005, as supplemented by the Supplemental Assessment Methodology Report for the 2005 Bonds, prepared by Severn Trent Services, Inc. (the "Report"), and to levy the 2005 Assessments and required payments under the "true up mechanism" set forth in Section VI of the Report, in such manner as will generate funds sufficient to pay the principal of and interest on the 2005 Bonds, when due.

28

**Article VI
Additional Bonds**

Section 601. No Parity Bonds. The District covenants and agrees that so long as there are any 2005 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the 2005 Trust Estate; provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the 2005 Trust Estate pledged to the 2005 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the 2005 Trust Estate equal or prior to the lien of this Supplemental Indenture securing the 2005 Bonds. Each bond, note or other obligation issued pursuant to the authority of the preceding sentence shall conspicuously state on the face thereof that such obligation is, and such obligation shall be, subordinate and inferior in right of lien and payment to the lien of the Master Indenture and this Second Supplemental Indenture on such 2005 Trust Estate and the rights and remedies of the holders of such subordinate debt to payment and upon default thereon and under any instrument securing such subordinate debt shall not be subject to action for collection or acceleration thereof except upon the exercise of and subject to the first and prior rights of the Trustee and Owners of the 2005 Bonds to payment and the control of remedies and acceleration granted hereunder and under the Master Indenture.

**Article VII
Miscellaneous**

Section 701. Confirmation of Master Indenture. As supplemented by this Second Supplemental Indenture, the Master Indenture is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be read, taken and construed as a part of the Master Indenture so that all of the rights, remedies, terms, conditions, covenants and agreements of the Master Indenture, except insofar as modified herein, shall apply and remain in full force and effect with respect to this Second Supplemental Indenture and to the 2005 Bonds issued hereunder.

Section 702. Continuing Disclosure Agreement. Contemporaneously with the execution and delivery hereof, the District has executed and delivered a Continuing Disclosure Agreement in order to comply with the requirements of Rule 15c2-12 promulgated

27

IN WITNESS WHEREOF, Heritage Harbour Market Place Community Development District has caused these presents to be signed in its name and on its behalf by its Chairman, and its official seal to be hereunto affixed and attested by its Secretary, thereunto duly authorized, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, and its corporate seal to be hereunto affixed.

SEAL

Attest:

Secretary

SEAL

**HERITAGE HARBOUR
MARKET PLACE COMMUNITY
DEVELOPMENT DISTRICT**

By: _____
Chairman, Board of Supervisors

**WACHOVIA BANK,
NATIONAL ASSOCIATION**
as Trustee

By: _____
Vice President

29

No. 2005R- \$

United States of America
State of Florida

**HERITAGE HARBOUR MARKET PLACE COMMUNITY
DEVELOPMENT DISTRICT**

CAPITAL IMPROVEMENT REVENUE BOND, SERIES 2005

Interest Rate	Maturity Date	Dated Date	CUSIP
5.60%	May 1, 2036	October 1, 2005	42725HAA6

Registered Owner: CEDE & CO.

Principal Amount:

HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT, a community development district duly established and existing pursuant to Chapter 190, Florida Statutes (the "District"), for value received, hereby promises to pay (but only out of the sources hereinafter mentioned) to the registered Owner set forth above, or registered assigns, on the maturity date shown hereon, unless this Bond shall have been called for redemption in whole or in part and payment of the Redemption Price (as defined in the Indenture mentioned hereinafter) shall have been duly made or provided for, the principal amount shown above and to pay (but only out of the sources hereinafter mentioned) interest on the outstanding principal amount hereof from the most recent Interest Payment Date to which interest has been paid or provided for, or, if no interest has been paid, from the Dated Date shown above on May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on May 1, 2006, until payment of said principal sum has been made or provided for, at the rate per annum set forth above. Notwithstanding the foregoing, if any Interest Payment Date is not a Business Day (as defined in the

B-1

Indenture hereinafter mentioned), then all amounts due on such Interest Payment Date shall be payable on the first Business Day succeeding such Interest Payment Date, but shall be deemed paid on such Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture (as hereinafter defined), be paid to the registered Owner hereof at the close of business on the regular record date for such interest, which shall be the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date, or, if such day is not a Business Day on the Business Day immediately preceding such day; provided, however, that on or after the occurrence and continuance of an Event of Default under clause (a) of Section 902 of the Master Indenture (hereinafter defined), the payment of interest and principal or Redemption Price or Amortization Installments shall be made by the Paying Agent (hereinafter defined) to such person, who, on a special record date which is fixed by the Trustee, which shall be not more than fifteen (15) and not less than ten (10) days prior to the date of such proposed payment, appears on the registration books of the Bond Registrar as the registered Owner of this Bond. Any payment of principal, Maturity Amount or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of Wachovia Bank, National Association, located in Miami, Florida, or any alternate or successor paying agent (collectively, the "Paying Agent"). Payment of interest shall be made by check or draft (or by wire transfer to the registered Owner set forth above if such Owner requests such method of payment in writing on or prior to the regular record date for the respective interest payment to such account as shall be specified in such request, but only if the registered Owner set forth above owns not less than \$1,000,000 in aggregate principal amount of the 2005 Bonds, as defined below). Interest on this Bond will be computed on the basis of a 360-day year of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the District designated "Capital Improvement Revenue Bonds, Series 2005" in the aggregate principal amount of \$16,755,000.00 (the "2005 Bonds") (the "2005 Bonds," together with any other Bonds issued under and governed by the terms of, the Master Indenture, are hereinafter collectively referred to as the "Bonds"), under a Master Trust Indenture, dated as of November 1, 2004 (the "Master Indenture"), between the District and Wachovia Bank, National Association, located in Miami, Florida, as trustee (the "Trustee"), as amended and

B-2

supplemented by a Second Supplemental Indenture, dated as of October 1, 2005 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The 2005 Bonds are issued in an aggregate principal amount of \$16,755,000.00 to (i) redeem all of the Outstanding principal amount of the District's \$7,000,000 Heritage Harbour Market Place Community Development District Bond Anticipation Notes Series 2004 (the "Notes"), together with accrued but unpaid interest thereon, (ii) finance the Cost of acquiring, constructing and equipping assessable improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A to the Supplemental Indenture, the "2005 Project"); (iii) pay certain costs associated with the issuance of the 2005 Bonds; (iv) make a deposit into the 2005 Reserve Account for the benefit of all of the 2005 Bonds; and (v) pay a portion of the interest first coming due on the 2005 Bonds.

NEITHER THIS BOND NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THIS BOND AND THE SERIES OF WHICH IT IS A PART AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE HEREON AND THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE DISTRICT OR A LIEN UPON ANY PROPERTY OF THE DISTRICT OTHER THAN AS PROVIDED IN THE MASTER INDENTURE OR IN THE SUPPLEMENTAL INDENTURE AUTHORIZING THE ISSUANCE OF THE 2005 BONDS. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE DISTRICT OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY DEBT SERVICE OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2005 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE MASTER INDENTURE, THE SUPPLEMENTAL INDENTURE, OR THE 2005 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE 2005 PLEDGED REVENUES AND THE 2005 PLEDGED FUNDS PLEDGED TO THE 2005 BONDS, ALL AS PROVIDED HEREIN, IN

B-3

THE MASTER INDENTURE AND IN THE SUPPLEMENTAL INDENTURE.

All acts, conditions and things required by the Constitution and laws of the State of Florida and the ordinances and resolutions of the District to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture, have happened, exist and have been performed as so required. This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the Certificate of Authentication endorsed hereon.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, Heritage Harbour Market Place Community Development District has caused this Bond to bear the signature of the Chairman of its Board of Supervisors and the official seal of the District to be impressed or imprinted hereon and attested by the signature of the Secretary to the Board of Supervisors.

Attest: HERITAGE HARBOUR MARKET PLACE COMMUNITY DEVELOPMENT DISTRICT

Secretary By: Chairman, Board of Supervisors

[Official Seal]

B-4

B-5

[FORM OF CERTIFICATE OF AUTHENTICATION FOR 2005 BONDS]

This Bond is one of the Bonds of the Series designated herein, described in the within-mentioned Indenture.

WACHOVIA BANK, NATIONAL ASSOCIATION, as Trustee

Date of Authentication: By: Vice President

[TEXT OF 2005 BOND]

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes (2005), and other applicable provisions of law and pursuant to the Indenture, executed counterparts of which Indenture are on file at the corporate trust office of the Trustee. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Maturity Amount and Redemption Price of, and the interest on, the Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Assessments (as defined in the Indenture), the terms and conditions under which the Bonds are or may be issued, the rights, duties, obligations and immunities of the District and the Trustee under the Indenture and the rights of the registered Owners of the Bonds, and, by the acceptance of this Bond, the registered and beneficial Owners hereof assent to all of the provisions of the Indenture. The 2005 Bonds are equally and ratably secured by the 2005 Trust Estate, without preference or priority of one 2005 Bond over another. The Supplemental Indenture does not authorize the issuance of any additional Bonds ranking on a parity with the 2005 Bonds as to the lien and pledge of the Trust Estate.

The 2005 Bonds are issuable only as registered bonds without coupons in current interest form in denominations of \$5,000 or any integral multiple thereof (an "Authorized Denomination"); provided, however, that the 2005 Bonds shall be delivered to the initial purchasers thereof only in aggregate principal amounts of \$100,000 or integral multiples of Authorized Denominations in excess of \$100,000. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Miami, Florida, as Bond Registrar (the "Bond Registrar"), upon surrender of this Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature reasonably satisfactory to the Bond Registrar, subject to such reasonable regulations as the District or the Bond Registrar may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new Bond or Bonds, in the same aggregate principal amount as the Bond or

B-6

B-7

Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Miami, Florida, in the manner and subject to the limitations and conditions provided in the Master Indenture and without cost, except for any tax or other governmental charge, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The 2005 Bonds are subject to redemption prior to maturity at the option of the District in whole or in part at any time on or after May 1, 2015, at the Redemption Price of the principal amount of the 2005 Bonds or portions thereof to be redeemed together with accrued interest to the redemption date.

The 2005 Bonds are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the 2005 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments (as defined in the Master Indenture) at the Redemption Price of the principal amount thereof, without premium, together with accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

May 1 of the Year	Amortization Installment	May 1 of the Year	Amortization Installment
2007	\$ 220,000	2022	\$ 510,000
2008	235,000	2023	540,000
2009	250,000	2024	575,000
2010	260,000	2025	605,000
2011	275,000	2026	640,000
2012	290,000	2027	680,000
2013	310,000	2028	715,000
2014	325,000	2029	760,000
2015	345,000	2030	800,000
2016	365,000	2031	850,000
2017	385,000	2032	895,000
2018	410,000	2033	950,000
2019	435,000	2034	1,005,000
2020	460,000	2035	1,060,000
2021	485,000	2036	1,120,000 *

* Maturity

As more particularly set forth in the Master Indenture and Supplemental Indenture, any 2005 Bonds that are purchased by the District with amounts held to pay an Amortization Installment will be cancelled and the principal amount so purchased will be applied as a credit against the applicable Amortization Installment of 2005 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of 2005 Bonds so as to reamortize the remaining Outstanding principal balance of the 2005 Bonds as set forth in the Supplemental Indenture.

The 2005 Bonds are subject to Extraordinary Mandatory Redemption prior to maturity, in whole on any date or in part on any Interest Payment Date, in the manner determined by the Bond Registrar at the Redemption Price of 100% of the principal amount thereof, without premium, together with accrued interest to the date of redemption, if and to the extent that any one or more of the following shall have occurred:

(a) on or after the Date of Completion of the 2005 Project (as such terms are defined in the Indenture), after payment of Deferred Costs (as defined in the Indenture), by application of moneys transferred from the 2005 Acquisition and Construction Account in the

B-8

B-9

Acquisition and Construction Fund established under the Indenture to the 2005 Prepayment Subaccount of the 2005 Redemption Account in accordance with the terms of the Indenture; or

(b) from Prepayments (as defined in the Indenture) deposited into the 2005 Prepayment Subaccount of the 2005 Redemption Account; or

(c) after payment of Deferred Costs (as defined in the Indenture), from amounts transferred to the 2005 Prepayment Subaccount of the 2005 Redemption Account resulting from a reduction in the 2005 Reserve Account Requirement as provided for in the Indenture, and, on the date on which the amount on deposit in the 2005 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the 2005 Bonds then Outstanding, including accrued interest thereon.

If less than all of the 2005 Bonds of a Series shall be called for redemption, the particular 2005 Bonds or portions of 2005 Bonds of a Series to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of 2005 Bonds is required to be mailed by the Bond Registrar, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date to each registered Owner of 2005 Bonds to be redeemed at the address of such registered Owner recorded on the bond register maintained by the Bond Registrar. On the date designated for redemption, notice having been given and money for the payment of the Redemption Price being held by the Paying Agent, all as provided in the Indenture, the 2005 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such 2005 Bonds or such portions thereof on such date, interest on such 2005 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2005 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such 2005 Bonds or such portions thereof so called for redemption except to receive payments of the Redemption Price thereof so held by the Paying Agent. Further notice of redemption shall be given by the Bond Registrar to certain registered securities depositories and information services as set forth in the Indenture, but

B-10

no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

The Owner of this Bond shall have no right to enforce the provisions of the Master Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the 2005 Bonds then Outstanding under the Indenture may become and may be declared due and payable before the stated maturities thereof, with the interest accrued thereon.

Modifications or alterations of the Master Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Master Indenture.

Any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bond which remain unclaimed for six (6) years after the date when such Bond has become due and payable, either at its stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee or any Paying Agent at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Trustee or Paying Agent after the date when such Bond became due and payable, shall be paid to the District, and thereupon and thereafter no claimant shall have any rights against the Paying Agent to or in respect of such moneys.

If the District deposits or causes to be deposited with the Trustee cash or Federal Securities (as defined in the Indenture) sufficient to pay the principal or redemption price of any Bonds becoming due at maturity or by call for redemption in the manner set forth in the Indenture, together with the interest accrued to the due date, the lien of the 2005 Bonds as to the Trust Estate shall be discharged, except for the rights of the Owners thereof with respect to the funds so deposited as provided in the Indenture.

B-11

This Bond shall have all the qualities and incidents, including negotiability, of investment securities within the meaning and for all the purposes of the Uniform Commercial Code of the State of Florida.

This Bond is issued with the intent that the laws of the State of Florida shall govern its construction.

CERTIFICATE OF VALIDATION

This Bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Manatee County, Florida, rendered on October 19, 2004.

Chairman

[FORM OF BOND COUNSEL OPINION]

B-12

[FORM OF ASSIGNMENT FOR 2005 BONDS]

For value received, the undersigned hereby sells, assigns and transfers unto

_____ within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney to transfer the said Bond on the books of the District, with full power of substitution in the premises.

Dated:

Social Security Number or Employer

Identification Number of Transferee:

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The assignor's signature to this Assignment must correspond with the name as it appears on the face of the within Bond in every particular without alteration or any change whatever.

B-14

[FORM OF ABBREVIATIONS FOR 2005 BONDS]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenants by the entireties

JU TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANSFER MIN ACT - _____ Custodian
_____ under Uniform Transfer to Minors Act _____
(Cust.) (Minor) (State)

Additional abbreviations may also be used

though not in the above list.

B-13

EXHIBIT C

TO SECOND SUPPLEMENTAL TRUST INDENTURE

TAX REGULATORY COVENANTS

These Tax Regulatory Covenants are intended to set forth certain duties and requirements necessary for compliance with Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") to the extent necessary to preserve the tax-exempt treatment of interest on the Heritage Harbour Market Place Community Development District Capital Improvement Revenue Bonds, Series 2005 (the "Bonds"). These Covenants are based upon Section 148(f) and Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2 (the "Regulations"). However, they are not intended to be exhaustive. Since the requirements of such Section 148(f) are subject to amplification and clarification, it may be necessary to supplement or modify these Covenants from time to time to reflect any additional or different requirements of such Section and the Regulations or to specify that action required hereunder is no longer required or that some further or different action is required to maintain or assure the exemption from federal income tax of interest with respect to the Bonds.

The Bonds will be issued pursuant to a Master Trust Indenture, dated as of November 1, 2004 (the "Master Indenture"), from Heritage Harbour Market Place Community Development District (the "District") and Wachovia Bank, National Association, Miami, Florida, as trustee (the "Trustee"), as amended and supplemented by a Second Supplemental Trust Indenture, dated as of October 1, 2005 (the "Supplemental Indenture") (the Master Indenture, as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture").

SECTION 1. TAX COVENANTS. Pursuant to the Indenture, the District has made certain covenants designed to assure that the interest with respect to the Bonds is and shall remain excludable from gross income for purposes of federal income taxation. The District shall not, directly or indirectly, use or permit the use of any proceeds of the Bonds or any other funds or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or that would cause interest on

C-1

the Bonds to be included in gross income for federal income tax purposes under the provisions of the Code. The District shall comply with all other requirements as shall be determined by Bond Counsel to be necessary or appropriate to assure that interest on the Bonds will be excludable from gross income for purposes of federal income taxation. To that end, the District shall comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds.

SECTION 2. DEFINITIONS. Capitalized terms used herein, not otherwise defined herein, shall have the same meanings set forth in the Indenture and in the District's Certificate as to Arbitrage and Certain Other Tax Matters relating to the Bonds.

"Bond Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida or such other firm of nationally recognized bond counsel as may be selected by the District.

"Bond Year" means any one-year period (or shorter period from the Issue Date) ending on the close of business on the day preceding the anniversary of the Issue Date.

"Code" means the Internal Revenue Code of 1986, as amended.

"Computation Date" means each date selected by the District as a computation date pursuant to Section 1.148-3(e) of the Regulations and the Final Computation Date.

"Fair Market Value" means, when applied to a Nonpurpose Investment, the Fair Market Value of such Investment as determined in accordance with Section 4 hereof.

"Final Computation Date" means the date the Bonds are discharged.

"Gross Proceeds" means, with respect to the Bonds:

- (1) amounts constituting Sale Proceeds of the Bonds.
- (2) amounts constituting Investment Proceeds of the Bonds.
- (3) amounts constituting Transferred Proceeds of the Bonds.
- (4) other amounts constituting Replacement Proceeds of the Bonds, including Pledged Moneys.

C-2

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

"Qualified Administrative Costs" means reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage and selling commissions that are comparable to those charged nongovernmental entities in transactions not involving tax-exempt bond proceeds, but not legal and accounting fees, recordkeeping, custody or similar costs. In addition, with respect to a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow, such costs will be considered reasonable if (1) the amount of the fee the District treats as a Qualified Administrative Cost does not exceed the lesser of (a) \$25,000, or (b) .2% of the "computational base;" and (2) the District does not treat as Qualified Administrative Costs more than \$75,000 in brokers' commissions or similar fees with respect to all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with Gross Proceeds of the issue. For purposes of this definition only, "computational base" shall mean the amount the District reasonably expects to be deposited in the guaranteed investment contract over the term of the contract or for investments other than guaranteed investment contracts, the amount of Gross Proceeds initially invested.

"Rebatable Arbitrage" means, as of any Computation Date, the excess of the future value of all Nonpurpose Receipts over the future value of all Nonpurpose Payments.

"Rebate Fund" means the Rebate Fund established pursuant to the Indenture and described in Section 3 hereof.

"Regulations" means Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1 and (d)-1, and 1.150-0 through 1.150-2, as amended, and any regulations amendatory, supplementary or additional thereto.

"Replacement Proceeds" means amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Bonds were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the expected use of amounts for the

C-4

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Bonds.

"Investment Property" means any security, obligation or other property held principally as a passive vehicle for the production of income, within the meaning of Section 1.148-1(b) of the Regulations.

"Issue Date" means October 11, 2005.

"Net Proceeds" means Sale Proceeds, less the portion of such Proceeds invested in a reasonably required reserve or replacement fund under the Code.

"Nonpurpose Investment" shall have the meaning ascribed to such term in Section 148(b)(2) of the Code and shall include any Investment Property in which Gross Proceeds are invested which is not acquired to carry out the governmental purpose of the Bonds, e.g., obligations acquired with Gross Proceeds that are invested temporarily until needed for the governmental purpose of the Bonds, that are used to discharge a prior issue, or that are invested in a reasonably required reserve or replacement fund.

"Nonpurpose Payments" shall include the payments with respect to Nonpurpose Investments specified in Section 1.148-3(d)(1)(i)-(v) of the Regulations.

"Nonpurpose Receipts" shall include the receipts with respect to Nonpurpose Investments specified in Section 1.148-3(d)(2)(i)-(iii) of the Regulations.

"Pledged Moneys" means moneys that are reasonably expected to be used directly or indirectly to pay debt service on the Bonds (or to reimburse a municipal bond insurer) or as to which there is a reasonable assurance that such moneys or the earnings thereon will be available directly or indirectly to pay debt service on the Bonds (or to reimburse a municipal bond insurer) if the District encounters financial difficulties.

"Pre-Issuance Accrued Interest" means amounts representing interest that has accrued on an obligation for a period of not greater than one year before its issue date but only if those amounts are paid within one year after the Issue Date.

C-3

payment of debt service on a particular date. The mere availability or preliminary earmarking of amounts for a governmental purpose, however, does not in itself establish a sufficient nexus to cause those amounts to be Replacement Proceeds. Replacement Proceeds include, but are not limited to, amounts held in a sinking fund or a pledged fund. For these purposes, an amount is pledged to pay principal of or interest on the Bonds if there is reasonable assurance that the amount will be available for such purposes in the event that the issuer encounters financial difficulties.

"Sale Proceeds" means any amounts actually or constructively received by the District from the sale of the Bonds, including amounts used to pay underwriter's discount or compensation and interest other than Pre-Issuance Accrued Interest. Sale Proceeds shall also include, but are not limited to, amounts derived from the sale of a right that is associated with a Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"Tax-Exempt Investment" means (i) an obligation the interest on which is excluded from gross income pursuant to Section 103 of the Code, (ii) United States Treasury-State and Local Government Series, Demand Deposit Securities, and (iii) stock in a tax-exempt mutual fund as described in Section 1.150-1(b) of the Regulations. Tax-Exempt Investment shall not include a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. For purposes of these Covenants, a tax-exempt mutual fund includes any regulated investment company within the meaning of Section 851(a) of the Code meeting the requirements of Section 852(a) of the Code for the applicable taxable year; having only one class of stock authorized and outstanding; investing all of its assets in tax exempt obligations to the extent practicable; and having at least 98% of (1) its gross income derived from interest on, or gain from the sale of or other disposition of, tax exempt obligations or (2) the weighted average value of its assets represented by investments in tax exempt obligations.

"Transferred Proceeds" shall have the meaning provided therefor in Section 1.148-9 of the Regulations.

"Universal Cap" means the value of all then outstanding Bonds.

"Value" (of a Bond) means with respect to a Bond issued with not more than two percent original issue discount or original issue

C-5

premium, the outstanding principal amount, plus accrued unpaid interest; for any other Bond, its present value.

"Value" (of an Investment) shall have the following meaning in the following circumstances:

(1) General Rules. Subject to the special rules in the following paragraph, an issuer may determine the value of an investment on a date using one of the following valuation methods consistently applied for all purposes relating to arbitrage and rebate with respect to that investment on that date:

(a) an investment with not more than two percent original issue discount or original issue premium may be valued at its outstanding stated principal amount, plus accrued unpaid interest on such date;

(b) a fixed rate investment may be valued at its present value on such date; and

(c) an investment may be valued at its Fair Market Value on such date.

(2) Special Rules. Yield restricted investments are to be valued at present value provided that (except for purposes of allocating Transferred Proceeds to an issue, for purposes of the Universal Cap and for investments in a commingled fund other than a bona fide debt service fund unless it is a certain commingled fund):

(a) an investment must be valued at its Fair Market Value when it is first allocated to an issue, when it is disposed of and when it is deemed acquired or deemed disposed of, and provided further that;

(b) in the case of Transferred Proceeds, the Value of a Nonpurpose Investment that is allocated to Transferred Proceeds of a refunding issue on a transfer date may not exceed the Value of that investment on the transfer date used for purposes of applying the arbitrage restrictions to the refunded issue.

"Yield on the Bonds," "2000 Bond Yield" or "Bond Yield" means, for all Computation Dates, the Yield expected as of the date hereof on the Bonds over the term of such Bonds computed by:

C-6

(c) Within 30 days after any Computation Date, the District shall calculate or cause to be calculated the Rebatable Arbitrage or any penalty due pursuant to Section 3(f) hereof. Immediately following such calculations, but in no event later than 60 days following the Computation Date (90 days in the case of any penalty payment due pursuant to Section 3(f) hereof), the District shall remit an amount which when added to the future value of previous rebate payments shall not be less than 90% (100% with respect to the Computation Date on the final repayment or retirement of the Bonds) of the Rebatable Arbitrage or 100% of any penalty due pursuant to Section 3(f) hereof as of the applicable Computation Date.

Each payment shall be accompanied by Internal Revenue Service Form 8038-T.

(d) The obligation to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Bonds if (i) Gross Proceeds are expended for the governmental purpose of the Bonds by no later than the date which is six months after the Issue Date and if it is not anticipated that any other Gross Proceeds will arise during the remainder of the term of the Bonds and (ii) the requirement to pay Rebatable Arbitrage, if any, to the United States with respect to the portion of the Reserve Account allocable to the Bonds is met. For purposes of the preceding sentence, Gross Proceeds do not include (i) amounts deposited in a bona fide debt service fund, so long as the funds therein constitute bona fide debt service funds, or a reasonably required reserve or replacement fund (as defined in Section 1.148-1 of the Regulations and meeting the requirements of Section 1.148-2(f) of the Regulations), (ii) amounts that, as of the Issue Date, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the date which is six months after the Issue Date, (iii) amounts representing Sale or Investment Proceeds derived from any Purpose Investment (as defined in Section 1.148-1 of the Regulations) and earnings on those payments, and (iv) amounts representing any repayments of grants (as defined in Section 1.148-6(d)(4) of the Regulations). If Gross Proceeds are in fact expended by such date, then Rebatable Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Use of Gross Proceeds to redeem Bonds shall not be treated as an expenditure of such Gross Proceeds.

C-8

(i) using as the purchase price of the Bonds, the amount at which such Bonds were sold to the public within the meaning of Sections 1273 and 1274 of the Code; and

(ii) assuming that all of the Bonds will be paid at their scheduled maturity dates or in accordance with any mandatory redemption requirements.

"Yield" means, generally, the discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest on an obligation and all the payments for qualified guarantees paid and to be paid with respect to such obligation, produces an amount equal to the present value of the issue price of such obligation. Present value is computed as of the date of issue of the obligation. There are, however, many additional specific rules contained in the Regulations which apply to the calculation and recalculation of yield for particular obligations and such rules should be consulted prior to calculating the yield for the Bonds on any Computation Date. Yield shall be calculated on a 360-day year basis with interest compounded monthly. For this purpose the purchase price of a Nonpurpose Investment or a Tax-Exempt Investment is its Fair Market Value, as determined pursuant to Section 4 of these Covenants, as of the date that it becomes allocated to Gross Proceeds of the Bonds.

SECTION 3. REBATE REQUIREMENTS.

(a) The District shall pay to the United States Government at the times and in the amounts determined hereunder, the Rebatable Arbitrage. For purposes of determining the Rebatable Arbitrage, the District shall make such calculations or cause the calculations to be made by competent tax counsel or other financial or accounting advisors or persons to ensure correct application of the rules contained in the Code and the Regulations relating to arbitrage rebate.

(b) pursuant to the Indenture, there has been established a fund separate from any other fund or account established and maintained under the Indenture designated the "Rebate Fund." The District or its designated agent shall administer the Rebate Fund and continuously invest all amounts held in the Rebate Fund in Governmental Obligations (as defined in the Indenture) or Tax-Exempt Investments.

C-7

Notwithstanding the foregoing, if Gross Proceeds which were reasonably expected to be Gross Proceeds on the Issue Date actually become available after the date which is six months after the Issue Date, then the requirements described herein relating to the calculation of Rebatable Arbitrage and the payment thereof to the United States must be satisfied, except that no such calculation or payment need be made with respect to the initial six month period. Any other amounts not described in this Section 3(d) which constitute proceeds of the Bonds, other than a bona fide debt service fund, will be subject to rebate.

(e) As an alternative to Section 3(d) above, the obligation of the District to pay Rebatable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Bonds if (i) the rebate requirement is met for all proceeds of the Bonds other than Gross Proceeds (as defined in Section 3(d) hereof) and (ii) the Gross Proceeds are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 15% of such Gross Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 60% of such Gross Proceeds are spent within the 1-year period beginning on the Issue Date; and

(iii) at least 100% of such Gross Proceeds are spent within the 18-month period beginning on the Issue Date.

As set forth in Section 1.148-7(d)(2) of the Regulations, for purposes of the expenditure requirements set forth in this Section 3(e), 100% of the Gross Proceeds of the Bonds shall be treated as expended for the governmental purposes of the issue within the 18-month period beginning on the Issue Date if such requirement is met within the 30-month period beginning on the Issue Date and such requirement would have been met within such 18-month period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Bonds). If Gross Proceeds are in fact expended by such dates, then Rebatable Arbitrage need not be calculated and no payment thereof to the United States Department of Treasury need be made. Any failure to satisfy the final spending requirement shall be disregarded if the District exercises due diligence to complete the project financed by the Bonds and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the

C-9

Bonds or (ii) \$250,000. Use of Gross Proceeds to redeem the Bonds shall not be treated as an expenditure of such Gross Proceeds. For purposes of this Section 3(e), "Gross Proceeds" shall be modified as described in Section 3(d) above.

(f) As an alternative to Sections 3(d) and (e) above, the obligation to pay Rebutable Arbitrage to the United States, as described herein, shall be treated as satisfied with respect to the Bonds if the Available Construction Proceeds (as defined in Section 148(f)(4)(c)(vi) of the Code and described below) are expended for the governmental purposes of the issue within the periods set forth below:

(i) at least 10% of such Available Construction Proceeds are spent within the six-month period beginning on the Issue Date;

(ii) at least 45% of such Available Construction Proceeds are spent within the 1-year period beginning on the Issue Date;

(iii) at least 75% of such Available Construction Proceeds are spent within the eighteen-month period beginning on the Issue Date; and

(iv) at least 100% of such Available Construction Proceeds are spent within the 2-year period beginning on the Issue Date.

For purposes of this Section 3(f), the term Available Construction Proceeds means the Net Proceeds of the Bonds, increased by earnings on the Net Proceeds and earnings on all of the foregoing earnings, and reduced by the amount of the Net Proceeds used to pay issuance costs (including bond insurance premium). Notwithstanding the foregoing, Available Construction Proceeds shall not include amounts earned on the Reserve Account after the earlier of the close of the two-year period beginning on the Issue Date or the date construction is substantially completed. Any amounts which constitute proceeds of the Bonds other than Available Construction Proceeds and amounts on deposit in a bona fide debt service fund will be subject to rebate.

As set forth in Section 148(f)(4)(C)(iii) of the Code, for purposes of the expenditure requirements set forth in this Section 3(f), 100% of Available Construction Proceeds of the Bonds shall be treated as expended for the governmental purposes of the issue within the 2-year period beginning on the Issue Date if such requirement is met within

C-10

(g) The District shall keep proper books of records and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Bonds, including moneys derived from, pledged to, or to be used to make payments on the Bonds. Such records shall, at a minimum, be adequate to enable the District or its consultants to make the calculations for payment of Rebutable Arbitrage as required by this Arbitrage Rebate Statement. The records required to be maintained under this Section 3(g) shall be retained by the District until six years after the retirement of the last obligation of the Bonds or for such other period as the United States Treasury may by regulations otherwise provide. Such records shall at least specify the account or fund to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment security, (i) its purchase price (including the amount of accrued interest to be stated separately), (ii) identifying information, including par amount, coupon rate, and payment dates, (iii) the amount received at maturity or its sale price, as the case may be, including accrued interest, (iv) the amounts and dates of any payments made with respect thereto, (v) the dates of acquisition and disposition or maturity, (vi) the amount of original issue discount or premium (if any), (vii) the frequency of periodic payments (and actual dates and amounts of receipts), (viii) the period of compounding, (ix) the transaction costs (e.g., commissions) incurred in acquiring, carrying or disposing of the Nonpurpose Investments, and (x) market price data sufficient to establish that the purchase price (disposition price) was not greater than (less than) the arm's-length price (see Section 4 below) on the date of acquisition (disposition) or, if earlier, on the date of a binding contract to acquire (dispose of) such Nonpurpose Investment.

SECTION 4. MARKET PRICE RULES. Except as provided below, the District agrees to comply with the requirements relating to the "Fair Market Value" of acquired Nonpurpose Investments, as defined in Section 1.148-5(d) of the Regulations ("Fair Market Value"). All investments required to be made pursuant to these Covenants shall be made to the extent permitted by law. In this regard, the District agrees, among other things, that it will not acquire or cause to be acquired a Nonpurpose Investment (or any other investment acquired with Gross Proceeds or on deposit in the Rebate Account) for a price in excess of its Fair Market Value or sell any such investment at a price (determined without any reduction for

C-12

the 3-year period beginning on the Issue Date and such requirement would have been met within such 2-year period but for a reasonable retainage (not exceeding 5% of the Net Proceeds of the Bonds). Use of available construction proceeds to redeem the Bonds shall not be treated as an expenditure of such proceeds.

Any failure to satisfy the final spending requirement shall be disregarded if the District exercises due diligence to complete the project financed by the Bonds and the amount of the failure does not exceed the lesser of (i) 3% of the issue price of the Bonds or (ii) \$250,000.

For purposes of Section 148(f)(4)(C)(vii) of the Code, in the event the District fails to meet the expenditure requirements referred to above, the District may elect to pay, in lieu of the Rebutable Arbitrage otherwise required to be paid with respect to such Gross Proceeds, a penalty with respect to the close of each 6-month period after the Issue Date equal to 1.5% of the amount of the Available Construction Proceeds of the Bonds which, as of the close of such period, are not spent as required by the expenditure provisions set forth above. The penalty referred to above shall cease to apply only after the Bonds (including any refunding bonds issued with respect thereto) are no longer outstanding. The District makes no election in regard to the above-described penalty.

In order to qualify for the exemption from the obligation to pay Rebutable Arbitrage to the United States pursuant to this Section 3(f), at least 75% of the Available Construction Proceeds must be used for construction expenditures (as defined in Section 1.148-7(g) of the Regulations) with respect to property which is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code. The term "construction" includes reconstruction and rehabilitation of existing property and rules similar to the rules of Section 142(b)(1)(B) of the Code shall apply. If only a portion of an issue is to be used for construction expenditures, such portion and the other portion of such issue may, at the election of the issuer, be treated as separate issues for purposes of this Section 3(f) (although the remaining portion may not be entitled to the benefits of Section 3(d) hereof). The District does not elect to treat any portion of the Bonds as a separate issue.

C-11

transaction costs) less than its Fair Market Value, except as provided below. For this purpose, the following rules shall apply:

(a) Established securities markets. Except as otherwise provided below, any market especially established to provide a security or obligation to an issuer of municipal obligations shall not be treated as an established market and shall be rebuttably presumed to be acquired or disposed of for a price that is not its Fair Market Value.

(b) Arm's-length price. Any transaction in which a Nonpurpose Investment is directly purchased with Gross Proceeds, or in which a Nonpurpose Investment allocable to Gross Proceeds is disposed of, shall be undertaken in an arm's-length manner, and no amount shall be paid to reduce the yield on the Nonpurpose Investment.

(c) Safe harbor for establishing Fair Market Value for guaranteed investment contracts and Nonpurpose Investments purchased for a yield restricted defeasance escrow. In the case of a guaranteed investment contract or Nonpurpose Investments purchased for a yield restricted defeasance escrow, the purchase price shall not be considered to be an arm's-length price unless all the following conditions are met:

(i) The District makes a bona fide solicitation ("Bona Fide Solicitation") for the purchase of the investment that satisfies all of the following requirements:

(1) The bid specifications are in writing and are timely forwarded to potential providers;

(2) The bid specifications include all terms of the bid that may directly or indirectly affect the yield or the cost of the investment;

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the District or any other person (whether or not in connection with the bond issue), and that the bid is not being

C-13

submitted solely as a courtesy to the District or any other person for purposes of satisfying these requirements;

(4) The terms of the bid specifications are such that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the investment (e.g., for solicitations of Nonpurpose Investments for a yield restricted defeasance escrow, the hold firm period must be no longer than the District reasonably requires);

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the District's reasonably expected deposit and draw down schedule for the amounts to be invested;

(6) All potential providers have an equal opportunity to bid (e.g., no potential provider is given the opportunity to review other bids before providing a bid); and

(7) At least three providers are solicited for bids that have an established industry reputation as a competitive provider of the type of investments being purchased.

(ii) The bids received by the District must meet all of the following requirements:

(1) The District receives at least three bids from providers that the District solicited under a Bona Fide Solicitation and that do not have a material financial interest in the issue. A lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. A provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(2) At least one of the three bids described in paragraph (c) (ii)(1) above is from a provider that has an established industry reputation as a competitive provider of the type of investments being purchased; and

C-14

(d) The District shall retain certificates and records documenting compliance with the above requirements until three years after the last outstanding Bond is redeemed including, but not limited to, the following:

(i) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of Nonpurpose Investments other than guaranteed investment contracts, the purchase agreement or confirmation;

(ii) The receipt or other record of the amount actually paid by the District for the investments, including a record of any administrative costs paid by the District and the certification required in paragraph (c)(iv) above;

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results;

(iv) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation; and

(v) For purchase of Nonpurpose Investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted.

SECTION 5. MODIFICATION UPON RECEIPT OF BOND COUNSEL OPINION. Notwithstanding any provision of these Covenants, if the District shall receive an opinion of Bond Counsel that any specified action required under these Covenants is no longer required or that some further or different action is required to maintain or assure the exclusion from federal gross income of interest with respect to the Bonds, the District may conclusively rely on such opinion in complying with the requirements of these Covenants and the covenants herein shall be deemed to be modified to that extent. These Covenants shall be amended or modified by the parties hereto in any manner which is necessary to comply with such regulations as may be

C-16

(3) If the District uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(iii) The winning bid must meet the following requirements:

(1) Guaranteed investment contracts. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) Other Nonpurpose Investments. If the investment is not a guaranteed investment contract, the following requirements are met:

(A) The winning bid is the lowest cost bona fide bid (including any broker's fees). The lowest bid is either the lowest cost bid for the portfolio or, if the District compares the bids on an investment-by-investment basis, the aggregate cost of a portfolio comprised of the lowest cost bid for each investment. Any payment received by the District from a provider at the time a guaranteed investment contract is purchased (e.g., an escrow float contract) for a yield restricted defeasance escrow under a bidding procedure meeting these requirements is taken into account in determining the lowest cost bid.

(B) The lowest cost bona fide bid (including any broker's fees) is not greater than the cost of the most efficient portfolio comprised exclusively of State and Local Government Series Securities from the United States Department of the Treasury, Bureau of Public Debt. The cost of the most efficient portfolio of State and Local Government Series Securities is to be determined at the time that bids are required to be submitted pursuant to the terms of the bid specifications. If such State and Local Government Series Securities are not available for purchase on the day that bids are required to be submitted because sales of those securities have been suspended, the cost comparison described in this paragraph is not required.

(iv) The provider of the investments or the obligor on the guaranteed investment contract certifies the administrative costs that it pays (or expects to pay) to third parties in connection with supplying the investment.

C-15

promulgated by the United States Treasury Department from time to time.

SECTION 6. ACCOUNTING FOR GROSS PROCEEDS. In order to perform the calculations required by the Code and the Regulations, it is necessary to track the investment and expenditure of all Gross Proceeds. To that end, the District must adopt reasonable and consistently applied methods of accounting for all Gross Proceeds. Appendix I hereto sets forth a description of the required allocation and accounting rules with which the District agrees to comply.

SECTION 7. ADMINISTRATIVE COSTS OF INVESTMENTS. Except as otherwise provided in this Section 7, an allocation of Gross Proceeds to a payment or receipt on a Nonpurpose Investment is not adjusted to take into account any costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire the Nonpurpose Investment (administrative costs). Thus, administrative costs generally do not increase the payments for, or reduce the receipts from, Nonpurpose Investments.

In determining payments and receipts on Nonpurpose Investments, Qualified Administrative Costs are taken into account by increasing payments for, or reducing the receipts from, the Nonpurpose Investments. Qualified Administrative Costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the District such as employee salaries and office expenses and costs associated with computing Rebutable Arbitrage are not Qualified Administrative Costs.

Allocation and accounting rules are provided in Appendix I attached hereto.

C-17

APPENDIX I

ALLOCATION AND ACCOUNTING RULES

(a) General Rule. Any issuer may use any reasonable, consistently applied accounting method to account for Gross Proceeds, investments and expenditures of an issue. An accounting method is "consistently applied" if it is applied uniformly within a Fiscal Period (as hereinafter defined) and between Fiscal Periods to account for Gross Proceeds of an issue and any amounts that are in a commingled fund.

(b) Allocation of Gross Proceeds to an Issue. Amounts are allocable to only one issue at a time as Gross Proceeds. Amounts cease to be allocated to an issue as Proceeds only when those amounts (i) are allocated to an expenditure for a governmental purpose; (ii) are allocated to Transferred Proceeds of another issue of obligations; or (iii) cease to be allocated to that issue at retirement of the issue or under the Universal Cap.

(c) Allocation of Gross Proceeds to Investments. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of an issue are not allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the Fair Market Value of the Nonpurpose Investment as of the purchase or sale date. The Fair Market Value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment.

(d) Allocation of Gross Proceeds to Expenditures. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose include a "specific tracing" method, a "gross-proceeds-spent-first" method, a "first-in-first-out" method or a ratable allocation method, so long as the method used is consistently applied. An allocation of Gross Proceeds of an issue to an expenditure must involve a current outlay of cash for a governmental purpose of the issue. A current outlay of cash means an outlay reasonably expected to occur not later than five banking days

C-18

to only one issue at a time as Gross Proceeds, investments held by a commingled fund must be allocated ratably among the issues served by the commingled fund in proportion to either (i) the relative values of the bonds of those issues; (ii) the relative amounts of the remaining maximum annual debt service requirements on the outstanding principal amounts of those issues; or (iii) the relative original stated principal amounts of the outstanding issues.

(f) Universal Cap. Amounts that would otherwise be Gross Proceeds allocable to an issue are allocated (and remain allocated) to the issue only to the extent that the Value of the Nonpurpose Investments allocable to those Gross Proceeds does not exceed the Value of all outstanding bonds of the issue. Nonpurpose Investments allocated to Gross Proceeds in a bona fide debt service fund for an issue are not taken into account in determining the Value of the Nonpurpose Investments, and those Nonpurpose Investments remain allocated to the issue. To the extent that the Value of the Nonpurpose Investments allocable to the Gross Proceeds of an issue exceed the Value of all outstanding bonds of that issue, an issuer should seek the advice of Bond Counsel for the procedures necessary to comply with the Universal Cap.

(g) Expenditure for Working Capital Purposes. Subject to certain exceptions, the Proceeds of an issue may only be allocated to "working capital expenditures" as of any date to the extent that those expenditures exceed "available amounts" as of that date (i.e., "proceeds-spent-last").

For purposes of this section, "working capital expenditures" include all expenditures other than "capital expenditures." "Capital expenditures" are costs of a type properly chargeable (or chargeable upon proper election) to a capital account under general federal income tax principles. Such costs include, for example, costs incurred to acquire, construct or improve land, buildings and equipment having a reasonably expected useful life in excess of one year. Thus, working capital expenditures include, among other things, expenditures for current operating expenses and debt service.

For purposes of this section, "available amount" means any amount that is available to an issuer for working capital expenditure purposes of the type financed by the issue. Available amount excludes Proceeds of the issue but includes cash, investments and other amounts

C-20

after the date as of which the allocation of Gross Proceeds to the expenditure is made.

(e) Commingled Funds. Any fund or account that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of the funds deposited therein, constitutes a "commingled fund." All payments and receipts (including deemed payments and receipts) on investments held by a commingled fund must be allocated (but not necessarily distributed) among each different source of funds invested in the commingled fund in accordance with a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate payments and receipts in proportion to either (i) the average daily balances of the amounts in the commingled fund from each different source of funds during any consistent time period within its fiscal year, but at least quarterly (the "Fiscal Period"); or (ii) the average of the beginning and ending balances of the amounts in the commingled fund from each different source of funds for a Fiscal Period that does not exceed one month.

Funds invested in the commingled fund may be allocated directly to expenditures for governmental purposes pursuant to a reasonable consistently applied accounting method. If a ratable allocation method is used to allocate expenditures from the commingled fund, the same ratable allocation method must be used to allocate payments and receipts on investments in the commingled fund.

Generally a commingled fund must treat all its investments as if sold at Fair Market Value either on the last day of the fiscal year or on the last day of each Fiscal Period. The net gains or losses from these deemed sales of investments must be allocated to each different source of funds invested in the commingled fund during the period since the last allocation. This mark-to-market requirement does not apply if (i) the remaining weighted average maturity of all investments held by a commingled fund during a particular fiscal year does not exceed 18 months, and the investments held by the commingled fund during that fiscal year consist exclusively of obligations; or (ii) the commingled fund operated exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the same issuer. Subject to the Universal Cap limitation, and the principle that amounts are allocable

C-19

held in accounts or otherwise by an issuer for working capital expenditures of the type being financed by the issue without legislative or judicial action and without a legislative, judicial or contractual requirement that those amounts be reimbursed. Notwithstanding the preceding sentence, a "reasonable working capital reserve" is treated as unavailable. A working capital reserve is reasonable if it does not exceed five percent of the actual working capital expenditures of an issuer in the fiscal year before the year in which the determination of available amounts is made. For purpose of the preceding sentence only, in determining the working capital expenditures of an issuer for a prior fiscal year, any expenditures (whether capital or working capital expenditures) that are paid out of current revenues may be treated as working capital expenditures.

The proceeds-spent-last requirement does not apply to expenditures to pay (i) any Qualified Administrative Costs; (ii) fees for qualified guarantees of the issue or payments for a qualified hedge for the issue; (iii) interest on the issue for a period commencing on the Issue Date and ending on the date that is the later of three years from the Issue Date or one year after the date on which the financed project is placed in service; (iv) the United States for yield reduction payments (including rebate payments) or penalties for the failure to meet the spend down requirements associated with certain spending exceptions to the rebate requirement; (v) costs, other than those described in (i) through (iv) above, that do not exceed five percent of the Sale Proceeds of an issue and that are directly related to capital expenditures financed by the issue (e.g., initial operating expenses for a new capital project); (vi) principal or interest on an issue paid from unexpected excess sale or Investment Proceeds; (vii) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund; and (viii) principal, interest or redemption premium on a prior issue and, for a crossover refunding issue, interest on that issue. Notwithstanding the preceding paragraph, the exceptions described above do not apply if the allocation merely substitutes Gross Proceeds for other amounts that would have been used to make those expenditures in a manner that gives rise to Replacement Proceeds.

C-21

APPENDIX D
PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

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Upon delivery of the Series 2005 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such Series 2005 Bonds in substantially the following form:

Board of Supervisors
Heritage Harbour Market Place Community
Development District

Re: \$16,755,000 Heritage Harbour Market Place Community
Development District Capital Improvement Revenue Bonds,
Series 2005

We have served as bond counsel in connection with the issuance by Heritage Harbour Market Place Community Development District (the "District"), a community development district established and existing pursuant to Chapter 190, Florida Statutes, as amended (the "Act"), of its \$16,755,000 Capital Improvement Revenue Bonds, Series 2005 (the "Series 2005 Bonds"). The Series 2005 Bonds are being issued under and pursuant to the Constitution and laws of the State of Florida, a Master Trust Indenture (the "Master Indenture"), dated as of November 1, 2004 and a Second Trust Indenture, dated as of October 1, 2005 (the "Supplemental Indenture") (collectively, the Master Indenture as amended and supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"), each from the District to Wachovia Bank, National Association, Miami, Florida, as trustee (the "Trustee") and a Resolution adopted by the Board of Supervisors of the District on October 16, 2003 and August 24, 2005 (collectively, the "Bond Resolution"). The Series 2005 Bonds are being issued to: (i) redeem all of the Outstanding principal amount of the District's \$7,000,000 Heritage Harbour Market Place Community Development District Bond Anticipation Notes Series 2004 (the "Notes"), together with accrued but unpaid interest thereon, (ii) finance the Cost of acquiring, constructing and equipping assessable

improvements comprising a part of the Capital Improvement Program (as more particularly described in Exhibit A hereto, the "2005 Project"); (iii) pay certain costs associated with the issuance of the 2005 Bonds; (iv) make a deposit into the 2005 Reserve Account for the benefit of all of the 2005 Bonds; and (v) pay a portion of the interest to become due on the 2005 Bonds. The Series 2005 Bonds are a portion of the Bonds validated by final judgment of the Circuit Court of Manatee County, Florida on October 19, 2004, the appeal period for which has expired with no appeal having been taken. The Series 2005 Bonds are payable from and secured by Assessments (as defined in the Indenture) on property within the District specially benefited by the assessable improvements financed with the proceeds of the Notes and the Series 2005 Bonds, comprising Series 2005 Pledged Revenues and also by the Series 2005 Pledged Funds, which, together, comprise the Series 2005 Trust Estate. We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. Unless the context indicates otherwise, all terms not otherwise defined herein shall have the meaning ascribed to such terms in the Indenture.

The Series 2005 Bonds recite that neither the Series 2005 Bonds nor the interest and premium, if any, payable thereon shall constitute a general obligation or general indebtedness of the District within the meaning of the Constitution and laws of the State of Florida. The Series 2005 Bonds and the interest and premium, if any, payable thereon do not constitute either a pledge of the full faith and credit of the District or a lien upon any property of the District other than as provided in the Indenture authorizing the issuance of the Series 2005 Bonds. No Owner or any other person shall ever have the right to compel the exercise of any ad valorem taxing power of the District or any other public authority or governmental body to pay debt service or to pay any other amounts required to be paid pursuant to the Indenture or the Series 2005 Bonds. Rather, debt service and any other amounts required to be paid pursuant to the Indenture or the Series 2005 Bonds, shall be payable solely from, and shall be secured solely by the Series 2005 Pledged Revenues, together with the Series 2005 Pledged Funds comprising the Series 2005 Trust Estate pledged to the Series 2005 Bonds, all as provided in the Series 2005 Bonds and in the Indenture.

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.

On the basis of our review, we are of the opinion that:

1. The District has been duly established and validly exists as a community development district under the Act.

2. The District has the right and power under the Act to authorize, execute and deliver the Indenture, and the Indenture has been duly and lawfully authorized, executed and delivered by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create of the Series 2005 Trust Estate, including the 2005 Assessments, in the manner and to the extent provided in the Indenture.

3. The Series 2005 Bonds are the valid, binding, special obligations of the District, enforceable in accordance with their terms and with the terms of the Indenture and are entitled to the benefits of the Indenture and the Act as amended to the date hereof, and the Series 2005 Bonds have been duly and validly authorized and issued in accordance with law and the Indenture.

4. The Series 2005 Bonds and 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 in said Chapter 220.

5. Under existing statutes, regulations, rulings and court decisions, the interest on the Series 2005 Bonds (a) is excluded from gross income for federal income tax purposes; and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to certain corporations, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2005 Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2005 Bonds to be so included

in gross income retroactive to the date of issuance of the Series 2005 Bonds. The District has covenanted to comply with all such requirements. Ownership of the Series 2005 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2005 Bonds.

The opinions expressed above as to enforceability may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

Except as may expressly be set forth in an opinion delivered by us to the underwriters of the Series 2005 Bonds on the date hereof (upon which only they may rely), (1) we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Limited Offering Memorandum or other offering material relating to the Series 2005 Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with laws of the State of Florida or the United States with regard to the sale or distribution of the Series 2005 Bonds and we express no opinion relating thereto.

We have examined the form of the Series 2005 Bonds and, in our opinion, the form of the Series 2005 Bonds is regular and proper.

Very truly yours,
NABORS, GIBLIN & NICKERSON, P.A.

APPENDIX E
PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) dated as of October 11, 2005 is executed and delivered by the **HERITAGE HARBOUR MARKETPLACE COMMUNITY DEVELOPMENT DISTRICT** (the “District”), **HARBOURVEST, LLC**, a Florida limited liability company (the “Developer”), and **PRAGER, SEALY & CO., LLC**, as dissemination agent (“Prager”) in connection with the issuance of \$16,755,000 Capital Improvement Revenue Bonds, Series 2005 (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Indenture dated as of November 1, 2004, as supplemented by a Second Supplemental Trust Indenture dated as of October 1, 2005, each to be entered into between the District and Wachovia Bank, National Association, as trustee (the “Trustee”) (collectively, the “Indenture”). The District, the Developer and the Dissemination Agent covenant and agree as follows:

1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and the Developer to provide information required by the Indenture. The District represents that the information is consistent with the requirements of S.E.C. Rule 15c2-12(b)(5).

The provisions of this Disclosure Agreement are supplemental and in addition to the provisions of the Indenture with respect to reports, filings and notifications provided for therein, and do not in any way relieve the District, the Trustee or any other person of any covenant, agreement or obligation under the Indenture (or remove any of the benefits thereof) nor shall anything herein prohibit the District, the Trustee or any other person from making any reports, filings or notifications required by the Indenture or any applicable law.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessments” shall mean the non-ad valorem special assessments pledged to the Bonds.

“Business Day” means any day other than a Saturday, Sunday or a day on which the District is required, or authorized or not prohibited by law (including executive orders), to close and is closed.

“Disclosure Representative” shall mean the District Manager of the District or his or her designee, or such other officer or employee as the District shall designate in writing to the Trustee and the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the District, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and Trustee a written acceptance of such designation. Prager, Sealy & Co., LLC has been designated as the initial Dissemination Agent hereunder.

“Fiscal Year” shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“National Repository” shall mean any of the names and addresses of each National Repository and State Repository as of any date may currently be obtained by calling the SEC’s Fax on Demand Service from a fax machine phone line at (202) 942-8088 and requesting document numbers 0206 and 0207, respectively, or by visiting the SEC’s web site at “<http://www.sec.gov/info/municipal/nrmsir.htm>.”

“Obligated Person(s)” shall mean, with respect to the Bonds, those person(s) who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Bonds, which person(s) shall include the District, and the Developer for so long as the Developer is the owner of (or is responsible for developing as the case may be) at least twenty percent (20%) of the lands which have been determined by the District to be lands benefited by the project financed with proceeds of the Bonds or are responsible for payment of at least twenty percent (20%) of the Assessments.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule.

3. Provision of Annual Reports.

(a) Subject to the following sentence, the District shall provide the Annual Report to the Dissemination Agent and the Trustee no later than 180 days after the close of the District’s Fiscal Year, commencing with the Fiscal Year ended September 30, 2005. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and may be submitted up to, but no later than, 365 days after the close of the District’s Fiscal Year. The District shall, or shall cause the Dissemination Agent to, provide to each Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty days after same becomes available. If the District’s Fiscal Year

changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If by the 180th day after the close of the District's Fiscal Year the Dissemination Agent has not received a copy of the Annual Report (other than the audited financial statements of the District), the Dissemination Agent shall notify the District in writing that the District has not complied with its obligations under subsection (a) above. If by the 365th day after the close of the District's Fiscal Year the Dissemination Agent has not received a copy of the audited financial statements of the District, the Dissemination Agent shall notify the District in writing that the District has not complied with its obligations under subsection (a) above.

(c) If the Dissemination Agent is unable to verify in writing from the District that the District has filed an Annual Report with the Repositories by the date required in subsection (a) above, the Dissemination Agent shall send a notice to each Repository in substantially the form attached as **Exhibit A**.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a report with the District and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date(s) it was provided and listing all the Repositories to which it was provided.

4. (a) Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(i) The amount of Assessments levied for the most recent Fiscal Year.

(ii) The amount of Assessments collected from the property owners during the most recent Fiscal Year.

(iii) If available, the amount of delinquencies greater than 150 days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for the Bonds. The District shall provide any Bondholder with this information more frequently than annually within thirty (30) days of the written request of the Bondholder.

(vi) The total amount of Bonds Outstanding.

(vii) The amount of principal and interest to be paid in the current Fiscal Year.

(viii) The most recent audited financial statements of the District (provided, however, if the District has not prepared audited financial statements for its Fiscal Year ending September 30, 2005, the first Annual Report submitted by the District in accordance herewith may include unaudited financial statements for such Fiscal Year).

To the extent any of the items set forth in subsections (i) through (vii) above are included in the audited financial statements referred to in subsection (viii) above, they do not have to be separately set forth. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

(b) The parties to this Disclosure Agreement agree to assist the District and the Dissemination Agent in preparing and providing the information necessary to prepare the Annual Report and the quarterly reports. The Developer or its successors or assigns agrees to provide the information necessary to prepare the Annual Report and quarterly reports so long as each is an Obligated Person. If a Developer transfers an interest in its respective component of the Development (as defined in the Limited Offering Memorandum) to an entity which will in turn own at least twenty percent (20%) or more of the Developer's respective component of the Development as determined at the time of delivery of the Bonds, such Developer agrees to assign and retain, if applicable, its obligations set forth herein to its successor in interest.

(c) The financial statements provided by the District shall be audited.

(d) The Developer, so long as it is an owner, optionee or developer, or collectively, they are an owner, optionee or developer, of at least twenty percent (20%) of the property subject to the Assessments, shall also prepare reports no later than thirty (30) days after the end of each calendar quarter commencing December 31, 2005 and provide these reports to the Dissemination Agent and to any Bondholders that request them, provided, however, that so long as the Developer is a reporting company, such thirty (30) days shall be extended to the date of filing of the Developer's 10K or 10Q, if later, as the case may be. At such time as the Developer is no longer an Obligated Person, the Developer will no longer be obligated to prepare the quarterly reports as it relates to such component of the Development.

These quarterly reports may address the following, as applicable:

(i) The percentage of infrastructure improvements that have been completed with the proceeds of the Bonds.

(ii) The number of homes planned on property which is being assessed to repay the Bonds.

- (iii) The number and type of property (lots, parcels, raw land, etc.) sold to builders and/or retail buyers.
- (iv) The number of homes constructed.
- (v) The number of homes occupied.
- (vi) The number of units, type of units and square footage of commercial property or other non-residential uses planned on property which is being assessed to repay the Bonds.
- (vii) The number and type of property (parcels, raw land, etc.) sold for non-residential development, if any.
- (viii) The square footage of non-residential property constructed, if any.
- (ix) The estimated date of complete build-out of residential units.
- (x) Whether the Developer has made any bulk sale of the land, subject to the Assessments, within the District other than in the ordinary course of business.
- (xi) The anchor (more than ten percent (10%) of the square footage) tenants of non-residential property, if any.
- (xii) The status of development approvals for the Development.
- (xiii) Materially adverse changes or determinations to permits/approvals for the Development which necessitate changes to the Developer's land-use plans.
- (xiv) Updated plan of finance (i.e., status of any credit enhancement, issuance of additional bonds to complete project, draw on credit line of Developer, additional mortgage debt, etc.

5. Reporting of Significant Events.

- (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:
 - 1. Delinquency in payment when due of any principal or interest on the Bonds.
 - 2. Amendment to the Indenture or this Disclosure Agreement modifying the rights of the owners of the Bonds.
 - 3. Giving a notice of optional or unscheduled redemption of any Bonds.

4. Defeasance of the Bonds or any portion thereof.
5. Any change in any rating of the Bonds.*
6. (A) Receipt of an opinion of nationally recognized bond counsel to the effect that interest on the Bonds is not tax-exempt; or
(B) Any event adversely affecting the tax-exempt status of the Bonds, including, but not limited to:
 - (i) Any audit, investigation or other challenge of the tax-exempt status of the Bonds by the Internal Revenue Service or in any administrative or judicial proceeding; or
 - (ii) The issuance of any regulation, decision or other official pronouncement by the Internal Revenue Service or other official tax authority or by any court adversely affecting the tax-exempt status of the Bonds or bonds of the same type as the Bonds or financing structures of the same type as financed by the Bonds.
7. Any unscheduled draw on the 2005 Reserve Account reflecting financial difficulties.
8. Any unscheduled draw on credit enhancements reflecting financial difficulties.**
9. The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security). The sale of real property in the District in the ordinary course of the Developer's business shall not be a material event for purposes of the foregoing.
10. The substitution of credit or liquidity providers or their failure to perform.**
11. Occurrence of any Event of Default under the Indenture (other than as described in clause (1) above).
 - (b) The District shall, within five (5) business days of obtaining actual knowledge of the occurrence of any of the Listed Events, except events listed in clauses (a)(1), (3) or (4), notify the Dissemination Agent in writing of such event and whether or not to report the event pursuant to subsection (e).

* Note: The Bonds are not rated

** Note: There are currently no credit or liquidity providers for the Bonds

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall file a notice of the occurrence of a Listed Event, with (i) the Repositories, or (ii) the State Repository, if any, if material.

(d) If the District sends notice pursuant to subsection (c) or otherwise, the District shall promptly notify the Dissemination Agent. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event, described in subsections (a)(1), (3) and (4) shall be given by the Dissemination Agent unless the District gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(3) and (4) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

6. Termination of Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent. The initial Dissemination Agent shall be Prager. The acceptance of such designation is evidenced in the Dissemination Agreement of even date herewith, executed by the District and Prager.

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District, the Developer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the District, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Notwithstanding the above provisions of this Section 8, no amendment to the provisions of Section 4(d) hereof may be made without the consent of the Developer as long as the Developer is an Obligated Person.

In the event of any amendment or waiver of a provision of this Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a

change in accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District, the Disclosure Representative, the Developer, or a Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any beneficial owner of a bond may take such actions as may be necessary and appropriate, including seeking mandate or specify performance by court order, to cause the District, the Disclosure Representative, the Developer, or a Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement by the Developer shall not be deemed a default by the District hereunder and no default hereunder shall be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the District, the Disclosure Representative, the Developer, or a Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Developer, the Dissemination Agent, the Participating Underwriters and Holders of the Bonds, and shall create no rights in any other person or entity.

13. 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.

14. Tax Roll. The District, through its District Manager, if applicable, agrees to provide the Dissemination Agent with a certified copy of the tax roll provided to the County Tax Collector within 30 days of its delivery to the County Tax Collector.

15. Governing Law. This Agreement shall be governed by the laws of the State of Florida and Federal law and venue shall be in Manatee County, Florida.

[SIGNATURES ON FOLLOW PAGE]

SIGNATURE PAGE FOR
CONTINUING DISCLOSURE AGREEMENT
Heritage Harbour Marketplace Community Development District

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date and year set forth above.

[SEAL]

**HERITAGE HARBOUR MARKETPLACE
COMMUNITY DEVELOPMENT DISTRICT**

Chairman, Board of Supervisors

Consented to and Agreed to by:

DISTRICT MANAGER:

**SEVERN TRENT ENVIRONMENTAL
SERVICES**, and its Successors and assigns

Name: _____
Title: _____

HARBOURVEST, LLC, a Florida limited liability company

By: USHHH, Inc., a Florida corporation, as
Operating Member

Name: _____
Title: _____

PRAGER, SEALY & CO., LLC

Name: Brett Sealy
Title: Managing Director

SIGNATURE PAGE FOR
CONTINUING DISCLOSURE AGREEMENT
Heritage Harbour Marketplace Community Development District

Joined by Wachovia Bank, National Association, as Trustee for purposes of Section 10 only.

TRUSTEE:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

EXHIBIT A

**NOTICE TO REPOSITORIES
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: Heritage Harbour Marketplace Community
Development District

Name of Bond Issue: \$16,755,000 Capital Improvement Revenue Bonds,
Series 2005

Date of Issuance: October 11, 2005

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated as of October 11, 2005, among the District, the District Manager, the Developer, the Dissemination Agent and the Trustee named therein. The District has advised the undersigned that it anticipates that the Annual Report will be filed by _____, 20____.

Dated: _____, _____, Dissemination Agent

cc: District

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