

## BOARD OF SUPERVISOR'S

# HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

## AGENDA

**March 2, 2017**



### Board of Supervisor's

**Terrence Kirschner, Chairman**

**Nancy Lyons, Supervisor**

**John Wisz, Supervisor**

**Pauline Taxler, Supervisor**

**Michael Fisher, Supervisor**

James P. Ward  
District Manager  
2041 Northeast 6th Terrace  
Wilton Manors, Fl. 33305

Phone: 954-658-4900  
E-mail: ward9490@comcast.net



**[www.heritageharbournorthcdd.org](http://www.heritageharbournorthcdd.org)**

# HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

February 19, 2017

Board of Supervisors  
Heritage Harbour North  
Community Development District

Dear Board Members:

The Regular Meeting of the Board of Supervisors of the Heritage Harbour North Community Development District will be held on **Thursday, March 2, 2016 at 2:00 P.M.** at the **River Strand County Club (Clubhouse), 7155 Grand Estuary Trail, Bradenton, Fl. 34212.**

1. Call to Order & Roll Call
2. Consideration of Minutes
  - a) February 2, 2017
3. Consideration of acceptance of the Audited Financial Statement for the Fiscal year ended September 30, 2016.
4. CONSIDERATION OF RESOLUTION 2017-3 OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT ACCEPTING THE CERTIFICATION OF THE DISTRICT ENGINEER THAT THE SERIES 2007 PROJECT IS COMPLETE; DECLARING THE SERIES 2007 PROJECT COMPLETE; FINALIZING THE SPECIAL ASSESSMENTS SECURING THE DISTRICT'S SERIES 2007 SPECIAL ASSESSMENT BONDS; PROVIDING FOR A SUPPLEMENT TO THE IMPROVEMENT LIEN BOOK; DECLARING THAT CERTAIN TRUE-UP OBLIGATIONS REMAIN THE SAME; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.
5. CONSIDERATION OF RESOLUTION 2017-4 OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING THE ISSUANCE OF ITS NOT EXCEEDING \$20,895,000 CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2017, THE PROCEEDS OF WHICH WILL BE USED, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS OF THE DISTRICT, TO REFUND AND REDEEM THE DISTRICT'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2007, FUND THE SERIES 2017 RESERVE ACCOUNT REQUIREMENT FOR THE SERIES 2017 BONDS, TO THE EXTENT SUCH SERIES 2017 RESERVE ACCOUNT REQUIREMENT IS NOT SATISFIED BY A RESERVE ACCOUNT INSURANCE POLICY, AND PAY COSTS OF ISSUANCE OF THE SERIES 2017 BONDS, INCLUDING PAYMENT OF THE PREMIUMS FOR A MUNICIPAL BOND INSURANCE POLICY



*James P. Ward*  
*District Manager*

2041 NORTHEAST 6<sup>TH</sup> TERRACE  
WILTON MANORS, FL 33305

PHONE (954) 658-4900

E-MAIL ward9490@comcast.net

AND/OR RESERVE ACCOUNT INSURANCE POLICY, IF DEEMED NECESSARY AND APPROPRIATE AS PROVIDED FOR HEREIN; PROVIDING FOR THE REFUNDING AND REDEMPTION OF THE OUTSTANDING SERIES 2007 BONDS; PROVIDING FOR THE APPLICATION, AT THE TIME OF ISSUANCE OF THE SERIES 2017 BONDS, OF CERTAIN MONIES HELD IN THE FUNDS AND ACCOUNTS FOR THE SERIES 2007 BONDS; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION, OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW AGENT THEREUNDER; APPROVING THE FORM OF A SECOND SUPPLEMENTAL TRUST INDENTURE IN CONNECTION WITH THE SERIES 2017 BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; APPOINTING A TRUSTEE, PAYING AGENT AND BOND REGISTRAR FOR THE SERIES 2017 BONDS; AUTHORIZING THE APPLICATION OF THE PROCEEDS OF THE SERIES 2017 BONDS; PROVIDING FOR REDEMPTION OF THE SERIES 2017 BONDS; PROVIDING FOR THE NEGOTIATED SALE OF THE SERIES 2017 BONDS; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION, OF A BOND PURCHASE CONTRACT FOR THE SERIES 2017 BONDS; DELEGATING TO THE CHAIRMAN OR VICE-CHAIRMAN THE AUTHORITY TO AWARD THE SERIES 2017 BONDS WITHIN THE PARAMETERS SPECIFIED HEREIN AND TO DETERMINE WHETHER TO OBTAIN A MUNICIPAL BOND INSURANCE POLICY AND/OR RESERVE ACCOUNT INSURANCE POLICY FOR THE SERIES 2017 BONDS; APPROVING THE FORM, AND AUTHORIZING THE USE, OF A PRELIMINARY OFFICIAL STATEMENT FOR THE SERIES 2017 BONDS; APPROVING THE DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR THE SERIES 2017 BONDS AND THE EXECUTION THEREOF; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION, OF A CONTINUING DISCLOSURE AGREEMENT WITH RESPECT TO THE SERIES 2017 BONDS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

6. Staff Reports

- a) Attorney
- b) Engineer
- c) Manager
  - I. Financial Statements for the period ending January 31, 2017
  - II. Financial Statements for the fiscal year ended September 30, 2017 (Audited Detail Statements)

7. Supervisor's Requests and Audience Comments

8. Adjournment



*James P. Ward*  
*District Manager*

2041 NORTHEAST 6<sup>TH</sup> TERRACE  
WILTON MANORS, FLORIDA 33305

PHONE (954) 658-4900

E-MAIL ward9490@comcast.net

The second order of business is approval of the minutes of the February 2, 2017 meeting minutes – which are enclosed in your agenda.

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The third order of business is consideration of the audited financial statements for the fiscal year ended September 30, 2016. A representative of the audit firm of Carr Riggs & Ingram will be available by phone to present the audit to the board. At the conclusion of the presentation, a motion to accept the audit for inclusion in the record would be in order. The audit is filed as a matter of law with the appropriate State agencies.

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The fourth order of business deals with consideration of resolution 2017-4 which deems the 2007 project complete and that there are no further deferred costs for the 2007 project. This item is required by law, and was primarily intended statutorily as a mechanism that once a project is completed, that if there are remaining funds in the construction account (the account where projects funds are placed for construction/acquisition of the assets of the District) that those remaining funds will be used to redeem bond, which affect would be to reduce the par debt outstanding on properties included in the 2007 assessment area. In this instance, there were no remaining funds, however, there is a deferred cost concept in the indenture, that permits the developer to capture the reserve funds, as they become available over time, from assets that are contemplated in the engineer's report to be acquired by the District. The engineer has determined by the Certificate which is an exhibit attached to the resolution that there are NO further obligations to construct/acquire further assets from the developer, as such, the project by this resolution and certificate of the engineer now deems the project completed.

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The fifth order of business deals with the refinance of the Series 2007 bonds. Enclosed in your agenda material are a number of documents that will be reviewed with the Board during the meeting. All of the documents are exhibits to Resolution 2017-4 which is commonly referred to as a delegation award resolution. Essentially the resolution sets forth the minimum terms upon which the CDD staff will proceed to towards a refinance of the Bonds, and as long as those minimum terms are met, the District will proceed with the re-finance of the Bonds. The business terms will be reviewed with the board during the meeting, but in essence, the most important term will be the minimum savings to be achieved from the refinance. To have the most up to date savings for the meeting, the underwriter (Mr. Brett Sealy) will prepare savings analysis from the day before, and review that with the Board. The market changes constantly, so that actual savings can only be determined at the time of pricing of the bonds.



*James P. Ward*  
*District Manager*

2041 NORTHEAST 6<sup>TH</sup> TERRACE  
WILTON MANORS, FLORIDA 33305  
PHONE (954) 658-4900  
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Also attached to the resolution are the following documents:

Exhibit A – Supplemental Indenture – this document spells out the specific terms of the refinance, such as flow of funds from the issuance into the trust accounts, investment securities for the trust estate, additional bonds test (this indenture does NOT permit additional bonds)

Exhibit B – Bond Purchase Agreement – the Agreement between the District and the Underwriter for the purchase of the Bonds.

Exhibit C – Preliminary Offering Statement – the document that is used by the underwriter to market the bonds in the municipal market.

Exhibit D – Escrow Deposit Agreement – the Agreement that moves the funds from the current trust estate during the interim period until closing of the bonds.

Exhibit E – Continuing Disclosure Agreement – Pursuant to SEC rules the CDD is required to report certain information quarterly/annually to essentially a national repository, That is information from that repository that bondholders may want to see periodically or other investors that are specifically related to the refinanced bonds.

Finally, for the Board to more fully understand the costs incurred in the refinance of the Bonds, there is also attached a detailed breakdown of the fixed costs incurred in the refinance. All professionals work on a issuance basis, which means that the District will not incur the costs unless the financing closes. The underwriter's fees are not on this exhibit – they will be 1 ½% of the par amount issued.

The District's Bond Counsel, Ms. Denise Ganz will be in attendance at the meeting to fully review all of the documents with the Board.

The intent is to be in a position to have the Board adopt Resolution 2017-4 and work towards a closing on or before May 1, 2017 for the refinanced bonds.

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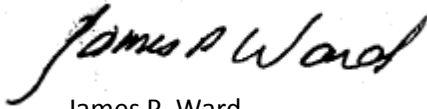


*James P. Ward*  
*District Manager*

2041 NORTHEAST 6<sup>TH</sup> TERRACE  
WILTON MANORS, FLORIDA 33305  
PHONE (954) 658-4900  
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The balance of the Agenda is standard in nature and I look forward to seeing you at the meeting, and if you have any questions and/or comments, please do not hesitate to contact me directly at (954) 658-4900.

Yours sincerely,  
Heritage Harbour North  
Community Development District



James P. Ward  
District Manager

Enclosures

**The Fiscal Year 2017 schedule is as follows**

October 6, 2016	November 3, 2016
December 1, 2016	January 5, 2017
February 2, 2017	March 2, 2017
April 6, 2017	May 4, 2017
June 1, 2017	July 6, 2017
August 3, 2017	September 7, 2017



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*District Manager*

2041 NORTHEAST 6<sup>TH</sup> TERRACE  
WILTON MANORS, FLORIDA 33305  
PHONE (954) 658-4900  
E-MAIL ward9490@comcast.net

**MINUTES OF MEETING OF HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT DISTRICT**

The Regular Meeting of the Heritage Harbour North Community Development District's Board of Supervisors was held on Thursday, February 2, 2017, at 2:00 p.m., at the River Strand Golf and Country Club (Clubhouse), 7155 Grand Estuary Trail, Bradenton, Florida 34212.

**Present and constituting a quorum were:**

Terrence Kirschner	Chairperson
Nancy Lyons	Vice Chairperson
John Wisz	Assistant Secretary
Pauline Tasler	Assistant Secretary
Michael Fisher	Assistant Secretary

**Absent:**

None

**Also present were:**

James P. Ward	District Manager
Charles Thompson	District Counsel

**Audience present were:**

None

**1. Call to Order & Roll Call**

Mr. Ward called the meeting to order at 2:22 p.m., and roll call determined that all members of the Board were present.

**2. Review of the Guide to the Sunshine Amendment and Code of Ethics for Public Officers and Employees**

Mr. Ward said he would defer this item until next meeting because the attorney had an alternate on the phone. He said he would go over this information separately with them at the next meeting.

### **3. Consideration of Resolution 2017-1 Re-designating the Officers of the District**

Mr. Ward stated the current officer slate included Mr. Kirschner as Chairperson, no Vice Chairperson, with Ms. Lyons, Mr. Fisher and Mr. Wisz acting as Assistant Secretaries of the Board. He asked that they decide among themselves the designation of officers. Mr. Ward said he was the Secretary/Treasurer, which was an administrative post. After short discussion by the Board, Mr. Ward announced that Terry Kirschner would remain as Chairperson, Nancy Lyons as Vice Chairperson, and John Wisz, Mike Fisher and Pauline Tasler would be Assistant Secretaries, and James Ward would remain as Secretary/Treasurer.

**Motion was made by Mr. Kirschner and seconded by Mr. Wisz, to approve the designation of officers for the Board as described above, and with all in favor, the motion was approved.**

### **4. Consideration of the Minutes of the November 3, 2016 Regular Meeting**

Mr. Ward asked if there were any additions, corrections, or deletions to the minutes. There being none, he asked for a motion.

**Motion was made by Mr. Kirschner and seconded by Mr. Fisher, to approve the November 3, 2016 minutes, and with all in favor, the motion was approved.**

### **5. Discussion of Re-financing Options for the Series 2007 Bonds**

Mr. Ward said they retained the firm of MBS Capital Markets some months ago to begin the review of their refinancing options, and Mr. Brett Sealy from MBS Capital Markets was present at the meeting to represent the firm. Mr. Ward said that Mr. Sealy actually did the original underwriting for the 2007 and 2014 bonds, and he had asked him to review the refinancing options with the Board.

Mr. Sealy stated that his firm specializes in Community Development District finance, and in the last five years they have underwritten \$1.8 billion in tax exempt bonds for Florida CDD's and were highly qualified.

Mr. Sealy said at the time the bonds were originally issued, there was a limited amount of development activity within the district. He added because of that, the bonds were originally issued on a non-rated basis because they were unable to go to one of the rating agencies and obtain an investment grade rating on bonds secured by undeveloped property. He said the interest rate of 6 3/8 in 2007 was reflective of the undeveloped status of the property and because of the credit return in the district, there



was an option now to obtain investment grade rating, which would allow them to significantly reduce the interest rate on the bonds.

Mr. Sealy directed the Board to the materials provided and explained the information contained there. He said there were three considerations for the Board: economic, credit and timing. He said from the timing perspective, the district would be out of its call protection beginning May 1, 2017. He said as the district was nearly fully developed, from a credit standpoint the district was there. He said from an economic standpoint, the interest was such that the current interest rate would be less. He explained the recent history of interest rates and did a current analysis of their situation, and concluded that there would be a significant reduction in interest rate. He said this could mean an annual reduction to the property owners also. He stated the reduction was coming from the interest rate differential, not the maturity.

Mr. Ward asked for questions from the Board. Mr. Kirschner asked if there was any disadvantage in doing this. Mr. Sealy stated that there really was not, nothing that would have a negative effect on any of the residents or for the district as a whole. Mr. Kirschner asked about timing, and Mr. Sealy said they were coming up to May 1, and the environment was for a rising interest rate, he would suggest they act soon.

Mr. Sealy said the next step in the process was the preparation of a credit package and its submittal by MBS. He said the rating agencies charge \$20,000 to submit the package, and MBS would only get reimbursed that cost if they brought back a rating, the district elected to proceed, and the transaction closed successfully. He said their fee was 1.5 percent of the principal amount of the bonds issued.

Mr. Ward stated that Mr. Sealy's firm does an amazing job of putting together a credit package and the fee structure was excellent.

Mr. Kirschner asked if there was a point where the Board could say they did not want to move forward. Mr. Sealy responded that there were various steps in the process where this could happen.

Mr. Sealy was asked if all of the figures were net and the response was affirmative.

Mr. Ward stated if the Board wished to proceed, there were two things they needed to do. He said first they would need to retain a bond counsel, which was a firm that would give them a legal opinion that these were tax exempt bonds, etc. Mr. Ward recommended that they use the firm of Greenspoon Marder, with whom he was familiar. He said secondly they would authorize MBS to proceed with the credit package to give them a head start.

**Motion was made by Mr. Wisz and seconded by Ms. Lyons to retain the firm of Greenspoon Marder, PA as bond counsel, and with all in favor, the motion was approved.**

**Motion was made by Ms. Lyons and seconded by Mr. Fisher, to authorize MBS Capital Markets to proceed with the credit package, and with all in favor, the motion was approved.**

**6. Consideration of Resolution 2017-2 amending the FY 2017 Adopted Budget**

Mr. Ward stated the he was putting forth this resolution to change the on-roll, off-roll assessment amount in the General Fund and Debt Service Fund because the rolls they received from the County originally had the wrong ownership information in them. He said the budget itself has not changed at all.

**Motion was made by Ms. Lyons and seconded by Ms. Tasler, to approve Resolution 2017-2 as described above, and with all in favor, the motion was approved.**

**7. Consideration of Proposals for the Continuation of Dissemination Agent Services for the Heritage Harbour North CDD**

Mr. Ward gave some background on this item saying that the CDD reported certain information to national repositories on a quarterly basis, and they have been doing so since 2007. He said they now must select a disclosure services firm, and he provided two proposals to them for review. He said both provide the services for the same price, and it was up to the Board to choose.

**Motion was made by Mr. Kirschner and seconded by Mr. Wisz, to approve the services of Disclosure Services, LLC, and with all in favor, the motion was approved.**

**8. Staff Reports**

- a. **Attorney** – Mr. Thompson had nothing to report.
- b. **Engineer** – Mr. Ward said there was no report, that he received from the engineer.
- c. **Manager** - Mr. Ward asked if there were any questions on the December 31, 2016, financials. He said essentially there was no change, and the audit would be out in a few weeks. There were no questions.

**9. Supervisor's Requests and Audience Comments**

Mr. Ward asked for comments from the Board or the audience, and there were none.

**10. Adjournment**

**Motion was made by Mr. Kirschner and seconded by Ms. Lyons to adjourn the meeting, and with all in favor, the motion was approved.**

The meeting was adjourned at 2:46 p.m.

\_\_\_\_\_  
James P. Ward Secretary

\_\_\_\_\_  
Terrence Kirschner, Chairman



**Carr, Riggs & Ingram, LLC**  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
Miramar Beach, Florida 32550

(850) 837-3141  
(850) 654-4619 (fax)  
CRlcpa.com

February 16, 2017

The Board of Supervisors  
Heritage Harbour North Community Development District

We are pleased to present the results of our audit of the fiscal year 2016 financial statements of the Heritage Harbour North Community Development District (“the District”).

This report to the Board of Supervisors and Management summarizes our audit, the report issued and various analyses and observations related to the District’s accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the District’s September 30, 2016 financial statements. We considered the District’s current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the District’s personnel.

At Carr, Riggs & Ingram, LLC (CRI), we are continually evaluating the quality of our professionals’ work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

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

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 850-837-3141 or [scriggs@cricpa.com](mailto:scriggs@cricpa.com).

Very truly yours,

Stephen Riggs, CPA  
Partner

## Required Communications

As discussed with the Board of Supervisors and Management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the District. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Supervisors, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, in order to express an opinion on the District's financial statements for the year ended September 30, 2016;
- Communicate directly with the Board of Supervisors and Management regarding the results of our procedures; and
- Address with the Board of Supervisors, and management any accounting and financial reporting issues.

We have audited the financial statements of Heritage Harbour North Community Development District for the year ended September 30, 2016, and have issued our report thereon dated February 16, 2017. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITOR'S RESPONSE
<b>Auditor's responsibility under Generally Accepted Auditing Standards and <i>Government Auditing Standards</i></b>	See our engagement letter dated September 26, 2016.
<b>Client's responsibility</b>	See our engagement letter dated September 26, 2016.
<b>Planned scope and timing of the audit</b>	See our engagement letter dated September 26, 2016.
<b>Accounting policies, sensitive estimates, and significant disclosures</b>	Please see the following section titled "Accounting Policies, Sensitive Estimates and Significant Disclosures."
<b>Significant difficulties encountered in the audit</b>	None.
<b>Disagreements with management</b>	None.
<b>Other findings or issues</b>	None.
<b>Corrected and uncorrected misstatements</b>	None.
<b>Consultations with other accountants</b>	None of which we are aware.
<b>Written representations</b>	We have requested certain representations from management that are included in the management representation letter dated February 16, 2017.

## Accounting Policies, Sensitive Estimates and Significant Disclosures

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. In addition, certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The following table identifies sensitive estimates and significant disclosures.

AREA	SENSITIVE ESTIMATE OR SIGNIFICANT DISCLOSURE
Depreciation expense on capital assets	Sensitive estimate
Notes 8 and 9 to the financial statements regarding the District's dependence on the Developer, Lennar Homes, LLC, and the nature of the transactions with the Developer.	Significant disclosures

**Heritage Harbour North  
Community  
Development District**

**FINANCIAL STATEMENTS**

**September 30, 2016**



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CPAs and Advisors

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**Heritage Harbour North Community Development District**  
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**Carr, Riggs & Ingram, LLC**  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
Miramar Beach, Florida 32550

(850) 837-3141  
(850) 654-4619 (fax)  
[CRIcpa.com](http://CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
Heritage Harbour North Community Development District  
Manatee County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Heritage Harbour North Community Development District (hereinafter referred to as "District"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
February 16, 2017



## **Management's Discussion and Analysis**

## Heritage Harbour North Community Development District Management's Discussion and Analysis

Our discussion and analysis of the Heritage Harbour North Community Development District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the District's financial statements, which begin on page 8.

### FINANCIAL HIGHLIGHTS

- At September 30, 2016, the liabilities of the District exceed its assets by approximately \$13.2 million (deficit net position). The deficit is due to the use of capitalized interest, and the depreciation and conveyance of capital assets.
- During the fiscal year ended September 30, 2016, the District acquired infrastructure totaling approximately \$1.3 million and conveyed utility assets to Manatee County totaling approximately \$1.3 million.
- During the year ended September 30, 2016, the District incurred approximately \$1.8 million of interest expenditures and repaid principal of \$535,000 on the outstanding bonds.

### USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 8 – 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

#### ***Reporting the District as a Whole***

Our analysis of the District as a whole begins on page 4. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and related changes during the current year. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors; however, such as changes in the

## Heritage Harbour North Community Development District Management's Discussion and Analysis

District's assessment base and the condition of the District's infrastructure, to assess the overall health of the District.

### **Reporting the District's Most Significant Funds**

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. All of the District's funds are governmental fund-types.

- *Governmental funds* – All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

### THE DISTRICT AS A WHOLE

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>September 30,</i>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$ 3,894,268	\$ 5,262,932	\$ (1,368,664)
Capital assets, net	12,324,253	13,049,551	(725,298)
<b>Total assets</b>	<b>\$ 16,218,521</b>	<b>\$ 18,312,483</b>	<b>\$ (2,093,962)</b>
<b>Liabilities</b>			
Current liabilities	\$ 1,296,101	\$ 1,269,693	\$ 26,408
Other liabilities	28,096,831	28,668,633	(571,802)
<b>Total liabilities</b>	<b>29,392,932</b>	<b>29,938,326</b>	<b>(545,394)</b>
<b>Net position</b>			
Net investment in capital assets	(5,081,997)	(4,689,576)	(392,421)
Restricted for:			
Debt service	273,038	104,986	168,052
Capital projects	266,937	258,635	8,302
Unrestricted	(8,632,389)	(7,299,888)	(1,332,501)
<b>Total net position (deficit)</b>	<b>(13,174,411)</b>	<b>(11,625,843)</b>	<b>(1,548,568)</b>
<b>Total liabilities and net position</b>	<b>\$ 16,218,521</b>	<b>\$ 18,312,483</b>	<b>\$ (2,093,962)</b>

## Heritage Harbour North Community Development District Management's Discussion and Analysis

For more detailed information, see the accompanying Statement of Net Position.

During the fiscal year ended September 30, 2016, total assets and liabilities decreased by approximately \$2.1 million and \$545,000, respectively. The decrease in assets is primarily due to the acquisition and conveyance of certain utility assets to Manatee County during fiscal year 2016. The decrease in liabilities is primarily due to principal payments on outstanding bonds.

The following schedule compares the Statement of Activities for the current and previous fiscal year.

<i>Year ended September 30,</i>	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,334,520	\$ 1,938,853	\$ 395,667
Grants and contributions	23,681	1,666	22,015
General revenues:			
Interest	144	64	80
<b>Total revenues</b>	<b>2,358,345</b>	<b>1,940,583</b>	<b>417,762</b>
<b>Expenses:</b>			
General government	96,396	89,078	7,318
Unallocated depreciation	725,298	971,337	(246,039)
Interest	1,752,427	1,733,644	18,783
Cost of issuance	-	355,367	(355,367)
Conveyance	1,332,792	5,790,443	(4,457,651)
<b>Total expenses</b>	<b>3,906,913</b>	<b>8,939,869</b>	<b>(5,032,956)</b>
Change in net assets	(1,548,568)	(6,999,286)	5,450,718
Net position (deficit), beginning	(11,625,843)	(4,626,557)	(6,999,286)
<b>Net position (deficit), ending</b>	<b>\$ (13,174,411)</b>	<b>\$ (11,625,843)</b>	<b>\$ (1,548,568)</b>

For more detailed information, see the accompanying Statement of Activities.

Revenues increased by approximately \$418,000 over the prior year, while expenses decreased by approximately \$5 million from the prior year. The increase in revenues was primarily due to the collection of debt service assessments related to the Series 2014 Bonds issued in fiscal year 2015. The decrease in expenses was primarily due to the conveyance of certain utility assets to Manatee County during fiscal year 2015, which exceeded the similar conveyances in fiscal year 2016. The overall decrease in net position for fiscal year ended September 30, 2016 totaled approximately \$1.5 million.

# Heritage Harbour North Community Development District Management's Discussion and Analysis

## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of approximately \$3.9 million, which is a decrease over last year's balance that totaled approximately \$5.3 million. Significant transactions are discussed below.

- During the fiscal year ended September 30, 2016, the District established infrastructure totaling approximately \$1.3 million.
- During the year ended September 30, 2016, the District incurred approximately \$1.8 million of interest expenditures and repaid principal of \$535,000 on outstanding bonds.

The overall decrease in fund balance for the year ended September 30, 2016 totaled approximately \$1.4 million

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At September 30, 2016, the District had approximately \$12.3 million invested in capital assets (net of accumulated depreciation). This amount represents a net decrease of approximately \$725,000 from the fiscal year 2015 total.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	<b>2016</b>	<b>2015</b>	<b>Change</b>
Infrastructure being depreciated	\$ 17,628,565	\$ 17,628,565	\$ -
Accumulated depreciation	(5,304,312)	(4,579,014)	(725,298)
<b>Net capital assets</b>	<b>\$ 12,324,253</b>	<b>\$ 13,049,551</b>	<b>\$ (725,298)</b>

More information about the District's capital assets is presented in Note 4 to the financial statements.

### *Debt*

At September 30, 2016, the District had approximately \$28.7 million of bonds outstanding. This amount represents a decrease of \$535,000 from the fiscal year 2015 total.

## Heritage Harbour North Community Development District Management's Discussion and Analysis

A listing of debt amounts outstanding for the current and prior year is as follows:

<i>September 30,</i>	<b>2016</b>	<b>2015</b>	<b>Change</b>
Series 2007 bonds	\$ 20,915,000	\$ 21,335,000	\$ (420,000)
Series 2014 bonds	7,830,000	7,945,000	(115,000)
<b>Total</b>	<b>\$ 28,745,000</b>	<b>\$ 29,280,000</b>	<b>\$ (535,000)</b>

More information about the District's long-term debt is presented in Note 5 to the financial statements.

### GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

An Operating budget was established by the governing board for the District pursuant to the requirements of Florida Statutes. The budget to actual comparison for the general fund, including the original budget and final adopted budget, is shown at page 25.

The District experienced an unfavorable variance in revenues and a favorable variance in expenditures as compared to the budget in the amount of \$2,096 and \$2,240, respectively. The variance in revenues is primarily related to delinquent amounts not received from the tax collector. The variance in expenditures is primarily due to anticipated budgeted operating expenditures that were not incurred during the year.

### FUTURE FINANCIAL FACTORS

Heritage Harbour North Community Development District is an independent special district that operates under the provisions of Chapter 190, Florida Statutes. The District operates under an elected Board of Supervisors, which establishes policy and sets assessment rates. Assessment rates for fiscal year 2017 were established to provide for the operations of the District as well as the necessary debt service requirements.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Heritage Harbour North Community Development District's District Manager at 2041 Northeast 6<sup>th</sup> Terrace, Wilton Manors, Florida 33305, (954)658-4900, [JimWard@JPWardAssociates.com](mailto:JimWard@JPWardAssociates.com).





## **Basic Financial Statements**

## Heritage Harbour North Community Development District Statement of Net Position

*September 30, 2016*

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,537,440
Investments	2,356,087
Assessments receivable	741
Capital assets:	
Depreciable, net	12,324,253
Total assets	16,218,521
<b>Liabilities</b>	
Accounts payable	160
Accrued interest payable	720,941
Non-current liabilities:	
Due within one year	575,000
Due in more than one year	28,096,831
Total liabilities	29,392,932
<b>Net position</b>	
Net investment in capital assets	(5,081,997)
Restricted for:	
Debt service	273,038
Capital projects	266,937
Unrestricted	(8,632,389)
Total net position (deficit)	\$ (13,174,411)

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

## Heritage Harbour North Community Development District Statement of Activities

*Year ended September 30, 2016*

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Primary government:					
Governmental activities:					
General government	\$ (96,396)	\$ 96,396	\$ -	\$ -	\$ -
Unallocated depreciation	(725,298)	-	-	-	(725,298)
Interest	(1,752,427)	2,238,124	22,868	813	509,378
Conveyance	(1,332,792)	-	-	-	(1,332,792)
<b>Total governmental activities</b>	<b>\$ (3,906,913)</b>	<b>\$ 2,334,520</b>	<b>\$ 22,868</b>	<b>\$ 813</b>	<b>(1,548,712)</b>

### General revenues

Interest	144
Change in net position	(1,548,568)
Net position (deficit) - beginning of year	(11,625,843)
Net position (deficit) - end of year	<b>\$ (13,174,411)</b>

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

## Heritage Harbour North Community Development District Balance Sheet – Governmental Funds

September 30, 2016

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 15,984	\$ 502,657	\$ 1,018,799	\$ 1,537,440
Investments	-	2,348,681	7,406	2,356,087
Assessments receivable	741	-	-	741
<b>Total assets</b>	<b>\$ 16,725</b>	<b>\$ 2,851,338</b>	<b>\$ 1,026,205</b>	<b>\$ 3,894,268</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 160	\$ -	\$ -	\$ 160
<b>Total liabilities</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>160</b>
<b>Fund balances</b>				
Restricted for:				
Debt service	-	2,851,338	-	2,851,338
Capital projects	-	-	1,026,205	1,026,205
Unassigned	16,565	-	-	16,565
<b>Total fund balances</b>	<b>16,565</b>	<b>2,851,338</b>	<b>1,026,205</b>	<b>3,894,108</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,725</b>	<b>\$ 2,851,338</b>	<b>\$ 1,026,205</b>	<b>\$ 3,894,268</b>

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

**Heritage Harbour North Community Development District  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of  
Net Position**

*September 30, 2016*

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Total fund balances, governmental funds	\$ 3,894,108
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements.	12,324,253
Liabilities not due and payable from current resources, including accrued interest, are not reported in the fund level statements.	(29,392,772)
<hr/>	
Total net position (deficit) - governmental activities	\$ (13,174,411)

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

**Heritage Harbour North Community Development District  
Statement of Revenues, Expenditures and Changes in Fund Balances –  
Governmental Funds**

*Year ended September 30, 2016*

	General	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>				
Assessments	\$ 96,396	\$ 2,238,124	\$ -	\$ 2,334,520
Prepayment revenue	-	14,663	-	14,663
Interest	144	8,205	813	9,162
<b>Total revenues</b>	<b>96,540</b>	<b>2,260,992</b>	<b>813</b>	<b>2,358,345</b>
<b>Expenditures</b>				
Current:				
General government	96,396	-	-	96,396
Debt service:				
Principal	-	535,000	-	535,000
Interest	-	1,762,781	-	1,762,781
Capital outlay	-	-	1,332,792	1,332,792
<b>Total expenditures</b>	<b>96,396</b>	<b>2,297,781</b>	<b>1,332,792</b>	<b>3,726,969</b>
Excess (deficit) of revenues over expenditures	144	(36,789)	(1,331,979)	(1,368,624)
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	7,489	7,489
Transfer out	-	(7,489)	-	(7,489)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(7,489)</b>	<b>7,489</b>	<b>-</b>
Net change in fund balances	144	(44,278)	(1,324,490)	(1,368,624)
Fund balances, beginning of year	16,421	2,895,616	2,350,695	5,262,732
<b>Fund balances, end of year</b>	<b>\$ 16,565</b>	<b>\$ 2,851,338</b>	<b>\$ 1,026,205</b>	<b>\$ 3,894,108</b>

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

**Heritage Harbour North Community Development District  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities**

*September 30, 2016*

---

Net change in fund balances - governmental funds	\$ (1,368,624)
Capital outlay, reported as expenditures in the governmental funds, is shown as capital assets on the Statement of Net Assets.	1,332,792
Depreciation and conveyance of capital assets are not recognized in the fund financial statements but are reported as an expense in the Statement of Activities.	(2,058,090)
Amortization of original issue discount is not recognized in the governmental fund statement but is reported as an expense in the Statement of Activities.	(3,198)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Assets.	535,000
The change in accrued interest between the current and prior year is recorded on the Statement of Activities but not on the fund financial statements.	13,552
<u>Change in net position of governmental activities</u>	<u>\$ (1,548,568)</u>

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

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 1: NATURE OF ORGANIZATION

The Heritage Harbour North Community Development District (the “District”) was established on November 13, 2006 pursuant to the Uniform Community Development District Act of 1980, otherwise known as Chapter 190, Florida Statutes, by Manatee County Ordinance No. 06-71, as amended. The Act provides among other things, the power to manage basic services for community development, power to borrow money and issue bonds, and to levy and assess non-ad valorem assessments for the financing and delivery of capital infrastructure.

The District was established for the purposes of financing and managing the acquisition, construction, maintenance and operation of a portion of the infrastructure necessary for community development within the District.

The District is governed by a Board of Supervisors (“Board”), which is comprised of five members. The Supervisors are elected on an at large basis by the owners of the property within the District. During the reporting period, certain Supervisors were affiliated with the Developer of the community, Lennar Homes, LLC. The Board of Supervisors of the District exercises all powers granted to the District pursuant to Chapter 190, Florida Statutes.

The Board has the final responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth by Generally Accepted Accounting Principles (GAAP) as defined by the Governmental Accounting Standards Board (GASB) in statements No. 14 and No. 61. Based on the foregoing criteria, no potential component units were found.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to GAAP as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

#### ***Government-wide and Fund Financial Statements***

The basic financial statements include both government-wide and fund financial statements.



## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by assessments, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The business-type activities are reported separately in government-wide financial statements; however, at September 30, 2016, the District did not have any significant business-type activities. Therefore, no business-type activities are reported. Assessments and other items not properly included as program revenues (i.e., charges to customers or applicants who purchase, use, or directly benefit from goods or services) are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### ***Measurement Focus, Basis of Accounting and Basis of Presentation***

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assessments, including debt service assessments along with operation and maintenance assessments, are non-ad valorem special assessments imposed on all lands located within the District and benefited by the District's activities, operation and maintenance. Assessments are levied and certified for collection by the District prior to the start of the fiscal year which begins October 1<sup>st</sup> and ends on September 30<sup>th</sup>. Operation and maintenance special assessments are imposed upon all benefited lands located in the District. Debt service special assessments are imposed upon certain lots and lands as described in each resolution imposing the special assessment for each series of bonds issued by the District.

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt for the Series 2007 Bonds and Series 2014 Bonds.

Capital Projects Fund – The Capital Projects Fund accounts for the financial resources to be used in the acquisition or construction of major infrastructure within the District financed with the Series 2007 Bonds and Series 2014 Bonds.

For the year ended September 30, 2016, the District does not report any proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use in the governmental fund financial statements, it is the government's policy to use committed resources first, followed by assigned resources, the unassigned resources as needed.

#### ***Cash, Deposits and Investments***

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40, *Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3)*.

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others direct obligations of the U. S. Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and interest-bearing time deposits or savings accounts in authorized financial institutions.

#### ***Capital Assets***

Capital assets, which include primarily infrastructure assets (e.g., roads, sidewalks, water management systems and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives: earthwork: 30 years; landscaping and irrigation: 15 years; professional fees: 30 years; utilities: 25 years; and water management: 25 years.

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

#### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### ***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line or effective interest method. Bonds payable are reported net of these premiums or discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period expenses.

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item at September 30, 2016.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item at September 30, 2016.

#### ***Fund Equity***

Net position in the government-wide financial statements represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents assets related to infrastructure and property, plant and equipment, net of any related debt. Restricted net position represents the assets restricted by the District's bond covenants.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the District board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Special Assessments*

The District's Assessments are included on the property tax bill that all landowners receive. The Florida Statutes provide that special assessments may be collected by using the Uniform Method. Under the Uniform Method, the District's Assessments will be collected together with County and other taxes. These Assessments will appear on a single tax bill issued to each landowner subject to such. The statutes relating to enforcement of County taxes provide that County taxes become due and payable on November 1 of the year when assessed or as soon thereafter as the certified tax roll is received by the Tax Collector and constitute a lien upon the land from January 1 of such year until paid or barred by operation of law. Such taxes (together with any assessments, being collected by the Uniform Method) are to be billed, and landowners in the District are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the District's Assessments. Upon any receipt of moneys by the Tax Collector from the Assessments, such moneys will be delivered to the District.

All city, county, school and special district ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the District Assessments, that are collected by the Uniform Method are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full and such partial payment is not to be accepted and is to be returned to the taxpayer, provided, however that a taxpayer may contest a tax assessment pursuant to certain conditions in Florida Statutes and other applicable law.

Under the Uniform Method, if the Assessments are paid during November when due or at any time within thirty (30) days after the mailing of the original tax notice or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. March payments are without discount. Pursuant to Section 197.222, Florida Statutes, taxpayers may elect to pay estimated taxes, which may include non-ad valorem special assessments such as the District's Assessments in quarterly installments with a variable discount equal to 6% on June 30 decreasing to 3% on December 31, with no discount on March 31. All unpaid taxes and assessments become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes prior to April 1 and after that date to institute statutory procedures upon delinquency to collect assessed taxes. Delay in the mailing of tax notices to taxpayers may result in a delay throughout this process.

Certain taxpayers that are entitled to claim homestead tax exemption under Section 196.031(1), Florida Statutes may defer payment of a portion of the taxes and non-ad valorem assessments and interest accumulated on a tax certificate, which may include non-ad valorem special assessments. Deferred taxes and assessments bear interest at a variable rate not to exceed 7%. The amount that may be deferred varies based on whether the applicant is younger than age 65 or is 65 years old or older; provided that applicants with a household income for the previous calendar year of less than \$10,000 or applicants with less than the designated amount for the additional homestead

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

exemption under Section 196.075, Florida Statutes that are 65 years old or older may defer taxes and assessments in their entirety.

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 payment of the Assessments due.

#### ***Budgets***

The District is required to establish a budgetary system and an approved annual budget. Annual budgets are legally adopted on a basis consistent with GAAP for the General Fund. Any revision to the budget must be approved by the District Board. The budgets are compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorization amounts.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- B. A public hearing is conducted to obtain comments.
- C. Prior to October 1, the budget is legally adopted by the District Board.
- D. All budget changes must be approved by the District Board.
- E. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

### NOTE 3: INVESTMENTS

All investments held at September 30, 2016 are reported at fair value based on quoted market prices, which approximates amortized cost.

The following is a summary of the District’s investments:

<i>September 30,</i>	<b>2016</b>	<b>Credit Risk</b>	<b>Maturities</b>
Short-term Money Market Funds	\$ 2,356,087	S&P AAAM	10 days
<b>Total investments</b>	<b>\$ 2,356,087</b>		

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 3: INVESTMENTS (Continued)

*Custodial credit risk* – For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk. At September 30, 2016, the money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

*Concentration risk* – The District’s investment policy requires diversification, but does not specify limits on types of investments.

*Interest rate risk* – The District does not have a formal policy for addressing interest rate risk; however, investments are made with discretion, to seek reasonable returns, preserve capital, and in general, avoid speculative investments. The District manages its exposure to declines in fair values from interest rate changes by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

### NOTE 4: CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital assets being depreciated</i>				
Earthwork	\$ 9,515,612	\$ -	\$ -	\$ 9,515,612
Landscaping and irrigation	982,449	-	-	982,449
Professional Fees	2,102,676	-	-	2,102,676
Utilities	-	1,332,792	(1,332,792)	-
Water management	5,027,828	-	-	5,027,828
<b>Total capital assets, being depreciated</b>	<b>17,628,565</b>	<b>1,332,792</b>	<b>(1,332,792)</b>	<b>17,628,565</b>
<i>Less accumulated depreciation</i>				
Earthwork	(2,819,635)	(378,808)	-	(3,198,443)
Landscaping and irrigation	(463,937)	(65,497)	-	(529,434)
Professional Fees	(516,161)	(81,760)	-	(597,921)
Water management	(779,281)	(199,233)	-	(978,514)
<b>Total accumulated depreciation</b>	<b>(4,579,014)</b>	<b>(725,298)</b>	<b>-</b>	<b>(5,304,312)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 13,049,551</b>	<b>\$ 607,494</b>	<b>\$ (1,332,792)</b>	<b>\$ 12,324,253</b>

Depreciation expense of \$725,298 is unallocated on the accompanying Statement of Activities.

During the year ended September 30, 2016, the District conveyed certain utility infrastructure assets to Manatee County with a net book value totaling \$1,332,792, which is reported as Conveyance expense on the accompanying Statement of Activities.

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 5: BONDS PAYABLE

On October 1, 2007, the District issued \$24,000,000 of Capital Improvement Revenue Bonds, with a fixed interest rate of 6.375%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal is paid serially commencing May 1, 2009 through May 1, 2038.

On November 13, 2014, the District issued \$7,945,000 of Series 2014 Special Assessment Bonds consisting of \$3,605,000 2014 Term Bonds due on May 1, 2034 with a fixed interest rate of 5% and \$4,340,000 of 2014 Term Bonds due on May 1, 2045 with a fixed interest rate of 5.125%. The Bonds were issued to finance the acquisition and construction of certain improvements for the benefit of the District. Interest is paid semiannually on each May 1 and November 1. Principal is paid serially commencing May 1, 2016 through May 1, 2045.

The Bond Indentures have certain restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedure to be followed by the District on assessments to property owners. The District agreed to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the requirements of the Bond Indentures.

The Bond Indentures require that the District maintain adequate funds in reserve accounts to meet the debt service reserve requirements as defined in the Indentures. The requirements have been met for the fiscal year ended September 30, 2016.

The balance of the Series 2007 and 2014 Bonds at September 30, 2016 is summarized as follows:

<i>September 30,</i>	<b>2016</b>
Series 2007 and 2014 bond principal balance	\$ 28,745,000
Less unamortized bond discount	(73,169)
Net balance, Series 2007 and 2014 Bonds	\$ 28,671,831

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities</i>					
Bonds Payable:					
Series 2007	\$ 21,335,000	\$ -	\$ (420,000)	\$ 20,915,000	\$ 450,000
Series 2014	7,945,000	-	(115,000)	7,830,000	125,000
Total bonds payable	\$ 29,280,000	\$ -	\$ (535,000)	\$ 28,745,000	\$ 575,000



## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 5: BONDS PAYABLE (Continued)

At September 30, 2016, the scheduled debt service requirements on long-term debt were as follows:

<i>Year Ending September 30,</i>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	\$ 575,000	\$ 1,730,256	\$ 2,305,256
2018	610,000	1,695,319	2,305,319
2019	645,000	1,658,219	2,303,219
2020	690,000	1,618,956	2,308,956
2021	730,000	1,576,963	2,306,963
2022-2026	4,390,000	7,159,825	11,549,825
2027-2031	5,960,000	5,638,656	11,598,656
2032-2036	8,100,000	3,567,119	11,667,119
2037-2041	5,175,000	1,095,112	6,270,112
2042-2045	1,870,000	246,000	2,116,000
	<b>\$ 28,745,000</b>	<b>\$ 25,986,425</b>	<b>\$ 54,731,425</b>

### NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District maintains commercial insurance coverage to mitigate the risk of loss. Coverage may not extend to all situations. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in the previous three years.

### NOTE 7: MANAGEMENT COMPANY

The District has contracted with a manager to perform management advisory services, which include financial and accounting advisory services. The manager also serves as an officer (Board appointed non-voting positions) of the District.

### NOTE 8: CONCENTRATION

A significant portion of the District's activity is dependent upon the continued involvement of the Developer, Lennar Homes, LLC, the loss of which could have a material adverse effect on the District's operations.

## Heritage Harbour North Community Development District Notes to Financial Statements

### NOTE 9: RELATED PARTY TRANSACTIONS

During the year ended September 30, 2016, the Developer paid on-roll assessments totaling \$33,199 and \$705,559 for operations and maintenance and debt service, respectively, on certain platted lots it owns.

During the year ended September 30, 2016, the District paid the Developer approximately \$1.3 million for certain constructed infrastructure assets. Subsequent to September 30, 2016, the District paid the Developer approximately \$1 million for certain additional constructed infrastructure assets.

### NOTE 10: INTERFUND TRANSFERS

The following transfers between the Debt Service and Capital Projects Funds during the fiscal year ended September 30, 2016 were in accordance with the bond indenture and are to facilitate the acquisition of capital infrastructure:

<i>Funds</i>	Interfund	
	Transfers in	Transfers out
Major funds:		
Debt Service	\$ -	\$ (7,489)
Capital Projects	7,489	-
Total	\$ 7,489	\$ (7,489)



**Required Supplemental Information  
(Other Than MD&A)**

## Heritage Harbour North Community Development District Budget to Actual Comparison Schedule – General Fund

*Year ended September 30, 2016*

	Original and Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Assessments	\$ 98,486	\$ 96,396	\$ (2,090)
Interest and other revenues	150	144	(6)
<b>Total revenues</b>	<b>98,636</b>	<b>96,540</b>	<b>(2,096)</b>
<b>Expenditures</b>			
General government	98,636	96,396	2,240
<b>Total expenditures</b>	<b>98,636</b>	<b>96,396</b>	<b>2,240</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ 144</b>	<b>\$ 144</b>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Supervisors  
Heritage Harbour North Community Development District  
Manatee County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Heritage Harbour North Community Development District (hereinafter referred to as the "District"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Carly Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
February 16, 2017

## MANAGEMENT LETTER

(850) 837-3141  
(850) 654-4619 (fax)  
CRlcpa.com

To the Board of Supervisors  
Heritage Harbour North Community Development District  
Manatee County, Florida

### Report on the Financial Statements

We have audited the financial statements of Heritage Harbour North Community Development District ("District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated February 16, 2017.

### Auditors' Responsibility

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

### Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated February 16, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title and Legal Authority

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

## **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes, during the year ended September 30, 2016.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

## **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

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

*Carr, Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
February 16, 2017





Carr, Riggs & Ingram, LLC  
Certified Public Accountants  
500 Grand Boulevard  
Suite 210  
Miramar Beach, Florida 32550

(850) 837-3141  
(850) 654-4619 (fax)  
CRlcpa.com

## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors  
Heritage Harbour North Community Development District  
Manatee County, Florida

We have examined Heritage Harbour North Community Development District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

*Carr, Riggs & Ingram, L.L.C.*

Miramar Beach, Florida  
February 16, 2017

**RESOLUTION NO. 2017-3**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT ACCEPTING THE CERTIFICATION OF THE DISTRICT ENGINEER THAT THE SERIES 2007 PROJECT IS COMPLETE; DECLARING THE SERIES 2007 PROJECT COMPLETE; FINALIZING THE SPECIAL ASSESSMENTS SECURING THE DISTRICT'S SERIES 2007 SPECIAL ASSESSMENT BONDS; PROVIDING FOR A SUPPLEMENT TO THE IMPROVEMENT LIEN BOOK; DECLARING THAT CERTAIN TRUE-UP OBLIGATIONS REMAIN THE SAME; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.**

**WHEREAS**, Heritage Harbour North Community Development District (the "District") was established by Ordinance No. 06-71 enacted by the Board of County Commissioners of Manatee County, Florida (the "Commission"), effective on November 13, 2006, as amended by Ordinance No. 13-34 enacted by the Commission, effective on September 13, 2013, as supplemented by Ordinance No. 10-45 enacted by the Commission on October 12, 2010, for the purpose of providing infrastructure improvements, facilities and services to the lands within the District as provided in Chapter 190, Florida Statutes; and

**WHEREAS**, on December 14, 2006, the Board of Supervisors (the "Board") of the District adopted Resolution 2007-16 authorizing, among other things, the issuance of not to exceed \$94,000,000 aggregate principal amount of its capital improvement revenue bonds in order to finance the costs of the construction, installation, and acquisition of public infrastructure, improvements, and services benefiting lands within the District; and

**WHEREAS**, on January 22, 2007, in accordance with Chapters 170, 190 and 197, Florida Statutes, the Board adopted Resolution 2007-19 ("Resolution 2007-19") for purposes which included AUTHORIZING DISTRICT PROJECTS FOR CONSTRUCTION AND/OR ACQUISITION OF INFRASTRUCTURE IMPROVEMENTS; EQUALIZING, APPROVING, CONFIRMING, AND LEVYING SPECIAL ASSESSMENTS ON PROPERTY SPECIALLY BENEFITTED BY SUCH PROJECTS TO PAY THE COST THEREOF; PROVIDING FOR THE PAYMENT AND THE COLLECTION OF SUCH SPECIAL ASSESSMENTS BY THE METHODS PROVIDED FOR BY CHAPTERS 170, 190, AND 197, FLORIDA STATUTES; CONFIRMING THE DISTRICT'S INTENTION TO ISSUE CAPITAL IMPROVEMENT REVENUE BONDS; MAKING PROVISIONS FOR TRANSFERS OF REAL PROPERTY TO GOVERNMENTAL BODIES; PROVIDING FOR THE RECORDING OF AN ASSESSMENT NOTICE; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE; and

**WHEREAS**, pursuant to Resolution 2007-19, the District:

(1) Approved and adopted the Heritage Harbour North Community Development District Engineer's Report prepared by Bank's Engineering, Inc. and dated September, 2007 (the "**Engineer's Report**"), which Engineer's Report describes the components of the District's capital improvement program financed with the Series 2007 Bonds (as hereinafter defined) that comprise the "Series 2007 Project"; and

(2) Adopted a Revised Master Special Assessment Methodology for Heritage Harbour North Community Development District prepared by Fishkind & Associates, Inc. and dated January 22, 2007, as has been updated (the "Master Assessment Methodology Report"), which sets forth the

**RESOLUTION NO. 2017-3**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT ACCEPTING THE CERTIFICATION OF THE DISTRICT ENGINEER THAT THE SERIES 2007 PROJECT IS COMPLETE; DECLARING THE SERIES 2007 PROJECT COMPLETE; FINALIZING THE SPECIAL ASSESSMENTS SECURING THE DISTRICT'S SERIES 2007 SPECIAL ASSESSMENT BONDS; PROVIDING FOR A SUPPLEMENT TO THE IMPROVEMENT LIEN BOOK; DECLARING THAT CERTAIN TRUE-UP OBLIGATIONS REMAIN THE SAME; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.**

method for allocating assessments for the costs of the Series 2007 Project as described in the Engineer's Report against the properties specially benefitted thereby; and

(3) Authorized the Series 2007 Project described in the Engineer's Report, equalized, approved, confirmed, and levied special assessments to defray the costs thereof, and provided that the levied special assessments shall be a lien on the property so assessed co-equal with the lien of all state, county, district, municipal or other governmental taxes, all in accordance with Section 170.08, Florida Statutes; and

**WHEREAS**, subsequently, the District duly authorized and issued its Heritage Harbour North Community Development District \$24,000,000.00 Capital Improvement Revenue Bonds, Series 2007 (the "Series 2007 Bonds") under and pursuant to the Master Indenture dated as of October 1, 2007 between the District and U.S. Bank, National Association, as supplemented by the First Supplemental Trust Indenture dated as of December 1, 2007 (collectively the "Trust Indenture"), to pay a portion of the costs of the construction, installation, and acquisition of the Series 2007 Project; and

**WHEREAS**, a copy of the Engineer's Report is on file with the District Manager and was included in the Limited Offering Memorandum issued in connection with the Series 2007 Bonds; and

**WHEREAS**, the Engineer's Report estimated capital costs for the Series 2007 Project totaling \$64,642,000.00 including professional services and contingencies; and

**WHEREAS**, on October 10, 2007, the Board adopted Resolution 2008-4 ("Resolution 2008-4") which, in part, modified and supplemented Resolution 2007-19. (Resolution 2007-19 together with Resolution 2008-4 are sometimes collectively referred to herein as the "Assessment Resolution".) Resolution 2008-4 adopted that certain Supplemental Special Assessment Methodology Report for Heritage Harbour North Community Development District prepared by Fishkind & Associates, Inc. and dated October 10, 2007 ("Supplemental Assessment Methodology"), which provided a means to allocate a portion of the costs of the Series 2007 Project pursuant to the actual terms of the District's Series 2007 Bonds against the properties specially benefitted thereby in accordance with the adopted Master Assessment Methodology Report. (The Master Assessment Methodology Report together with the Supplemental Assessment Methodology, are sometimes collectively referred to herein as the "Assessment Methodology".) A copy of the Master Methodology Report and the Supplemental Assessment Methodology are on file with the District Manager and were included in the Limited Offering Memorandum issued in connection with the Series 2007 Bonds; and

**RESOLUTION NO. 2017-3**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT ACCEPTING THE CERTIFICATION OF THE DISTRICT ENGINEER THAT THE SERIES 2007 PROJECT IS COMPLETE; DECLARING THE SERIES 2007 PROJECT COMPLETE; FINALIZING THE SPECIAL ASSESSMENTS SECURING THE DISTRICT'S SERIES 2007 SPECIAL ASSESSMENT BONDS; PROVIDING FOR A SUPPLEMENT TO THE IMPROVEMENT LIEN BOOK; DECLARING THAT CERTAIN TRUE-UP OBLIGATIONS REMAIN THE SAME; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.**

**WHEREAS**, the Supplemental Assessment Methodology projected the estimated total costs of the portion of the Series 2007 Project to be funded by the sale of the Series 2007 Bonds and secured by assessments as set forth in the Engineer's Report inclusive of such items as capital costs, financing costs, capitalized interest, reserve funds and underwriter's discount; and

**WHEREAS**, pursuant to Chapter 170, Florida Statutes, and the Trust Indenture, the District Engineer has executed and delivered a letter dated February 16, 2017 (the "Engineer's Certification"), attached hereto and made a part hereof as Exhibit A, wherein the District Engineer has confirmed and verified the Series 2007 Project is complete; and

**WHEREAS**, upon receipt of and in reliance upon the Engineer's Certification evidencing the completion date of the Series 2007 Project as described above, the District's Board of Supervisors desires to certify the Series 2007 Project complete in accordance with the Trust Indenture and Chapter 170, Florida Statutes; and

**WHEREAS**, the actual costs incurred by the District to complete the Series 2007 Project resulted in a zero balance in the Series 2007 Acquisition and Construction Account; and

**WHEREAS**, Chapter 170, Florida Statutes requires that upon completion of the Series 2007 Project, the District is to credit each of the assessments the difference, if any, between the amount assessed and the actual cost of the improvements.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT AS FOLLOWS:**

**SECTION 1. RECITALS.** The foregoing recitals are true and correct and, by this reference, are incorporated into and form a material part of this Resolution.

**SECTION 2. AUTHORITY FOR THIS RESOLUTION.** This Resolution is adopted pursuant to the provisions of Florida law, including Chapters 170, 190 and 197, Florida Statutes, and in accordance with the provisions of the Assessment Resolution.

**SECTION 3. ACCEPTANCE AND CERTIFICATION OF COMPLETION OF THE SERIES 2007 PROJECT.** The Board of Supervisors hereby accepts the Engineer's Certification, attached hereto as Exhibit A, certifying the Series 2007 Project complete and upon reliance thereon, certifies the Series 2007 Project complete in accordance with the Assessment Resolution, the Trust Indenture, and Chapter 170, Florida Statutes.

### RESOLUTION NO. 2017-3

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT ACCEPTING THE CERTIFICATION OF THE DISTRICT ENGINEER THAT THE SERIES 2007 PROJECT IS COMPLETE; DECLARING THE SERIES 2007 PROJECT COMPLETE; FINALIZING THE SPECIAL ASSESSMENTS SECURING THE DISTRICT'S SERIES 2007 SPECIAL ASSESSMENT BONDS; PROVIDING FOR A SUPPLEMENT TO THE IMPROVEMENT LIEN BOOK; DECLARING THAT CERTAIN TRUE-UP OBLIGATIONS REMAIN THE SAME; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.**

#### **SECTION 4. FINALIZATION OF SPECIAL ASSESSMENTS SECURING SERIES 2007 BONDS.**

Pursuant to Section 170.08, Florida Statutes and the Assessment Resolution, special assessments securing the Series 2007 Bonds on benefitted land within the District are to be credited the difference in the assessment as originally made, approved, and confirmed and a proportionate part of the actual cost of the Series 2007 Project. Based on the zero balance of the Series 2007 Acquisition and Construction Account at the time of receipt of the Engineer's Certification, there is no difference between the assessment as originally made, approved and confirmed and any proportionate part of the actual cost of the Series 2007 Project to credit towards the special assessments that are securing, or had secured, the Series 2007 Bonds. Therefore, pursuant to Section 170.08, Florida Statutes and the Assessment Resolution, the special assessments on parcels specially benefitted by the Series 2007 Project are hereby finalized as originally established based upon the amount of the outstanding debt due on the Series 2007 Bonds and the Assessment Methodology.

**SECTION 5. IMPROVEMENT LIEN BOOK.** Immediately following the adoption of this Resolution these special assessments as reflected herein shall be recorded by the Secretary of the Board of the District in the District's "Improvement Lien Book." The special assessment or assessments against each respective parcel shall be and shall remain a legal, valid and binding first lien on such parcel until paid and such lien shall be coequal with the lien of all state, county, school district, municipal or other governmental taxes and superior in dignity to all other liens, titles, and claims.

**SECTION 6. APPLICATION OF TRUE-UP PAYMENTS.** Pursuant to the Assessment Methodology and the Assessment Resolution, among other documents, there may be required from time to time certain True-Up payments. Nothing herein shall be deemed to amend or alter the requirement to make True-Up payments as and when due, if any.

**SECTION 7. CONFLICTS.** This Resolution is intended to supplement Resolution 2007-19 and Resolution 2008-4, which remain in full force and effect (except as previously modified or amended) and except to the extent modified herein. This Resolution, Resolution 2007-19, and Resolution 2008-4 shall be construed to the maximum extent possible to give full force and effect to the provisions of each resolution. All District resolutions or parts thereof in actual conflict with this Resolution are, to the extent of such conflict, superseded and repealed.

**SECTION 8. SEVERABILITY.** If any section or part of a section of this Resolution be declared invalid or unconstitutional, the validity, force and effect of any other section or part of a section of this Resolution shall not thereby be affected or impaired unless it clearly appears that such other section or part of a section of this Resolution is wholly or necessarily dependent upon the section or part of a

**RESOLUTION NO. 2017-3**

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT ACCEPTING THE CERTIFICATION OF THE DISTRICT ENGINEER THAT THE SERIES 2007 PROJECT IS COMPLETE; DECLARING THE SERIES 2007 PROJECT COMPLETE; FINALIZING THE SPECIAL ASSESSMENTS SECURING THE DISTRICT'S SERIES 2007 SPECIAL ASSESSMENT BONDS; PROVIDING FOR A SUPPLEMENT TO THE IMPROVEMENT LIEN BOOK; DECLARING THAT CERTAIN TRUE-UP OBLIGATIONS REMAIN THE SAME; PROVIDING FOR SEVERABILITY, CONFLICTS AND AN EFFECTIVE DATE.**

section so held to be invalid or unconstitutional, it being expressly found and declared that the remainder of this Resolution would have been adopted despite the invalidity of such section or part of such section.

**SECTION 9. EFFECTIVE DATE.** This Resolution shall become effective upon its adoption.

**PASSED AND ADOPTED** this 2<sup>th</sup> day of March, 2017.

Attest:

**HERITAGE HARBOUR NORTH COMMUNITY  
DEVELOPMENT DISTRICT**

\_\_\_\_\_  
James P. Ward, Secretary

\_\_\_\_\_  
Terry Kirschner, Chairman

Exhibit A: Letter of the Consulting Engineer dated February 16, 2017

HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT

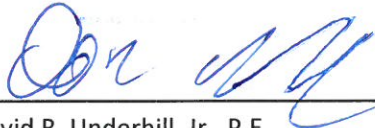
CERTIFICATE OF ENGINEER REGARDING SERIES 2007 PROJECT

The undersigned, the duly authorized representative of Banks Engineering, Inc. (the "District Engineer") hereby certify as follows:

1. The undersigned serves as the District Engineer to the Heritage Harbour North Community Development District (the "District").
2. This Certificate is being furnished pursuant to the provisions of the Master Trust Indenture (the "Master Indenture") of the District dated October 1, 2007 and the solely for the purposes of certifying the Date of Completion of the Series 2007 Project and the Deferred Costs Date of Completion.
3. The Master Indenture defines "Date of Completion" with respect to a Series Project or Additional Series installed Project to mean 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.
4. The 2007 Project is deemed complete as of the date of this letter within the meaning of the Master Indenture and the Date of Completion of the 2007 Project is February 16, 2017. There are no Deferred Costs remaining to be paid to the Developer.
5. The District and the Trustee may rely conclusively on this Certificate.

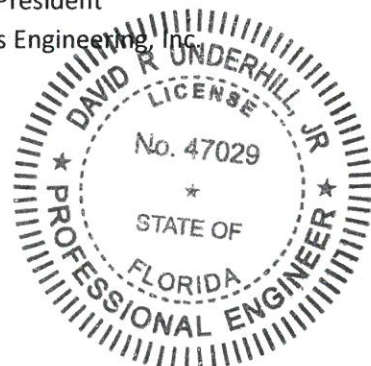
All Capitalized terms used herein have the meanings as ascribed thereto in the Master Indenture.

Dated: **February 16, 2017**

By:   
David R. Underhill, Jr., P.E.

Vice President

Banks Engineering, Inc.



**RESOLUTION NO. 2017-4**

**A RESOLUTION OF HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT AUTHORIZING THE ISSUANCE OF ITS NOT EXCEEDING \$20,895,000 CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2017, THE PROCEEDS OF WHICH WILL BE USED, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS OF THE DISTRICT, TO REFUND AND REDEEM THE DISTRICT'S OUTSTANDING CAPITAL IMPROVEMENT REVENUE BONDS, SERIES 2007, FUND THE SERIES 2017 RESERVE ACCOUNT REQUIREMENT FOR THE SERIES 2017 BONDS, TO THE EXTENT SUCH SERIES 2017 RESERVE ACCOUNT REQUIREMENT IS NOT SATISFIED BY A RESERVE ACCOUNT INSURANCE POLICY, AND PAY COSTS OF ISSUANCE OF THE SERIES 2017 BONDS, INCLUDING PAYMENT OF THE PREMIUMS FOR A MUNICIPAL BOND INSURANCE POLICY AND/OR RESERVE ACCOUNT INSURANCE POLICY, IF DEEMED NECESSARY AND APPROPRIATE AS PROVIDED FOR HEREIN; PROVIDING FOR THE REFUNDING AND REDEMPTION OF THE OUTSTANDING SERIES 2007 BONDS; PROVIDING FOR THE APPLICATION, AT THE TIME OF ISSUANCE OF THE SERIES 2017 BONDS, OF CERTAIN MONIES HELD IN THE FUNDS AND ACCOUNTS FOR THE SERIES 2007 BONDS; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION, OF AN ESCROW DEPOSIT AGREEMENT AND APPOINTING AN ESCROW AGENT THEREUNDER; APPROVING THE FORM OF A SECOND SUPPLEMENTAL TRUST INDENTURE IN CONNECTION WITH THE SERIES 2017 BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY THEREOF; APPOINTING A TRUSTEE, PAYING AGENT AND BOND REGISTRAR FOR THE SERIES 2017 BONDS; AUTHORIZING THE APPLICATION OF THE PROCEEDS OF THE SERIES 2017 BONDS; PROVIDING FOR REDEMPTION OF THE SERIES 2017 BONDS; PROVIDING FOR THE NEGOTIATED SALE OF THE SERIES 2017 BONDS; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION, OF A BOND PURCHASE CONTRACT FOR THE SERIES 2017 BONDS; DELEGATING TO THE CHAIRMAN OR VICE-CHAIRMAN THE AUTHORITY TO AWARD THE SERIES 2017 BONDS WITHIN THE PARAMETERS SPECIFIED HEREIN AND TO DETERMINE WHETHER TO OBTAIN A MUNICIPAL BOND INSURANCE POLICY AND/OR RESERVE ACCOUNT INSURANCE POLICY FOR THE SERIES 2017 BONDS; APPROVING THE FORM, AND AUTHORIZING THE USE, OF A PRELIMINARY OFFICIAL STATEMENT FOR THE SERIES 2017 BONDS; APPROVING THE DISTRIBUTION OF A FINAL OFFICIAL STATEMENT FOR THE SERIES 2017 BONDS AND THE EXECUTION**



**THEREOF; APPROVING THE FORM, AND AUTHORIZING THE EXECUTION, OF A CONTINUING DISCLOSURE AGREEMENT WITH RESPECT TO THE SERIES 2017 BONDS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT:**

**SECTION 1. AUTHORITY FOR THIS RESOLUTION; DEFINITIONS.** The Board of Supervisors (the “Board”) of the Heritage Harbour North Community Development District (the “District” or the “Issuer”) is authorized to adopt this Resolution under the authority granted by the provisions of Chapter 190, Florida Statutes, as amended, its Charter (as set forth in Ordinance No. 06-71 enacted by Manatee County, Florida on November 2, 2006, as amended) and other applicable provisions of law (collectively, the “Act”). All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Indenture or in the First Supplemental Indenture (as such capitalized terms are hereinafter defined).

**SECTION 2. FINDINGS.**

A. The Issuer is a community development district and a local unit of special purpose government organized and existing under and pursuant to the Act. The Issuer was established for the purpose, among other things, of delivering certain community development services and facilities as authorized by the Act, including planning, financing, constructing, acquiring, owning, operating and maintaining the “Series Projects.”

B. The Issuer has heretofore issued its \$24,000,000 Capital Improvement Revenue Bonds, Series 2007 (the “Series 2007 Bonds”), currently outstanding in the aggregate principal amount of \$20,895,000 (the “Refunded Bonds,” as such definition is subject to further modification as provided for herein), to finance portions of a specific Series Project (the “Series 2007 Project”) described in that certain Engineers Report dated as of September, 2007 and prepared by Banks Engineering, Inc. as the Issuer’s Consulting Engineers (the “Consulting Engineers”).

C. The Consulting Engineers have advised that the Series 2007 Project is complete. The Issuer has obtained, or will obtain prior to the date of issuance of the Series 2017 Bonds (hereinafter defined), a certificate from the Consulting Engineers evidencing that the Date of Completion of the Series 2007 Project has occurred, as contemplated by the Master Indenture (hereinafter defined).

D. The Series 2007 Bonds were issued under that certain Master Trust Indenture (the “Master Indenture”), as supplemented by a First Supplemental Trust Indenture (the “First Supplemental Indenture” and collectively with the Master Indenture, the “2007 Indenture”), each dated as of October 1, 2007 and each entered into between the District and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2007 Bonds are secured by the 2007 Trust Estate, which includes the Series 2007 Assessments levied by the Issuer pursuant to assessment proceedings heretofore adopted by the Issuer (the “Series 2007 Assessment Proceedings”). The

Series 2007 Bonds are part of an issue of Bonds validated by a judgment rendered by the Circuit Court of Manatee County, Florida on February 28, 2007 and the time for taking an appeal from such judgment expired without an appeal being taken.

E. The Master Indenture, including Section 207 thereof, authorizes the issuance of Refunding Bonds thereunder. Subject to the parameters set forth herein and the other provisions hereof and of the Indenture, and in order to realize aggregate present value debt service savings, the Issuer desires to issue its not exceeding \$20,895,000 Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds") and to apply proceeds of the Series 2017 Bonds, together with other legally available funds of the Issuer, to accomplish the current refunding and redemption of the Refunded Bonds, fund the Series 2017 Reserve Account Requirement for the Series 2017 Bonds, to the extent such Series 2017 Reserve Account Requirement is not satisfied by a Reserve Policy, and pay costs of issuance of the Series 2017 Bonds, including payment of the premiums for a Policy and/or Reserve Policy, if deemed necessary and appropriate as provided for herein.

F. The Series 2017 Bonds shall be issued as Refunding Bonds within the meaning of the Master Indenture, all as shall be more fully provided in the Second Supplemental Trust Indenture to be executed and delivered by the Issuer and the Trustee prior to the issuance of the Series 2017 Bonds (the "Second Supplemental Indenture" and, together with the Master Indenture, the "Indenture"). The Series 2017 Bonds will be secured by and payable from the Series 2017 Trust Estate, as more fully set forth in the Indenture. Revenues from the levy and collection of the Series 2007 Assessments will be included in the Series 2017 Trust Estate. The Series 2007 Assessment Proceedings will be supplemented by a resolution of the Issuer adopted prior or subsequent to the issuance of the Series 2017 Bonds to reflect the reduction in the principal amount of the Series 2007 Assessments resulting from the issuance of the Series 2017 Bonds.

G. Due to the present volatility of the market for tax-exempt obligations such as the Series 2017 Bonds and the complexity of the transactions relating to the Series 2017 Bonds, it is in the best interests of the Issuer to sell the Series 2017 Bonds by a delegated, negotiated sale, rather than at a specified advertised date, in order to permit the Issuer to enter the market at the most advantageous time and to obtain the best possible price and interest rate for the Series 2017 Bonds.

H. The Issuer now desires to authorize the application of the proceeds of the Series 2017 Bonds and to approve various instruments in connection therewith, including the Second Supplemental Indenture.

### **SECTION 3. AUTHORIZATION OF REFUNDING AND REDEMPTION OF REFUNDED BONDS; RELATED MATTERS.**

(a) The Master Indenture is hereby ratified and confirmed. The refunding and redemption of the Refunded Bonds is hereby authorized and approved, subject to the parameters set forth in Section 7 hereof; provided, however, that in the event the scheduled Amortization Installments coming due on the Refunding Bonds on May 1, 2017 are paid prior to the issuance

of the Series 2017 Bonds, references herein to the Refunded Bonds shall be deemed to mean, for all purposes of this Resolution, the Series 2007 Bonds Outstanding on the date of issuance of the Series 2017 Bonds. The Amortization Installments and interest on the Refunding Bonds coming due after May 1, 2017 shall be subject to optional redemption on the earliest practicable date after giving notice of redemption to the owners of the Refunded Bonds to be redeemed as required by the 2007 Indenture. The Refunded Bonds to be optionally redeemed shall be redeemed at a redemption price of 100% of the Amortization Installments and principal amount thereof (expressed as a percentage of such Amortization Installments and principal amount to be redeemed), plus accrued interest to the redemption date. The Trustee is hereby authorized to give notice of the redemption of the Refunded Bonds to be optionally redeemed to the owners of such Refunded Bonds as required by the 2007 Indenture.

(b) Amounts on deposit in the funds and accounts established under the 2007 Indenture with respect to the Refunded Bonds shall be transferred and applied on the date of issuance of the Series 2017 Bonds in the manner set forth in a certificate of an authorized representative of the District delivered on such date (the "Authorized Representative's Certificate") and such transfer and application of funds is hereby authorized. In furtherance of the foregoing, as a condition to the issuance of the Series 2017 Bonds, the Issuer shall obtain evidence satisfactory to the Issuer's District Counsel confirming that no Deferred Costs are due and owing under the Acquisition Agreement.

#### **SECTION 4. AUTHORIZATION OF SERIES 2017 BONDS; APPROVAL OF SECOND SUPPLEMENTAL INDENTURE.**

(a) Subject to the provisions of Section 7 hereof, the District hereby authorizes the issuance of the Series 2017 Bonds in the aggregate principal amount of not exceeding \$20,895,000 to be known as the "Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017" for the purpose of providing funds, which together with other legally available funds of the District, will be sufficient to: (i) refund and redeem the Refunded Bonds, (ii) fund the Series 2017 Reserve Account Requirement for the Series 2017 Bonds, to the extent such Series 2017 Reserve Account Requirement is not satisfied by a Reserve Policy, and (iii) pay costs of issuance of the Series 2017 Bonds, including payment of the premiums for a Policy and/or Reserve Policy, if deemed necessary and appropriate as provided for herein.

(b) Prior to or contemporaneously with the issuance and delivery of the Series 2017 Bonds, the Issuer and U.S. Bank National Association, as the Trustee, shall enter into the Second Supplemental Indenture. The Second Supplemental Indenture shall be in substantially the form attached hereto as Exhibit A, with such insertions, modifications and changes as may be approved by the Chairman (the "Chairman") or the Vice-Chairman (the "Vice-Chairman") of the Board, in consultation with the District's District Counsel and Bond Counsel. Upon such approval, the Chairman or Vice-Chairman is hereby authorized and directed to execute, and the Secretary (the "Secretary") or any Assistant Secretary (each, an "Assistant Secretary") of the Board is hereby authorized and directed to attest, the Second Supplemental Indenture. Such execution shall constitute conclusive approval of any insertions, modifications or changes to the Second Supplemental Indenture from the form thereof presented to the Board.

(c) Prior to the issuance of the Series 2017 Bonds, the Issuer shall comply with the conditions precedent to the issuance of the Series 2017 Bonds set forth in Section 207 of the Master Indenture. The Series 2017 Bonds shall be substantially in the form attached as an exhibit to the Second Supplemental Indenture and shall be executed on behalf of the Issuer in the manner provided in the Indenture. Upon satisfaction of the conditions precedent to the issuance of the Series 2017 Bonds set forth herein and in the Indenture, the Chairman or Vice-Chairman is hereby authorized and directed to execute, and the Secretary or an Assistant Secretary is hereby authorized and directed to attest, the Series 2017 Bonds and to deliver the Series 2017 Bonds as provided in the Indenture.

(d) U.S. Bank National Association is hereby appointed as Trustee, Paying Agent and Bond Registrar with respect to the Series 2017 Bonds.

(e) The Series 2017 Bonds shall be issued in fully registered form, without coupons. The Series 2017 Bonds will be dated as of their date of issuance or such other date as is set forth in the Second Supplemental Indenture and will be issued in the Authorized Denominations as set forth in the Second Supplemental Indenture. The Series 2017 Bonds will bear interest payable semi-annually on November 1 and May 1 of each year, commencing November 1, 2017 or such other date as may be set forth in the Second Supplemental Indenture. A book-entry only system of registration is hereby authorized for the Series 2017 Bonds and shall be provided for in the Second Supplemental Indenture.

(f) The Series 2007 Assessments comprising the Series 2017 Pledged Revenues shall exclude any non-ad valorem special assessments levied by the Issuer to pay debt service on any bonds or other obligations of the Issuer issued pursuant to instruments other than the Master Indenture.

**SECTION 5. REDEMPTION PROVISIONS.** Subject to the provisions of Section 7 hereof, the Series 2017 Bonds shall be subject to such optional redemption, mandatory redemption and/or extraordinary redemption provisions as shall be provided in the Second Supplemental Indenture. The Series 2017 Bonds may be issued, all or in part, as Serial Bonds and/or Term Bonds and the amounts, if any, required to be deposited in each year to the 2017 Sinking Fund Account established under the Second Supplemental Indenture in respect of Term Bonds shall constitute the Amortization Installments for such Term Bonds.

**SECTION 6. APPLICATION OF THE PROCEEDS OF THE SERIES 2017 BONDS.** The proceeds derived from the sale of the Series 2017 Bonds shall be applied by the Issuer simultaneously with the delivery of the Series 2017 Bonds for the purposes stated in, and in a manner consistent with the Second Supplemental Indenture. The specific amounts to be deposited in the Funds and Accounts securing the Series 2017 Bonds under the Indenture shall be as set forth in the Second Supplemental Indenture and/or the Authorized Representative's Certificate.

**SECTION 7. SALE OF THE SERIES 2017 BONDS.** The Series 2017 Bonds shall be sold to MBS Capital Markets, LLC as the underwriter (the "Underwriter"), upon the

terms and conditions set forth in the Bond Purchase Contract attached hereto as Exhibit B (the “Bond Purchase Contract”). Said Bond Purchase Contract, substantially in the form attached hereto, is hereby approved, with such insertions, modifications and changes as may be approved by the Chairman or Vice-Chairman, in consultation with the Issuer’s District Counsel and Bond Counsel. Upon such approval, the Chairman or Vice-Chairman is hereby authorized and directed to execute, and the Secretary or an Assistant Secretary is hereby authorized and directed to attest, the Bond Purchase Contract and to accept the disclosure and truth-in-bonding statement to be provided by the Underwriter pursuant to Section 218.385, Florida Statutes; provided, however that the terms of such Bond Purchase Contract must provide that (i) the aggregate principal amount of the Series 2017 Bonds shall not exceed \$20,895,000; (ii) the final maturity of the Series 2017 Bonds shall not be later than May 1, 2038 (which is the final maturity date of the Refunded Bonds); (iii) the Series 2017 Bonds shall be subject to optional redemption no later than approximately ten years after their date of issuance at a redemption price not greater than 100% of the principal amount of the Series 2017 Bonds to be redeemed; (iv) the price (exclusive of original issue discount) at which the 2017 Bonds shall be sold to the Underwriter shall not be less than 98.5% of the amount for which the Series 2017 Bonds are initially offered to the public as reflected in the Official Statement referred to below; (v) the Issuer shall realize a reduction of at least 10% in the maximum annual debt service on the Series 2017 Bonds as compared to the maximum annual debt service on the Refunded Bonds; and (vi) unless the Series 2017 Bonds have an investment grade rating from S&P, the Series 2017 Bonds shall only be sold by the Underwriter to accredited investors within the meaning of the rules of the Florida Department of Financial Services. The execution and delivery of the Bond Purchase Contract by the Chairman or Vice-Chairman shall constitute conclusive evidence of the approval by the Issuer thereof. The Issuer hereby authorizes the Underwriter and appropriate representatives of the Issuer to seek an investment grade rating for the Series 2017 Bonds from S&P.

**SECTION 8. PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT.** The Preliminary Official Statement relating to the Series 2017 Bonds, in substantially the form submitted at this meeting and attached hereto as Exhibit C, is hereby approved with respect to the information therein contained. The printing, distribution and use of the Preliminary Official Statement in connection with the public offering for sale of the Series 2017 Bonds is hereby authorized. The execution by the Chairman or Vice-Chairman of a certificate deeming the Preliminary Official Statement final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, is hereby authorized. The Chairman or Vice-Chairman is hereby authorized to have prepared and to execute a final Official Statement to be dated the date of execution of the Bond Purchase Contract, and, upon such execution, to deliver the same to the Underwriter for use by it in connection with the sale and distribution of the Series 2017 Bonds. The Official Statement shall be substantially in the form of the Preliminary Official Statement, with such changes as necessary to conform the details of the Series 2017 Bonds and the requirements of the Bond Purchase Contract and such other insertions, modifications and changes as may be approved by the Chairman or Vice-Chairman. The execution and delivery of the Official Statement by the Chairman or Vice-Chairman shall constitute conclusive evidence of the approval thereof. The Issuer hereby authorizes the Official Statement and the information contained therein to be used in connection with the offering and sale of the Series 2017 Bonds.

**SECTION 9. INSURANCE MATTERS.** The Underwriter and appropriate representative of the Issuer are authorized to seek to obtain a Policy for all or any portion of the Series 2017 Bonds and/or a Reserve Policy in satisfaction of all or any portion of the Series 2017 Reserve Account Requirement for the Series 2017 Bonds. The Issuer hereby further delegates authority to the Chairman and/or Vice Chairman, in consultation with the District Manager, the Issuer's District Counsel and Bond Counsel to determine whether to obtain a Policy and/or Reserve Policy, as deemed necessary and advisable in connection with the Series 2017 Bonds. The requirements of the Insurer with respect to any Policy and/or Reserve Policy shall be set forth in the Second Supplemental Indenture and/or in one more agreements (collectively, the "Insurance Agreements") between the Issuer and the Insurer. Such Insurance Agreements, if any, are hereby authorized to be executed and delivered on behalf of the Issuer. The Chairman or Vice Chairman is authorized and directed to execute, and the Secretary or any Assistant Secretary is authorized and directed to attest, the Insurance Agreements and such officers are authorized and directed to cause the seal of the Issuer to be affixed thereon. The execution of the Insurance Agreements by the Chairman or Vice Chairman shall constitute conclusive evidence of the approval thereof.

**SECTION 10. ESCROW DEPOSIT AGREEMENT.** The Escrow Deposit Agreement relating to the Series 2017 Bonds, substantially in the form submitted at this meeting and annexed hereto as Exhibit D (the "Escrow Deposit Agreement") is hereby approved, with such insertions, modifications and changes as may be approved by the Chairman or Vice-Chairman, in consultation with District Counsel and Bond Counsel. Upon such approval, the Chairman or Vice Chairman is authorized and directed to execute, and the Secretary or any Assistant Secretary is authorized and directed to attest, the Escrow Deposit Agreement and such officers are authorized and directed to cause the seal of the Issuer to be affixed thereon. The execution of the Escrow Deposit Agreement by the Chairman or Vice Chairman shall constitute conclusive evidence of the approval thereof. U.S. Bank National Association shall serve as escrow agent under the Escrow Deposit Agreement. The Issuer's District Manager is hereby authorized and directed to engage an independent verification agent for the Refunded Bonds.

**SECTION 11. CONTINUING DISCLOSURE.** The Continuing Disclosure Agreement, substantially in the form attached hereto as Exhibit E, is hereby approved with such insertions, modifications and deletions as may be approved by the Chairman or Vice-Chairman. Disclosure Services, LLC is hereby approved to serve as the initial Dissemination Agent thereunder. The Chairman or Vice-Chairman is hereby authorized to execute, and the Secretary or any Assistant Secretary is authorized and directed to attest, the Continuing Disclosure Agreement. The execution and delivery of the Continuing Disclosure Agreement by the Chairman or Vice-Chairman shall constitute conclusive evidence of the approval thereof.

**SECTION 12. MISCELLANEOUS.** The Chairman, Vice-Chairman, Secretary and any Assistant Secretary of the Board, the Issuer's District Counsel, Bond Counsel, District Manager, Consulting Engineers, and special assessment consultant and other authorized officers of the District are authorized and directed to execute and deliver all documents, contracts, instruments and certificates and to take all actions and steps on behalf of the District that are necessary or desirable in connection with the refunding and redemption of the Refunded Bonds, the Indenture, the Series 2017 Bonds, the Bond Purchase Contract, the Continuing Disclosure Agreement, the

Escrow Deposit Agreement or otherwise in connection with any of the foregoing, which are not inconsistent with the terms and provisions of this Resolution or the Indenture, and all such actions heretofore taken are hereby ratified and approved. Nothing herein shall require the District to accomplish the refunding of the Refunded Bonds if the District determines it is not in its best interests to do so.

**SECTION 13. SEVERABILITY.** Should any sentence, section, clause, part or provision of this Resolution be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this Resolution as a whole, or any part thereof, other than the part declared invalid.

**SECTION 14. EFFECTIVE DATE.** This Resolution shall be effective immediately upon its adoption.

**PASSED AND ADOPTED** at a meeting of the Board of Supervisors of the Heritage Harbour North Community Development District this 2nd day of March, 2017.

**HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT  
DISTRICT**

[SEAL]

\_\_\_\_\_  
Chairman

**ATTEST:**

\_\_\_\_\_  
District Secretary

**EXHIBIT A**  
**FORM OF SECOND SUPPLEMENTAL INDENTURE**



**EXHIBIT B**  
**FORM OF BOND PURCHASE CONTRACT**

**EXHIBIT C**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

**EXHIBIT D**  
**FORM OF ESCROW DEPOSIT AGREEMENT**

**EXHIBIT E**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**Draft #1**

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**SECOND SUPPLEMENTAL TRUST INDENTURE**

**HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT DISTRICT**

**TO  
U.S. BANK NATIONAL ASSOCIATION,  
AS TRUSTEE**

**[March] 1, 2017**

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This Table of Contents is incorporated herein for ease of reference only and shall not be deemed a part of the Second Supplemental Trust Indenture.

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**SECOND SUPPLEMENTAL  
TRUST INDENTURE**

**THIS SECOND SUPPLEMENTAL TRUST INDENTURE** (the "Second Supplemental Indenture"), dated as of [March] 1, 2017, from **HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT** (the "District") to **U.S. BANK NATIONAL ASSOCIATION**, as Trustee (the "Trustee"), a national banking association authorized to accept and execute trusts of the character herein set out, with its designated corporate trust office and post office address located at 550 West Cypress Creek Boulevard, Suite 380, Fort Lauderdale, Florida, 33309, Attention: Corporate Trust Department.

**WHEREAS**, the District has entered into a Master Trust Indenture dated as of October 1, 2007 (the "Master Indenture") with the Trustee to secure the issuance of its Heritage Harbour North Community Development District Capital Improvement Revenue Bonds, issuable in one or more Series from time to time; and

**WHEREAS**, pursuant to Resolution 2007-16, adopted by the Governing Body on December 14, 2006, the District authorized the issuance, sale and delivery of not to exceed \$94,000,000 of its Heritage Harbour North 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, Florida on February 28, 2007; and

**WHEREAS**, the Governing Body of the District duly adopted Resolution No. 2007-14 on December 14, 2006 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. 2007-19 on January 22, 2007 following a public hearing conducted in accordance with the Act and other applicable law, to fix and establish the Assessments and the benefited property (collectively, the "Assessment Resolution"); and

**WHEREAS**, pursuant to Resolution No 2007-24 adopted by the Governing Body of the District on September 6, 2007, the District issued, sold and delivered its Heritage Harbour North Community Development District Capital Improvement Revenue Bonds, Series 2007 (the "Series 2007 Bonds") as an issue of Bonds under the Master Indenture and a First Supplemental Indenture dated as of October 1, 2007, from the District to the Trustee (the "First Supplemental Indenture") to secure the issuance of the Series 2007 Bonds and to set forth the terms of the Series 2007 Bonds; and



**WHEREAS**, the Heritage Harbour North Community Development District Capital Improvement Revenue Bonds, Series 2007 Bonds are currently Outstanding in the aggregate principal amount of \$\_\_\_\_\_ (the Outstanding principal of such Series 2007 Bonds hereinafter referred to as the "Refunded Bonds"); and

**WHEREAS**, the District applied the proceeds of the Refunded Bonds to: (i) finance a portion of 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 First Supplemental Indenture, the "Series 2007 Project"); (ii) pay certain costs associated with the issuance of the Series 2007 Bonds; and (iii) make a deposit into the related Series Reserve Account for the benefit of the Series 2007 Bonds; and

**WHEREAS**, the Refunded Bonds are payable from and secured by Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2007 Project (the "Series 2007 Assessments"); and

**WHEREAS**, the District has determined that it is in the best interests of the District to currently refund and redeem all of the Outstanding principal amount of the Refunded Bonds; and

**WHEREAS**, pursuant to Resolution No \_\_\_\_\_, adopted by the Governing Body of the District on March 2, 2017 (the "Award Resolution"), the District has authorized the issuance, sale and delivery of not to exceed \$20,895,000 in aggregate principal amount of its Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds") as an issue of Refunding Bonds under the Master Indenture and has ratified and confirmed the Master Indenture and authorized the execution and delivery of this Second Supplemental Indenture to secure the issuance of the Series 2017 Bonds and to set forth the terms of the Series 2017 Bonds; and

**WHEREAS**, the District will apply the proceeds of the Series 2017 Bonds together with other legally available funds of the District to: (i) refund and redeem all of the Outstanding principal amount of the Refunded Bonds; (ii) pay certain costs associated with the issuance of the Series 2017 Bonds, [including the premium for the Policy and the Reserve Policy]; [and (iii) make a deposit into the Series 2017 Reserve Account for the benefit of all of the Series 2017 Bonds]; and

**WHEREAS**, the Series 2017 Bonds will be payable from and secured by the Series 2007 Assessments imposed, levied and collected by the District with respect to property specially benefited by the Series 2007 Project, which, together with the Series 2017 Pledged Funds, will comprise the Series 2017 Trust Estate, which shall constitute a "Series Trust Estate" as defined in the Master Indenture; and

**WHEREAS**, the execution and delivery of the Series 2017 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 Series 2017 Bonds, when executed by the District and authenticated by the Trustee, valid and binding legal obligations of the District and to make this Second Supplemental Indenture a valid and binding agreement and, together with the Master Indenture, a valid and binding lien on the Series 2017 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 Series 2017 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, and interest on, all Outstanding (as such capitalized terms are defined in the Master Indenture) Series 2017 Bonds 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 Credit Facility (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 Series 2017 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 Series 2007 Assessments (the "Series 2017 Pledged Revenues") and the Funds and Accounts (except for the Series 2017 Rebate Account) established hereby (the "Series 2017 Pledged Funds") which shall comprise a part of the Trust Estate securing the Series 2017 Bonds (the "Series 2017 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;

**IN TRUST NEVERTHELESS**, 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 Series 2017 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 Series 2017 Bond over any other Series 2017 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(as defined in the Master Indenture) of the Series 2017 Bonds or any Series 2017 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 Series 2017 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 Series 2017 Bonds or any Series 2017 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 Series 2017 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 Trustee and with the respective Owners, from time to time, of the Series 2017 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 and/or the First Supplemental 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:

**"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.

**"Delinquent Assessment Interest"** shall mean Series 2007 Assessment Interest deposited by the District with the Trustee on or after May 1 of the year in which such Series 2007 Assessment Interest has, or would have, become delinquent under State law applicable thereto.

**"Delinquent Assessment Principal"** shall mean Series 2007 Assessment Principal deposited by the District with the Trustee on or after May 1 of the year in which such Series 2007 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.

**"Escrow Fund"** shall mean the fund created and established to pay and redeem the Refunded Bonds pursuant to the Escrow Deposit Agreement between the District and U.S. Bank National Association, in its capacity as escrow agent, relating to the Refunded Bonds.

***["Insurer"*** shall mean \_\_\_\_\_.]

***"Interest Payment Date"*** shall mean each May 1 and November 1, commencing [November 1, 2017].

***"Nominee"*** shall mean the nominee of the Bond Depository, which may be the Bond Depository, as determined from time to time pursuant to this Second Supplemental Indenture.

***["Policy"*** shall mean the Municipal Bond Insurance Policy issued by the Insurer, which shall constitute a Credit Facility, under and as defined in the Master Indenture.]

***["Reserve Agreement"*** shall mean the Debt Service Reserve Agreement, between the District and the Insurer with respect to the Reserve Policy.]

***["Reserve Policy"*** shall mean the Municipal Bond Debt Service Reserve Insurance Policy issued by the Insurer, which shall constitute a Credit Facility, under and as defined in the Master Indenture.]

***["Reserve Policy Costs"*** shall mean draws under the Reserve Policy and Administrative Expenses (as defined in the Reserve Agreement) and the interest accrued thereon at the Late Payment Rate (as defined in the Reserve Agreement).]

***"Series 2007 Assessment Interest"*** shall mean the interest on the Series 2007 Assessments which is pledged to the Series 2017 Bonds.

***"Series 2007 Assessment Principal"*** shall mean the principal amount of Series 2007 Assessments received by the District which represent a proportionate amount of the principal of and Amortization Installments of the Series 2017 Bonds, other than applicable Delinquent Assessment Principal and Series 2007 Prepayment Principal.

***"Series 2007 Assessment Proceedings"*** shall mean the proceedings of the District with respect to the establishment, levy and collection of the Series 2007 Assessments, including, but not limited to Resolutions Nos. 2007-14, 2007-15, 2007-18, 2007-19 and 2008-04 adopted by the Governing Body of the District, and any supplemental proceedings undertaken by the District with respect to the Series 2007 Assessments.

***"Series 2007 Assessment Revenues"*** shall mean all revenues derived by the District from the Series 2007 Assessments.

***"Series 2017 Bonds"*** shall mean \$\_\_\_\_\_ Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017.

***"Series 2017 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) 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;

(iii) Shares of money market mutual funds that are rated in the highest rating category for such funds by either Moody's or S&P, or, which invest only in the obligations described in (i) and (ii) above, including money market mutual funds of the Trustee bank meeting such criteria;

(iv) Commercial paper rated in the highest rating category by either Moody's or S&P; and

(v) 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.

Under all circumstances, the Trustee shall be entitled to rely solely upon the direction of an Authorized Officer with respect to any investment directed by the District as conclusive evidence that the investment is permitted under the Indenture.

***"Series 2017 Pledged Revenues"*** shall mean the Series 2007 Assessments.

***"Series 2007 Prepayment Principal"*** shall mean the excess amount of Series 2007 Assessment Principal received by the District over the Series 2007 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 Series 2007 Prepayment Principal shall not mean the proceeds of any Refunding Bonds or other borrowing of the District.

*"Series 2017 Reserve Account Requirement"* shall mean \$\_\_\_\_\_ which is equal to fifty percent (50%) of the Maximum Annual Debt Service Requirement for the Series 2017 Bonds on the date of original issuance thereof, [\_\_\_\_ percent (\_\_\_\_%) of which (\$\_\_\_\_\_) shall be cash funded and \_\_\_\_ percent (\_\_\_\_%) of which shall be satisfied by the Reserve Policy.]

## **Article II**

### **Authorization, Issuance and Provisions of Series 2017 Bonds**

**Section 201. Authorization of Series 2017 Bonds; Book-Entry Only Form.** The Series 2017 Bonds are hereby authorized to be issued in one Series in the aggregate principal amount of \$\_\_\_\_\_ for the purposes enumerated in the recitals hereto to be designated "Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017." The Series 2017 Bonds shall be substantially in the form set forth as Exhibit A to this Second Supplemental Indenture. Each Series 2017 Bond shall bear the designation "2017R" and shall be numbered consecutively from 1 upwards.

The Series 2017 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2017 Bond for each maturity thereof. Upon initial issuance, the ownership of each such Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the Series 2017 Bonds. The District, the Trustee, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Series 2017 Bond is registered in the registration books kept by the Bond Registrar as the absolute owner of such Series 2017 Bond for the purpose of payment of principal, premium and interest with respect to such Series 2017 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2017 Bond, for the purpose of registering transfers with respect to such Series 2017 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the Series 2017 Bonds shall designate, in accordance with the provisions hereof.

**Section 202. Terms.** The Series 2017 Bonds shall be issued as \_\_\_\_\_ (\_\_\_) Serial Bonds and \_\_\_ (\_\_\_) 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 dates set forth below:

<u>Bond Number</u>	<u>Maturity (May 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Initial CUSIP No.</u>
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**Section 203. Dating; Interest Accrual.** Each Series 2017 Bond shall be dated its date of initial issuance and delivery. Each Series 2017 Bond also shall bear its date of authentication. Each Series 2017 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 Series 2017 Bond has been paid, in which event such Series 2017 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the Series 2017 Bonds, in which event, such Series 2017 Bond shall bear interest from its date. Interest on the Series 2017 Bonds shall be due and payable on each May 1 and November 1, commencing [November 1, 2017], and shall be computed on the basis of a 360-day year of twelve 30-day months.

**Section 204. Denominations.** The Series 2017 Bonds shall be issued in Authorized Denominations.

**Section 205. Paying Agent.** The District appoints the Trustee as Paying Agent for the Series 2017 Bonds.

**Section 206. Bond Registrar.** The District appoints the Trustee as Bond Registrar for the Series 2017 Bonds.

**Section 207. Conditions Precedent to Issuance of Series 2017 Bonds.** In addition to complying with the requirements set forth in the Master Indenture in connection with the issuance of the Series 2017 Bonds, all of the Series 2017 Bonds 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:

- (a) Certified copies of the Series 2007 Assessment Proceedings approved as of the date of issuance of the Series 2017 Bonds;
- (b) Executed copies of the Master Indenture and this Second Supplemental Indenture;
- (c) The opinions required by Section 207 of the Master Indenture;
- (e) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Series 2017 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) A certified copy of the final judgment of validation in respect of the Series 2007 Bonds, together with a certificate of no appeal; and
- (g) The Escrow Deposit Agreement (as defined in the Award Resolution).



**Article III**  
**Redemption of Series 2017 Bonds**

**Section 301. Bonds Subject to Redemption; Notice.** The Series 2017 Bonds are subject to redemption prior to maturity as provided in the form thereof set forth as Exhibit A to this Second Supplemental Indenture.

Notwithstanding anything in the Master Indenture or this Second Supplemental Indenture to the contrary, notice of optional redemption may be conditioned upon the occurrence of non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

**Article IV**  
**Deposit of Series 2017 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 a Series 2017 Costs of Issuance Account.

(b) There are hereby established within the Debt Service Fund held by the Trustee: (i) a Series 2017 Debt Service Account and therein a Series 2017 Sinking Fund Account, Series 2017 Principal Account and a Series 2017 Interest Account. and (ii) a Series 2017 Redemption Account and therein a Series 2007 Prepayment Subaccount and an Optional Redemption Subaccount.

(c) There is hereby established within the Reserve Fund held by the Trustee a Series 2017 Reserve Account, which shall be held for the benefit of all of the Series 2017 Bonds, without distinction as to Series 2017 Bonds and without privilege or priority of one Series 2017 Bond over another.

(d) There is hereby established within the Revenue Fund held by the Trustee a Series 2017 Revenue Account.

(e) There is hereby established within the Rebate Fund held by the Trustee a Series 2017 Rebate Account.

**Section 402. Use of Series 2017 Bond Proceeds.** The net proceeds of sale of the Series 2017 Bonds of \$\_\_\_\_\_ (consisting of \$\_\_\_\_\_ principal amount of Series 2017 Bonds, less Underwriter's discount of \$\_\_\_\_\_, [less][plus][net] original issue [discount][premium] in the amount of \$\_\_\_\_\_), together with \$\_\_\_\_\_ from the 2007 Revenue Account, \$\_\_\_\_\_ from the Deferred Costs Subaccount in the 2007 Acquisition and Construction Account and \$\_\_\_\_\_ from the 2007 Reserve Fund, for a total of \$\_\_\_\_\_, 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) \$\_\_\_\_\_, representing [\_\_\_\_ percent (\_\_\_%) of] the Series 2017 Reserve Account Requirement shall be deposited to the credit of the Series 2017 Reserve Account, [which together with the Reserve Policy shall satisfy the Series 2017 Reserve Account Requirement];

(b) \$\_\_\_\_\_, representing the costs of issuance relating to the Series 2017 Bonds, [including the premiums for the Policy and the Reserve Policy] shall be deposited to the credit of the Series 2017 Costs of Issuance Account; [provided, however, that the premiums for each of the Policy and the Reserve Policy shall be wired by the underwriter of the Series 2017 Bonds to the Insurer and shall constitute a credit against the purchase price];

(c) \$\_\_\_\_\_ from amounts on deposit in the 2007 Revenue Account for the Refunded Bonds shall be deposited into the Series 2017 Interest Account to pay a portion of the interest first coming due on the Series 2017 Bonds; and

(d) the balance remaining after the deposits above, \$\_\_\_\_\_ shall be deposited into the Escrow Fund.

**Section 403. Costs of Issuance Account.** The amount deposited in the Series 2017 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 Series 2017 Bonds as provided in Section 5.03(b) of the Master Indenture. At the written direction of an Authorized Officer, any amounts deposited in the Series 2017 Costs of Issuance Account which are not needed to pay such costs as shall be evidenced by the fact that they remain on deposit therein on [September] 1, 2017 shall, unless otherwise directed in writing by the District, on such [September] 1, 2017, be transferred over and deposited into the Series 2017 Revenue Account and used for the purposes permitted therefor.

**Section 404. Series 2017 Reserve Account.** [Subject to the provisions hereof related to draws on the Reserve Policy], amounts on deposit in the Series 2017 Reserve Account shall be used only for the purpose of making payments into the Series 2017 Interest Account and the Series 2017 Sinking Fund Account to pay Debt Service on the Series 2017 Bonds, when due, without distinction as to Series 2017 Bonds and without privilege or priority of one Series 2017 Bond over another, to the extent the moneys on deposit in such Accounts therein and available therefor are insufficient and for no other purpose, or except as may be otherwise expressly directed herein or in the Master Indenture. Such Account shall consist only of [the Reserve Policy,] cash and Investment Obligations. [The District hereby covenants and agrees to abide by the terms and conditions of the Reserve Policy Agreement.]

[(a) The District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means [\_\_\_\_\_]. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

All cash and investments in the Series 2017 Reserve Account established for the Series 2017 Bonds shall be transferred to the Debt Service Fund for payment of the Debt Service on the Series 2017 Bonds before any drawing may be made on the Reserve Policy or any other reserve fund credit instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017 Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2017 Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws under the Reserve Policy may only be used to make payments on Series 2017 Bonds.

(c) If the District shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the Series 2017 Bonds, or (ii) remedies which would adversely affect owners of the Series 2017 Bonds.

(d) This Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The District's obligation to pay such amount shall expressly survive payment in full of the Series 2017 Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the Insurer at least three business days prior to each date upon which interest or principal is due on the Series 2017 Bonds.

(f) The Reserve Policy shall expire on the earlier of the date the Series 2017 Bonds are no longer outstanding and the final maturity date of the Series 2017 Bonds.]

(g) On the earliest date on which there is on deposit in the Series 2017 Reserve Account sufficient cash, [without taking into account the amount available under the Reserve Policy, provided that there are no Reserve Policy Costs due and owing to the Insurer under the Policy or the Reserve Policy], and, taking into account other monies available therefor, to pay and redeem all of the Outstanding Series 2017 Bonds, together with accrued interest and

redemption premium, if any, on such Series 2017 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2017 Reserve Account into the Series 2007 Prepayment Subaccount in the Series 2017 Redemption Account to pay and redeem all of the Outstanding Series 2017 Bonds on the earliest date permitted for redemption therein and herein.

**Section 405. Amortization Installments.** (a) The Amortization Installments are established for the Series 2017 Bonds shall be as set forth in the forms of Bonds attached hereto.

(b) Upon any redemption of Series 2017 Bonds (other than Series 2017 Bonds redeemed in accordance with scheduled Amortization Installments and other than Series 2017 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 Series 2017 Term Bonds and Series 2017 Serial Bonds in substantially equal annual installments of principal and interest (subject to rounding to Authorized Denominations of principal) over the remaining term of the Series 2017 Bonds.

**Section 406. Tax Covenants.** The District shall comply with the following tax covenants in addition to those set forth in the Master Indenture and the matters set forth in the Federal Tax Certificate to be executed and delivered by the Issuer in connection with the issuance of the Series 2017 Bonds:

Notwithstanding anything to the contrary contained in the Master Indenture, the District covenants with the holders of the Series 2017 Bonds that it shall comply with the requirements of Code necessary to maintain the exclusion of interest on the Series 2017 Bonds from gross income for purposes of federal income taxation, including the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code, and, in particular, that it shall not make or direct the making of any investment or other use of proceeds of such Series 2017 Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such Series 2017 Bonds to be or become subject to federal income taxation, nor shall it fail to do any act which is necessary to prevent such interest from becoming subject to federal income taxation. The District further covenants that neither the District nor any other person under its control or direction will make any investment or other use of the proceeds of the Series 2017 Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the Series 2017 Bonds to be “private activity bonds” as that term is defined in Section 141 of the Code (or any successor provision thereto), or “arbitrage bonds” as that term is defined in Section 148 of the Code (or any successor provision thereto) and that it will comply with such sections of the Code throughout the term of the Series 2017 Bonds.

**Section 407. Establishment of Series 2017 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 Series 2017 Revenue Account into which the Trustee shall deposit any and all amounts required to be deposited therein by this Section 407 or by any other provision of the Master Indenture or this Second 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 Series 2017 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 Series 2007 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting setting forth the amounts of such Series 2007 Assessment Revenues in the following categories which shall be deposited by the Trustee into the Funds and Accounts established hereunder as follows:

(i) Series 2007 Assessment Principal, which shall be deposited into the Series 2017 Sinking Fund Account and/or Series 2017 Principal Account as applicable;

(ii) Series 2007 Prepayment Principal, which shall be deposited into the Series 2007 Prepayment Subaccount in the Redemption Account;

(iii) Delinquent Assessment Principal, which shall first be applied to restore the amount of any draw under the Reserve Policy and then to restore any cash withdrawal from the Series 2017 Reserve Account to pay the principal of Series 2017 Bonds, and, the balance, if any, shall be deposited into the Series 2017 Sinking Fund Account or Series 2017 Principal Account, as applicable;

(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any draw under the Reserve Policy and then to restore any cash withdrawal from the Series 2017 Reserve Account to pay interest on the Series 2017 Bonds, and, the balance, if any, deposited into the Series 2017 Revenue Account; and

(v) all other Series 2007 Assessment Revenues, which shall be deposited into the Series 2017 Revenue Account.

Moneys other than Series 2007 Assessment Revenues shall, at the written direction of the District be deposited into the Optional Redemption Subaccount of the 2014 Redemption Account and used to pay the principal of and premium, if any, on Series 2017 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 Series 2017 Bonds as set forth in the form of Series 2017 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 Series 2007 Prepayment Subaccount, and, if the balance therein is greater than zero, shall transfer from the Series 2017 Revenue Account for deposit into the Series 2007 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 Series 2017 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2007 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of such Series 2017 Bonds set forth in the form of Series 2017 Bond attached hereto, Section 301 hereof, and Article III of the Master Indenture.

(d) On the fifteenth (15<sup>th</sup>) day preceding each May 1 or November 1 (or if such fifteenth day is not a Business Day, on the Business Day preceding such fifteenth day), the Trustee shall transfer amounts on deposit in the Series 2017 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

**FIRST**, from the Series 2017 Revenue Account to the Series 2017 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all Series 2017 Bonds then Outstanding on such May 1 or November 1, less any other amount already on deposit in the Series 2017 Interest Account not previously credited;

**SECOND**, to the Series 2017 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all Series 2017 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2017 Sinking Fund Account not previously credited and to the Series 2017 Principal Account, the amount, if any, equal to the difference between the principal of Series 2017 Serial Bonds coming due on such May 1, and the amount already on deposit in the Series 2017 Principal Account not previously credited;

**THIRD**, to the Series 2017 Reserve Account, [first, the amount, if any, which is necessary to repay and draws under the Reserve Policy and, second], the amount, if any, which is necessary to restore the amount on deposit therein to an amount equal to the Series 2017 Reserve Account Requirement with respect to the Series 2017 Bonds; and

**FOURTH**, the balance shall be retained in the Series 2017 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 is not made due to an insufficiency of funds therefor.

(e) On any date required, the District shall give the Trustee written direction, and the Trustee shall, transfer from the Series 2017 Revenue Account to the Series 2017 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 United States, when due, in accordance with such Tax Regulatory Covenants.

(f) On or after each November 2, the Trustee shall transfer to the District at the written direction of the District the balance on deposit in the Series 2017 Revenue Account on such November 2 to be used for any lawful District purpose; provided, however, that on the date of such proposed transfer the amount on deposit in the Series 2017 Reserve Account shall be equal to the Series 2017 Reserve Account Requirement [and no amount shall be due and payable or unreimbursed under the Policy or the Reserve Policy as certified to the Trustee by the Insurer], 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 Series 2017 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 Series 2017 Bonds shall be invested only in Series 2017 Investment Obligations, and further, earnings on the

Series 2017 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 Series 2017 Sinking Fund Account and the Series 2017 Redemption Account shall be deposited, as realized, to the credit of the Series 2017 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2017 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 Series 2017 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 the Series 2017 Reserve Account shall be allocated to and deposited into the Series 2017 Revenue Account in the Revenue Fund; and

(ii) if as of the last date on which amounts on deposit in the Series 2017 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 Series 2017 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2017 Reserve Account shall be deposited to the credit of the Series 2017 Reserve Account until the amount on deposit therein equals the Series 2017 Reserve Account Requirement and thereafter shall be allocated to and deposited into the Series 2017 Revenue Account in the Revenue Fund.

## **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.

**Section 504. Brokerage Confirmations.** The District acknowledges that to the extent regulation of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive individual confirmations of security transactions at no additional cost, as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District periodic cash transaction statements that include detail for all investment transactions made by the Trustee under the Indenture.

## **Article VI Additional Bonds**

**Section 601. No Parity Bonds.** The District covenants and agrees that so long as there are any Series 2017 Bonds Outstanding, it shall not cause or permit to be caused any lien, charge or claim against the Series 2017 Trust Estate; provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the Series 2017 Trust Estate pledged to the Series 2017 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the Series 2017 Trust Estate equal or prior to the lien of this Second Supplemental Indenture securing the Series 2017 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 Series 2017 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 Series 2017 Bonds to payment and the control of remedies and acceleration granted hereunder and under the Master Indenture, [subject to the rights of the Insurer as set forth herein].

Notwithstanding the foregoing provisions of this Section 601, nothing herein or in the Master Indenture shall preclude the District from levying Assessments on property subject to the Series 2007 Special Assessments which are necessary for health, safety or welfare reasons or to remediate a natural disaster and from issuing Bonds secured by such Assessments.

## **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 Series 2017 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 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. Additional Covenant Regarding Assessments.** In addition, and not in limitation of, the covenants contained elsewhere in this Second Supplemental Indenture and in the Master Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2007 Assessments, including the Revised Master Methodology Report, dated January 22, 2007 prepared by Fishkind & Associates, Inc., , as supplemented (collectively, the "Report"), and to levy the Series 2007 Assessments, in accordance with the Report in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2017 Bonds, when due.

Anything herein or in the Master Indenture to the contrary notwithstanding, Series 2007 Assessments shall be collected pursuant to the Uniform Method.

**Section 704. [Additional Requirements of the Insurer. To follow]**

**IN WITNESS WHEREOF**, Heritage Harbour North 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.

**HERITAGE            HARBOUR            NORTH  
COMMUNITY  
DEVELOPMENT DISTRICT**

[SEAL]

Attest:

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman, Board of Supervisors

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Vice President

**EXHIBIT A**

**FORM OF SERIES 2017 BONDS**

**[TEXT OF SERIES 2017 BOND FACE]**

No. 2017R-

\$

**United States of America**

**State of Florida**

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT  
CAPITAL IMPROVEMENT REVENUE REFUNDING BONDS, SERIES 2017**

<b>Interest</b>	<b>Maturity</b>	<b>Dated</b>	<b>Initial CUSIP No.</b>
<u>Rate</u>	<u>Date</u>	<u>Date</u>	
___%	May 1, 20___	[March] 1, 2017	

**Registered Owner: CEDE & CO.**

**Principal Amount:**

**HERITAGE HARBOUR NORTH 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 hereinafter defined Indenture) 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 [November 1, 2017], 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 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. All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Indenture (hereinafter defined). Any payment of principal, Amortization Installment or Redemption Price shall be made only upon presentation hereof at the designated corporate trust office of U.S. Bank National Association, located in Fort Lauderdale, 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 Series 2017 Bonds, as defined below). So long as the Bonds are held in book entry form presentation shall not be required and the book entry system for payments shall control. 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 Refunding Bonds, Series 2017" in the aggregate principal amount of \$\_\_\_\_\_ (the "Series 2017 Bonds") (the "Series 2017 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 October 1, 2007 (the "Master Indenture"), between the District and U.S. Bank National Association, located in Fort Lauderdale, Florida, as trustee (the "Trustee"), supplemented by a Second Supplemental Indenture, dated as of [March] 1, 2017 (the "Supplemental Indenture"), between the District and the Trustee (the Master Indenture as supplemented by the Supplemental Indenture is hereinafter referred to as the "Indenture"). The Series 2017 Bonds are issued in an aggregate principal amount of \$\_\_\_\_\_, which together with other legally available funds of the District will be used to (i) refund and redeem all of the Outstanding principal amount of the District's Heritage Harbour North Community Development District, Capital Improvement Revenue Bonds, Series 2007 (the "Refunded Bonds"); [(ii) pay certain costs associated with the issuance of the Series 2017 Bonds including the premium for the Policy and the Reserve Policy]; [and (iii) make a deposit into the Series 2017 Reserve Account for the benefit of all of the Series 2017 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 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 SERIES

2017 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE SERIES 2017 BONDS, SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2017 TRUST ESTATE PLEDGED TO THE SERIES 2017 BONDS, ALL AS PROVIDED HEREIN, IN THE INDENTURE.

This Bond is issued under and pursuant to the Constitution and laws of the State of Florida, particularly Chapter 190, Florida Statutes , 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 the Series 2017 Bonds issued under the Indenture, the collection and disposition of revenues and the funds charged with and pledged to the payment of the principal, Amortization Installments (as defined in the Master Indenture) and Redemption Price of, and the interest on, the Series 2017 Bonds, the nature and extent of the security thereby created, the covenants of the District with respect to the levy and collection of Series 2007 Assessments, 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 Series 2017 Bonds are equally and ratably secured by the Series 2017 Trust Estate, without preference or priority of one Series 2017 Bond over another. The Indenture does not authorize the issuance of any additional Bonds ranking on a parity with the Series 2017 Bonds as to the lien and pledge of the Series 2017 Trust Estate, except under the circumstances set forth in the Supplemental Indenture.

The Series 2017 Bonds are issuable only as registered Bonds without coupons in current interest form in Authorized Denominations. This Bond is transferable by the registered Owner hereof or his duly authorized attorney at the designated corporate trust office of the Trustee in Fort Lauderdale, 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 Series 2017 Bond or Series 2017 Bonds, in the same aggregate principal amount as the Bond or Bonds transferred, will be issued to the transferee. At the corporate trust office of the Bond Registrar in Fort Lauderdale, Florida, in the manner and subject to the limitations and conditions provided in the Indenture and without cost, except for any tax or other governmental charge, Series 2017 Bonds may be exchanged for an equal aggregate principal amount of Series 2017 Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate or rates.

The Series 2017 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, 20\_\_\_\_, at the Redemption Price of par plus accrued interest to the redemption date.

The Series 2017 Term Bonds maturing May 1, 20\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2017 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:

<b><u>May1</u></b> <b><u>of the Year</u></b>	<b><u>Amortization</u></b> <b><u>Installment</u></b>	<b><u>May 1</u></b> <b><u>of the Year</u></b>	<b><u>Amortization</u></b> <b><u>Installment</u></b>
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\* Maturity

The Series 2017 Term Bonds maturing May 1, 20\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2017 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments 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:

<b><u>May1</u></b> <b><u>of the Year</u></b>	<b><u>Amortization</u></b> <b><u>Installment</u></b>	<b><u>May 1</u></b> <b><u>of the Year</u></b>	<b><u>Amortization</u></b> <b><u>Installment</u></b>
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\* Maturity

As more particularly set forth in the Indenture, any Series 2017 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 Series 2017 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Series 2017 Bonds so as to reamortize the remaining Outstanding principal balance of the Series 2017 Bonds as set forth in the Supplemental Indenture.

The Series 2017 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) from Prepayments (as defined in the Indenture) deposited into the Series 2017 Prepayment Subaccount of the Series 2017 Redemption Account; or

(b) on the date on which the amount on deposit in the Series 2017 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2017 Bonds then Outstanding, including accrued interest thereon.

If less than all of the Series 2017 Bonds shall be called for redemption, the particular Series 2017 Bonds or portions of Series 2017 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

Notice of each redemption of Series 2017 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 Series 2017 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 Series 2017 Bonds or such portions thereof so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2017 Bonds or such portions thereof on such date, interest on such Series 2017 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2017 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture and the Owners thereof shall have no rights in respect of such Series 2017 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 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.

As provided in the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

The Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2017 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 Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

Any moneys held by the Trustee or 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 Series 2017 Bonds as to the Series 2017 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.

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.

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.

**IN WITNESS WHEREOF**, Heritage Harbour North 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.

**HERITAGE            HARBOUR            NORTH  
COMMUNITY  
DEVELOPMENT DISTRICT**

[SEAL]

Attest:

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman, Board of Supervisors



**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Series 2017 Bonds designated herein, described in the within-mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

Date of Authentication:

\_\_\_\_\_

By: \_\_\_\_\_  
Vice President

**[STATEMENT OF INSURANCE]**

**CERTIFICATE OF VALIDATION**

This Bond is one of a Series of Bonds which refunds Bonds which were validated by judgment of the Circuit Court for Manatee County, Florida on February 28, 2007.

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Chairman

**FORM OF ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM as tenants in common

TEN ENT as tenants by the entireties

JT TEN as joint tenants with the right of survivorship and not as tenants in common

UNIFORM TRANSFER MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_ under Uniform Transfer to Minors Act \_\_\_\_\_

Additional abbreviations may also be used though not in the above list.

**FORM OF ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ this 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.

\$ \_\_\_\_\_  
**HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT DISTRICT  
Capital Improvement Revenue Refunding Bonds, Series 2017**

\_\_\_\_\_  
**BOND PURCHASE CONTRACT**

\_\_\_\_\_, 2017

Board of Supervisors  
Heritage Harbour North  
Community Development District  
Manatee County, Florida

Ladies and Gentlemen:

The undersigned, MBS Capital Markets, LLC (the "Underwriter") does hereby offer to enter into this Bond Purchase Contract (this "Bond Purchase Contract") with Heritage Harbour North Community Development District (the "District") which, upon your acceptance of this offer, will be binding upon you and the Underwriter. This offer of the Underwriter shall, unless accepted by the District, expire at 7:00 P.M. prevailing time within the jurisdiction of the District on the date hereof, unless previously withdrawn or extended in writing by the Underwriter. Upon execution and delivery of this Bond Purchase Contract, it shall be binding upon the District and the Underwriter. The Underwriter hereby represents that neither it nor any "person" or "affiliate" has been on the "convicted vendor list" during the past 36 months, as all such terms are defined in Section 287.133, Florida Statutes, as amended. Any capitalized words not defined herein shall have the meaning ascribed thereto in the Preliminary Official Statement (hereinafter defined). In conformance with Section 218.385, Florida Statutes, as amended, the Underwriter hereby delivers to the District the Disclosure and Truth-In-Bonding Statement attached hereto as **Exhibit A**.

**1. Purchase and Sale.** Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from the District, and the District hereby agrees to sell to the Underwriter, (all but not less than all) of its \$\_\_\_\_\_ Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Bonds"). The aggregate purchase price for the Bonds is \$\_\_\_\_\_ consisting of \$\_\_\_\_\_ par amount of the Bonds, less the Underwriter's discount in the amount of \$\_\_\_\_\_ and less original issue discount of \$\_\_\_\_\_. The purchase price shall be paid in immediately available federal funds against the delivery of the Bonds.

**2. The Bonds.** The Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 190, Florida Statutes (the "Act"); by Resolution No. 2007-06 adopted by the Board of Supervisors of the District (the "Board") on December 14, 2006, as supplemented by Resolution No. \_\_\_\_\_ adopted by the Board on March 2, 2017, (the collectively, "Bond Resolution"); and a Master Trust Indenture dated as of October 1, 2007 (the "Master Indenture") between the District and U.S. Bank National Association (the "Trustee"), as supplemented by that certain Second Supplemental Trust Indenture between the District and the Trustee dated as of March 1, 2017 (the "Supplemental Indenture" and together with the Master Indenture, collectively, the "Indenture"). The Series 2007 Assessments have been levied by the District on certain lands within the District specially benefited by the public improvements (the Refunded Project") financed with certain proceeds of the District's Capital Improvement Revenue Bonds, Series 2007 (the "Refunded Bonds") pursuant to resolutions duly adopted by the Board (collectively, the "Assessment Proceedings"). The Bonds shall be as described in, and shall be issued and secured pursuant to, the provisions of the Indenture.

**3. Offering.** The Underwriter agrees to make a bona fide public offering of the Bonds at prices not in excess of or yields not lower than the public offering prices or yields set forth on the inside cover page of the Official Statement (hereinafter defined); however, it may subsequently change such offering prices or yields without any requirement of prior notice. It shall be a condition to the District's obligation to sell and to deliver the Bonds to the Underwriter, and to the Underwriter's obligation to purchase, accept delivery of and pay for the Bonds, that the entire principal amount of the Bonds be issued, sold and delivered by the District and purchased, accepted and paid for by the Underwriter at the Closing (as hereinafter defined) and that the District and the Underwriter receive the opinions, documents and certificates described in Section 8(c) hereof, unless waived in writing by the applicable parties hereto. The Underwriter agrees to deliver at the Closing a certificate in form satisfactory to Bond Counsel as to the initial offering prices and yields of the Bonds. The Underwriter reserves the right to change such initial offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts, including investment trusts managed by the Underwriter) and others at a prices lower than the initial offering prices or yields higher than the yields set forth on the inside cover page of the Official Statement. The Underwriter also reserves the right to: (i) 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; and (ii) discontinue such stabilization, if commenced, at any time.

**4. Use of Documents.** The District hereby ratifies and confirms the use by the Underwriter of the Preliminary Official Statement relating to the Bonds dated \_\_\_\_\_, 2017, including the cover page and Appendices thereto (the "Preliminary Official Statement") prior to the date hereof, and authorizes the use by the Underwriter of the final Official Statement with respect to the Bonds dated the date hereof, including the cover page and Appendices thereto (the "Official Statement"), including any supplements or amendments thereto in connection with the offering and sale of the Bonds.

**5. Definitions.** For purposes hereof, this Bond Purchase Contract, the Indenture, the DTC Blanket Issuer Letter of Representations (hereinafter defined), the Escrow Agreement (hereinafter defined) and the Continuing Disclosure Agreement dated the Closing Date (the

"Continuing Disclosure Agreement") are referred to herein collectively as the "Financing Documents".

**6. Representations, Warranties and Agreements.** The District hereby represents, warrants and agrees as follows:

(a) The District is a local unit of special purpose government, duly organized and established and validly existing under the Act and the laws of the State of Florida, with full legal right, power and authority (1) to impose, levy and collect the Series 2007 Assessments in the manner described in the Official Statement; (2) to issue the Bonds for the purposes for which they are to be issued, as described in the Indenture, (3) to secure the Bonds as provided by the Indenture, (4) to enter into the obligations hereunder and under the other Financing Documents, and (5) to carry out and consummate all of the transactions contemplated hereby and by the other Financing Documents. The Board is the governing body of the District;

(b) The District has full legal right, power and authority to: (i) adopt the Bond Resolution and the Assessment Proceedings; (ii) enter into the Financing Documents; (iii) sell, issue and deliver the Bonds to the Underwriter as provided herein; (iv) apply the proceeds of the sale of the Bonds for the purposes described in the Official Statement; (v) authorize the distribution of the Preliminary Original Statement and the Official Statement and execution of the Official Statement; (vi) carry out and consummate the transactions contemplated by the Bond Resolution, the Assessment Proceedings, the Financing Documents and the Official Statement; (vii) refund the Refunded Bonds; and (viii) issue the Bonds; and (ix) levy and collect the Series 2007 Assessments. The District has complied, and at the Closing will be in compliance in all material respects, with the terms of the Act and with the obligations on its part contained in the Financing Documents and the Bonds;

(c) At meetings of the Board that were duly called and noticed and at which a quorum was present and acting throughout, the Board duly adopted the Bond Resolution and the Assessment Proceedings, and same are in full force and effect and have not been supplemented, amended, modified or repealed. By all necessary official Board action, the District has duly authorized and approved the execution and delivery of the Financing Documents, the Bonds and the Official Statement, has duly authorized and approved the performance by the District of the obligations on its part contained in, the Financing Documents and the Bonds and the consummation by it of all other transactions contemplated by this Bond Purchase Contract to be performed by it in connection with the issuance of the Bonds. Upon execution by the District, and assuming the due authorization, execution and delivery by the other parties thereto, each of the Financing Documents will constitute the legal, valid and binding obligations of the District, enforceable in accordance with their terms, subject only to applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law);

(d) The District is not in material breach of or in material default under any applicable provision of the Act or any applicable constitutional provision, statute or administrative regulation of the State of Florida (the "State") or the United States of America or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement, or other material instrument to which the District is a party or to which the District or

any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a material default or material event of default under any such instrument; and the execution and delivery of the Bonds, the Financing Documents and the Official Statement and the adoption of the Bond Resolution and the Assessment Proceedings, and compliance with the provisions on the District's part contained therein, will not conflict with or constitute a material breach of or material default under any applicable constitutional provision, law, administrative regulation, judgment, decree, loan agreement, resolution, bond, note, agreement, or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption, or compliance result in the creation or imposition of any lien, charge, or other security interest or encumbrance of any nature whatsoever upon any of its property or assets or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture. No event has occurred which constitutes or which, with the lapse of time or the giving of notice, or both, would constitute, an event of default (as therein defined) under the Bonds or the Financing Documents;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization by, or which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations to issue the Bonds, or under the Bonds or the Financing Documents, have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Bonds as to which the District makes no representation;

(f) The descriptions of the Bonds, the Financing Documents, and the Refunded Project in the Preliminary Official Statement conform in all material respects to the Bonds, the Financing Documents and the Refunded Project;

(g) The Bonds, when issued, executed and delivered in accordance with the Bond Resolution and the Indenture and when sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the District, entitled to the benefits of the Indenture and upon such issuance, execution and delivery of the Bonds, the Indenture will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and first lien on the Series 2017 Trust Estate. At Closing, all conditions precedent to the issuance of the Bonds required of the District set forth in the Indenture will have been complied with or fulfilled or waived by the Underwriter;

(h) Except as disclosed in the Official Statement, as of the date hereof, there is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to its best knowledge, threatened against the District: (i) contesting the corporate existence or powers of the Board or the titles of the respective officers of the Board to their respective offices; (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the application of the proceeds of the sale thereof for the purposes described in the Official Statement or the pledge of and lien on the Series 2017 Trust Estate pursuant to the Indenture; (iii) contesting or affecting specifically as to the District the validity or enforceability of the Act or any action of the District



in any respect relating to authorization for the issuance of the Bonds, the refunding of the Refunded Bonds, the issuance of the Bonds, the levy and collection of the Series 2007 Assessments, the authorization of the Bond Resolution, the Assessment Proceedings, or the Financing Documents, or the application of the proceeds of the Bonds for the purposes set forth in the Official Statement; (iv) contesting the validity or federal or state tax status of the Bonds; (v) contesting the completeness or accuracy of the Preliminary Original Statement or Official Statement or any supplement or amendment thereto; or (vi) where an unfavorable ruling would materially adversely affect the financial position or condition of the District;

(i) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order to: (i) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; and (ii) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and the District will use its best efforts to continue such qualifications in effect so long as required for the initial offering and distribution of the Bonds; provided, however, that the District shall not be required to execute a general or special consent to service of process or to qualify to do business in connection with any such qualification or determination in any jurisdiction or register as a broker/dealer;

(j) As of its date and (unless an event occurs of the nature described in paragraph (1) of this Section 6) and at all times subsequent thereto, up to and including the Closing Date, the statements and information contained in the Preliminary Official Statement (other than "permitted omissions" as permitted by Rule 15c2-12 as such term is defined below) and in the Official Statement (excluding for purposes hereof the statements and information under the captions "DESCRIPTION OF THE 2017 BONDS – Book-Entry Only System," **[add others re: bond insurance etc.]** as to which no view is expressed) are and will be accurate in all material respects for the purposes for which their use is authorized and do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to subsection (1) of this Section 6, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the Closing Date (as hereinafter defined), the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that no representation is given concerning the information in the Official Statement under the captions "DESCRIPTION OF THE 2017 Bonds - Book-Entry Only System")**[add others]**;

(l) If between the date of this Bond Purchase Contract and the earlier of: (i) ninety (90) days from the end of the "Underwriting Period" as determined below; or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository (but in no event less than twenty-five (25) days following the end of the Underwriting Period), any event shall occur, of which the District has actual

knowledge, which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter thereof, and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter (unless such supplement or amendment is a result of information provided by the Underwriter, in which case, the Underwriter, will at its expense supplement or amend the Official Statement in a form and in a manner approved by the District). This covenant shall survive the Closing. For purposes hereof, the "end of the Underwriting Period" shall be the Closing Date;

(m) As of its date, the Preliminary Official Statement was deemed final by the District for purposes of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), except for "permitted omissions" permitted thereunder. The District shall provide to the Underwriter, within a sufficient time period for final Official Statement to accompany confirmations delivered by the Underwriter to potential investors in accordance with all applicable rules of the Municipal Securities Rulemaking Board ("MSRB"), but in no event later than seven (7) business days following the date hereof, a quantity of Official Statement adequate to enable the Underwriter to meet the continuing obligations imposed on it by Rule 15c2-12 and the rules of the MSRB;

(n) Except as disclosed in the Official Statement, there has been no material adverse change in the financial position, results of operations or condition, financial or otherwise, of the District, and the District has not incurred liabilities that would materially adversely affect its ability to discharge its obligations under the Bond Resolution, the Assessment Proceedings, the Bonds or the Financing Documents, direct or contingent, other than as set forth in or contemplated by the Official Statement;

(o) The District has not and is not now in default in the payment of the principal of or the interest on any governmental security issued or guaranteed by it after December 31, 1975 which would require the disclosure pursuant to Section 517.051, Florida Statutes or Rule 3E-400.003 of the Florida Department of Financial Services;

(p) The District has not been notified of any listing or the proposed listing of the District by the Internal Revenue Service as an issuer whose arbitrage certifications may not be relied upon;

(q) Any certificate signed by any officer of the District and delivered to the Underwriter will be deemed to be a representation by the District to the Underwriter as to the statements made therein;

(r) The Assessment Proceedings, were undertaken in accordance with Florida law. The Series 2007 Assessments, as initially levied and as may be reallocated from time to time in accordance with the Assessment Proceedings constitute legal, valid, binding and enforceable liens upon the property against which such Series 2007 Assessments are assessed, co-equal with the lien of all county, district and municipal ad valorem taxes and non-ad valorem

assessments, and superior in dignity to all other liens, titles and claims, until paid. The levy of the Series 2007 Assessments is sufficient to pay the debt service on the Bonds through the final maturity thereof;

(s) Except as disclosed in the Preliminary Original Statement, the District has complied with all continuing disclosure commitments heretofore undertaken by the District; and

(t) The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Contract is an arm's-length commercial transaction between the District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)) or fiduciary of the District, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters) and the Underwriter has no obligation to the District with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Contract, (iv) the Underwriter has financial and other interests that differ from those of the District, and (v) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

**7. Closing.** At 11:00 a.m. prevailing time on March \_\_\_\_, 2017, (the "Closing Date" or date of Closing) or at such earlier or later time as may be mutually agreed upon by the District and the Underwriter, the District will, subject to the terms and conditions hereof, deliver to the Underwriter, the Bonds in definitive book-entry form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof, in federal or other immediately available funds to the order of the District. Delivery of the Bonds as aforesaid shall be made to the Trustee through the "FAST" system of registration with The Depository Trust Company, New York, New York, or at such other place as may be mutually agreed upon by the District and the Underwriter (the "Closing"). The Bonds shall be typewritten, shall be prepared and delivered as fully registered Bonds in book-entry only form, registered in the name of Cede & Co. and shall be made available to the Underwriter at least one (1) business day before the Closing for purposes of inspection and packaging, unless otherwise agreed by the District and the Underwriter.

**8. Closing Conditions.** The Underwriter has entered into this Bond Purchase Contract in reliance upon the representations and warranties of the District contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Contract to purchase, to accept delivery of and to pay for the Bonds are conditioned upon the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and are also subject to the following additional conditions:

(a) The representations and warranties of the District contained herein shall be true, complete and correct in all material respects, on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) At the time of the Closing, the Act, the Bond Resolution, the Assessment Proceedings, the Bonds, and the Financing Documents, shall each be in full force and effect in accordance with their respective terms and the Bond Resolution, the Assessment Proceedings, the Indenture and the Official Statement shall not have been supplemented, amended, modified or repealed, except in any such case as may have been agreed to by the Underwriter;

(c) At or prior to the Closing, the Underwriter and the District shall have received each of the following:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the District by the Chairman or Vice Chairman of the Board;

(2) Executed copies of the Bond Resolution and the Assessment Proceedings certified by the Secretary of the Board under seal as having been duly adopted by the Board of the District and as being in full force and effect, with only such supplements or amendments as may have been agreed to by the Underwriter;

(3) Executed copies of the Financing Documents;

(4) The opinion, dated the Closing Date and addressed to the District, the Trustee and the Underwriter (which may be addressed to such parties in one or more separate opinions) of Greenspoon Marder, P.A. as Bond Counsel to the District, in substantially the form included as an appendix to the Official Statement;

(5) The supplemental opinion dated the date of the Closing and addressed to the District, the Trustee and the Underwriter, of Bond Counsel, in the form annexed as **Exhibit C** hereto;

(6) The opinion dated the Closing Date and addressed to the District and the Underwriter of counsel to the District, Coleman, Yovanovich & Koester, P.A., substantially in the form annexed as **Exhibit D** hereto;

(7) An opinion dated the Closing Date and addressed to the Underwriter of counsel to the Underwriter in form and substance satisfactory to the Underwriter;

(8) An opinion, dated the Closing Date and addressed to the Underwriter, the District and Bond Counsel, of counsel to the Trustee, in form and substance acceptable to the Underwriter and a customary authorization and incumbency certificate, dated the Closing Date, signed by authorized officers of the Trustee;

(9) The Opinion, dated as of the Closing Date and addressed to the District, the Trustee and the Underwriter, of Bond Counsel to the effect that the Refunded Bonds

have been legally defeased in accordance with the provisions of their governing documents, in substantially the same form attached hereto as Exhibit "E";

(10) A certificate, dated the Closing Date, signed by the Chairman or Vice-Chairman and the Secretary or an Assistant Secretary of the Board, setting forth that: (i) each of the representations of the District contained in Section 6 hereof was true and accurate in all material respects on the date when made, has been true and accurate in all material respects at all times since, and continues to be true and accurate in all material respects on the Closing Date as if made on such date; and (ii) the District has performed all obligations to be performed hereunder as of the Closing Date in all material respects;

(11) A customary signature and no litigation certificate, dated the Closing Date, signed on behalf of the District by the Chairman or Vice-Chairman and Secretary or an Assistant Secretary of the Board;

(12) Evidence of compliance with the requirements of Section 189.051, Florida Statutes;

(13) A copy of the executed DTC Blanket Issuer Letter of Representations entered into between the District and The Depository Trust Company, New York, New York (the "DTC Letter of Representations");

(14) Executed copies of the District's certification as to arbitrage and other matters relative to the tax status of the Bonds under Section 148 of the Internal Revenue Code of 1986, as amended,;

(15) An executed copy of that certain Escrow Deposit Agreement dated as of the Closing Date (the "Escrow Agreement") pursuant to which certain proceeds of the Bonds and the legally available money of the District will be deposited to defease and refund the Refunded Bonds;

(16) An executed copy of the accountant's report described under the heading "VERIFICATION OF MATHEMATICAL COMPUTATIONS" in the Official Statement;

(17) a certificate of the Assessment Consultant stating that: (i) the Assessment Consultant consents to the use of the special assessment report, as supplemented, included as an appendix to the Preliminary Original Statement and the Official Statement (the "Report") and consents to the references to the firm in the Preliminary Official Statement and the Official Statement; (ii) the information contained in the Official Statement under the caption "ASSESSMENT METHODOLOGY" is true and correct in all material respects and does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements, in light of the circumstances under which they were made, not misleading; (iii) except as disclosed in the Preliminary Official Statement and the Official Statement, the firm knows of no material change in the matters described in the Report and is of the opinion that the considerations and assumptions used in compiling the Report are reasonable; (iv) the information contained

in the Report did not, and does not, contain any untrue statement of a material fact and did not, and does not, omit to state a material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) the Series 2007 Assessments, as initially levied, and as may be reallocated from time to time as permitted by the Assessment Proceedings are sufficient to enable the District to pay the debt service on the Bonds through the final maturity thereof.

(18) Evidence that the Assessment Proceedings contains language permitting prepayment of the Series 2007 Assessments consistent with the financing structure, in a manner reasonably satisfactory to the Underwriter and its counsel, and that the Report reflects such structure;

(19) Evidence of a final, non-appealable judgment of validation of the Bonds from the Circuit Court in and for Manatee County, Florida;

(20) Such additional documents as may be required by the Indenture to be delivered as a condition precedent to the issuance of the Bonds;

(21) A certificate of the Dissemination Agent, as defined in the Continuing Disclosure Agreement, (i) acknowledging its agreement to serve as the initial Dissemination Agent for the District and undertake the obligations of the Dissemination Agent as set forth in the Continuing Disclosure Agreement, (ii) representing that the Dissemination Agent is aware of the continuing disclosure requirements set forth in the Continuing Disclosure Agreement and Rule 15c2-12, and (iii) covenanting to comply with its obligations set forth in the Continuing Disclosure Agreement;

(22) Evidence of a rating from S&P Global Ratings as set forth in the "Rating" section of the Official Statement;

(23) Such additional legal opinions, certificates, instruments and other documents including those associated with any Reserve Policy or Policy as those terms are defined in the Supplemental Indenture as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the District's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the District on or prior to the date of the Closing of all the agreements then to be performed and conditions then to be satisfied by it.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Contract, unless waived in writing by the Underwriter, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract shall terminate and neither the Underwriter nor the District shall be under any further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Section 10 hereof shall continue in full force and effect.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance as set forth herein or as described herein or as otherwise satisfactory to the Underwriter. Receipt of, and payments for, the Bonds shall constitute evidence of the satisfactory nature of such as to the Underwriter.

**9. Termination.** The Underwriter shall have the right to terminate its obligations under this Bond Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the District of its election to do so if, after the execution hereof and prior to the Closing:

(i) an event shall occur which makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Official Statement or which is not reflected in the Official Statement but should be reflected therein in order to make the statements contained therein not misleading in any material respect and in the opinion of counsel to the District or counsel to the Underwriter requires an amendment of or supplement to the Official Statement and the effect of which, in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(ii) legislation shall be introduced in, enacted by, reported out of committee, or recommended for passage by either House of the Congress, or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff or such committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Code (which, if enacted, would be effective as of a date prior to the Closing) shall be filed in either House, or a decision by a court of competent jurisdiction shall be rendered, or a regulation or filing shall be issued or proposed by or on behalf of the Department of the Treasury or the Internal Revenue Service of the United States, or other agency of the federal government, or a release or official statement shall be issued by the President, the Department of the Treasury or the Internal Revenue Service of the United States, in any such case with respect to or affecting (directly or indirectly) the taxation of interest received on obligations of the general character of the Bonds which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices (or yields), by the Underwriter of the Bonds; or

(iii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds

is in violation or would be in violation of any provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended or the Trust Indenture Act of 1939, as amended; or

(iv) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended (the "Securities Act"), or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(v) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national or international emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(vi) there shall have occurred a general suspension of trading, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement; or

(vii) a general banking moratorium shall have been declared by federal or New York or Florida state authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred such as to make it, in the reasonable judgment of the Underwriter, impractical or inadvisable to proceed with the offering of the Bonds as contemplated in the Official Statement.



**10. Expenses.**

(a) The Underwriter shall be under no obligation to pay, and the District shall pay, any expense incident to the performance of the District's obligations hereunder including, but not limited to: (i) the cost of preparation, printing and delivery of the Preliminary Original Statement and the Official Statement in reasonable quantities (but in no event less than as may be required by Section 6(m) hereof); (ii) the cost of preparation, printing and delivery of any supplements and amendments to the Official Statement except as otherwise provided in Section 6(1) hereof; (iii) the cost of preparation and printing of the Bonds; (iv) the fees and disbursements of Bond Counsel and counsel to the District and counsel to the Underwriter; (v) the fees and disbursements of the District Manager; (vi) the fees and disbursements of any engineers, accountants, and other experts, consultants or advisors retained by the District including the Escrow Agent; (vii) the fees and expenses of the Trustee, Paying Agent, Bond Registrar and Escrow Agent, and of their respective counsel, if any; and (viii) expenses incurred on behalf of the District's employees which are incidental to implementing this Bond Purchase Contract, including without limitation, meals, transportation and lodging.

(b) The Underwriter shall pay: (i) the cost of preparation and printing of this Bond Purchase Contract; and (ii) all other expenses incurred by it in connection with the public offering of the Bonds not provided for in (a) above.

**11. Notices.** Any notice or other communication to be given to the District under this Bond Purchase Contract may be given by delivering the same in writing to the District Manager at 2041 NE 6 Terrace, Wilton Manors, Florida 33305, Attention James P. Ward, and any notice or other communication to be given to the Underwriter under this Bond Purchase Contract may be given by delivering the same in writing to MBS Capital Markets, LLC, 152 Lincoln Avenue, Winter Park, FL 32789, Attention: Brett Sealy.

**12. Parties In Interest; Survival of Representations.** This Bond Purchase Contract is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the District's representations, warranties and agreements contained in this Bond Purchase Contract shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; and (ii) delivery of and payment for the Bonds pursuant to this Bond Purchase Contract.

**13. Effectiveness.** This Bond Purchase Contract shall become effective upon the execution by the appropriate officials of the District and shall be valid and enforceable at the time of such acceptance. To the extent of any conflict between the provisions of this Bond Purchase Contract and any prior contract between the parties hereto, the provisions of this Bond Purchase Contract shall govern.

**14. Headings.** The headings of the sections of this Bond Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

**15. Amendment.** No modification, alteration or amendment to this Bond Purchase Contract shall be binding upon any party until such modification, alteration or amendment is reduced to writing and executed by all parties hereto.

**16. Governing Law.** The laws of the State of Florida shall govern this Bond Purchase Contract.

**17. Counterparts.** This Bond Purchase Contract may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were signatories upon the same instrument.

**SIGNATURE PAGE FOR  
BOND PURCHASE CONTRACT  
(Heritage Harbour North Community Development District)**

Accepted and agreed to as of the date first above written:

Very truly yours,

**MBS CAPITAL MARKETS, LLC**

By: \_\_\_\_\_  
Managing Partner

Accepted and agreed to as of  
the date first above written:

**HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT DISTRICT**

By: \_\_\_\_\_  
Chairman, Board of Supervisors

**EXHIBIT A**

**DISCLOSURE AND TRUTH-IN-BONDING STATEMENT**

The undersigned, as Underwriter, proposes to negotiate with the Heritage Harbour North Community Development District (the "District") for the purchase of its Capital Improvement Revenue Refunding Bonds, Series 2017 in the original aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"). Arrangements for the purchase of the Bonds by the Underwriter from the District and the sale of the Bonds by the District to the Underwriter will include a Bond Purchase Contract between the District and the Underwriter that will embody the negotiations in respect thereof.

The purpose of this certificate is to furnish, pursuant to the provisions of Section 218.385(2), (3) and (6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the purchase and sale of the Bonds. Prior to the award of the Bonds to the Underwriter, the following information is hereby furnished to the District:

1. The nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the issuance of the Bonds are set forth in Schedule I attached hereto.

2. Based upon the knowledge of the Underwriter, there are no "finders", as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.

3. The amount of underwriting spread expected to be realized is:

	<u>\$/1,000</u>	<u>Amount</u>
Average Takedown:	\$	\$
Management Fee		
Expenses:		
Total	\$	\$

4. There is no fee, bonus or other compensation to be paid by the Underwriter in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriter, except as specifically enumerated as expenses referred to in paragraph (a) above to be incurred by the Underwriter as set forth in Schedule I attached hereto.

5. For purposes of subsections (2) and (3) of Section 218.385, Florida Statutes, as amended, the following Truth-in-Bonding Statement is made with respect to the Bonds:

The District is proposing to issue \$\_\_\_\_\_ of the Bonds for the purpose of providing moneys together with other legally available monies of the District, to: (i) to defease and refund all of the District's outstanding Capital Improvement Revenue Bonds, Series 2007, (ii) pay certain costs associated with the issuance of the Bonds, and (iii) fund the 2017 Reserve Account. The Bonds are expected to be repaid over a period of approximately \_\_\_\_\_ years. At the interest rates set out in Exhibit B to the Purchase Contract, total interest paid over the life of the Bonds will be approximately \$\_\_\_\_\_.

The source of repayment for the Bonds is the revenues derived by the District from special assessments imposed, levied and collected upon real property located within the District specially benefited by the Refunded Project and amounts on deposit in certain funds and accounts constituting the Series 2017 Pledged Funds. Issuing the Bonds will result in \$\_\_\_\_\_ (representing the average annual debt service payments due on the Bonds) of such special assessment revenues of the District not being available to the District on an annual basis to finance other services of the District; provided however, that in the event that the Bonds were not issued, the District would not be entitled to impose and collect the Series 2007 Assessments in the amount of the principal of and interest to be paid such Bonds.

6. The name and address of the Underwriter is:

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

IN WITNESS WHEREOF, the undersigned has executed this Disclosure and Truth-in-Bonding Statement on behalf of the Underwriter this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

MBS CAPITAL MARKETS, LLC

By: \_\_\_\_\_  
Managing Partner

## SCHEDULE I

<b>Underwriter's Expenses</b>	<b>Amount</b>
Travel Expenses	\$
Communication	
Day Loan	
Clearance & Settlement Charges	
CUSIP/DTC	
MSRB	
Contingency	
Total:	\$

**EXHIBIT B**

**TERMS OF BONDS**

1. Par Amount: \$\_\_\_\_\_
2. Amounts, interest rates, maturity dates and prices: [To be provided]
3. Redemption Provisions:

**Optional Redemption.**

[To be provided]

**Mandatory Sinking Fund Redemption.**

The Bonds maturing May 1, \_\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to its scheduled maturity from moneys in the \_\_\_\_\_ Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments at the Redemption Price of the principal amount thereof, without premium, plus accrued interest to the date of redemption on May 1 of the years and in the principal amounts set forth below:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>
_____	_____
	\$

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 the Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of Bonds (other than Bonds redeemed in accordance with scheduled Amortization Installments and other than Bonds redeemed at the direction of the District accompanied by a cash flow certificate as required by Section \_\_\_\_\_ of the Master Indenture) so as to reamortize the remaining Outstanding principal balance of the 2017 Bonds as set forth in the Supplemental Indenture.

#### 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 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) [To be provided]



**EXHIBIT C**

**BOND COUNSEL'S SUPPLEMENTAL OPINION**

[Closing Date]

Heritage Harbour North Community Development District  
Manatee County, Florida

MBS Capital Markets, LLC  
Winter Park, Florida

Re:    \$\_\_\_\_\_ Heritage Harbour North Community Development District Capital  
          Improvement Revenue Refunding Bonds, Series 2017 (the "Bonds")

Ladies and Gentlemen:

[Customary introduction/qualifications]

The statements set forth in the Official Statement relating to the Bonds under the headings, "DESCRIPTION OF THE 2017 BONDS" (except for the section thereunder entitled "Book-Entry Only System" as to which no opinion is expressed), "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS", "REFUNDING PLAN", "TAX MATTERS", "AGREEMENT BY THE STATE", "LEGALITY FOR INVESTMENT", "APPENDIX B – FORM OF INDENTURE," "APPENDIX C – FORM OF OPINION BOND COUNSEL" insofar as such information purports to describe or summarize certain provisions of the Indenture, the Bonds, Florida law, the Escrow Agreement and the provisions of the Internal Revenue Code of 1986, as amended, as of this date, are fair and accurate descriptions or summaries of such provisions.

Very truly yours,

**EXHIBIT D**

**ISSUER'S COUNSEL'S OPINION**

[Closing Date]

Heritage Harbour North Community Development District  
Manatee County, Florida

MBS Capital Markets, LLC  
Winter Park, Florida

Re:    \$\_\_\_\_\_ Heritage Harbour North Community Development District  
      Capital Improvement Revenue Funding Bonds, Series 2017 (the "2017  
      Bonds")

Ladies and Gentlemen:

We serve as counsel to the Heritage Harbour North Community Development District (the "District"), an independent special district established pursuant to the laws of the State of Florida, in connection with the sale by the District of its \$\_\_\_\_\_ Capital Improvement Revenue Funding Bonds, 2017 (the "2017 Bonds"). Unless otherwise expressly defined herein, capitalized terms used herein have the respective meanings assigned to them in the Bond Purchase Contract, dated \_\_\_\_\_ 5, 2017 (the "Contract of Purchase") between the District and MBS Capital Markets, LLC (the "Underwriter").

In our capacity as counsel to the District, we have examined Resolutions No. 2007-06 and No. \_\_\_\_\_ adopted by the District on December 14, 2006 and March 2, 2017, respectively (the collectively, "Bond Resolution"), the resolutions adopted as part of the Assessment Proceedings (collectively, the "Assessment Resolutions"), the validation judgment relating to the District's bonds and the Act, and such other documents as we have deemed necessary or appropriate in rendering the opinions set forth below.

We have also attended various meetings of the District and have participated in conferences from time to time with representatives of the District, the Underwriter, Bond Counsel, counsel to the Underwriter, relative to the Official Statement and the related documents described below.

Based on the foregoing and subject to the qualifications set forth below, we are of the opinion that:

1. Under the Constitution and laws of the State of Florida and based on the validation judgment relating to the District's bonds, the District has been duly established and validly exists as an independent special district. The District possesses such powers as set forth in the Act to, among other things, defease and refund the Refunded Bonds, provide funds therefore through the issuance of the 2017 Bonds, assess, levy and collect the Series 2007

Assessments, secure the 2017 Bonds as provided in the Indenture and perform under the terms and conditions of the Financing Documents.

2. The District has authority to (a) adopt the Bond Resolution authorizing the issuance of the 2017 Bonds and the execution and delivery of the Contract of Purchase and the Indenture, and to adopt the Assessment Resolutions, (b) execute, deliver and perform its obligations under the 2017 Bonds, the Bond Resolution, the Assessment Resolutions, and the Financing Documents, and (c) consummate the transactions contemplated by 2017 Bonds and the Financing Documents, and the District has complied with all provisions of applicable law in all matters relating to such transactions required to date.

3. The District has duly authorized the execution, delivery and lawful distribution by the Underwriter of the Official Statement and has duly ratified or authorized the use by the Underwriter of the Preliminary Official Statement in the marketing of the 2017 Bonds.

4. The District has duly authorized all necessary action to be taken by it for: (a) the issuance and sale of the 2017 Bonds upon the terms set forth in the Contract of Purchase and in the Official Statement; (b) the approval of the Official Statement and the signing of the Official Statement by the Chairman or Vice Chairman of the Board of Supervisors; (c) the execution, delivery and receipt of the 2017 Bonds and the Financing Documents, and any and all such other agreements and documents as may be required to be executed, delivered and received by the District in order to carry out, give effect to, and consummate the transactions contemplated by the Indenture, the 2017 Bonds, the Assessment Resolutions, the Contract of Purchase and the Bond Resolution; and (d) the levy and collection of the Series 2007 Assessments as described in the Official Statement. Assuming the due authorization, execution and delivery of such documents by any other parties thereto, the 2017 Bonds and the Financing Documents constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and general principles of equity).

5. All proceedings undertaken by the District with respect to the Series 2007 Assessments have been in accordance with applicable Florida law. The District has duly adopted the Assessment Resolutions. The District has full legal authority to allocate, levy, collect and enforce the Series 2007 Assessments as set forth in the Official Statement. The Assessment Resolutions have not been amended or repealed and are in full force and effect. The Series 2007 Assessments are legal, valid and binding liens upon the property against which the Series 2007 Assessments are made, coequal with the lien of all state, county, municipal and school board taxes, superior in dignity to all other liens, titles and claims against said property, until paid.

6. The Bond Resolution is in full force and has been duly adopted, executed and delivered by the District.

7. The adoption of the Bond Resolution and Assessment Resolutions, the execution and delivery by the District of the Official Statement and the authorization of the distribution thereof by the Underwriter, the execution and delivery by the District of the 2017 Bonds, the Financing Documents, and the consummation of the transactions described in all of the foregoing

instruments, did not at the time of such adoption, authorization, execution, delivery or distribution, do not on the date hereof and will not at the time of such consummation, conflict with or constitute on the part of the District a breach or violation of the terms and provisions of, or constitute a default under, (a) any existing constitution, laws, court or administrative rule or regulation, to which it is subject, or any decree, order or judgment to which it is a party or by which it is bound in force on the date hereof, or (b) any existing agreement, indenture, mortgage, lease, deed of trust, note or other instrument to which the District is subject or by which it or District-owned properties are bound, and will not result in the creation or imposition of any encumbrance upon any of the properties or assets of the District, other than those contemplated by the Indenture.

8. Based on inquiry of the District's Registered Agent for service of process and the fact that we have not been served with notice, there is no litigation or other proceeding now pending, or to our knowledge, threatened against the District: (a) seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2017 Bonds or the application of the proceeds thereof, (b) contesting or affecting the authority for the Series 2007 Assessments or the actions of the District assessing, levying and imposing the Series 2007 Assessments or the issuance of the 2017 Bonds or the validity or enforceability of the 2017 Bonds, the Series 2007 Assessments, the Financing Documents, or the transactions contemplated thereunder, (c) contesting the establishment or existence of the District or the Board or the titles of any of its Supervisors, officers or employees, or contesting any of the powers of the District, including its power to enter into the Financing Documents, or its power to determine assess, levy, pledge and collect the Series 2007 Assessments, (d) specifically contesting or affecting the exclusion from federal gross income of interest on the 2017 Bonds, or (e) contesting the completeness or accuracy of the Preliminary Original Statement or Official Statement. To the best of our knowledge, there is no litigation threatened against the District that would have a material adverse effect on the District's ability to issue the 2017 Bonds or its ability to levy and enforce the Series 2007 Assessments.

9. The District is not in default under the terms and provisions of the Indenture or any of the other documents referred to in paragraph 7 hereof. In addition, to the best of our knowledge after limited inquiry, the District is not in default under any other agreement, indenture, mortgage, lease, deed of trust, note or other instrument to which the District is subject or by which it or District-owned properties are or may be bound, which default would have a material adverse effect on the condition of the District, financial or otherwise. To the best of our knowledge, the District is not in violation of any material provision of the Act, constitution, statute or administrative regulation of the State or United States.

10. Based upon our representation of the District as its Counsel and our limited participation in the preparation of the Preliminary Official Statement and Official Statement, we have no reason to believe that the statements and information contained in the Official Statement under the captions (including all subcaptions thereunder unless hereinafter excluded) "INTRODUCTION," "THE DISTRICT" "ENFORCEMENT OF ASSESSMENT COLLECTIONS," "LITIGATION", "FINANCIAL STATEMENTS," "VALIDATION," "AGREEMENT BY THE STATE," and "LEGALITY FOR INVESTMENT" are not true and accurate and as of its date did not, and as of the date of Closing do not, contain any untrue

statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Our opinion as to enforceability of any document is subject to limitations imposed by bankruptcy, insolvency, reorganization, moratorium, liquidation, readjustment of debt, or similar laws relating to or affecting creditors' rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and to the exercise of judicial discretion in appropriate cases.

The opinions or statements expressed above are based solely on the laws of Florida and the United States of America. Accordingly, we neither express any opinion nor make any statement regarding the effect or application of the laws of any other state or jurisdiction. Nothing herein shall be construed as an opinion regarding the possible applicability of state securities or "blue sky" laws, as to which no opinion is expressed.

Sincerely,

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**EXHIBIT E**

**Defeasance Opinion**

[Date of Delivery]

Board of Supervisors  
Heritage Harbour North Community Development District  
Manatee County, Florida

Re: Heritage Harbour North Community Development District \$\_\_\_\_\_ Capital  
Improvement Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds")

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Heritage Harbour North Community Development District (the "District") of the above-referenced Series 2017 Bonds. The Series 2017 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including particularly, Chapter 190, Florida Statutes (the Uniform Community Development District Act of 1980), as amended, and Ordinance No. 06-71 enacted by the Board of County Commissioners of Manatee County, Florida (the "County") on November 2, 2006, as amended by Ordinance No. 13-34 enacted by the Board of County Commissioners of the County on September 10, 2013, as supplemented by Ordinance No. 10-45 enacted by the Board of County Commissioners of the County on October 12, 2010 (collectively, the "Act") and Resolution No. 2007-14 adopted by the Board of Supervisors of the District (the "Board") on December 14, 2006, as supplemented by Resolution No. \_\_\_\_\_ adopted by the Board on March 2, 2017 (collectively, the "Resolution"). The Series 2017 Bonds are being further issued and secured by a Master Trust Indenture dated as of October 1, 2007 between the District and U.S. Bank National Association, as trustee (the "Master Indenture"), as supplemented by a Second Supplemental Trust Indenture dated as of [March] 1, 2017 between the District and the Trustee (the "Supplemental Indenture" and, together with the Master Indenture, the "Indenture"). All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Indenture.

We have examined the Act, the Resolution, the Indenture, the Federal Tax Certificate dated of even date herewith executed by the District in connection with the Series 2017 Bonds, the proceedings for validation in Case No. 41-2007-CA-000280 in the Twelfth Circuit Court in and for Manatee County, Florida (the "Validation Proceedings"), the Escrow Deposit Agreement dated of even date herewith (the "Escrow Deposit Agreement") between the District and the escrow agent named therein (the "Escrow Agent") and such certified copies of the proceedings of the District and such other documents and opinions as we have deemed necessary to render this opinion and we are relying on certain findings, covenants and agreements of the District set forth therein and such certified copies of the proceedings of the District and such other documents and opinions as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Resolution and the Indenture and in the certified proceedings and other certifications and representations of public officials and others which have been furnished to us without undertaking to verify the same by independent investigation. In rendering the opinions set forth herein, we have assumed the accuracy and truthfulness of all public records and of all

certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings, the authenticity of documents submitted as originals, the conformity to originals of documents submitted as copies and the legal capacity of all natural persons. Reference is made to the opinion of even date herewith of Coleman, Yovanovich & Koester, P.A., counsel to the District, on which we have relied, as to the due creation and valid existence of the District, the due authorization, execution and delivery of the Indenture by the District, and the due authorization of the Resolution and other resolutions and proceedings of the District relating to the Series 2017 Bonds, including with respect to the Series 2007 Assessments included in the Series 2017 Pledged Revenues, and the due execution and delivery of the Escrow Deposit Agreement. We have also relied upon all findings in the final judgment of the Circuit Court in and for Manatee County, Florida rendered in the Validation Proceedings, including as to the due creation and existence of the District as a community development district under Florida law. Reference is also made to the opinion of even date herewith of counsel to the Trustee and Escrow Agent, on which we have relied, as to the due authorization and execution of the Indenture and the Escrow Deposit Agreement by the Trustee and Escrow Agent, respectively, and of the enforceability of the Indenture and the Escrow Deposit Agreement against the Trustee and the Escrow Agent, respectively.

Based on the foregoing, we are of the opinion that, assuming compliance with all covenants and agreements contained in the Escrow Deposit Agreement and the accuracy of the mathematical computations in the Verification Report of Causey, Demgen & Moore P.C. dated the date hereof, as to the adequacy of the cash to be deposited in the Escrow Fund created under the Escrow Deposit Agreement to pay, with respect to the Refunded Bonds, the amount specified in Schedule A annexed to the Escrow Deposit Agreement, the obligations under the Master Indenture, as supplemented by the First Supplemental Indenture, evidenced by the Refunded Bonds will be defeased, the Refunded Bonds will no longer be deemed Outstanding under the Master Indenture, as supplemented by the First Supplemental Indenture, and the obligations of the District under the Master Indenture, as supplemented by the First Supplemental Indenture, as evidenced by the Refunded Bonds shall cease and become void except for those concerning rebate obligations, if any, with respect to the Refunded Bonds and the rights of holders of the Refunded Bonds to receive the Amortization Installments, principal and interest with respect thereto in accordance with the terms of the Escrow Deposit Agreement.

This opinion is rendered to you in connection with the issuance of the Series 2017 Bonds. This opinion letter may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other person, firm or corporation without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Respectfully submitted,

GREENSPOON MARDER, P.A.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The 2017 Bonds may not be sold, nor may any offer to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of 2017 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2017**

**NEW ISSUE - BOOK-ENTRY ONLY**

**RATING:  
S&P: \_\_\_\_\_**

*In the opinion of Bond Counsel, under existing law, and assuming compliance with the tax covenants described herein, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income. See "TAX MATTERS" herein regarding certain other tax considerations. Bond Counsel is further of the opinion that, pursuant to the Act, the 2017 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 said Chapter 220.*

\$ \_\_\_\_\_ \*  
**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT  
(Manatee County)  
Capital Improvement Revenue Refunding Bonds, Series 2017**

Dated: Date of Delivery

Due: May 1, as set forth below.

The Heritage Harbour North Community Development District (the "District") is issuing its Capital Improvement Revenue Refunding Bonds, Series 2017 (the "2017 Bonds") in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof. The 2017 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2017 Bonds will be made in book entry only form and purchasers of beneficial interests in the 2017 Bonds will not receive physical 2017 Bond certificates. For so long as the book entry system is maintained, the principal of, premium, if any, and interest on the 2017 Bonds will be paid from the sources described herein by U.S. Bank National Association, as trustee (the "Trustee"), to DTC as the registered owner thereof. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the Direct Participants and Indirect Participants, as more fully described herein. Any purchaser, as a beneficial owner of a 2017 Bond, must maintain an account with a broker or dealer who is, or acts through, a Direct Participant in order to receive payment of the principal of, premium, if any, and interest on such 2017 Bond. Interest on the 2017 Bonds, calculated on the basis of a 360 day year comprised of twelve thirty day months, is payable on each May 1 and November 1 commencing November 1, 2017. See "DESCRIPTION OF THE 2017 BONDS" herein.

Proceeds of the 2017 Bonds will be used, together with other legally available moneys of the District, to (i) refund and redeem all of the District's outstanding Capital Improvement Revenue Bonds, Series 2007 (the "Refunded Bonds"), [(ii) fund the Series 2017 Reserve Account, which funding may in whole or in part through a Reserve Policy, in an amount equal to the Series 2017 Reserve Account Requirement,] and [(iii)] pay costs of issuance of the 2017 Bonds including the premiums for the Policy and Reserve Policy. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

The District is a local unit of special purpose government and an independent special district of the State of Florida, created pursuant to Chapter 190, Florida Statutes, as amended and Ordinance No. 06-71 of Manatee County, Florida, as amended (the "Act"). The 2017 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of October 1, 2007 (the "Master Indenture") as supplemented by a Second Supplemental Trust Indenture to be dated as of March 1, 2017 to be entered into between the District and the Trustee (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture. The principal of and interest on the 2017 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the Series 2007 Assessments (the "Series 2017 Pledged Revenues") and the Funds and Accounts (except for the Series 2017 Rebate Account) established by the Supplemental Indenture (the "Series 2017 Pledged Funds"). The Series 2017 Pledged Revenues and Series 2017 Pledged Funds collectively comprise the "Series 2017 Trust Estate."



The 2017 Bonds are subject to optional, mandatory and extraordinary mandatory redemption at the times, in the amounts, and at the redemption price more fully described herein under the caption "DESCRIPTION OF THE 2017 BONDS – Redemption Provisions."

NEITHER THE 2017 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 2017 BONDS AND THE INTEREST 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 2017 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2017 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2017 PLEDGED REVENUES AND THE 2017 PLEDGED FUNDS PLEDGED TO THE 2017 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

INVESTMENT IN THE 2017 BONDS POSES CERTAIN RISKS AND THE 2017 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "BONDHOLDERS' RISKS" HEREIN.

**[The scheduled payment of principal and interest on the 2017 Bonds when due may be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2017 Bonds by \_\_\_\_\_.** *The District will make the determination whether to purchase such policy to insure all or a portion of the 2017 Bonds and whether to purchase a Reserve Policy at the time the 2017 Bonds are marketed.*]

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

## **MATURITY SCHEDULE**

**[To Be Provided]**

The 2017 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 Greenspoon Marder, P.A., Fort Lauderdale, Florida, Bond Counsel, as to the validity of the 2017 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by its counsel, Akerman LLP, Orlando, Florida, for the District by its counsel, Coleman, Yovanovich & Koester, P.A., Naples, Florida, and for the Trustee by Holland & Knight, LLP, Miami, Florida. It is expected that the 2017 Bonds will be delivered in book entry form through the facilities of DTC on or about \_\_\_\_\_, 2017.

**MBS Capital Markets, LLC**

\_\_\_\_\_, 2017

\* Preliminary, Subject to Change

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

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT**

**BOARD OF SUPERVISORS**

Terry Kirschner, Chairman  
Nancy Lyons, Vice Chairman  
Pauline Taxler, Assistant Secretary  
John Wisz, Assistant Secretary  
Michael L. Fisher, Assistant Secretary

**DISTRICT MANAGER**

James P. Ward  
Wilton Manors, Florida

**COUNSEL TO THE DISTRICT**

Coleman, Yovanovich & Koester, P.A.  
Naples, Florida

**BOND COUNSEL**

Greenspoon Marder, P.A.  
Fort Lauderdale, Florida

**ASSESSMENT CONSULTANT**

JPWard & Associates, LLC  
Wilton Manors, Florida

No dealer, broker, salesperson, or other person has been authorized by the Heritage Harbour North Community Development District (the "District") or MBS Capital Markets, LLC ("MBS" or the "Underwriter") to give any information or make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the Assessment Area (as defined herein) since the date hereof. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement implies that any information set forth in this Official Statement is correct as of any date after the date of this Official Statement.

The information set forth herein has been obtained from public documents, records and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, MBS. MBS has provided the following sentence for inclusion in this Official Statement. MBS has reviewed the information in this Official Statement 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 MBS does not guarantee the accuracy or completeness of such information.

Statements contained herein that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included herein are based on information available on the date hereof, and the District assumes no obligation to update any such forward-looking statements. Such forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Actual results could differ materially from those discussed in such forward-looking statements and, therefore, there can be no assurance that the forward-looking statements included herein will prove to be accurate.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE WEBSITE [www.MuniOS.com](http://www.MuniOS.com). THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IF IT IS PRINTED IN FULL DIRECTLY FROM SUCH WEBSITE.

Certain information in this Official Statement has been provided by The Depository Trust Company, New York, New York ("DTC"). The District has not provided information in this Official Statement with respect to DTC and does not certify as to the accuracy or sufficiency of the disclosure policies of or content provided by DTC and is not responsible for the information provided by DTC.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT OR MBS AND ANY ONE OR MORE OF THE OWNERS OF THE 2017 BONDS.

THE 2017 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 2017 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF ANY JURISDICTIONS WHEREIN THE 2017 BONDS HAVE BEEN OR WILL BE REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF BY SUCH JURISDICTIONS. NEITHER THE DISTRICT, MANATEE COUNTY, FLORIDA, THE STATE OF FLORIDA NOR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF HAS GUARANTEED OR PASSED UPON THE MERITS OF THE 2017 BONDS OR UPON THE PROBABILITY OF ANY EARNINGS THEREON. OTHER THAN THE DISTRICT, NEITHER MANATEE COUNTY, FLORIDA,

THE STATE OF FLORIDA, NOR ANY OTHER POLITICAL SUBDIVISION THEREOF HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

THE DISTRICT HAS DEEMED THIS PRELIMINARY OFFICIAL STATEMENT "FINAL" EXCEPT FOR CERTAIN PERMITTED OMISSIONS, WITHIN THE CONTEMPLATION OF RULE 15c2-12 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION.

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## SUMMARY STATEMENT

This Summary Statement is part of this Official Statement, and is subject in all respects to the more complete information and definitions contained in or incorporated in this Official Statement. This Summary Statement should not be considered to be a complete statement of the facts material to making an investment decision. The offer by the Heritage Harbour North Community Development District (the "District") of its Capital Improvement Revenue Refunding Bonds, Series 2017 (the "2017 Bonds") is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without the entire Official Statement. Unless otherwise defined, all capitalized terms in this Summary Statement shall be as defined herein, in the Indenture (herein defined) or in the text of this Official Statement.

### **Bond Owners' Risks**

INVESTMENT IN THE 2017 BONDS POSES CERTAIN RISKS AND THE 2017 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "BONDHOLDERS' RISKS" HEREIN. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE 2017 BONDS.

### **The District**

The District is a local unit of special-purpose government of the State of Florida (the "State") created pursuant to the Uniform Community Development District Act, Chapter 190, Florida Statutes, as amended and Ordinance No. 06-71 of Manatee County, Florida, as amended (the "Act"). The District consists of approximately 1,066.58 acres located within unincorporated Manatee County. For more complete information about the District, see "THE DISTRICT" herein.

### **The 2017 Bonds**

The 2017 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of October 1, 2007 by and between the District and U.S. Bank National Association (the "Master Indenture") as trustee (the "Trustee") as supplemented by a Second Supplemental Trust Indenture to be dated as of March 1, 2017 to be entered into between the District and the Trustee (the "Supplemental Indenture" together with the Master Indenture, the "Indenture"). The Master Indenture and form of Supplemental Indenture is reproduced hereto as APPENDIX A. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Indenture. The 2017 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The 2017 Bonds will bear interest at the fixed rates set forth on the cover page, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable on each May 1 and November 1 commencing on November 1, 2017. The 2017 Bonds are subject to extraordinary mandatory, optional and mandatory redemption prior to the stated dates of maturity, as provided herein. See "DESCRIPTION OF THE 2017 BONDS" herein.

### **Purpose of the 2017 Bonds**

The 2017 Bonds are being issued in order to provide sufficient funds, together with other legally available moneys of the District, to [(ii) fund the Series 2017 Reserve Account, which funding may in whole or in part through a Reserve Policy, in an amount equal to the Series 2017 Reserve Account Requirement,] and [(iii)] pay costs of issuance of the 2017 Bonds including the premiums for the Policy (as described herein) and Reserve Policy. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein.

### **Security for the 2017 Bonds**

The principal of and interest on the 2017 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the Series 2007 Assessments (the "Series 2017 Pledged Revenues") and the Funds and Accounts (except for the Series 2017 Rebate Account) established by the Supplemental Indenture (the "Series 2017 Pledged Funds"). The Series 2017 Pledged Revenues and Series 2017 Pledged Funds and Accounts collectively comprise the "Series 2017 Trust Estate."

## **The Assessments Area**

The Refunded Bonds were originally secured by the revenues derived from the collection of the Series 2007 Assessments levied on 1,365 residential units. The Series 2007 Assessments included in the Pledged Revenues securing the 2017 Bonds are levied on all such residential units (approximately \_\_\_\_\_ units) (the "Assessment Area") as to which the Series 2007 Assessment has not been prepaid.



\$ \_\_\_\_\_ \*

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT**  
**(Manatee County, Florida)**  
**Capital Improvement Revenue Refunding Bonds, Series 2017**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page, [inside cover page,] summary statement and appendices hereto, is to provide certain information in connection with the issuance and sale by Heritage Harbour North Community Development District (the "District") of its \$ \_\_\_\_\_ \* Capital Improvement Revenue Refunding Bonds (the "2017 Bonds").

No person has been authorized by the District or MBS Capital Markets, LLC ("MBS") to give any information or to make any representations, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The District is a local unit of special purpose government of the State of Florida, created pursuant to Chapter 190, Florida Statutes, as amended and Ordinance No. 06-71 of Manatee County, Florida, as amended (the "Act"). Among the purposes for which the District was established are financing and refinancing the acquisition and construction of the public infrastructure and other public facilities necessary for development of the lands within the District. The Act authorizes the District to issue bonds for purposes, among others, of financing or refinancing the cost of acquisition and construction of assessable improvements including water management and control, water supply, wastewater management, reclamation and reuse, roadway improvements, landscaping, street lights, parks and other basic infrastructure projects within and, in accordance with the provisions of the Act, without the boundaries of the District. For more complete information about the District, its Board of Supervisors and the District Manager, see "THE DISTRICT" herein.

The boundaries of the District encompass approximately 1,066.58 acres of land located in unincorporated Manatee County. The development within the District is known as River Strand Golf and Country Club (the "Development"). The Series 2007 Assessments securing the 2017 Bonds are being levied only within the Assessment Area (hereinafter defined). See "ASSESSMENT AREA" herein.

The 2017 Bonds are being issued pursuant to the Act and a Master Trust Indenture dated as of October 1, 2007 entered into between the District and U.S. Bank National Association (the "Master Indenture") as trustee (the "Trustee") as supplemented by a Second Supplemental Trust Indenture to be dated as of March 1, 2017 to be entered into between the District and the Trustee (the "Supplemental Indenture" and together with the Master Indenture, the "Indenture"). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture. The principal of and interest on the 2017 Bonds shall be payable solely from, and shall be secured solely by the revenues derived by the District from the Series 2007 Assessments (the "Series 2017 Pledged Revenues") and the Funds and Accounts (except for the Series 2017 Rebate Account) established by the Supplemental Indenture (the "2017 Pledged Funds and Accounts"). The Series 2017 Pledged Revenues and the 2017 Pledged Funds collectively comprise the "Series 2017 Trust Estate".

NEITHER THE 2017 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 2017 BONDS AND THE INTEREST 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

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\*Preliminary, Subject to Change

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 2017 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE INDENTURE OR THE 2017 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2017 PLEDGED REVENUES AND THE SERIES 2017 PLEDGED FUNDS PLEDGED TO THE 2017 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

The 2017 Bonds are being issued in order to provide sufficient funds, together with other legally available moneys of the District, to [(ii) fund the Series 2017 Reserve Account, which funding may in whole or in part through a Reserve Policy, in an amount equal to the Series 2017 Reserve Account Requirement,] and [(iii)] pay costs of issuance of the 2017 Bonds including the premiums for the Policy and Reserve Policy. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. Proceeds of the Refunded Bonds were used primarily to acquire and construct public improvements (the "Refunded Project").

INVESTMENT IN THE 2017 BONDS POSES CERTAIN RISKS AND THE 2017 BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL POTENTIAL INVESTORS. SEE "BONDHOLDERS RISKS" HEREIN.

[The scheduled payment of principal of and interest on the 2017 Bonds when due will be guaranteed under a municipal insurance policy (the "Policy") to be issued concurrently with the delivery of the 2017 Bonds by \_\_\_\_\_]. See "THE POLICY" herein. ]

There follows in this Official Statement a brief description of the District and the Assessment Area, together with summaries of the terms of 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 form thereof and the information with respect thereto contained in the Indenture. A copy of the Master Indenture and the form of the Supplemental Indenture are attached hereto as composite APPENDIX B. All references herein to the Assessment Report (hereinafter defined) are qualified in their entirety by reference to the forms thereof attached hereto as APPENDIX D. [All references herein to the Policy are qualified in their entirety by reference to the form thereof attached hereto as APPENDIX \_\_\_\_.]

#### **PLAN OF REFUNDING**

Concurrently with the delivery of the 2017 Bonds, a portion of the proceeds of 2017 Bonds and other available moneys of the District relating to the Refunded Bonds (the "Available Moneys") will be applied to accomplish the current refunding of the Refunded Bonds.

To effect such refunding, the District will enter into an escrow deposit agreement (the "Escrow Deposit Agreement") with U.S. Bank National Association, as escrow agent (the "Escrow Agent") and call the Refunded Bonds maturing after May 1, 2017 for optional redemption on the earliest practical date following the issuance of the 2017 Bonds, subject to providing requisite notice of redemption (the "Redemption Date"). Pursuant to the terms of the Escrow Deposit Agreement, the District will deposit with the Escrow Agent for credit to the escrow deposit trust fund (the "Escrow Deposit Trust Fund") established under the Escrow Deposit Agreement a portion of the proceeds of the 2017 Bonds and the Available Moneys. Such proceeds and Available Moneys will be held uninvested. The cash held in the Escrow Deposit Trust Fund is expected to be sufficient to pay the Amortization Installments, principal of and interest on the Refunded Bonds coming due on the Redemption Date. Upon execution and delivery of the Escrow Deposit Agreement and the deposit of such proceeds and Available Moneys into the Escrow Deposit Trust Fund, all as provided in the Escrow Deposit Agreement, in the opinion of Bond Counsel, rendered in reliance on the report of Causey Demgen & Moore, P.C. (see "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein), the Refunded Bonds will no longer be deemed Outstanding pursuant to the Master Indenture. The moneys and securities held pursuant to the Escrow Agreement will not be available to pay Debt Service on the 2017 Bonds.

**DESCRIPTION OF THE 2017 BONDS**

**General**

The 2017 Bonds are issuable only in fully-registered form, in denominations of \$5,000 or any integral multiple thereof. The 2017 Bonds will be dated as of the date of delivery thereof, will bear interest from that date at the rates per annum and, subject to the redemption provisions set forth below, will mature on the dates set forth on the cover page of this Official Statement. Each 2017 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 2017 Bond has been paid, in which event such 2017 Bond shall bear interest from its date of authentication; or (ii) is prior to the first Interest Payment Date for the 2017 Bonds, in which event such 2017 Bond shall bear interest from its dated date. Interest on the 2017 Bonds will be computed on the basis of a 360-day year based on twelve 30-day months and will be payable on each May 1 and November 1, commencing November 1, 2017.

The 2017 Bonds shall be initially issued in the form of a separate single certificated fully registered 2017 Bond for each maturity thereof. Upon initial issuance, the ownership of each such 2017 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial Bond Depository. Except as provided in the Indenture, all of the Outstanding 2017 Bonds shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC. See "DESCRIPTION OF THE 2017 BONDS - Book-Entry Only System" herein.

**Redemption Provisions**

*Optional Redemption.* The 2017 Bonds maturing after May 1, \_\_\_\_\_ 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, 20\_\_\_\_, at the Redemption Price of par plus accrued interest to the redemption date.

*Mandatory Redemption.* The 2017 Term Bonds maturing May 1, 20\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2017 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:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>	<b>May 1 of the Year</b>	<b>Amortization Installment</b>
------------------------------	-------------------------------------	------------------------------	-------------------------------------

\_\_\_\_\_  
\*Maturity

The 2017 Term Bonds maturing May 1, 20\_\_\_\_ are subject to mandatory redemption in part by the District by lot prior to their scheduled maturity from moneys in the Series 2017 Sinking Fund Account established under the Supplemental Indenture in satisfaction of applicable Amortization Installments 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:

<b>May 1 of the Year</b>	<b>Amortization Installment</b>	<b>May 1 of the Year</b>	<b>Amortization Installment</b>
------------------------------	-------------------------------------	------------------------------	-------------------------------------

\_\_\_\_\_  
\*Maturity

As more particularly set forth in the Indenture, any 2017 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 the 2017 Bonds. Amortization Installments are also subject to recalculation, as provided in the Supplemental Indenture, as the result of the redemption of 2017 Bonds so as to reamortize the remaining Outstanding principal balance of the 2017 Bonds as set forth in the Supplemental Indenture.

*Extraordinary Mandatory Redemption.* The 2017 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 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) from Prepayments (as defined in the Indenture) deposited into the Series 2007 Prepayment Subaccount of the Series 2017 Redemption Account; or

(b) on the date on which the amount on deposit in the Series 2017 Reserve Account, together with other moneys available therefor, are sufficient to pay and redeem all of the Series 2017 Bonds then Outstanding, including accrued interest thereon.

If less than all of the 2017 Bonds of a maturity shall be called for redemption, the particular 2017 Bonds or portions of 2017 Bonds to be redeemed shall be selected by lot by the Registrar as provided in the Indenture.

#### **Notice and Effect of Redemption**

Notice of each redemption of 2017 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 2017 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 2017 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 2017 Bonds or such portions thereof on such date, interest on such 2017 Bonds or such portions thereof so called for redemption shall cease to accrue, such 2017 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 2017 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 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.

As provided in the Indenture, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the District if expressly set forth in such notice.

#### **Book-Entry Only System**

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC and the District does not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2017 Bond certificate will be issued for each maturity of the 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.5 million U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants". DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 Bond (each a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017 Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2017 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns

Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on a payment date in accordance with their respective holdings shown on DTC's records. Payments by DTC 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 DTC Participant and not of DTC nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the 2017 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2017 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC upon compliance with any applicable DTC rules and procedures. In that event, 2017 Bond certificates will be printed and delivered at the expense of the District.

So long as Cede & Co. is the registered owner of the 2017 Bonds, as nominee of DTC, reference herein to the Bondholders or Registered Owners of the 2017 Bonds will mean Cede & Co., as aforesaid, and will not mean the Beneficial Owners of the 2017 Bonds.

NEITHER THE DISTRICT NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE 2017 BONDS. THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE 2017 BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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**ESTIMATED SOURCES AND USES OF PROCEEDS**

Proceeds from the issuance and delivery of the 2017 Bonds, together with other legally available funds of the District, are expected to be applied as follows:

**Sources**

Principal Amount of 2017 Bonds	\$ _____
[Plus: Net Original Issue Premium]	_____
Other Available Funds <sup>(1)</sup>	_____
 Total Sources	 \$ _____

**Uses**

Deposit to Escrow Fund	\$ _____
Deposit to Series 2017 Interest Account <sup>(2)</sup>	_____
Deposit to Series 2017 Reserve Account <sup>(3)</sup>	_____
Deposit to Series 2017 Costs of Issuance Account <sup>(4)</sup>	_____
 Total Uses	 \$ _____

- 
- (1) Certain monies on deposit in the Funds and Accounts established for the Refunded Bonds.
  - (2) Represents a portion of the interest coming due on the Series 2017 Bonds on November 1, 2017.
  - (3) [Represents \_\_\_\_\_% of the Series 2017 Reserve Account Requirement.] [The balance of the Series 2017 Reserve Account Requirement will be satisfied by the deposit of the Reserve Policy with the Trustee.]
  - (4) Includes Underwriter's discount not deposited to Series 2017 Costs of Issuance Account, fees of professionals and consultants, printing and other related costs of issuance, [as well as premiums for the Reserve Policy and the Policy].

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**DEBT SERVICE REQUIREMENTS FOR 2017 BONDS**

<b>Year Ending November 1</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$	\$	\$
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038*			
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

\*Final Maturity May 1, 2038

**SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS**

**General**

Series 2017 Trust Estate

The 2017 Bonds will be payable from and secured by the revenues derived by the District from the levy and collection of the Series 2007 Assessments (the "Series 2017 Pledged Revenues"). The 2017 Bonds are additionally secured by amounts on deposit in the Funds and Accounts, other than the Series 2017 Rebate Account, created pursuant to the Supplemental Indenture (the "Series 2017 Pledged Funds" and, together with the Series 2017 Pledged Revenues, the "Series 2017 Trust Estate").

NEITHER THE 2017 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 2017 BONDS AND THE INTEREST 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 2017 BONDS. RATHER, DEBT SERVICE AND ANY OTHER AMOUNTS REQUIRED TO BE PAID



PURSUANT TO THE INDENTURE OR THE 2017 BONDS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE SERIES 2017 PLEDGED REVENUES AND THE 2017 PLEDGED FUNDS PLEDGED TO THE 2017 BONDS, ALL AS PROVIDED HEREIN AND IN THE INDENTURE.

## **Funds and Accounts**

The Supplemental Indenture establishes with the Trustee the following Funds and Accounts: (1) within the Acquisition and Construction Fund: a Series 2017 Costs of Issuance Account; (2) within the Debt Service Fund: (a) a Series 2017 Debt Service Account and therein a Series 2017 Sinking Fund Account, a Series 2017 Principal Account and a Series 2017 Interest Account, and (b) a Series 2017 Redemption Account, and therein a Series 2007 Prepayment Subaccount and a Series 2017 Optional Redemption Subaccount; (4) in the Reserve Fund, a Series 2017 Reserve Account, which shall be held for the benefit of all of the 2017 Bonds, without distinction and without privilege or priority of one 2017 Bond over another; (4) within the Revenue Fund, a Series 2017 Revenue Account; and (5) within the Rebate Fund, a Series 2017 Rebate Account.

### **Series 2017 Reserve Account**

#### General

The Supplemental Indenture defines the Series 2017 Reserve Account Requirement to mean \$\_\_\_\_\_, which is an amount equal to 50% of the Maximum Annual Debt Service for the 2017 Bonds as of the date of issuance thereof. [\_\_\_\_\_% of such Series 2017 Reserve Account Requirement will be satisfied with cash, and the balance of the Series 2017 Reserve Account Requirement will be satisfied by obtaining the Reserve Policy with the requisite coverage, in each case deposited with the Trustee on the date of issuance of the 2017 Bonds.] The District is not required to replace or substitute the Reserve Policy in the event of a ratings downgrade of the Insurer. See "BONDHOLDER'S RISKS—Item No. \_\_\_\_." The Supplemental Indenture provides that the Series 2017 Reserve Account shall consist only of [the Reserve Policy,] cash and Investment Obligations.

#### [Reserve Policy

Application has been made to [the Insurer] to obtain the Reserve Policy to be deposited to the credit Series 2017 Reserve Account in a face amount equal to \_\_\_\_% of the Series 2017 Reserve Account Requirement. The premium on the Reserve Policy is to be fully paid at or prior to the issuance and delivery of the 2017 Bonds. The Reserve Policy shall expire on the earlier of the date the 2017 Bonds are no longer Outstanding and the final maturity date of the 2017 Bonds. To evidence its obligation to reimburse the Insurer for amounts drawn on the Reserve Policy, the District and the Insurer will enter into an insurance agreement (the "Reserve Policy Agreement"). The District covenants and agrees in the Supplemental Indenture to abide by the terms and conditions of the Reserve Policy Agreement. See "THE POLICY" herein for a description of the Insurer.]

#### Disbursements from Series 2017 Reserve Account

Subject to the provisions of the Supplemental Indenture related to draws on the Reserve Policy, amounts on deposit in the Series 2017 Reserve Account shall be used only for the purpose of making payments into the Series 2017 Interest Account, the Series 2017 Principal Account and the Series 2017 Sinking Fund Account to pay Debt Service on the 2017 Bonds, when due, without distinction as to 2017 Bonds and without privilege or priority of one 2017 Bond over another, to the extent the moneys on deposit in such Accounts and available therefor are insufficient and for no other purpose, or except as may be otherwise expressly directed in the Supplemental Indenture.

[The Supplemental Indenture provides that the District shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate. "Late Payment Rate" means \_\_\_\_\_. Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. All cash and investments in the Series 2017 Reserve Account established for the 2017 Bonds shall be transferred to the Debt Service Fund for payment of the Debt Service on the 2017 Bonds before any drawing may be made on the Reserve Policy or any other reserve fund credit instrument in lieu of cash.

The Supplemental Indenture further provides that payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017 Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2017 Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw. Draws under the Reserve Policy may only be used to make payments on 2017 Bonds.

Pursuant to the Supplemental Indenture, if the District shall fail to pay any Policy Costs in accordance with the requirements of the preceding paragraph, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Supplemental Indenture other than (i) acceleration of the maturity of the 2017 Bonds, or (ii) remedies which would adversely affect owners of the 2017 Bonds. The Supplemental Indenture shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The District's obligation to pay such amount shall expressly survive payment in full of the 2017 Bonds. The Supplemental Indenture provides that the Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the preceding paragraph and provide notice to the Insurer at least three business days prior to each date upon which interest or principal is due on the 2017 Bonds.]

On the earliest date on which there is on deposit in the Series 2017 Reserve Account sufficient cash, without taking into account the amount available under the Reserve Policy, provided that there are no Reserve Policy Costs due and owing to the Insurer under the Policy or the Reserve Policy, and, taking into account other monies available therefor, to pay and redeem all of the Outstanding 2017 Bonds, together with accrued interest and redemption premium, if any, on such 2017 Bonds to the earliest date of redemption permitted therein and herein, then the Trustee shall transfer the amount on deposit in the Series 2017 Reserve Account into the Series 2017 Prepayment Subaccount in the Series 2017 Redemption Account to pay and redeem all of the Outstanding 2017 Bonds on the earliest date permitted for redemption therein and in the Supplemental Indenture.

### **Flow of Funds**

The Supplemental Indenture directs the Trustee to deposit into the Series 2017 Revenue Account any and all amounts required to be deposited therein by the Supplemental Indenture and any other amounts or payments specifically designated by the District pursuant to a written direction or by a Supplemental Indenture. The Series 2017 Revenue Account shall be held by the Trustee separate and apart from all other Funds and Accounts held under the Supplemental Indenture and from all other moneys of the Trustee.

The Supplemental Indenture provides that the District must deposit Series 2017 Assessment Revenues with the Trustee immediately upon receipt together with a written accounting of the amounts of such Series 2007 Assessment Revenues in the following categories which shall be deposited by the Trustee as follows:

- (i) Series 2007 Assessment Principal, which shall be deposited into the Series 2017 Sinking Fund Account and/or Series 2017 Principal Account as applicable;
- (ii) Series 2017 Prepayment Principal, which shall be deposited into the Series 2007 Prepayment Subaccount in the Series 2017 Redemption Account;
- (iii) Delinquent Assessment Principal, which shall first be applied to restore the amount of any draw under the Reserve Policy and then to restore any cash withdrawal from the Series 2017 Reserve Account to pay the

principal of 2017 Bonds, and, the balance, if any, shall be deposited into the Series 2017 Principal Account or the Series 2017 Sinking Fund Account, as applicable;

(iv) Delinquent Assessment Interest, which shall first be applied to restore the amount of any draw under the Reserve Policy and then to restore any cash withdrawal from the Series 2017 Reserve Account to pay interest on the 2017 Bonds, and the balance, if any, deposited into the Series 2017 Revenue Account; and

(v) All other Series 2007 Assessment Revenues shall be deposited into the Series 2017 Revenue Account.

Moneys other than Series 2007 Assessment Revenues, shall (i) at the written direction of the District be deposited into the Series 2017 Optional Redemption Subaccount of the Series 2017 Redemption Account and used to pay the principal of and premium, if any, on 2017 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 2017 Bonds as set forth in the form of Series 2017 Bonds attached hereto, and (ii) if transferred from the Escrow Fund pursuant to the provisions of the Escrow Deposit Agreement, be deposited to the Series 2017 Interest Account.

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 Series 2007 Prepayment Subaccount, and, if the balance therein is greater than zero, and provided sufficient amounts are on deposit in the Series 2017 Revenue Account to make the payments due on the 2017 Bonds on the next Interest Payment Date, shall transfer from the Series 2017 Revenue Account for deposit into the Series 2007 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 2017 Bonds on the next succeeding Interest Payment Date in the maximum aggregate principal amount for which moneys are then on deposit in the Series 2007 Prepayment Subaccount in accordance with the provisions for extraordinary redemption of such 2017 Bonds.

On the fifteenth (15th) day preceding each May 1 or November 1 (or if such fifteenth day is not a Business Day, on the Business Day preceding such fifteenth day), the Trustee shall transfer amounts on deposit in the Series 2017 Revenue Account to the Funds and Accounts designated below in the following amounts and in the following order of priority:

FIRST, from the Series 2017 Revenue Account to the Series 2017 Interest Account of the Debt Service Fund, an amount equal to the amount of interest payable on all 2017 Bonds then Outstanding on such May 1 or November 1 less any other amount already on deposit in the Series 2017 Interest Account not previously credited;

SECOND, to the Series 2017 Sinking Fund Account, the amount, if any, equal to the difference between the Amortization Installments of all 2017 Bonds subject to mandatory sinking fund redemption on such May 1, and the amount already on deposit in the Series 2017 Sinking Fund Account not previously credited and to the Series 2017 Principal Account, the amount, if any, equal to the difference between the principal of Series 2017 Serial Bonds coming due on such May 1, and the amount already on deposit in the Series 2017 Principal Account not previously credited;

THIRD, to the Series 2017 Reserve Account, first, the amount, if any, which is necessary to repay any draws under the Reserve Policy and second, the amount, if any, which is necessary to restore the amount on deposit therein to an amount equal to the Series 2017 Reserve Account Requirement with respect to the 2017 Bonds; and

FOURTH, the balance shall be retained in the Series 2017 Revenue Account.

Anything in the Supplemental Indenture to the contrary notwithstanding, it shall not, a fortiori, constitute an Event of Default thereunder if the full amount of the foregoing deposits is not made due to an insufficiency of funds therefor.

On any date required, the District shall give the Trustee written direction, and the Trustee shall transfer from the Series 2017 Revenue Account to the Series 2017 Rebate Account 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.

On or after each November 2, the Trustee shall transfer to the District at the written direction of the District, the balance on deposit in the Series 2017 Revenue Account on such November 2 to be used for any lawful District purpose; provided, however, that on the date of such proposed transfer the amount on deposit in the Series 2017 Reserve Account shall be equal to the Series 2017 Reserve Account Requirement [and no amount shall be due and payable or unreimbursed under the Policy or the Reserve Policy as certified to the Trustee by the Insurer], and, provided further that the Trustee shall not have actual knowledge of an Event of Default under the Master Indenture or the Supplemental Indenture relating to any of the 2017 Bonds, including the payment of Trustee's fees and expenses then due.

### **Investments**

All balances and earnings on investments in all of the Funds and Accounts held as security for the 2017 Bonds, except for the Series 2017 Reserve Account, shall be invested only in Series 2017 Investment Obligations and, further, earnings on the Series 2017 Costs of Issuance Account and the Series 2017 Interest Account shall be retained, as realized, in such Account and used for the purpose of such Account. Earnings on investments in the other Funds and Accounts, except for the Series 2017 Reserve Account, shall be deposited, as realized, to the credit of the Series 2017 Revenue Account and used for the purpose of such Account.

Earnings on investments in the Series 2017 Reserve Account shall be disposed of as follows:

(A) if there was no deficiency (as defined in Section 509 of the Master Indenture) in the Series 2017 Reserve Account as of the most recent date on which amounts on deposit in the Series 2017 Reserve Account were valued by the Trustee, and if no withdrawals have been made from the Series 2017 Reserve Account since such date which have created a deficiency, then earnings on investments in the Series 2017 Reserve Account shall be allocated to and deposited into the Series 2017 Revenue Account; and

(B) if as of the last date on which amounts on deposit in the Series 2017 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 Series 2017 Reserve Account and have created such a deficiency, then earnings on investments in the Series 2017 Reserve Account shall be deposited into the Series 2017 Reserve Account until the amount on deposit therein is equal to the Series 2017 Reserve Account Requirement and thereafter shall be allocated to and deposited into the Series 2017 Revenue Account.

### **Enforcement and Collection of Series 2007 Assessments**

The primary sources of payment for the 2017 Bonds are the Series 2007 Assessments which have not been prepaid imposed with respect to the parcels and lots in the Assessment Area specially benefited by the Refunded Project. To the extent that landowners fail to pay such Series 2007 Assessments, delay payments, or are unable to pay Series 2007 Assessments, the successful pursuit of collection procedures available to the District is essential to continued payment of principal of and interest on the 2017 Bonds. The Act provides for various methods of collection of delinquent taxes by reference to other provisions of the Florida Statutes. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" for a summary of payment and collection procedures applicable to the Series 2007 Assessments appearing in the Florida Statutes.

### **Limitation on Parity Bonds**

The Supplemental Indenture provides that, so long as there are 2017 Bonds Outstanding, the District shall not cause or permit to be caused any other lien, charge or claim against the Series 2017 Trust Estate; provided, however, that the District reserves the right to issue bonds, notes or other obligations payable from or secured by the Series 2017 Trust Estate pledged to the 2017 Bonds, but only so long as such bonds, notes or other obligations are not entitled to a lien upon or charge against the Series 2017 Trust Estate equal or prior to the lien of the Supplemental Indenture securing the 2017 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 Indenture on such Series

2017 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 2017 Bonds to payment and the control of remedies and acceleration granted under the Indenture [subject to the rights of the Insurer as set forth in the Supplemental Indenture].

### **Additional Assessments**

[The District levies operation and maintenance assessments on assessable District lands for operation and maintenance functions of the District.] Subject to the provisions of the Supplemental Indenture (see "Limitation on Parity Bonds" above), in addition to operation and maintenance assessments and the Series 2007 Assessments on property subject to the Series 2007 Assessments, the District may levy Assessments on property subject to the Series 2007 Assessments which are necessary for health, safety or welfare reasons or to remediate a natural disaster or for reconstruction and/or renewal and replacement purposes and may issue Bonds secured by such Assessments.

The operation and maintenance assessments and Series 2007 Assessments have a statutory first lien on the properties against which imposed co-equal with the liens thereon in favor of any other non-ad valorem assessments levied by the District on such properties and all county, school district and other special district non-ad valorem assessments, ad valorem taxes and voter-approved ad valorem taxes levied on the same properties.

The operation and maintenance assessments, Series 2007 Assessments and other non-ad valorem special assessments, if any, levied by the District on properties in the Assessment Area, and all county, school and other special district non-ad valorem assessments, ad valorem taxes and voter-approved ad valorem taxes levied on the same properties, to the extent same are collected using the Uniform Method, are billed on a single tax bill and are payable at one time. See "ENFORCEMENT OF COLLECTION OF ASSESSMENTS" herein.

### **Acceleration Upon an Event of Default**

The Master Indenture provides that upon the happening and continuance of an Event of Default specified in clauses (a) through (g) of Section 902 of the Master Indenture (see APPENDIX A hereto) with respect to the 2017 Bonds, the Trustee shall, upon written direction of the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the 2017 Bonds then Outstanding, by a notice in writing to the District, declare the aggregate principal amount of the 2017 Bonds then Outstanding (if not then due and payable) to be due and payable immediately. Upon such declaration, the Outstanding 2017 Bonds shall become and be immediately due and payable, notwithstanding anything contained in the 2017 Bonds or Supplemental Indenture to the contrary; provided, however, that no such declaration of acceleration shall occur as the result of an Event of Default specified in clause (a) of Section 902 (relating to payment of Debt Service on the 2017 Bonds not being made when due) except to the extent that the Series 2007 Assessments have been accelerated and are currently due and payable in accordance with applicable law and subject to such other terms and provisions of the Master Indenture applicable thereto. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS." Generally, the Series 2007 Assessments are not subject to acceleration when collected pursuant to the Uniform Method (hereinafter defined). See also "Rights of Insurer" below.

### **Rights of Insurer**

**[To Be Provided]**

**THE POLICY**

**[To Be Provided]**

### **ENFORCEMENT OF ASSESSMENT COLLECTIONS**

As stated herein, the primary prospective source of payment for the 2017 Bonds are the Series 2007 Assessments imposed on each parcel or lot within the Assessment Area for which the Series 2007 Assessment has not been prepaid. To the extent that landowners fail to pay such Series 2007 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 2017 Bonds. The Act provides for various methods of collection of delinquent special assessments by reference to other provisions of the Florida Statutes. The following is a description of certain statutory provisions of assessment payment and collection procedures appearing in the Florida Statutes, but is qualified in its entirety by reference to such statutes.

Pursuant to the Supplemental Indenture, the District covenants to comply with the terms of the proceedings heretofore adopted with respect to the Series 2007 Assessments, including the Revised Master Methodology Report, dated January 22, 2007 prepared by Fishkind & Associates, Inc., as supplemented (collectively, the "Report"), and to levy the Series 2007 Assessments, in accordance with the Report in such manner as will generate funds sufficient to pay the principal of and interest on the Series 2017 Bonds, when due, and that the Series 2007 Assessments shall be collected pursuant to the Uniform Method (Sections 197.3631, 197.3632 and 197.3635, Florida Statutes, or any successor statutes thereto).

### **Tax Collection Procedures**

The Florida Statutes provide that, subject to certain conditions, special assessments such as the Series 2007 Assessments may be collected pursuant to the Uniform Method in the same manner as ad valorem taxes. The statutes relating to enforcement of ad valorem taxes provide that ad valorem taxes become due and payable on November 1 of the year when assessed and constitute a lien upon the land from January 1 of such year. Series 2007 Assessments are a lien on the land against which they are assessed from the date the special assessments are levied until paid or barred by operation of law. The lien of the Series 2007 Assessments is of equal dignity with the lien for ad valorem taxes upon land, and thus is a first lien, superior to all other liens, including mortgages (except for state and county taxes and other taxes which are of equal dignity). Such taxes and special assessments (including the Series 2007 Assessments being collected by the Uniform Method) are to be billed, and landowners in the Assessment Area, subject to next succeeding sentence, are required to pay all such taxes and assessments, without preference in payment of any particular increment of the tax bill, such as the increment owing for the Series 2007 Assessments. If a landowner initiates legal proceedings contesting the levy or the amount of a particular ad valorem tax or possibly a non-ad valorem assessment which could include the Series 2007 Assessments, under certain circumstances, such landowner may be permitted to pay only that amount of ad valorem taxes and possibly non ad valorem assessments that the landowner, in good faith, admits to be owing. As described below, if a landowner should commence legal proceedings regarding the Series 2007 Assessments, this could result in the delay of certain remedial actions made available using the Uniform Method. If a significant number of landowners contest the levy or amount of Series 2007 Assessments, it is possible the District would not have sufficient revenues to timely pay debt service on the 2017 Bonds. Upon any receipt of moneys by the Tax Collector from the Series 2007 Assessments, such moneys will be delivered to the District, which will remit such moneys to the Trustee for deposit to the applicable accounts and subaccounts under the Indenture and applied in accordance therewith.

All city, county, school and special districts, including the District, ad valorem taxes, non-ad valorem special assessments and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2007 Assessments collected pursuant to the Uniform Method, are payable at one time. If a taxpayer does not make complete payment of the total amount, he or she cannot designate specific line items on his or her tax bill as deemed paid in full, except that if a taxpayer has commenced legal proceedings as described above contesting the levy or amount of an ad valorem tax and possibly a non-ad valorem assessment, a tax collector may accept a partial payment of the ad valorem tax, and possibly, the non-ad valorem assessment. If a taxpayer disputes all or a portion of the Series 2007 Assessments, and pays the balance of ad valorem taxes and non-ad valorem assessments which the taxpayer in good faith admits to be owing, this could possibly cause a delay in the collection of the Series 2007 Assessments, which could have a significant adverse effect on the ability of the District to make full or punctual payment of the debt service requirements on the 2017 Bonds.

If Series 2007 Assessments collected pursuant to the Uniform Method are paid during November when due or during the following three months, the taxpayer is granted a variable discount equal to 4% in November and decreasing one percentage point per month to 1% in February. All unpaid taxes become delinquent on April 1 of the year following assessment, and the Tax Collector is required to collect taxes and special assessments prior to April 1 and after that date to institute statutory procedures upon delinquency to collect such 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 special assessments under the Uniform Method is, in essence, based upon the sale by the Tax Collector of "tax certificates" and remittance of the proceeds of such sale to the District for the payment of the special assessment due. The demand for such certificates is in turn dependent upon various factors, which include 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 land within the District may affect the demand for such certificates and the successful collection of the Series 2007 Assessments. See "BONDHOLDERS' RISKS" herein.

In the event of a delinquency in the payment of taxes and/or special assessments on real property, the Tax Collector is required to attempt to sell tax certificates on such property to the person who pays the delinquent taxes and/or special 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 (not to exceed 18%). Delinquent taxes and special assessments may be paid by a taxpayer prior to the date of sale of a tax certificate by the payment of such taxes and special assessments, together with interest and all costs and charges relating thereto. Generally, 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 18%). During the pendency of any litigation arising from the context of a landowner's tax assessment collected through the Uniform Method, which may possibly include non-ad valorem special assessments such as the Series 2007 Assessments, it is possible that the tax collector will not sell tax certificates with respect to such property. 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 (including Series 2007 Assessments), interest, 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 or in part, 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, 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 years from April 1 of the year of issuance of a certificate, during which period actions against the land are held in abeyance to allow for sales and redemptions of tax certificates and before the expiration of seven years from the date of issuance, the holder of a certificate may apply for a tax deed to the subject land. The applicant is required to pay to the Tax Collector at the time of application all amounts required to redeem or purchase all 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 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. In the case of homestead property, the bid is also deemed to include an amount equal to one-half of the latest assessed value of the homestead. If there are no higher bids, the holder receives title to the land and the amounts paid for the certificate and in applying for a tax deed are credited 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 person to whom the land was last assessed on the tax roll for the year in which the land was assessed, all as their interests 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. Three 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 Commissioners.

### **Judicial Proceedings**

In addition to the sale of tax certificates as a method of enforcing the payment of Series 2007 Assessments, Section 170.10, Florida Statutes, provides that upon the failure of any property owner to pay the principal of the Series 2007 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, commencement of a foreclosure proceeding in the same manner as the foreclosure of a real estate mortgage, or commencement of an action under Chapter 173, Florida Statutes, relating to foreclosure of municipal tax and special assessment liens. Foreclosure proceedings under the provisions of Chapter 173, Florida Statutes, can be commenced after the expiration of one year from the date any special assessment or installment thereof becomes due. Section 170.10, Florida Statutes does not have the one year waiting period. Such a proceeding is in rem, meaning that it is brought against the land and not against the owner in the circuit court where the land is located.

Certain mortgage lenders have, in recent foreclosure suits brought under Chapter 170, Florida Statutes, plead a defense stating that a foreclosing district must abide by the same one year period as Chapter 173, Florida Statutes, in order to begin foreclosure proceedings. To the extent that any districts have taken a position on this, they have all asserted that the one year waiting period does not apply to Chapter 170, Florida Statutes, and at least one circuit court has agreed.

In general, after the District commences the suit, there is a period of notice to, and an opportunity for response by, affected persons. Ultimately a hearing will be held and if the court decides in favor of the District, a judgment will be rendered in the amount of the delinquent Series 2007 Assessments and costs of the proceeding. The judgment would also direct sale of the land subject to the delinquent Series 2007 Assessments by public bid to the highest bidder, with proceeds of the sale being applied to payment of the delinquent Series 2007 Assessments. If no bidder bids at least the amount of the delinquent Series 2007 Assessments and applicable costs, the District may obtain title to the land.

Pursuant to the Master Indenture, if any property shall be offered for sale for the nonpayment of any Series 2007 Assessment and no person or persons shall purchase such property for an amount equal to the full amount due on the Series 2007 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 Series 2007 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 2017 Bonds. 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 Series 2017 Revenue Account.

Enforcement of the obligation to pay Series 2007 Assessments and the ability of the Tax Collector to sell tax certificates and ultimately tax deeds, or the ability to foreclose the lien created by the failure to pay Series 2007 Assessments, may not be readily available or may be limited as such enforcement is dependent upon judicial actions that are often subject to discretion and delay.

For a description of the Series 2007 Assessments and the methodology for their levy, please refer to "APPENDIX D – SPECIAL ASSESSMENT METHODOLOGY" herein.



Unless the Series 2007 Assessments are collected using the Uniform Method, the only remedies available for enforcement of the Series 2007 Assessments would be those described under this subsection.

### THE ASSESSMENT AREA

The following information appearing below under the caption "THE ASSESSMENT AREA" has been furnished by the District or was obtained from publicly available sources for inclusion in this Official Statement, and although believed to be reliable, such information has not been independently verified by the Underwriter or its counsel.

*The Development:* River Strand Golf and Country Club (the "Development") encompasses approximately 1,067 acres situated entirely within the boundaries of the District. The Assessment Area consists of the assessable parcels and lots located within approximately 892 acres of the Development. The Development is located approximately twenty (20) minutes northeast of downtown Sarasota, approximately fifteen (15) minutes east of downtown Bradenton and approximately twenty (20) minutes northeast of the Sarasota-Bradenton International Airport. In addition, St. Petersburg and Tampa are located approximately twenty-five (25) and forty-five (45) minutes from the Development, respectively. Grocery stores, shopping, medical facilities, educational institutions and a hospital are conveniently located within five (5) to ten (10) minutes in the neighboring Lakewood Ranch community located south on State Road 64.

The Development is a luxury-living community featuring a 39,000-square foot Tuscan-themed clubhouse with a golf pro shop and restaurant, a 27-hole Arthur Hills-designed golf course, a 3,500-square foot health and fitness spa with a resort-style pool, a tennis facility with nine (9) lighted Har-Tru clay courts and tennis pro-shop; and pool and cabana facilities throughout the community. The Development was originally planned for 1,365 single-family attached homes, single-family detached homes and condominiums; however, with the expansion of the District boundaries in 2013, the Development is intended for an additional 482 single-family attached and detached homes as well as twenty-six (26) condominiums. Thus, the Development consists of a total of 1,873 residential units as well as various recreational amenities.

The 2017 Bonds will be secured by the Series 2007 Assessments which will be levied on lands within the District for which the Series 2007 Assessment has not previously been prepaid. The Series 2007 Assessments were originally levied on all 1,365 residential units located within the Assessment Area. [Currently, four (4) residents have prepaid their Series 2007 Assessments in full; therefore, reducing the total Assessment Area to 1,361 assessable units.]

Based upon information obtained from the Manatee County Property Appraiser, of the 1,361 assessable residential units, 1,318 have been constructed and sold to retail buyers. The remaining forty-three (43) units are owned by Lennar Homes, LLC (the "Developer") of which one (1) is a model home and the remaining forty-two (42) are vacant developed lots. Pursuant to information obtained from the Developer, an additional eight (8) townhome/coach units have been constructed and sold to end-users, further reducing the Developer's presence within the District to 35 units. Currently, construction on four (4) townhome/coach buildings, each containing four (4) units, is underway.

### Taxpayer Concentration

The information appearing in the following chart illustrates the top ten (10) largest debt service assessment payers based on current information pulled from the Manatee County Property Appraiser and the percentage of the projected annual Series 2007 Assessments to be paid by such property owner.

Property Owner	# Units	Product Mix	Vacant (Y/N)	Total Series 2007 Assessments*	% of Total Series 2007 Assessments
Lennar Homes LLC	43	Mixed	42 Vacant/ 1 Model Home	\$50,053	3.26%
Martin, Paul	9	Mixed	N	9,455	0.62%
LCC LLLP	5	Condominium	N	4,975	0.32%
Svoboda, Radek	5	Mixed	N	4,686	0.31%

Haski, Michel	3	Mixed	N	4,468	0.29%
Foreman, Donald L	3	Mixed	N	4,063	0.26%
Chorus Florida Investment	4	Condominium	N	3,980	0.26%
Lido Key Management	4	Single-Family 55'	N	3,293	0.21%
River Strand Rentals	3	Mixed	N	3,151	0.21%
Thompson, Jon	3	Mixed	N	3,151	0.21%
<b>Top Ten Assessment Payers</b>	<b>82</b>			<b>\$91,273</b>	<b>5.94%</b>
All Other Assessment payers	1,279			1,444,630	94.06%
<b>Total</b>	<b>1,361</b>			<b>\$1,535,903</b>	<b>100.00%</b>

\* Gross up for discounts and cost of collection estimated at 7.0%

### Value to Lien Ratios

Based upon information obtained from the Manatee County Property Appraiser, the total assessed value for all parcels subject to the Series 2007 Assessments in the Assessment Area is \$276,677,164. The direct market value-to-lien ratio for the Assessment Area is approximately 13.8:1.

Product-Type	# of Units	Series 2017	Current	Value to Lien
		Refunding Bonds	Market Values	
Townhomes/Coach	345	\$ 4,854,776	\$ 68,168,821	14.0
Condominium	610	7,922,989	88,229,334	11.1
Single-Family 55'	157	2,249,603	37,963,239	16.9
Single-Family 65'	32	541,787	9,895,616	18.3
Single-Family 75'	123	2,401,187	39,140,028	16.3
Single-Family 85'	94	2,079,658	33,280,126	16.0
<b>Total</b>	<b>1,361</b>	<b>\$20,050,000</b>	<b>\$276,677,164</b>	<b>13.8</b>

However, when the thirty-six (36) vacant developed townhome/coach lots that have not been assigned individual folios are placed on the tax roll, the overall value-to-lien of the Assessment Area is approximately 14.2:1

The collections result within the District with respect to the Series 2007 Assessments in the Assessment Area for the last four (4) fiscal years are depicted below. As evidenced below, the District has collected at or greater than 100% of the net amount required to pay debt service for the last four (4) years, as not all landowners took advantage of the 4% discount for early payment of real estate taxes allowed by Florida law.

Year	Gross Levied on the Tax Roll	Direct Billed	Total Net Levied	Total Net Collected	% Net Collected
FY 2014-15	\$1,375,523	\$501,053	\$1,780,290	\$1,852,219	104%
FY 2013-14	1,200,239	664,344	1,780,566	1,795,291	101%
FY 2012-13					
FY 2011-12	950,470	907,975	1,791,912	1,792,357	100%

The delinquencies and tax certificate sales for the last four (4) fiscal years indicate the successful collection of the District's assessment revenues for the units in the Series 2017 Assessment Area through the tax certificate sale process.

Year	Amount Delinquent after March 31	Paid Prior to Tax Certificate Sale	Tax Certificates Sold	Tax Certificates Not Sold	% Of Gross Levied to Tax Sale
FY 2014-15	\$14,940	\$7,505	\$7,435	\$0	0.5%
FY 2013-14	15,139	7,011	8,128	0	0.7%
FY 2012-13	9,765	2,711	7,054	0	0.7%
FY 2011-12	11,754	4,345	7,409	0	0.8%

The following table provides information regarding the level of Series 2007 Assessments allocated to each product type in the Assessment Area.

<b>Product-Type</b>	<b># Units</b>	<b>Par Series 2007 Assessments Per Unit*</b>	<b>Gross Annual Series 2007 Assessment Per Unit*</b>	<b>Series 2007 Assessment Total Annual Revenues</b>	<b>% of Total Series 2007 Assessment</b>
Townhomes/Coach	345				
Condominium	7				
	603				
<i>Total Condominium</i>	<b>610</b>				
Single-Family 55'	157				
Single-Family 65'	32				
Single-Family 75'	123				
Single-Family 85'	94				
<b>Total</b>	<b>1,361</b>				

*\*Gross up for early payment discounts and collection cost at 7.0%*

## THE DISTRICT

### General

The District was established by Ordinance No. 06-71 of Manatee County (the "County") effective on November 13, 2006, as amended. Pursuant to County Ordinance No. 10-4, the District was granted the power to plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain additional systems and facilities for (1) parks and facilities for indoor and outdoor recreational, cultural, and educational uses; and (2) security, including, but not limited to, guardhouses, fences and gates, electronic intrusion-detection systems, and patrol cars, when authorized by the Manatee County Sheriff's Department or other proper governmental agencies; except that the District may not exercise any police power, but may contract with appropriate local general-purpose government agencies for an increased level of such services within the District boundaries. The District is located within unincorporated Manatee County and the original boundaries of the District included approximately 891.90 acres of land. Pursuant to County Ordinance 13-34, the boundaries of the District were expanded to include an additional 174.68 acres, bringing the total acreage of the District to 1,066.58 acres.

The District is an independent unit of local government created by and established in accordance with the Act. The Act was enacted in 1980 to provide a uniform method for the establishment of independent districts to manage and finance basic community development services, including capital infrastructure required for community developments throughout the State of Florida.

The Act provides that community development districts have the power to issue general obligation, revenue and special assessment bonds in any combination to pay all or part of the cost of infrastructure improvements authorized under the Act and to issue bonds to provide for the refunding of any bonds or obligations of a district. The Act further provides that community development districts have the power to levy and assess taxes on all taxable real and tangible personal property, and to levy special assessments on specially benefitted lands, within their boundaries to pay the principal of and interest on bonds issued and to provide for any sinking or other funds established in connection with any such bond issues.

Among other provisions, the Act gives the District's Board of Supervisors the right: (i) to hold, control, and acquire by donation, purchase, condemnation, or dispose of, any public easements, dedications to public use, platted reservations for public purposes, or any reservations for those purposes authorized by the Act and to make use of such easements, dedications, or reservations for any of the purposes authorized by the Act; (ii) to finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate and maintain systems and facilities for various basic infrastructures, including district roads equal to or exceeding the specifications of the county in which such district roads are located, facilities for indoor and outdoor recreational, cultural and educational uses (if such powers are specifically granted), and any other project within or without the boundaries of the district when a local government has issued a development order approving or expressly requiring the

construction or funding of the project by the District, or when the project is the subject of an agreement between the district and a governmental entity and is consistent with the local government comprehensive plan of the local government within which the project is to be located or pursuant to a development order condition which applies to a district project; (iii) to borrow money and issue bonds of the District; and (iv) to 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 land use plans or zoning ordinances, and the Act does not empower the District to grant building permits; with respect to the Development, these functions are performed by Manatee County, Florida acting through its governing body and its departments of government.

The Act exempts all property of 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 bonds of the District to pursue any remedy for enforcement of any lien or pledge of the District in connection with such bonds, including the 2017 Bonds.

**Board of Supervisors**

The Act provides for a five-member Board of Supervisors (the "Board") to serve as the governing body of the District. Members of the Board ("Supervisors") must be residents of the State of Florida and citizens of the United States. Initially, the Supervisors are elected on an at-large basis by the owners of the property within the District. Ownership of land within the District entitles the owner to one vote per acre (with fractions thereof rounded upward to the nearest whole number). A Supervisor serves until expiration of his or her term and until his or her successor is chosen and qualified. If, during a term of office, a vacancy occurs, the remaining Supervisors shall fill the vacancy by an appointment of an interim Supervisor for the remainder of the unexpired term.

At the initial election of Supervisors, the two Supervisors with the highest number of votes are elected to serve four-year terms and the remaining three Supervisors serve for two-year terms. Elections of Supervisors occur in November every two years. Until the later of six years after formation of the District or the year that the District attains at least 250 qualified electors, Supervisors whose terms are expiring will begin to be elected (as their terms expire) by qualified electors of the District. A qualified elector is a registered voter who is at least eighteen years of age, a resident of the District and the State 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, each to a four-year term. The other Supervisor will be elected by landowners for a four-year term. All of the current supervisors other than the Chairman are residents of the District.

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

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

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Terry Kirschner*	Chairman	November, 2018
Nancy Lyons	Vice Chairman	November, 2018
Pauline Taxler	Assistant Secretary	November, 2020
John Wisz	Assistant Secretary	November, 2018
Michael L. Fisherp	Assistant Secretary	November, 2020

\*Affiliated with the Developer.

A majority of the Supervisors constitutes a quorum for the purposes of conducting the business of the District and exercising its powers and for all other purposes. Action taken by the District shall be upon a vote of the

majority of the Supervisors 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 "sunshine" or open meetings 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 provision 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. James P. Ward serves as the District Manager with responsibility for day-to-day operations of the District. Mr. Ward has substantial experience managing community development districts for Florida.

The Act further authorizes the Board to hire such employees and agents as it deems necessary. Thus, Coleman, Yovanovich & Koester, P.A., Naples, Florida, is serving as Counsel to the District; Greenspoon Marder, P.A., Fort Lauderdale, Florida, is serving as Bond Counsel; and JPWard & Associates, LLC, Wilton Manors, Florida, is serving as Assessment Consultant to the District.

### **BONDHOLDERS' RISKS**

Certain risks are inherent in an investment in obligations secured by special assessments issued by a public authority or governmental body in the State. Certain of these risks are described in the preceding section entitled "ENFORCEMENT OF ASSESSMENT COLLECTIONS", however, certain additional risks are associated with the 2017 Bonds offered hereby. This section does not purport to summarize all risks that may be associated with purchasing or owning the 2017 Bonds and prospective purchasers are advised to read this Official Statement in its entirety for a more complete description of investment considerations relating to the 2017 Bonds.

(1) Remedies May Be Delayed, Not Readily Available Or Limited. The remedies available to the Beneficial Owners of the 2017 Bonds 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, during a bankruptcy of a homeowner, the remedies specified by federal, state and local law and in the Indenture and the 2017 Bonds, including, without limitation, enforcement of the obligation to pay the Series 2007 Assessments may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2017 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 2017 Bonds could have a material adverse impact on the interest of the Owners thereof. The failure of a homeowner in the Assessment Area or the Developer to pay the required Series 2007 Assessments levied on its property will not result in an increase in the amount of Series 2007 Assessments other homeowners are or would be required to pay.

(2) Lands In District May Not Be Sufficiently Valuable; Lack Of Market For Tax Certificates. The principal security for the payment of the principal of and interest on the 2017 Bonds is the timely collection of the Series 2007 Assessments levied in the Assessment Area. Such Series 2007 Assessments do not constitute a personal indebtedness of the owners of the residential units subject thereto, but are secured only by a lien on such units. There is no assurance that the current and subsequent owners of these units will be able to pay the Series 2007 Assessments or that they will pay such Series 2007 Assessments even though financially able to do so. Beyond legal delays that could result from bankruptcy, the ability of the County to sell tax certificates (to the extent that the Series 2007 Assessments are being collected by the Uniform Method) will be dependent upon 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 years. The payment of the annual Series 2007 Assessments and the ability of the Tax Collector to sell tax certificates or the District to foreclose the lien of the unpaid taxes, including the Series 2007 Assessments, may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to court foreclosure. Bankruptcy of a property owner will most likely also result in a delay by the Tax Collector or the District in prosecuting court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of principal and interest on the 2017 Bonds.

(3) District Must Follow Statutory Procedures To Levy And Collect Series 2007 Assessments. The District is required to comply with statutory procedures in collecting the Series 2007 Assessments. Failure of the District to follow these procedures could result in delays in collection of Series 2007 Assessments or potential future challenges to such levy. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein.

(4) Series 2007 Assessments Are Non-Recourse. The District has not granted, and may not grant under Florida law, a mortgage or security interest in the Refunded Project. Furthermore, the District has not pledged the revenues, if any, from the operation of the Refunded Project as security for, or a source of payment of, the 2017 Bonds. Neither has the District covenanted to establish rates, fees and charges for the Projects at any specified levels. The 2017 Bonds are payable solely from, and secured solely by, the Series 2007 Assessments levied on assessable residential units in the Assessment Area. The recourse for the failure of any owner of a residential unit subject to the Series 2007 Assessments levied in the Assessment Area to pay such Series 2007 Assessments is limited to their respective ownership interest in the assessed land.

(5) Delays In Enforcement Of Collection Of Delinquent Series 2007 Assessments May Arise. In addition to legal delays that could result from bankruptcy, the ability of the District to enforce collection of delinquent Series 2007 Assessments will be dependent upon various factors, including the delay inherent in any judicial proceeding to enforce the lien of such Series 2007 Assessments and the value of the residential unit which is the subject of such proceedings and which may be subject to sale. If the District has difficulty in collecting the Series 2007 Assessments, the cash [and coverage of the Reserve Policy] in the Series 2017 Reserve Account could be rapidly depleted and the ability of the District to pay the Debt Service on the 2017 Bonds could be materially adversely affected[, although the scheduled payment of the Debt Service is guaranteed by the Policy. See Item No. 11 below]. Moreover, the District will not be permitted to re-assess residential units or parcels burdened by the Series 2007 Assessments for the purpose of replenishing the cash in the Series 2017 Reserve Account] or restoring the Reserve Policy to the Policy Limit]. In addition, if the District should commence a foreclosure action against a lot for nonpayment of Series 2007 Assessments (if the Series 2007 Assessments are no longer being collected pursuant to the Uniform Method), such homeowner may raise affirmative defenses which could result in delays or other obstacles to completing the foreclosure action. It is also possible that the District will not have sufficient funds to pursue the foreclosure action.

(6) Challenges To The Superiority Of The Lien Of The Series 2007 Assessments By Mortgage Lenders, If Any, May Arise; Mortgage Lenders Have Raised Challenges To Foreclosure Proceedings. Owners should note that several mortgage lenders have, in the past, raised legal challenges to the primacy of the liens similar to those of the Series 2007 Assessments in relation to the liens of mortgages burdening the same real property. In addition, certain mortgage lenders have, in recent foreclosure proceedings initiated pursuant to Section 170.10, Florida Statutes, alleged in defense that a community development district foreclosing on land subject to an assessment lien must wait a minimum of one (1) year from the date that any assessment or installment thereof, becomes delinquent. Some Florida Circuit Courts are known to have concluded that a community development district is authorized to foreclose pursuant to Chapter 170, Florida Statutes, and, therefore, is not required to wait a minimum of one (1) year; however, the District cannot guarantee the outcome of any legal proceeding in which a similar defense is pled. See "ENFORCEMENT OF ASSESSMENT COLLECTIONS – Judicial Proceedings" herein.

(7) Other Entities Levy Taxes And Assessments In Assessment Area; District May Levy Additional Assessments. The willingness and/or ability of an owner of a residential unit subject to the Series 2007 Assessments could be affected by the existence of other taxes and assessments imposed upon the land by the District or by the County, or by other public entities, which may be affected by the value of the land subjected to such taxation and assessment. Under the Uniform Method, county, school and other special district taxes and assessments, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds, including the Series 2007 Assessments if collected pursuant to the Uniform Method, 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 case, the Tax Collector does not accept such partial payment; provided, however, that if a taxpayer has commenced legal proceedings contesting the levy or amount of an ad valorem tax and possibly a non-ad valorem assessment, a tax collector may accept a partial payment of the ad valorem tax, and possibly, the non-ad valorem assessment as described under "ENFORCEMENT OF ASSESSMENT COLLECTIONS" herein. If a taxpayer disputes all or a portion of the Series 2007 Assessments, and pays the balance of ad valorem taxes and non-ad valorem assessments

which the taxpayer in good faith admits to be owing, this could possibly cause a delay in the collection of the Series 2007 Assessments, which could have an adverse effect on the ability of the District to make full or punctual payment of the Debt Service on the 2017 Bonds. Public entities whose boundaries overlap those of the District, such as the County and the County school district, could, without the consent of the owners of the land within the Assessment Area, impose additional taxes or assessments on the property within the boundaries of the District. The District has no control over the amount of taxes or assessments levied by governmental entities other than the District. The lien of the Series 2007 Assessments is, however, of equal dignity with such other public entities' taxes and assessments. To the extent any Series 2007 Assessments are collected directly rather than through the Uniform Method, the sale of tax certificates as described herein would not be available. In addition, the District has imposed or may also impose additional assessments, including for its operation, maintenance and administrative expenses, which can encumber the property burdened by the Series 2007 Assessments.

(8) No Adjustment To Interest Rate In The Event Of A Change in the Tax-Exempt Status Of The 2017 Bonds. The Supplemental Indenture does not provide for any adjustment to the interest rates borne by the 2017 Bonds or for a redemption of the 2017 Bonds in the event of a change in the tax-exempt status of the interest on the 2017 Bonds. Such a change could occur as a result of an adverse determination by the Internal Revenue Service (the "IRS") or a court with respect to the tax-exempt status of interest on the 2017 Bonds, because of the District's failure to comply with tax covenants contained in the Indenture, or because of a change in the United States income tax laws. Prospective purchasers of the 2017 Bonds should evaluate whether they can own the 2017 Bonds in the event that the interest on the 2017 Bonds becomes taxable.

The Internal Revenue Service (the "IRS") routinely examines bonds issued by state and local governments, including bonds issued by community development districts. The IRS recently concluded its lengthy examination of certain issues of bonds (for purposes of this subsection, the "Audited Bonds") issued by Village Center Community Development District (the "Village Center CDD"). During the course of the audit of the Audited Bonds, Village Center CDD received a ruling dated May 30, 2013, in the form of a non precedential technical advice memorandum ("TAM") concluding that Village Center CDD is not a political subdivision for purposes of Section 103(a) of the Code because Village Center CDD was organized and operated to perpetuate private control and avoid indefinitely responsibility to an electorate, either directly or through another elected state or local government body. Such a conclusion could lead to the further conclusion that the interest on the Audited Bonds was not excludable from gross income of the owners of such bonds for federal income tax purposes. Village Center CDD received a second TAM dated June 17, 2015 which granted relief to Village Center CDD from retroactive application of the IRS's conclusion as to a political subdivision. Prior to the conclusion of the audits, the Audited Bonds were all refunded with taxable bonds. The audit of the Audited Bonds that were issued for utility improvements were closed without change to the tax exempt status of those Audited Bonds on April 25, 2016, and the audit of the remainder of the Audited Bonds (which funded recreational amenity acquisitions from entities related to the principal landowner in the Village Center CDD) was closed on July 14, 2016 without the IRS making a final determination that interest on the Audited Bonds should be included in gross income. However, the IRS letter to the Village Center CDD with respect to this second set of Audited Bonds noted that the agency found that the Village Center CDD was not a "proper issuer of tax-exempt bonds" and that those Audited Bonds were private-activity bonds that did not fall in any of the categories that qualify for tax-exemption.

Although the TAMs and the letters to the Village Center CDD from the IRS referred to above are addressed to, and binding only on, the IRS and Village Center CDD in connection with the Audited Bonds, they reflect the audit position of the IRS, and there can be no assurance that the IRS would not commence additional audits of bonds issued by other community development districts raising issues similar to the issues raised in the case of the Audited Bonds based on the analysis set forth in the first TAM or on the related concerns addressed in the July 14, 2016 letter to the Village Center CDD.

On February 23, 2016, the IRS published proposed regulations designed to give prospective guidance with respect to potential private business control of issuers by providing a new definition of political subdivision for purposes of determining whether an entity is an appropriate issuer of bonds the interest on which is excluded from gross income for federal tax purposes. The proposed regulations require that a political subdivision (i) have the power to exercise at least one sovereign power, (ii) be formed and operated for a governmental purpose, and (iii) have a governing body controlled by or have significant uses of its funds or assets otherwise controlled by a government unit with all three sovereign powers or by an electorate that is not controlled by an unreasonably small

number of unrelated electors. On March 9, 2016, the IRS released corrections to the transition rules in the proposed regulations providing that the new definition of political subdivision will not apply to bonds issued prior to the general applicability date, which is a date ninety (90) days after the proposed regulations are published in final form in the Federal Register. Accordingly, the proposed regulations, if finalized in their current form, would not be applicable to the Series 2017 Bonds, but may impact future series of bonds planned for the District.

It has been reported that the IRS has recently closed audits of other community development districts in Florida with no change to such districts' bonds' tax-exempt status, but has advised such districts that such districts must have public electors within five years of the issuance of tax-exempt bonds or their bonds may be determined to be taxable retroactive to the date of issuance. Pursuant to the Act, general elections are not held until the later of six years or there are 250 qualified electors in the district. The District, unlike Village Center CDD, was formed with the intent that it will contain a sufficient number of residents to allow for a transition to control by a general electorate. Currently, 4 of the 5 members of the Board of Supervisors are residents of the District.

Owners of the 2017 Bonds are advised that, if the IRS does audit the 2017 Bonds, under its current procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the Owners of the 2017 Bonds may have limited rights to participate in those proceedings. The commencement of such an audit could adversely affect the market value and liquidity of the 2017 Bonds until the audit is concluded, regardless of the ultimate outcome. In addition, in the event of an adverse determination by the IRS with respect to the tax-exempt status of interest on the 2017 Bonds, it is unlikely the District will have available revenues to enable it to contest such determination or enter into a voluntary financial settlement with the IRS. Further, an adverse determination by the IRS with respect to the tax-exempt status of interest on the 2017 Bonds would adversely affect the availability of any secondary market for the 2017 Bonds. Should interest on the 2017 Bonds become includable in gross income for federal income tax purposes, not only will Owners of 2017 Bonds be required to pay income taxes on the interest received on such 2017 Bonds and related penalties, but because the interest rate on such 2017 Bonds will not be adequate to compensate Owners of the 2017 Bonds for the income taxes due on such interest, the value of the 2017 Bonds may decline.

(9) Environmental Factors May Adversely Impact Land. The value of the residential units subject to the Series 2007 Assessments and the likelihood of timely payment of principal and interest on the 2017 Bonds could be affected by environmental factors with respect to District lands. The District has not performed, nor has the District requested that there be performed on its behalf, any independent assessment of the environmental conditions within the boundaries of the District.

(10) Impact Of State Of Florida Examination Of Role Of Special Districts And Existing And Potential Property Tax Reform Legislation Cannot Be Predicted. On January 11, 2012, the Governor of the State of Florida issued an Executive Order (the "Executive Order") directing the Office of Policy and Budget in the Executive Office of the Governor (the "OPB") to examine the role of special districts in Florida, with a "special focus on increasing efficiency, fiscal accountability and transparency of operations to the public" and to submit reports to the Governor setting forth its findings and recommendations, including any recommendations for legislative action. The Executive Order states that the OPB's review is necessary to determine whether special districts are serving a legitimate public purpose, governed efficiently, levying taxes, fees and assessments appropriately, being held accountable to the public whose lives they directly impact, operating in a transparent manner and prudently spending taxpayers' dollars. It is not possible to determine at this time what recommendations, if any, the OPB will make pursuant to the Executive Order that will impact the District and whether the Florida Legislature will implement any recommendations of the OPB through legislation that will impact the District.

In October, 2014, the Florida Auditor General released a report on significant financial trends and findings identified in 2012-2013 fiscal year audit reports and annual financial reports submitted to it by Florida community development districts. This report requested legislative action to establish parameters on the amount of bonds that can be issued by Florida community development districts and to provide additional oversight for bonds issued by Florida community development districts. This report renews requests made by the Florida Auditor General that led to the Executive Order described above. It is impossible to predict what proposals may be presented regarding Florida community development districts during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form and impact thereof.



In prior years, property tax reform legislation has been enacted by the Florida Legislature and constitutional amendments implementing property tax reform have been approved by Florida voters. It is impossible to predict what new proposals may be presented regarding ad valorem tax reform during upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Florida Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof.

It is impossible to predict with certainty the impact that any existing or future legislation will or may have on the security for the 2017 Bonds.

Section 190.16(14) of the Act provides in pertinent part that "The state pledges to the holders of any bonds issued under the Act that it will not limit or alter the rights of the District to levy and collect the ... assessments... and to fulfill the terms of any agreement made with the holders of such bonds ... and that it will not impair the rights or remedies of such holders."

[(11) Matters Relating To The Policy And The Reserve Policy. In the event of default of the payment of principal or interest with respect to the 2017 Bonds when all or some becomes due, any owner of the 2017 Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the 2017 Bonds by the District which is recovered by the District from the Bondholder as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Insurer chooses to pay such amounts at an earlier date.

The Insurer may direct and must consent to remedies and the Insurer's consent may be required in connection with amendments to the Indenture. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS – Rights of Insurer" and "APPENDIX A – COPY OF MASTER INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE."

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the 2017 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the 2017 Bonds, no assurance is given that such event will not adversely affect the market price of the 2017 Bonds or the marketability (liquidity) for the 2017 Bonds.

The long-term ratings on the 2017 Bonds that are based on the Policy are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the 2017 Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the 2017 Bonds or the marketability (liquidity) for the 2017 Bonds. See "RATING" herein. The District has no obligation to replace the Policy or Reserve Policy in the event of a downgrade or withdrawal of the rating of the Insurer.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the 2017 Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "THE POLICY" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy and/or the Reserve Policy deposited to the credit of the Series 2017 Reserve Account, the 2017 Bonds are payable pursuant to the Indenture solely from the Series 2017 Trust Estate in the manner set forth in the Indenture.]

## **TAX MATTERS**

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

### **General**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the 2017 Bonds in order to assure that interest on the 2017 Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. The District's failure to comply with these requirements may cause interest on the 2017 Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The District has covenanted in the Indenture to take all actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the 2017 Bonds. The opinion of Bond Counsel, the form of which is attached hereto as APPENDIX B, will be based upon and assume the accuracy of certain representations and certifications and is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with requirements such as described above subsequent to the issuance of the 2017 Bonds. The Indenture does not require the District to redeem the 2017 Bonds or to pay any additional interest or penalty in the event the interest on the 2017 Bonds becomes taxable.

In the opinion of Bond Counsel, assuming continuing compliance by the District with the tax covenants referred to above, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations under the Code. Bond Counsel is further of the opinion that, pursuant to the Act, the 2017 Bonds and the interest thereon are exempt from taxation under the laws of the State, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income and profits on debt obligations owned by corporations as defined therein.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the 2017 Bonds.

Bond Counsel will render its opinions as of the issue date, and will assume no obligation to update the opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. The opinions of Bond Counsel are based on existing law, which is subject to change. As to questions of fact material to such opinions, Bond Counsel will rely upon representations and covenants made on behalf of the District, certificates of appropriate officers and others (including certifications as to the use of proceeds of the 2017 Bonds and of the property financed thereby), without undertaking to verify the same by independent investigation. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, the opinions of Bond Counsel are only opinions and not a warranty or guaranty of the matters discussed or of a particular result, and are not binding on the Internal Revenue Service or the courts; rather such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the 2017 Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax exempt obligations, such as the 2017 Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the 2017 Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2017 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Purchasers of the 2017 Bonds at other than their original issuance at the respective prices indicated on the cover of this Official Statement should consult their own tax advisors regarding other tax considerations such as the consequences of market discount.

### **Changes in Federal Tax Law**

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the 2017 Bonds, gain from the sale or other disposition of the 2017 Bonds, the market value of the 2017 Bonds, or the marketability of the 2017 Bonds, or otherwise prevent the owners of the 2017 Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. For example, the federal legislative proposals have been made in recent years that would, among other things, limit the exclusion from gross income of interest on obligations such as the 2017 Bonds for higher-income taxpayers. If enacted into law, such proposals could affect the tax exemption of interest on the 2017 Bonds or the market price for, or marketability of, the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their own tax and financial advisers regarding such matters.

For a discussion of proposed regulations currently under consideration that may affect the District and a related discussion of audit risk, see "BONDHOLDERS' RISKS – No Adjustment to Interest Rate in the Event of a Change in the Tax-Exempt Status of the 2017 Bonds" herein. The opinion expressed by Bond Counsel is based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2017 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

### **Additional Matters Relating to On-going IRS Audit Program and Special Districts**

The Internal Revenue Service (the "IRS") has established an on-going program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. In addition, reference is made to "BONDHOLDERS' RISKS – IRS Examination and Audit Risk" herein regarding recent developments with respect to certain special district financings.

Bond Counsel cannot predict whether the IRS will commence an audit of the 2017 Bonds. Owners of the 2017 Bonds are advised that, if the IRS does audit the 2017 Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the District as the taxpayer, and the owners of the 2017 Bonds may have limited rights to participate in such procedure. The commencement of audit could adversely affect the market value and liquidity of the 2017 Bonds until the audit is concluded, regardless of the ultimate outcome. As noted above, the Indenture does not require the District to redeem the 2017 Bonds or to pay any additional interest or penalty in the event the interest on the 2017 Bonds becomes taxable.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

As of the delivery of the 2017 Bonds, Causey, Demgen & Moore, P.C., certified public accountants (the "Verification Agent") will verify the mathematical accuracy of the computations contained in schedules provided by MBS Capital Markets, LLC to determine that the cash deposit to be held in the Escrow Fund will be sufficient to pay, on \_\_\_\_\_, 2017, the principal of and interest on the Refunded Bonds.

### **ASSESSMENT METHODOLOGY**

The District has adopted a Special Assessment Methodology attached hereto as APPENDIX D that provides a methodology for allocating the total benefit derived from the Refunded Project to the benefitted lands in the Assessment Area.

## **OUTSTANDING INDEBTEDNESS**

In November, 2014, the District issued its \$7,945,000 original principal amount of Special Assessment Bonds, Series 2014 (the "2014 Bonds") of which \$7,830,000 is currently outstanding. Proceeds of the 2014 Bonds were utilized to acquire and construct public infrastructure improvements for the benefit of the lands located in the Expansion Area of the District. The 2014 Bonds are secured by special assessments levied on the residential units located in the Expansion Area of the District only. The special assessments relating to the 2014 Bonds and the Series 2007 Assessments relating to the 2017 Bonds do not overlap and the 2017 Bonds are not secured by or payable from revenues derived by the District from collection of special assessments in the Expansion Area.

## **AGREEMENT BY THE STATE**

Under the Act, the State of Florida pledges to the holders of any bonds issued thereunder, including the 2017 Bonds, that it will not limit or alter the rights of the District 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.

## **LEGALITY FOR INVESTMENT**

The Act provides that bonds issued by community development districts are legal investments for savings banks, banks, trust companies, insurance companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency, instrumentality, county, municipality or other political subdivision of the State of Florida, and constitute securities that may be deposited by banks or trust companies as security for deposits of state, county, municipal or other public funds, or by insurance companies as required or voluntary statutory deposits.

## **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY 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 (including bonds or other debt obligations for which it has served on as a conduit District such as industrial development or private activity bonds issued on behalf of private businesses). The District is not and has not ever been in default as to principal and interest on its bonds or other debt obligations.

## **ENFORCEABILITY OF REMEDIES**

The remedies available to the owners of the 2017 Bonds 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, including the federal bankruptcy code, the remedies specified by the Indenture and the 2017 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2017 Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

## **CONTINUING DISCLOSURE**

In order to comply with the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC Rule"), the District and Disclosure Services, LLC, as dissemination agent (the "Dissemination Agent") will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement"), the form of which is attached hereto as APPENDIX C. Pursuant to the Disclosure Agreement, the District has covenanted for the benefit of Bondholders to provide to the Dissemination Agent certain financial information and operating data relating to the District and the 2017 Bonds in each year commencing with the District's fiscal year ended September 30, 2017 (the "District Annual Report"), and to provide notices of the occurrence of certain enumerated

material events. Such covenant by the District shall only apply so long as the 2017 Bonds remain outstanding under the Indenture.

The District Annual Report will be filed by the Dissemination Agent with the Municipal Security Rulemaking Board's Electronic Municipal Markets Access ("EMMA") repository described in the form of the Disclosure Agreement attached hereto as APPENDIX C. The notices of material events will also be filed by the District with EMMA. The specific nature of the information to be contained in the Reports and the notices of material events are described in APPENDIX C. The Disclosure Agreement will be executed by the District and the Dissemination Agent at the time of issuance of the 2017 Bonds. The foregoing covenants have been made in order to assist the Underwriter in complying with the SEC Rule.

With respect to the 2017 Bonds, no party other than the District is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the SEC Rule.

The District has previously entered into continuing disclosure undertakings with respect to other bond issuances. Over the past five years, the District filed all required reports with recognized repositories as required by Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule") but such reports have not always been filed timely. The District believes that procedures are now in place to ensure that all future filings will be filed in a timely manner.

### **FINANCIAL STATEMENTS**

The audited financial statements of the District for the fiscal year ended September 30, 2016 are included as APPENDIX E hereto. Such audited financial statements, including the auditor's report thereon, have been included as APPENDIX E hereto as public documents and the consent of the auditors to include such document was not requested.

### **LITIGATION**

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2017 Bonds, or in any way contesting or affecting the validity of the 2017 Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2017 Bonds, or the existence or powers of the District.

### **RATING**

S&P Global Ratings ("S&P") has assigned a rating of \_\_\_\_\_ to the 2017 Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely if in S&P's judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the ratings given the 2017 Bonds may have an adverse effect on the liquidity or market price of the 2017 Bonds. An explanation of the significance of the rating can be received from the rating agency at the following address: S&P Global, Inc., 55 Water Street, New York, New York 10041.

### **UNDERWRITING**

The Underwriter will agree, pursuant to a contract to be entered into with the District, subject to certain conditions, to purchase the 2017 Bonds from the District at an aggregate purchase price of \$\_\_\_\_\_ representing the par amount of the 2017 Bonds of \$\_\_\_\_\_, [less/plus original issue discount/original issue premium] of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_. See "ESTIMATED SOURCES AND USES OF PROCEEDS" herein. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all the 2017 Bonds if any are purchased.

The Underwriter intends to offer the 2017 Bonds at the offering prices set forth on the cover page of this Official Statement, which may subsequently change without prior notice. The Underwriter may offer and sell the

2017 Bonds to certain dealers (including dealers depositing the 2017 Bonds into investment trusts) at prices lower than the initial offering prices and such initial offering prices may be changed from time to time by the Underwriter.

#### **DISCLOSURE OF MULTIPLE ROLES**

Bondholders should note that James P. Ward, the District Manager responsible for the administrative operations of the District, is a principal in JPWard & Associates, LLC, the assessment consultant to the District.

#### **EXPERTS**

The Special Assessment Methodology set forth in APPENDIX D hereto and such appendix should be read in its entirety for complete information with respect to the subjects discussed therein.

#### **CONTINGENT FEES**

Bond Counsel, the Underwriter and Counsel to the Underwriter will receive fees for services rendered in connection with the issuance of the Bonds, which fees are contingent upon such issuance.

#### **LEGAL MATTERS**

Certain legal matters related to the authorization, sale and delivery of the Bonds are subject to the approval of Greenspoon, Marder, P.A., Fort Lauderdale, Florida, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel Akerman LLP, Orlando, Florida. Certain legal matters will be passed upon for the District by its counsel, Coleman, Yovanovich & Koester, P.A., Naples, Florida. Certain legal matters will be passed upon for the Trustee by Holland & Knight, LLP, Miami, Florida.

#### **VALIDATION**

On February 28, 2007, the Circuit Court for Manatee County, Florida validated the issuance by the District of not exceeding \$94,000,000 in principal amount of its capital improvement revenue bonds and the existence and legal authority of the District. The appeal period from such final judgment has expired with no appeal being filed. The 2017 Bonds are refunding the Refunded Bonds, which are part of the Bonds so validated.

#### **FORWARD-LOOKING STATEMENTS**

Statements contained herein that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included herein are based on information available on the date hereof, and the District assumes no obligation to update any such forward-looking statements. Such forward-looking statements are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Actual results could differ materially from those discussed in such forward-looking statements and, therefore, there can be no assurance that the forward-looking statements included herein will prove to be accurate.

#### **MISCELLANEOUS**

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the 2017 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Official Statement has been prepared in connection with the sale of the 2017 Bonds and may not be reproduced or used, as a whole or in part, for any purpose. This Official Statement is not to be construed as a contact with the purchaser or the Owner or Beneficial Owners of any of the 2017 Bonds.

This Official Statement has been duly authorized, executed and delivered by the District.

HERITAGE HARBOUR NORTH COMMUNITY  
DEVELOPMENT DISTRICT

By: \_\_\_\_\_  
Chairman, Board of Supervisors

**APPENDIX A**

**COPY OF MASTER INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE**



**APPENDIX B**  
**FORM OF OPINION OF BOND COUNSEL**

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

**APPENDIX D**  
**SPECIAL ASSESSMENT METHODOLOGY**

**APPENDIX E**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**ESCROW DEPOSIT AGREEMENT**

**DATED AS OF \_\_\_\_\_, 2017**

**BETWEEN**

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT**

**AND**

**U.S. BANK NATIONAL ASSOCIATION,**

**AS ESCROW AGENT**

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**SCHEDULES**

<b>SCHEDULE A</b>	<b>Schedule of Debt Service on Refunded Bonds .....</b>	<b>Exhibit A-1</b>
<b>SCHEDULE B</b>	<b>Notice of Defeasance and Redemption .....</b>	<b>Exhibit B-1</b>

## **ESCROW DEPOSIT AGREEMENT**

This **ESCROW DEPOSIT AGREEMENT** (the “Agreement”) is dated as of \_\_\_\_\_. 2017 and is entered into by and between the **HERITAGE HARBOUR COMMUNITY DEVELOPMENT DISTRICT**, an independent special district of the State of Florida (the “District”) and **U.S. BANK NATIONAL ASSOCIATION**, Fort Lauderdale, Florida, as escrow agent (the “Escrow Agent”).

### **W I T N E S S E T H:**

**WHEREAS**, the District is an independent special district of the State of Florida established pursuant to Chapter 190, Florida Statutes, as amended by ordinance of Manatee County, Florida; and

**WHEREAS**, the Escrow Agent is a national banking association with fiduciary powers, having a designated corporate trust office in Fort Lauderdale, Florida; and

**WHEREAS**, the District has previously issued and sold its Capital Improvement Revenue Bonds, Series 2007 currently outstanding in the aggregate principal amount of \$[20,895,000] (the “Refunded Bonds”) pursuant to a Master Trust Indenture (the “Master Indenture”), as supplemented by a First Supplemental Trust Indenture (the “First Supplemental Indenture” and, together with the Master Indenture, the “Prior Indenture”), each dated as of October 1, 2007 and each entered into between the District and U.S. Bank National Association, as trustee; and

**WHEREAS**, pursuant to Resolution No. 2017-4 adopted on March 2, 2017, the Board of Supervisors (the “Board”) of the District has authorized the current refunding and redemption of all of the Refunded Bonds; and

**WHEREAS**, in order to provide for the payment of the Refunded Bonds, the District has authorized the issuance of its \$\_\_\_\_\_ Capital Improvement Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”) pursuant to the Master Indenture, as supplemented by a Second Supplemental Trust Indenture dated as of \_\_\_\_\_ 1, 2017 between the District and the Trustee (collectively, the “Indenture”); and

**WHEREAS**, a sufficient portion of the proceeds of the Series 2017 Bonds, together with other funds of the District lawfully available therefor, will be deposited in the escrow fund created herein and used to satisfy the obligations of the District evidenced by the Refunded Bonds; and

**WHEREAS**, the moneys deposited in the escrow fund created herein will be sufficient to pay the Amortization Installments, principal and interest coming due on the Refunded Bonds by maturity or mandatory sinking fund or optional redemption thereof on \_\_\_\_\_, 2017 (the “Redemption Date”), such payment and redemption to be irrevocably provided for herein; and

**WHEREAS**, the District and the Escrow Agent desire to enter into this Agreement to provide for the taking of certain actions so as to accomplish the payment of the Refunded Bonds;

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

**SECTION 1. RECITALS; SCHEDULES.** The District represents that the foregoing recitations are true and correct and are hereby incorporated into this Agreement by reference thereto. All Schedules annexed hereto shall without further referral be deemed incorporated herein and made a part hereof.

**SECTION 2. CREATION OF ESCROW FUND.**

(a) Receipt of a copy certified in writing by the District to be a true and correct copy of the Prior Indenture and the Indenture are hereby acknowledged by the Escrow Agent. Reference or citation herein to any provisions of the Prior Indenture or the Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

(b) The District hereby exercises the right granted by the Prior Indenture to refund and defease the Refunded Bonds and to discharge and satisfy its obligations to the Owners (as defined in the Prior Indenture) of the Refunded Bonds.

(c) There is hereby created and designated a special and irrevocable escrow fund to be known as the “Heritage Harbour North Community Development District Capital Improvement Revenue Bonds, Series 2007 Escrow Fund” (the “Escrow Fund”). The Escrow Fund shall be held in the custody of the Escrow Agent, in its capacity as a fiduciary and escrow agent, for the benefit of the holders of the Refunded Bonds. The Escrow Fund shall be held by the Escrow Agent separate and apart from other funds of the District or the Escrow Agent.

**SECTION 3. DEPOSIT OF MONEYS AND INVESTMENT AND REINVESTMENT THEREOF.**

(a) Concurrently with the execution of this Agreement, the District herewith deposits and the Escrow Agent hereby acknowledges receipt from the District of \$\_\_\_\_\_ (which consists of \$\_\_\_\_\_ of the net proceeds of the Series 2017 Bonds, \$\_\_\_\_\_ on deposit in the 2007 Revenue Account established under the Prior Indenture, \$\_\_\_\_\_ on deposit in the Deferred Costs Subaccount established under the Prior Indenture and \$\_\_\_\_\_ on deposit in the 2007 Reserve Account established under the Prior Indenture). The foregoing amounts are hereby referred to as the “Total Cash.” The Escrow Agent also acknowledges receipt of a verification report with respect to the Refunded Bonds as required by the Master Indenture and of the bond counsel opinion required by Section 1201(b)(iv) of the Master Indenture.



(b) The Escrow Agent is hereby directed to hold the Total Cash uninvested, except as otherwise provided herein. Notwithstanding the foregoing, the Total Cash held by the Escrow Agent will be deemed invested for purposes hereof at the federal funds rate in effect from time to time during the period during which the Escrow Agent holds such Total Cash, all or in part, and the amounts deemed earned thereon shall be treated as Escrow Agent fees payable to Escrow Agent hereunder.

(c) The District represents that the Total Cash will be sufficient to pay upon the maturity or redemption thereof, the Amortization Installments, principal and interest on the Refunded Bonds in accordance with the schedule set forth on Schedule A attached hereto and, accordingly, the Refunded Bonds shall be deemed refunded and defeased and no longer entitled to the covenants, agreements, obligations and liens of the District under the Prior Indenture. The Escrow Agent makes no representations regarding the adequacy of any deposit under the Escrow Agreement, and, provided the Escrow Agent has complied with its obligations hereunder it shall not be liable for any deficiencies in any deposit under the Escrow Agreement, and shall not be required to make disbursements from the Escrow Fund except from funds deposited therein by the District.

**SECTION 4. ESCROW FUND.** The Escrow Agent shall apply the Total Cash in accordance with the provisions hereof. The Escrow Agent shall have no power or duty to invest any cash held hereunder or to sell, transfer, substitute or otherwise dispose of the Escrow Securities held hereunder, except as provided in this Agreement. The Escrow Agent, acting in its capacity as escrow agent, agrees that the Total Cash on deposit in the Escrow Fund will be held for the holders of the Refunded Bonds and kept separate and distinct from all other funds of the District and Escrow Agent. The Escrow Fund created hereby shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on and security interest in all amounts deposited in the Escrow Fund, until used and applied in accordance herewith. The District shall take or cause to be taken all action necessary to preserve the aforesaid security so long as any of the Refunded Bonds remain unpaid.

**SECTION 5. TRANSFERS FROM ESCROW FUND.** The District hereby directs, and the Escrow Agent hereby agrees, to take all actions required to be taken by it under the Prior Indenture in order to effectuate this Agreement and to pay the Refunded Bonds, in the amounts and at the times provided in Schedule A attached hereto. The Escrow Agent shall, no later than the interest or principal payment or redemption date for the Refunded Bonds, transfer solely from funds on deposit in the Escrow Fund to the paying agent for the Refunded Bonds amounts sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds, all as specified on Schedule A hereto.

**SECTION 6. REINVESTMENT OF CERTAIN MONEYS REMAINING IN ESCROW FUND.**

(a) At the written direction of an authorized officer of the District, and upon compliance with clause (b) hereof, the Escrow Agent may invest in direct obligations of the United States of America (the "Escrow Securities"), from time to time, any uninvested cash in the Escrow Fund not immediately needed to make payments of principal and interest on

the Refunded Bonds as specified on Schedule A hereto. Subject to compliance with clause (b) hereof, any interest income resulting from investment of monies pursuant to this clause (a) shall be transferred to the District as its absolute property, free from the trust created by the Prior Indenture and the obligations imposed by this Agreement.

(b) The foregoing transaction may be effected only if: (i) in the opinion of counsel with expertise in the field of tax-exempt finance such transactions will not, under the statutes, rules and regulations then in force and applicable: (A) cause the interest on the Refunded Bonds and Series 2017 Bonds not to be excluded from gross income for federal income tax purposes; or (B) violate any provisions of Florida law or of any documents, instruments or resolutions of the District relating to the Refunded Bonds; and (ii) a nationally recognized firm of independent certified public accountants shall certify to the District and Escrow Agent that the cash remaining on hand in the Escrow Fund after the transactions are completed, together with the maturing principal of the Escrow Securities and interest due thereon, will be sufficient to pay when due the Refunded Bonds, upon the redemption thereof, all of the principal of and interest on the Refunded Bonds. The District shall pay the costs of providing such opinions and certifications together with all fees and expenses (including reasonable attorneys' fees and expenses) incurred by the Escrow Agent in connection with such foregoing transactions (it being agreed that additional Escrow Agent fees will be due and payable to Escrow Agent if the amounts in the Escrow Fund are invested).

(c) The Escrow Agent covenants to take no action in the investment, reinvestment or security of the Escrow Fund other than as provided for in this Agreement; provided, however, the Escrow Agent shall be under no duty to inquire whether the Escrow Securities as deposited in the Escrow Fund are properly invested under the Code, and provided further that the Escrow Agent may rely in good faith on and shall have no liability for following any or all specific directions in this Agreement or otherwise given by the District or bond counsel in the investment or reinvestment of the Escrow Fund.

**SECTION 7. PAYMENT TO ESCROW AGENT; LIABILITY OF ESCROW AGENT.**

(a) The District hereby appoints the Escrow Agent as escrow agent under this Agreement and, by execution of this Agreement, the Escrow Agent accepts the duties and obligations as escrow agent hereunder. The Escrow Agent further represents that it has all the requisite power, and has taken all corporate actions necessary, to enter into and execute this Agreement.

(b) The Escrow Agent agrees to pay solely from moneys on deposit in the Escrow Fund, the principal, redemption premium, if any, and interest on the Refunded Bonds as aforesaid notwithstanding any failure by the District to pay when due any fees or expenses of the Escrow Agent or any paying agent relating to the Refunded Bonds. It is expressly understood that any such fees or expenses incurred by the Escrow Agent acting as escrow agent hereunder will be reimbursed by the District.

(c) The Escrow Agent hereby acknowledges it has received its agreed upon acceptance fee for providing services as Escrow Agent.

(d) The Escrow Agent shall not be liable in connection with the performance of its duties hereunder except for its own gross negligence or willful misconduct or failing to comply with any of its obligations hereunder. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement. The Escrow Agent shall not incur any liability with respect to: (i) any action taken or omitted to be taken in good faith upon advice of its counsel or counsel to the District given with respect to any questions relating to the duties and responsibilities of the Escrow Agent hereunder; or (ii) any action taken or omitted to be taken in reliance upon any document, including any written notice or instructions provided for in this Agreement, not only reliance as to its due execution and the validity and effectiveness of its provisions but also as to the truth and accuracy of any information contained herein, which the Escrow Agent shall in good faith believe to be genuine, provided that such document has been signed or presented by the purported proper person or persons and conforms with the provisions of this Agreement.

(e) The Escrow Agent acknowledges that it has no lien, security interest or right of set-off whatsoever upon the cash and Escrow Securities in the Escrow Fund for any such payment.

(f) The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that any person purporting to give any notice or receipt of advice or make any statements in connection with the provisions hereof has been duly authorized to do so.

(g) The Escrow Agent may act relative hereto in reliance upon advice of counsel with expertise in the field of tax-exempt finance in reference to any matter connected herewith.

(h) On or before \_\_\_\_ 1, 2017, the Escrow Agent shall submit to the District a report covering all money it shall have received and all payments it shall have made under the provisions of this Agreement. Such report shall also list any Escrow Securities on deposit with Escrow Agent on the date of the report and all cash held by it as proceeds of the collection of principal of and interest on any Escrow Securities on deposit in the Escrow Fund.

**SECTION 8. INDEMNIFICATION.** The District hereby agrees, to the extent permitted by law, to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity brought by third parties, or any other expenses, fees or charges of any character or nature which it may incur or with which it may be threatened by reason of such third party threats or proceedings, except in the case of Escrow Agent's own willful misconduct or gross negligence; and in connection therewith to indemnify the Escrow

Agent against any and all expenses, including reasonable attorneys' fees and the costs of defending any action, suit or proceeding or resisting any claim, including appellate proceedings.

The Escrow Agent shall not be required to institute or defend any action or legal process involving any matter referred to herein which in any manner affects it or its duties or liabilities hereunder unless or until requested to do so by the District and then only upon receiving full indemnity in an amount and of such character as it shall reasonably require, against any and all claims, liabilities, judgments, attorneys' fees and any other expenses of every kind in relation thereto, including appellate proceedings. The indemnification described in this Section shall survive the termination of this Agreement.

**SECTION 9. RESIGNATION, DISCHARGE, REMOVAL, MERGER OF ESCROW AGENT.**

(a) The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the District, and notice in writing given by such Owners to all of the Owners of the Refunded Bonds, not less than sixty (60) days before such removal is to take effect as stated in such instrument or instruments. A copy of any instrument filed with the District under the provisions of this paragraph shall be delivered by first-class, postage prepaid mail by the District to the Escrow Agent.

The Escrow Agent may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the Owners of not less than five percent (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

(b) The Escrow Agent may be removed at any time with or without cause upon written notice by the District to the Escrow Agent delivered not less than sixty (60) days before such removal is to take effect.

(c) The Escrow Agent may resign and be discharged of its duties hereunder provided that the Escrow Agent has given at least sixty (60) days' written notice to the District of such resignation, specifying the date when such resignation will take effect, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed in accordance with clause (d) below and the requirements of clause (e) below have been met, in which event such resignation shall take effect immediately.

(d) If at any time hereafter the Escrow Agent shall resign, be removed, be dissolved or otherwise become incapable of acting, or shall be taken over by any governmental official, agency, department or board, or taken under the control of a receiver, or for any other reason, the position of Escrow Agent shall become vacant, the District shall immediately appoint an Escrow Agent to fill such vacancy. No successor Escrow Agent

shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States.

(e) Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the District an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, duties and obligations of its predecessor. Such predecessor Escrow Agent nevertheless, on the written request of the District, shall execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, and powers of such predecessor hereunder except for the predecessor's rights under Sections 7 and 8 hereof. Furthermore, every predecessor Escrow Agent shall deliver all escrowed documents, cash and Escrow Securities held by it to the successor Escrow Agent; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the District be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the District. The Escrow Agent shall not be responsible or obligated to act pursuant to this Agreement after the effective date of its removal as Escrow Agent hereunder.

(f) Any corporation into which the Escrow Agent, or any successor to it in the obligations created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which Escrow Agent or any successor to it shall be a party shall, if approved in writing by the District (which approval shall not be unreasonably withheld), be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**SECTION 10. ESCROW AGENT NOTICE.** The District hereby directs the Escrow Agent to send, and the Escrow Agent hereby agrees to deliver, the Defeasance and Redemption Notice in the form annexed hereto as Schedule B (the "Notice") at the times and to the persons required by the Prior Indenture, and containing the information set forth therein. The Notice shall be delivered by mailing a copy of the notice by first class mail, postage prepaid, to the registered Owners of the Refunded Bonds at their addresses appearing on the registration books of the Bond Registrar for the Refunded Bonds. The District shall pay all costs associated with giving the Notice as provided herein and the Prior Indenture. The Notice shall be sent by the Escrow Agent promptly following the date hereof, but in no event later than ten (10) Business Days after the date hereof, on a date that is not less than thirty days and not more than forty-five days prior to the Redemption Date.. Additional redemption notices shall be given in the manner required above to Owners of the Refunded Bonds and other parties as required by the Prior Indenture.

**SECTION 11. TRANSFER OF FUNDS AFTER ALL PAYMENTS REQUIRED BY THIS AGREEMENT ARE PROVIDED FOR OR MADE.** Whenever all principal of, redemption premium and interest on all the Refunded Bonds have been paid, all excess cash and Escrow Securities in the Escrow Fund shall, at the written request of the District, be transferred by the Escrow Agent to the Trustee for deposit to the Series 2017 Interest Account, to be applied as provided in the Indenture, free from the obligations created by this Agreement. The Escrow Agent shall not invest or reinvest any of the cash or Escrow Securities to be so transferred until such transfer is complete.

**SECTION 12. TERMINATION.** Except as otherwise expressly provided herein, this Agreement shall terminate when the principal of, redemption premium, if any, and interest on all Refunded Bonds have been paid by the Escrow Agent to the Paying Agent. The Escrow Agent shall thereupon be released and discharged with respect hereto.

**SECTION 13. AMENDMENTS.** This Agreement is made for the benefit of the District, the Escrow Agent and the Owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, rescinded, altered, amended or supplemented in whole or in part without: (a) the written consent of the Owners of one hundred percent (100%) in principal amount of the unpaid Refunded Bonds at the time such proposed change is made; (b) the written consent of the Escrow Agent; and (c) the written opinion of counsel with expertise in the field of tax-exempt finance that such action will not materially adversely affect the rights of the Owners of the Refunded Bonds; provided, however, that the District and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (i) to cure any ambiguity or formal defect or omission in this Agreement; or
- (ii) to grant to or confer upon the Escrow Agent for the benefit of such holders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Escrow Agent; or
- (iii) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of bond counsel with expertise in the field of tax-exempt finance with respect to compliance with this Section 13, including the extent, if any, to which any change, modification, addition or elimination affects the rights of such holders or that any instrument executed hereunder complies with the conditions or provisions of this Section 13. The District shall pay the costs of providing such opinion.

**SECTION 14. MISCELLANEOUS.**

- (a) All notices, demands or other communications given hereunder shall be in writing and shall only be deemed duly given upon mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the District: Heritage Harbour Community Development District  
c/o District Manager  
2041 NE 6<sup>th</sup> Terrace  
Wilton Manors, Florida 33305

If to the Escrow Agent: U.S. Bank National Association  
550 West Cypress Creek Road, Suite 380  
Fort Lauderdale, Florida 33309

(b) This Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

(c) If any one or more of the covenants or agreements provided in this Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way effect the validity of the remaining provisions of this Agreement.

(d) All the covenants, promises and agreements in this Agreement contained by or on behalf of District or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns.

(e) This Agreement shall be governed by the applicable law of the State of Florida.

(f) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, assigns and transferees, as the case may be. The Escrow Agent shall not be charged with notice or knowledge of any ancillary document, fact or information not specifically set forth herein. The Escrow Agent shall undertake to perform only such duties as are expressly set forth herein and no additional or implied duties or obligations shall be read into the Escrow Agreement against the Escrow Agent.

**IN WITNESS WHEREOF**, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and, in the case of the District, its corporate seal to be hereunto affixed and attested, in each case, as of the date first above written.

**HERITAGE HARBOUR COMMUNITY  
DEVELOPMENT DISTRICT**

Attest:

\_\_\_\_\_  
Secretary

[SEAL]

By: \_\_\_\_\_  
Chairman, Board of Supervisors

**U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Agent**

By: \_\_\_\_\_

Title: Vice President



**SCHEDULE A**

**SCHEDULE OF DEBT SERVICE ON REFUNDED BONDS**

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Redeemed</u>	<u>Total</u>
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## SCHEDULE B

### FORM OF NOTICE

#### HERITAGE HARBOUR COMMUNITY DEVELOPMENT DISTRICT (MANATEE COUNTY, FLORIDA)

##### NOTICE OF DEFEASANCE AND REDEMPTION

Capital Improvement Revenue Bonds, Series 2007  
Dated Date: October 1, 2007  
Original Aggregate Principal Amount: \$24,000,000  
Maturity Date: May 1, 2038  
CUSIP No. 42726UAA6\*

**NOTICE IS HEREBY GIVEN** that for the payment of all unpaid Amortization Installments, principal and interest on the above-referenced obligations (the “Refunded Bonds”) there has been deposited in escrow with U.S. Bank National Association, Fort Lauderdale, Florida, as escrow agent, refunding bond proceeds and other funds which are held in cash. Such cash has been calculated to be adequate to pay the unpaid Amortization Installments, principal and interest on the Refunded Bonds as same become due by [**mandatory sinking fund or**] optional redemption on \_\_\_\_\_, 2017 (the “Redemption Date”). The Refunded Bonds are deemed to have been paid within the meaning of the Master Trust Indenture (the “Master Indenture”), as supplemented by the First Supplemental Trust Indenture (the “Supplemental Indenture” and, together with the Master Indenture, the “Prior Indenture”), each dated as of October 1, 2007 and each entered into between the Heritage Harbour Community Development District (the “District”) and U.S. Bank National Association, as trustee (the “Trustee”), under which the Refunded Bonds were issued and secured.

Pursuant to the provisions of the Prior Indenture, the Amortization Installments and principal on the Refunded Bonds coming due after May 1, 2017 have been irrevocably called for optional redemption on the Redemption Date at a redemption price equal to 100% of such Amortization Installments and principal to be redeemed (the “Redemption Price”), plus interest accrued to the Redemption Date.

**Refunded Bonds held in book-entry form need not be presented.** To receive payment of the redemption price for the Refunded Bonds, you must present your certificate(s) to us on or prior to the Redemption Date. The certification should be delivered to the following addressee:

U.S. Bank National Association  
Corporate Trust Services  
111 Fillmore Ave E  
St. Paul, MN55107

**Important:** The provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”) require Owners to submit their Taxpayer Identification Number, (either their social security or employer identification number, as appropriate) which each Refunded Bond presented for payment (whether by purchase or redemption). Failure to comply will subject the payment of the principal portion to the withholding of twenty-eight percent (28%) of such principal portion. To avoid being subject to such withholding, Owners should submit an IRS Form W-9 at the time the Refunded Bonds are presented for payment. Form W-9 is available from your local bank or broker.

*\*CUSIP numbers are included solely for the convenience of owners of the Refunded Bonds. Neither the District nor U.S. Bank National Association, as the Trustee and Escrow Agent for the Refunded Bonds shall have any responsibility with respect to the selection or use of any CUSIP number, nor is any representation made as to the correctness or accuracy of any CUSIP Number, either as printed on the Refunded Bonds or as contained in this Notice of Defeasance and Redemption.*

Dated as of this \_\_\_\_ day of \_\_\_\_\_, 2017.

**U.S. Bank National Association**, as Escrow  
Agent

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement"), dated as of March \_\_, 2017, is executed and delivered by the **HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT** (the "District" or the "Issuer"), and **DISCLOSURE SERVICES, LLC**, a \_\_\_\_\_ limited liability company (the "Dissemination Agent") in connection with the issuance of \$\_\_\_\_\_ original aggregate principal amount of Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to the Master Trust Indenture dated as October 1, 2007 (the "Master Indenture"), as supplemented by the Second Supplemental Trust Indenture dated as of March 1, 2017 (the "Second Supplement" and together with the Master Indenture, the "Indenture"), between the District and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the "Trustee"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual promises and other considerations contained herein, the District and the Dissemination Agent covenant and agree as follows:

**Section 1. Purpose of this Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the District and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and to assist the Participating Underwriter (as defined herein) of the Bonds in complying with the Rule (as defined herein). The District understands that the execution and delivery of this Disclosure Agreement is intended to comply with the Rule. To the extent it is later determined by a court of competent jurisdiction, a governmental regulatory agency, or an attorney specializing in federal securities law, that the Rule requires the District or other Obligated Person to provide additional information, the District and each Obligated Person agrees to promptly provide such additional information.

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.

**Section 2. Definitions.** Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Indenture. The following capitalized terms as used in this Disclosure Agreement shall have the following meanings:

"Annual Filing Date" means the date set forth in Section 4(a) hereof by which the Annual Report is to be filed with each Repository.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"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.

"Assessment Area" shall mean that portion of the District subject to the Assessments.

"Audited Financial Statements" means the financial statements (if any) of the Issuer for the prior Fiscal Year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

"Audited Financial Statements Filing Date" means the date set forth in Section 3(a) hereof by which the Audited Financial Statements are to be filed with each Repository if the same are not included as part of the Annual Report.

"Beneficial Owner" shall mean any person which, (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" means a day other than (a) a Saturday, Sunday or day on which banks located in the city in which the designated corporate trust office of the Trustee is located are required or authorized by law or executive order to close for business and (b) a day on which the New York Stock Exchange is closed.

"Disclosure Representative" shall mean as to the Issuer, the District Manager or its designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time as the person responsible for providing Information to the Dissemination Agent.

"Dissemination Agent" means the Issuer or any entity appointed by the Issuer to act in the capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer pursuant to Section 8 hereof. Disclosure Services, LLC, a \_\_\_\_\_ limited liability company has been designated as the initial Dissemination Agent hereunder.

"District Manager" shall mean the person or entity serving as District Manager from time to time.

"EMMA" means the Electronic Municipal Market Access System for municipal securities disclosures located at <http://emma.msrb.org/>.

"EMMA Compliant Format" shall mean that a format for any document provided to the MSRB (as hereinafter defined) which is in an electronic format and is accompanied by identifying information, all as prescribed by the MSRB.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

"Official Statement" means that Official Statement dated March \_\_, 2017 prepared in connection with the issuance of the Bonds.

"Listed Event" shall mean any of the events listed in Section 6(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"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 consist of the District for purposes hereof.

"Participating Underwriter" shall mean MBS Capital Markets, LLC.

"Repository" shall mean each entity authorized and approved by the SEC (as hereinafter defined) from time to time to act as a repository for purposes of complying with the Rule. The Repositories approved by the SEC may be found by visiting the SEC's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure submissions through its EMMA web portal at <http://emma.msrb.org>. As used herein, "Repository" shall include the State Repository, if any.

"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.

"SEC" means the Securities and Exchange Commission.

"Assessments" shall mean the non-ad valorem special assessments pledged to the payment of the Bonds pursuant to the Indenture.

"State" shall mean the State of Florida.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purposes of the Rule.

**Section 3. Provision of Annual Reports.**

(a) Subject to the following sentence, the Issuer shall provide the Annual Report to the Dissemination Agent no later than 180 days after the close of the Issuer's Fiscal Year (the "Annual Filing Date"), commencing with the Fiscal Year ended September 30, 2017. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report, and may be submitted in accordance with State law, which currently requires such Audited Financial Statements to be provided up to, but no later than, nine (9) months after the close of the District's Fiscal Year. The District shall provide its Audited Financial Statements for the Fiscal Year ended September 30, 2016 on or before June 30, 2017. The District shall, or shall cause the Dissemination Agent to, provide to the Repository the components of an Annual Report which satisfies the requirements of Section 4(a) of this Disclosure Agreement within thirty (30) days after same becomes available, but in no event later than the Annual Filing Date or Audited Financial Statements Filing Date, if applicable. 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 6.

(b) If on the fifteenth (15th) day prior to each Annual Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by email) to remind the District of its undertaking to provide the Annual Report pursuant to Section 3(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report in accordance with Section 3(a) above, or (ii) advise the Dissemination Agent in writing that the District will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a Listed Event as described

in Section 6(a)(xv) has occurred and to immediately send a notice to the Repository in substantially the form attached hereto as Exhibit A.

(c) If the Dissemination Agent has not received an Annual Report by 12:00 noon on the first (1<sup>st</sup>) Business Day following the Annual Filing Date for the Annual Report or the Audited Financial Statements by 12:00 noon on the first (1<sup>st</sup>) Business Day following the Audited Financial Statements Filing Date for the Audited Financial Statements, then a Listed Event as described in Section 6(a)(xv) shall have occurred and the District irrevocably directs the Dissemination Agent to immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the Annual Filing Date the name, address and filing requirements of the Repository; and

(ii) promptly upon fulfilling its obligations under subsection (a) above, file a notice with the District stating that the Annual Report or Audited Financial Statements has been provided pursuant to this Disclosure Agreement stating the date(s) it was provided.

(e) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an EMMA Compliant Format.

**Section 4. Content of Annual Reports.**

(a) Each Annual Report shall contain Annual Financial Information with respect to the District, including:

(i) The amount of Assessments levied in the Assessment Area for the most recent prior Fiscal Year.

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

(iii) If available, the amount of delinquencies in the Assessment Area greater than one hundred fifty (150) days, and, in the event that delinquencies amount to more than ten percent (10%) of the amounts of Assessments due in any year, a list of delinquent property owners.

(iv) If available, the amount of tax certificates sold for lands within the Assessment Area, if any, and the balance, if any, remaining for sale from the most recent Fiscal Year.

(v) All fund balances in all Funds and Accounts for 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 on the Bonds in the current Fiscal Year.

(viii) The most recent Audited Financial Statements of the District.

To the extent any of the items set forth in subsections (i) through (vii) above are included in the Audited Financial Statements referred to in subsection (viii) above, they do not have to be separately set forth (unless Audited Financial Statements are being delivered more than 180 days after the close of the Issuer's Fiscal Year pursuant to Section 3(a) hereof). Any or all of the items listed above may be incorporated by reference from other documents, including limited offering memorandums and official statements of debt issues of the District or related public entities, which have been submitted to the MSRB or the SEC. If the document incorporated by reference is a limited offering memorandum or official statement, it must be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

(b) The District covenants that it will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the District. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District or others as thereafter disseminated by the Dissemination Agent.

(c) Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

**Section 5. Intentionally Omitted.**

**Section 6. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 6, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds to the Dissemination Agent in writing in sufficient time in order to allow the Dissemination Agent to file notice of the occurrence of such Listed Event in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number (xvi) below, which notice shall be given in a timely manner:

(i) Delinquency in payment when due of any principal or interest on the Bonds.

(ii) Amendment to the Indenture or this Disclosure Agreement modifying the rights of the Owners of the Bonds, if material.

(iii) Giving a notice of optional or unscheduled redemption of any Bonds.

(iv) Defeasance of the Bonds or any portion thereof.

(v) Any change in any rating of the Bonds.



(vi) Adverse tax opinions or other material events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds.

(vii) Any unscheduled draw on the Series 2017 Reserve Account reflecting financial difficulties.

(viii) Any unscheduled draw on credit enhancements reflecting financial difficulties.

(ix) The release, substitution or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security). The sale of any real property owned by a landowner within the District in the ordinary course of the landowner's respective business shall not be a Listed Event for purposes of the foregoing.

(x) The substitution of credit or liquidity providers or their failure to perform.

(xi) Bankruptcy, insolvency, receivership or similar event of the District or any Obligated Person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District or any Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District or any Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District or any Obligated Person).

(xii) Consummation of a merger, consolidation, or acquisition involving the District or any Obligated Person or the sale of all or substantially all of the assets of the District or any Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(xiii) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

(xiv) Occurrence of any Event of Default under the Indenture (other than as described in clause (i) above).

(xv) tender offers.

(xvi) Failure to provide any Annual Report as required under this Disclosure Agreement that contains, in all material respects, the information required to be included therein under Section 4(a) of this Disclosure Agreement, respectively.

**Section 7. Termination of this Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or if the Rule is replaced or no longer in effect.

**Section 8. Dissemination Agent.** In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Agreement to any Repository must be in EMMA Compliant Format. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Disclosure Services, LLC. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4 or 6, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would in the opinion of counsel to the District expert in federal securities laws, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in its 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 of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed by the District in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, 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.

**Section 10. 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.

**Section 11. Default.** In the event of a failure of the District, the Disclosure Representative or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Owners of at least fifty percent (50%) aggregate principal amount of Outstanding Bonds and receipt of indemnity satisfactory to the Trustee, shall), or any Beneficial Owner of a Bond may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District, the Disclosure Representative or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. 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 or the Dissemination Agent, to comply with this Disclosure Agreement shall be an action to compel performance.

**Section 12. Duties of Issuer and Dissemination Agent.** The District represents and warrants that it will supply, in a timely fashion, any information reasonably requested by the Dissemination Agent that is necessary in order for the Dissemination Agent to carry out its duties under this Disclosure Agreement. The District acknowledges and agrees that the information to be collected and disseminated by the Dissemination Agent will be provided by the District and others. The Dissemination Agent's duties do not include authorship or production of any materials, and the Dissemination Agent shall have no responsibility hereunder for the content of the information provided to it by the District or others as thereafter disseminated by the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement.

**Section 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the District, the Disclosure Representative, the Dissemination Agent, the Trustee, the Participating Underwriter and the Beneficial Owners of the Bonds (the Dissemination Agent, Participating Underwriter, the Trustee and Beneficial Owners of the Bonds being hereby deemed express third party beneficiaries of this Disclosure Agreement), and shall create no rights in any other person or entity.

**Section 14. 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.

**Section 15. Governing Law.** This Disclosure Agreement shall be governed by the laws of the State of Florida and Federal law and venue shall be any state or federal court having jurisdiction in Manatee County, Florida.

**Section 16. Binding Effect.** This Disclosure Agreement shall be binding upon each party to this Disclosure Agreement and upon each successor and assignee of each party to this Disclosure

Agreement and shall inure to the benefit of, and be enforceable by, each party to this Disclosure Agreement and each successor and assignee of each party to this Disclosure Agreement.

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the undersigned have executed this Disclosure Agreement as of the date and year set forth above.

**HERITAGE HARBOUR NORTH COMMUNITY DEVELOPMENT DISTRICT**

ATTEST:

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairperson, Board of Supervisors

**DISCLOSURE SERVICES., LLC**, a \_\_\_\_\_ limited liability company, as Dissemination Agent

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and agreed to for purposes of Sections 11 and 13 only:

**U.S. BANK NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE [ANNUAL REPORT][AUDITED FINANCIAL STATEMENTS]**

Name of Issuer: Heritage Harbour North Community Development District

Name of Bond Issue: \$\_\_\_\_\_ original aggregate principal amount of Heritage Harbour North Community Development District Capital Improvement Revenue Refunding Bonds, Series 2017 (the "Bonds")

Date of Issuance: March \_\_, 2017

CUSIP Numbers: \_\_\_\_\_; \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the Issuer has not provided an [Annual Report][Audited Financial Statements] with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated March \_\_, 2017 by and between the Issuer and the Dissemination Agent named therein. The Issuer has advised the undersigned that it anticipates that the [Annual Report][Audited Financial Statements] will be filed by \_\_\_\_\_, 20\_\_\_\_.

Dated: \_\_\_\_\_

\_\_\_\_\_, as Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Issuer  
Trustee

<b>CDD:</b>		<b>Heritage Harbour North</b>
<b>Issuance:</b>		<b>Series 2017</b>
<b>Refunding:</b>		<b>Current</b>
District Manager/Assessment Consultant	Jim Ward	
District Counsel	Greg Urbancic	25,000
Bond Counsel	Denise Ganz	50,000
Trustee	Scott Schuhle	8,000
Trustee Counsel	Doug Darbut	5,250
Verification Agent	Doug Carlile	1,750
UW Counsel	Michael D. Williams	20,000
Rating Agency (Estimated)	S&P	18,000
Printing & Distribution	ImageMaster	1,250
Contingency		5,000
<b>Total Proposed COI</b>		<b>\$ 134,250</b>

**BOARD OF SUPERVISOR'S**

**HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
January 31, 2017**



James P. Ward  
District Manager  
2041 NE 6 Terrace  
Wilton Manors, Florida 33305

Phone: 954-658-4900  
E-mail:  
JimWard@jpwardassociates.com





**Heritage Harbour North Community Development District**

**Balance Sheet - All Funds and Account Groups  
as of January 31, 2017**

	Governmental Funds					Account Groups		Totals (Memorandum Only)
	General Fund	Debt Service Funds		Capital Projects Fund		General Long Term Debt	General Fixed Assets	
	Operations	Series 2007	Series 2014	Series 2007	Series 2014			
<b>Assets</b>								
<b>Cash and Investments</b>								
General Fund - Invested Cash	\$ 53,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,828
Capital Projects Fund								
Construction Account	-	-	-	-	67	-	-	67
Deferred Cost Account	-	-	-	40,144	-	-	-	40,144
Cost of Issuance	-	-	-	-	-	-	-	-
Debt Service Funds								
Revenue Account	-	1,518,813	321,495	-	-	-	-	1,840,309
Reserve Account	-	1,567,304	259,091	-	-	-	-	1,826,395
Prepayment Account	-	0	310	-	-	-	-	310
Capitalized Interest	-	-	-	-	-	-	-	-
<b>Due from Other Funds</b>								
General Fund	-	-	-	-	-	-	-	-
Debt Service Fund - Series 2007	-	-	-	-	-	-	-	-
Capital Projects Fund - Series 2007	-	-	-	-	-	-	-	-
<b>Due from Other Governments</b>	-	-	-	-	-	-	-	-
<b>Accrued Interest Receivable</b>	-	-	-	-	-	-	-	-
<b>Accounts Receivable</b>	741	-	-	-	-	-	-	741
<b>Prepaid Expenses</b>	-	-	-	-	-	-	-	-
<b>Amount Available in Debt Service Funds</b>	-	-	-	-	-	3,667,014	-	3,667,014
<b>Amount to be Provided by Debt Service Funds</b>	-	-	-	-	-	25,057,986	-	25,057,986
<b>General Fixed Assets</b>	-	-	-	-	-	-	12,324,253	12,324,253
<b>Total Assets</b>	<u>\$ 54,569</u>	<u>\$ 3,086,118</u>	<u>\$ 580,896</u>	<u>\$ 40,144</u>	<u>\$ 67</u>	<u>\$ 28,725,000</u>	<u>\$ 12,324,253</u>	<u>\$ 44,811,046</u>

**Heritage Harbour North Community Development District**

**Balance Sheet - All Funds and Account Groups  
as of January 31, 2017**

	Governmental Funds					Account Groups		Totals (Memorandum Only)
	General Fund	Debt Service Funds		Capital Projects Fund		General Long Term Debt	General Fixed Assets	
	Operations	Series 2007	Series 2014	Series 2007	Series 2014			
<b>Liabilities</b>								
Accounts Payable & Payroll Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	-	-	-	-	-
Due to Other Funds								
General Fund	-	-	-	-	-	-	-	-
Debt Service Fund - Series 2007	-	-	-	-	-	-	-	-
Debt Service Fund - Series 2014	-	-	-	-	-	-	-	-
Bonds Payable - Series 2007	-	-	-	-	-	20,895,000	-	20,895,000
Bonds Payable - Series 2014	-	-	-	-	-	7,830,000	-	7,830,000
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,725,000</b>	<b>\$ -</b>	<b>\$ 28,725,000</b>
<b>Fund Equity and Other Credits</b>								
Investment in General Fixed Assets	-	-	-	-	-	-	12,324,253	12,324,253
<b>Fund Balance</b>								
<b>Restricted</b>								
Beginning: October 1, 2016	-	2,348,682	502,656	7,406	1,018,799	-	-	3,877,542
Results from Current Operations	-	737,437	78,240	32,738	(1,018,732)	-	-	(170,318)
<b>Unassigned</b>								
Beginning: October 1, 2016	16,565	-	-	-	-	-	-	16,565
Results from Current Operations	38,004	-	-	-	-	-	-	38,004
<b>Total Fund Equity and Other Credits</b>	<b>54,569</b>	<b>3,086,118</b>	<b>580,896</b>	<b>40,144</b>	<b>67</b>	<b>-</b>	<b>12,324,253</b>	<b>16,086,046</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 54,569</b>	<b>\$ 3,086,118</b>	<b>\$ 580,896</b>	<b>\$ 40,144</b>	<b>\$ 67</b>	<b>\$ 28,725,000</b>	<b>\$ 12,324,253</b>	<b>\$ 44,811,046</b>

**Heritage Harbour North Community Development District**

**General Fund**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending January 31, 2017**

	October	November	December	January	Year to Date	Annual Budget	% of Budget
<b>Revenue and Other Sources</b>							
<b>Carryforward</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,000)	N/A
<b>Miscellaneous Revenue</b>	-	-	-	-	-	-	N/A
<b>Interest</b>							
Interest - General Checking	0	5	38	2	46	150	31%
<b>Special Assessment Revenue</b>							
Special Assessments - Uniform Method	311	26,132	39,387	18,128	83,958	93,112	90%
Special Assessments - Non-Uniform Mthd	-	-	-	-	-	19,787	0%
<b>Total Revenue and Other Sources:</b>	<b>\$ 311</b>	<b>\$ 26,137</b>	<b>\$ 39,426</b>	<b>\$ 18,130</b>	<b>\$ 84,004</b>	<b>\$ 103,049</b>	<b>82%</b>
<b>Expenditures and Other Uses</b>							
<b>Legislative</b>							
Board of Supervisor's Fees	\$ -	\$ 600	\$ -	\$ -	\$ 600	\$ 2,400	25%
Board of Supervisor's - FICA	-	46	-	-	46	184	25%
<b>Executive</b>							
Executive Salaries	2,692	2,692	4,039	2,692	12,116	35,000	35%
Executive Salaries - FICA	253	253	380	253	1,139	3,290	35%
Executive Salaries - Insurance	324	324	324	324	1,296	3,300	39%
<b>Financial and Administrative</b>							
Audit Services	-	-	4,500	-	4,500	5,500	82%
Accounting Services	68	45	709	358	1,179	5,500	21%
Assessment Roll Preparation	615	615	923	615	2,769	8,000	35%
Arbitrage Rebate Services	-	-	-	-	-	500	0%
Manager Services	-	-	-	-	-	-	N/A
<b>Professional Services</b>							
District Manager Services	-	-	-	-	-	-	N/A
<b>Other Contractual Services</b>							
Recording and Transcription	-	77	-	-	77	500	15%
Legal Advertising	-	-	99	-	99	1,500	7%
Trustee Services	-	-	7,475	-	7,475	11,900	63%

**Heritage Harbour North Community Development District**

**General Fund**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending January 31, 2017**

	<b>October</b>	<b>November</b>	<b>December</b>	<b>January</b>	<b>Year to Date</b>	<b>Annual Budget</b>	<b>% of Budget</b>
Dissemination Agent Services	-	-	-	-	-	5,000	0%
Property Appraiser Fees	-	-	-	-	-	-	N/A
Bank Services	97	98	119	130	444	400	111%
<b>Travel and Per Diem</b>	-	-	-	-	-	-	N/A
<b>Communications &amp; Freight Services</b>							
Telephone	-	-	-	-	-	-	N/A
Postage, Freight & Messenger	-	19	-	9	28	400	7%
<b>Rentals &amp; Leases</b>							
Miscellaneous Equipment Leasing	-	-	-	-	-	-	N/A
Computer Services	559	559	559	559	2,234	7,700	29%
<b>Insurance</b>	5,778	-	-	-	5,778	6,000	96%
<b>Printing &amp; Binding</b>	-	-	-	-	-	1,200	0%
<b>Office Supplies</b>	-	-	-	-	-	-	N/A
<b>Subscription &amp; Memberships</b>	175	-	-	-	175	175	100%
<b>Legal Services</b>							
Legal - General Counsel	-	-	4,696	-	4,696	4,000	117%
<b>Other General Government Services</b>							
Engineering Services - General Fund	-	-	1,350	-	1,350	600	225%
<b>Capital Outlay</b>	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ 10,561</b>	<b>\$ 5,327</b>	<b>\$ 25,172</b>	<b>\$ 4,940</b>	<b>\$ 46,000</b>	<b>\$ 103,049</b>	<b>45%</b>
Net Increase/ (Decrease) of Fund Balance	(10,249)	20,810	14,254	13,190	38,004	-	
Fund Balance - Beginning	16,565	6,316	27,126	41,379	16,565	24,183	
Fund Balance - Ending	<u>\$ 6,316</u>	<u>\$ 27,126</u>	<u>\$ 41,379</u>	<u>\$ 54,569</u>	<u>\$ 54,569</u>	<u>\$ 24,183</u>	

**Heritage Harbour North Community Development District**

**Debt Service Fund - Series 2007 Bonds**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending January 31, 2017**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>Year to Date</u>	<u>Budget</u>	<u>% of Budget</u>
<b>Revenue and Other Sources</b>							
<b>Carryforward</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Interest Income</b>							
Revenue Account	229	82	5	11	326	1,500	N/A
Reserve Account	498	178	128	133	937	-	N/A
Prepayment Account	4	2	-	-	6	-	N/A
<b>Gain (loss) on Investments</b>	939				939	-	N/A
<b>Special Assessment Revenue</b>							
Special Assessments - Uniform Method	6,161	460,620	675,683	312,155	1,454,619	1,639,194	89%
Special Assessments - Non-Uniform Mthd	-	-	-	-	-	142,637	0%
Special Assessments - Prepaid	-	-	-	-	-	-	N/A
<b>Operating Transfers In</b>	-	-	-	-	-	-	N/A
<b>Total Revenue and Other Sources:</b>	<b>\$ 7,831</b>	<b>\$ 460,881</b>	<b>\$ 675,817</b>	<b>\$ 312,298</b>	<b>\$ 1,456,827</b>	<b>\$ 1,783,331</b>	<b>82%</b>
<b>Expenditures and Other Uses</b>							
<b>Debt Service</b>							
Principal - Mandatory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,000	0%
Principal - Early Redemptions	-	20,000	-	-	20,000	-	N/A
Interest Expense	-	666,666	-	-	666,666	1,333,331	50%
<b>Operating Transfers Out</b>	731	-	-	31,994	32,725	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ 731</b>	<b>\$ 686,666</b>	<b>\$ -</b>	<b>\$ 31,994</b>	<b>\$ 719,391</b>	<b>\$ 1,783,331</b>	<b>40%</b>
Net Increase/ (Decrease) of Fund Balance	7,100	(225,784)	675,817	280,304	737,437	-	
Fund Balance - Beginning	2,348,682	2,355,782	2,129,997	2,805,815	2,348,682	2,133,110	
Fund Balance - Ending	<u>\$ 2,355,782</u>	<u>\$ 2,129,997</u>	<u>\$ 2,805,815</u>	<u>\$ 3,086,118</u>	<u>\$ 3,086,118</u>	<u>\$ 2,133,110</u>	

**Heritage Harbour North Community Development District**

**Debt Service Fund - Series 2014 Bonds**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending January 31, 2017**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>Year to Date</u>	<u>Budget</u>	<u>% of Budget</u>
<b>Revenue and Other Sources</b>							
<b>Carryforward</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Interest Income</b>							
Capitalized Interest	-	-	-	-	-	-	N/A
Revenue Account	20	21	4	5	49	-	N/A
Reserve Account	21	22	21	22	86	-	N/A
Prepayment Account	0	0	0	0	0	-	N/A
<b>Special Assessment Revenue</b>							
Special Assessments - Uniform Method	1,055	80,370	134,742	60,399	276,567	280,447	99%
Special Assessments - Non-Uniform Mthd	-	-	-	-	-	241,478	0%
<b>Other Financing Sources</b>							
Debt Proceeds	-	-	-	-	-	-	N/A
<b>Operating Transfers In</b>	-	-	-	-	-	-	N/A
<b>Total Revenue and Other Sources:</b>	<b>\$ 1,096</b>	<b>\$ 80,413</b>	<b>\$ 134,767</b>	<b>\$ 60,426</b>	<b>\$ 276,702</b>	<b>\$ 521,925</b>	<b>53%</b>
<b>Expenditures and Other Uses</b>							
<b>Debt Service</b>							
Principal - Mandatory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000	0%
Principal - Early Redemptions	-	-	-	-	-	-	N/A
Interest Expense	-	198,463	-	-	198,463	396,925	50%
<b>Operating Transfers Out</b>	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ -</b>	<b>\$ 198,463</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198,463</b>	<b>\$ 521,925</b>	<b>38%</b>
Net Increase/ (Decrease) of Fund Balance	1,096	(118,050)	134,767	60,426	78,240	-	
Fund Balance - Beginning	502,656	503,752	385,703	520,470	502,656	476,221	
Fund Balance - Ending	<u>\$ 503,752</u>	<u>\$ 385,703</u>	<u>\$ 520,470</u>	<u>\$ 580,896</u>	<u>\$ 580,896</u>	<u>\$ 476,221</u>	

**Heritage Harbour North Community Development District**

**Capital Projects Fund - Series 2007 Bonds**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending January 31, 2017**

	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>Year to Date</u>	<u>Budget</u>	<u>% of Budget</u>
<b>Revenue and Other Sources</b>							
<b>Carryforward</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Interest Income</b>							
Deferred Cost Account	2	1	3	3	10	-	N/A
<b>Gain (loss) on Investments</b>	3				3	-	N/A
<b>Operating Transfers In</b>	731	-	-	31,994	32,725	-	N/A
<b>Total Revenue and Other Sources:</b>	<b>\$ 736</b>	<b>\$ 1</b>	<b>\$ 3</b>	<b>\$ 31,998</b>	<b>32,738</b>	<b>\$ -</b>	<b>N/A</b>
<b>Expenditures and Other Uses</b>							
<b>Flood Control - Stormwater Management</b>							
Engineering Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Legal Services	-	-	-	-	-	-	N/A
Capital Outlay	-	-	-	-	-	-	N/A
<b>Operating Transfers Out</b>	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>N/A</b>
Net Increase/ (Decrease) of Fund Balance	736	1	3	31,998	32,738	-	
Fund Balance - Beginning	7,406	8,142	8,143	8,146	7,406	21,044	
Fund Balance - Ending	<u>\$ 8,142</u>	<u>\$ 8,143</u>	<u>\$ 8,146</u>	<u>\$ 40,144</u>	<u>\$ 40,144</u>	<u>\$ 21,044</u>	

**Heritage Harbour North Community Development District**

Capital Projects Fund - Series 2014 Bonds

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending January 31, 2017**

	October	November	December	January	Year to Date	Budget	% of Budget
<b>Revenue and Other Sources</b>							
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,018,242	N/A
<b>Interest Income</b>							
Construction Account	84	86	67	0	237	-	N/A
Cost of Issuance	-	-	-	-	-	-	N/A
<b>Other Financing Sources</b>							
Debt Proceeds	-	-	-	-	-	-	N/A
Operating Transfers In	-	-	-	-	-	-	N/A
<b>Total Revenue and Other Sources:</b>	<b>\$ 84</b>	<b>\$ 86</b>	<b>\$ 67</b>	<b>\$ 0</b>	<b>\$ 237</b>	<b>\$ 1,018,242</b>	<b>0%</b>
<b>Expenditures and Other Uses</b>							
<b>Financial and Administrative</b>							
Special Assessment Methodology	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
District Manager Services	-	-	-	-	-	-	N/A
Underwriters' Services	-	-	-	-	-	-	N/A
<b>Other Contractual Services</b>							
Trustee Services	-	-	-	-	-	-	N/A
<b>Printing &amp; Binding</b>							
	-	-	-	-	-	-	N/A
<b>Legal Services</b>							
	-	-	-	-	-	-	N/A
<b>Flood Control - Stormwater Management</b>							
Engineering Services	-	-	-	-	-	-	N/A
Legal Services	-	-	-	-	-	-	N/A
Capital Outlay	-	1,018,968	-	-	1,018,968	1,018,242	100%
<b>Other Financing Uses</b>							
Original Issue Discount	-	-	-	-	-	-	N/A
Operating Transfers Out	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ -</b>	<b>\$ 1,018,968</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,018,968</b>	<b>\$ 1,018,242</b>	<b>100%</b>
Net Increase/ (Decrease) of Fund Balance	84	(1,018,882)	67	0	(1,018,732)	-	
Fund Balance - Beginning	1,018,799	1,018,882	-	67	1,018,799	1,018,242	
Fund Balance - Ending	<u>\$ 1,018,882</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>	<u>\$ 67</u>	<u>\$ 1,018,242</u>	



**BOARD OF SUPERVISOR'S**

**HERITAGE HARBOUR NORTH  
COMMUNITY DEVELOPMENT DISTRICT**

**FINANCIAL STATEMENTS  
September 30, 2016**



James P. Ward  
District Manager  
2041 NE 6 Terrace  
Wilton Manors, Florida 33305

Phone: 954-658-4900  
E-mail:  
JimWard@jpwardassociates.com



**Heritage Harbour North Community Development District**

**Balance Sheet - All Funds and Account Groups  
as of September 30, 2016**

	Governmental Funds					Account Groups		Totals (Memorandum Only)
	General Fund	Debt Service Funds		Capital Projects Fund		General Long Term Debt	General Fixed Assets	
	Operations	Series 2007	Series 2014	Series 2007	Series 2014			
<b>Assets</b>								
<b>Cash and Investments</b>								
General Fund - Invested Cash	\$ 15,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,984
Capital Projects Fund								
Construction Account	-	-	-	-	1,018,799	-	-	1,018,799
Deferred Cost Account	-	-	-	7,406	-	-	-	7,406
Cost of Issuance	-	-	-	-	-	-	-	-
Debt Service Funds								
Revenue Account	-	734,609	243,256	-	-	-	-	977,865
Reserve Account	-	1,598,121	259,091	-	-	-	-	1,857,212
Prepayment Account	-	15,951	310	-	-	-	-	16,261
Capitalized Interest	-	-	-	-	-	-	-	-
<b>Due from Other Funds</b>								
General Fund	-	-	-	-	-	-	-	-
Debt Service Fund - Series 2007	-	-	-	-	-	-	-	-
<b>Due from Other Governments</b>	-	-	-	-	-	-	-	-
<b>Accrued Interest Receivable</b>	-	-	-	-	-	-	-	-
<b>Accounts Receivable</b>	741	-	-	-	-	-	-	741
<b>Prepaid Expenses</b>	-	-	-	-	-	-	-	-
<b>Amount Available in Debt Service Funds</b>	-	-	-	-	-	2,851,338	-	2,851,338
<b>Amount to be Provided by Debt Service Funds</b>	-	-	-	-	-	25,893,662	-	25,893,662
<b>General Fixed Assets</b>	-	-	-	-	-	-	12,324,253	12,324,253
<b>Total Assets</b>	<u>\$ 16,725</u>	<u>\$ 2,348,682</u>	<u>\$ 502,656</u>	<u>\$ 7,406</u>	<u>\$ 1,018,799</u>	<u>\$ 28,745,000</u>	<u>\$ 12,324,253</u>	<u>\$ 44,963,520</u>

**Heritage Harbour North Community Development District**

**Balance Sheet - All Funds and Account Groups  
as of September 30, 2016**

	Governmental Funds					Account Groups		Totals (Memorandum Only)
	General Fund	Debt Service Funds		Capital Projects Fund		General Long Term Debt	General Fixed Assets	
	Operations	Series 2007	Series 2014	Series 2007	Series 2014			
<b>Liabilities</b>								
Accounts Payable & Payroll Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	-	-	-	-	-
Due to Other Funds								
General Fund	-	-	-	-	-	-	-	-
Debt Service Fund - Series 2007	-	-	-	-	-	-	-	-
Debt Service Fund - Series 2014	-	-	-	-	-	-	-	-
Bonds Payable - Series 2007						20,915,000		20,915,000
Bonds Payable - Series 2014						7,830,000		7,830,000
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,745,000</b>	<b>\$ -</b>	<b>\$ 28,745,000</b>
<b>Fund Equity and Other Credits</b>								
Investment in General Fixed Assets	-	-	-	-	-	-	12,324,253	12,324,253
<b>Fund Balance</b>								
<b>Restricted</b>								
Beginning: October 1, 2015	-	2,434,785	460,831	52,470	2,298,225	-	-	5,246,312
Results from Current Operations	-	(86,104)	41,825	(45,064)	(1,279,427)	-	-	(1,368,770)
<b>Unassigned</b>								
Beginning: October 1, 2015	16,421	-	-	-	-	-	-	16,421
Results from Current Operations	305	-	-	-	-	-	-	305
<b>Total Fund Equity and Other Credits</b>	<b>16,725</b>	<b>2,348,682</b>	<b>502,656</b>	<b>7,406</b>	<b>1,018,799</b>	<b>-</b>	<b>12,324,253</b>	<b>16,218,520</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 16,725</b>	<b>\$ 2,348,682</b>	<b>\$ 502,656</b>	<b>\$ 7,406</b>	<b>\$ 1,018,799</b>	<b>\$ 28,745,000</b>	<b>\$ 12,324,253</b>	<b>\$ 44,963,520</b>

**Heritage Harbour North Community Development District**

**General Fund**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending September 30, 2016**

	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Annual Budget	% of Budget
<b>Revenue and Other Sources</b>															
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Interest</b>															
Interest - General Checking	1	2	15	56	53	3	4	3	3	2	1	1	144	150	96%
<b>Special Assessment Revenue</b>															
Special Assessments - Uniform Method	208	7,150	33,863	45,244	2,961	1,678	3,304	1,032	956	-	-	-	96,396	65,626	147%
Special Assessments - Non-Uniform Mthd	-	-	-	-	-	-	-	-	-	-	-	-	-	32,861	0%
<b>Total Revenue and Other Sources:</b>	<b>\$ 209</b>	<b>\$ 7,151</b>	<b>\$ 33,878</b>	<b>\$ 45,300</b>	<b>\$ 3,014</b>	<b>\$ 1,681</b>	<b>\$ 3,308</b>	<b>\$ 1,035</b>	<b>\$ 958</b>	<b>\$ 2</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 96,540</b>	<b>\$ 98,637</b>	<b>98%</b>
<b>Expenditures and Other Uses</b>															
<b>Legislative</b>															
Board of Supervisor's Fees	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 2,000	\$ 2,400	83%
Board of Supervisor's - FICA	-	46	-	-	-	-	61	-	-	-	-	46	153	184	83%
<b>Executive</b>															
Executive Salaries	3,308	2,692	2,692	2,385	4,346	2,692	2,692	3,000	2,692	4,038	2,692	2,692	35,923	35,000	103%
Executive Salaries - FICA	253	253	253	253	380	253	253	253	253	380	253	253	3,290	2,678	123%
Executive Salaries - Insurance	304	304	304	304	304	304	304	304	304	304	304	304	3,644	3,400	107%
<b>Financial and Administrative</b>															
Audit Services	-	-	-	-	-	-	2,500	1,000	1,500	500	-	-	5,500	5,500	100%
Accounting Services	-	225	644	825	470	391	448	729	526	68	450	783	5,558	6,000	93%
Assessment Roll Preparation	-	615	615	923	615	615	615	308	615	923	615	615	7,077	8,000	88%
Arbitrage Rebate Services	-	-	-	500	-	-	-	-	-	-	-	-	500	500	100%
Manager Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Professional Services</b>															
District Manager Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Other Contractual Services</b>															
Recording and Transcription	-	-	-	-	-	-	96	54	77	-	-	61	288	500	58%
Legal Advertising	-	-	-	-	-	-	-	-	-	-	1,200	-	1,200	1,500	80%
Trustee Services	-	-	-	11,802	-	-	-	-	-	-	-	-	11,802	7,500	157%

**Heritage Harbour North Community Development District**

**General Fund**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending September 30, 2016**

	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Annual Budget	% of Budget
Dissemination Agent Services	-	-	-	-	-	-	-	-	-	-	2,000	-	2,000	5,000	40%
Property Appraiser Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Bank Services	99	102	95	133	198	113	94	94	(92)	94	95	99	1,124	400	281%
<b>Travel and Per Diem</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Communications &amp; Freight Services</b>															
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Postage, Freight & Messenger	-	-	-	277	10	-	37	56	22	9	-	73	484	400	121%
<b>Rentals &amp; Leases</b>															
Miscellaneous Equipment Leasing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Computer Services	559	559	558	559	559	-	559	559	1,117	559	659	559	6,802	7,700	88%
<b>Insurance</b>	-	-	5,665	-	-	-	-	-	-	-	-	-	5,665	6,000	94%
<b>Printing &amp; Binding</b>	-	-	-	-	12	108	236	-	-	-	-	181	537	1,200	45%
<b>Office Supplies</b>	-	-	-	-	-	-	-	142	-	-	-	-	142	-	N/A
<b>Subscription &amp; Memberships</b>	175	-	-	-	-	-	-	-	-	-	-	-	175	175	100%
<b>Legal Services</b>															
Legal - General Counsel	-	244	293	-	-	65	-	-	-	-	959	813	2,373	4,000	59%
<b>Other General Government Services</b>															
Engineering Services - General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	600	0%
<b>Capital Outlay</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ 4,697</b>	<b>\$ 5,640</b>	<b>\$ 11,119</b>	<b>\$ 17,959</b>	<b>\$ 6,894</b>	<b>\$ 4,543</b>	<b>\$ 8,695</b>	<b>\$ 6,498</b>	<b>\$ 7,015</b>	<b>\$ 6,874</b>	<b>\$ 9,226</b>	<b>\$ 7,077</b>	<b>\$ 96,235</b>	<b>\$ 98,637</b>	<b>98%</b>
Net Increase/ (Decrease) of Fund Balance	(4,488)	1,511	22,760	27,341	(3,880)	(2,861)	(5,386)	(5,463)	(6,057)	(6,872)	(9,225)	(7,076)	305	-	
Fund Balance - Beginning	16,421	11,932	13,444	36,204	63,545	59,665	56,804	51,418	45,955	39,898	33,026	23,801	16,421	19,788	
Fund Balance - Ending	<u>\$ 11,932</u>	<u>\$ 13,444</u>	<u>\$ 36,204</u>	<u>\$ 63,545</u>	<u>\$ 59,665</u>	<u>\$ 56,804</u>	<u>\$ 51,418</u>	<u>\$ 45,955</u>	<u>\$ 39,898</u>	<u>\$ 33,026</u>	<u>\$ 23,801</u>	<u>\$ 16,725</u>	<u>\$ 16,725</u>	<u>\$ 19,788</u>	

**Heritage Harbour North Community Development District**

**Debt Service Fund - Series 2007 Bonds**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending September 30, 2016**

	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Budget	% of Budget	
<b>Revenue and Other Sources</b>																
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,456	0%	
<b>Interest Income</b>																
Revenue Account	72	74	17	52	88	92	613	555	227	238	249	390	2,666	-	N/A	
Reserve Account	137	142	155	291	438	461	522	527	541	551	569	848	5,181	-	N/A	
Prepayment Account	0	0	0	0	0	0	0	0	0	0	0	1	4	-	N/A	
<b>Special Assessment Revenue</b>																
Special Assessments - Uniform Method	4,485	155,081	722,540	924,867	67,978	(313,669)	72,368	22,500	22,723	-	-	-	1,678,873	1,451,211	116%	
Special Assessments - Non-Uniform Mthd	-	-	-	-	-	-	-	-	-	-	-	-	-	328,895	0%	
Special Assessments - Prepaid	-	-	-	-	-	-	-	-	-	-	-	14,663	14,663	-	N/A	
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
<b>Total Revenue and Other Sources:</b>	<b>\$ 4,694</b>	<b>\$ 155,297</b>	<b>\$ 722,713</b>	<b>\$ 925,210</b>	<b>\$ 68,504</b>	<b>\$ (313,116)</b>	<b>\$ 73,504</b>	<b>\$ 23,583</b>	<b>\$ 23,491</b>	<b>\$ 789</b>	<b>\$ 818</b>	<b>\$ 15,900</b>	<b>\$ 1,701,387</b>	<b>\$ 1,811,562</b>	<b>94%</b>	
<b>Expenditures and Other Uses</b>																
<b>Debt Service</b>																
Principal - Mandatory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 420,000	\$ -	\$ -	\$ -	\$ -	\$ 420,000	\$ 420,000	100%	
Principal - Early Redemptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A	
Interest Expense	-	680,053	-	-	-	-	-	680,053	-	-	-	-	-	1,360,106	1,360,106	100%
Operating Transfers Out	210	216	173	343	526	553	1,136	1,082	768	789	818	771	7,384	31,456	23%	
<b>Total Expenditures and Other Uses:</b>	<b>\$ 210</b>	<b>\$ 680,269</b>	<b>\$ 173</b>	<b>\$ 343</b>	<b>\$ 526</b>	<b>\$ 553</b>	<b>\$ 1,136</b>	<b>\$ 1,101,135</b>	<b>\$ 768</b>	<b>\$ 789</b>	<b>\$ 818</b>	<b>\$ 771</b>	<b>\$ 1,787,490</b>	<b>\$ 1,811,562</b>	<b>99%</b>	
Net Increase/ (Decrease) of Fund Balance	4,485	(524,972)	722,540	924,867	67,978	(313,669)	72,368	(1,077,553)	22,723	-	-	15,129	(86,104)	-		
Fund Balance - Beginning	2,434,785	2,439,270	1,914,298	2,636,838	3,561,705	3,629,683	3,316,014	3,388,382	2,310,830	2,333,552	2,333,552	2,333,552	2,434,785	2,365,345		
Fund Balance - Ending	<u>\$ 2,439,270</u>	<u>\$ 1,914,298</u>	<u>\$ 2,636,838</u>	<u>\$ 3,561,705</u>	<u>\$ 3,629,683</u>	<u>\$ 3,316,014</u>	<u>\$ 3,388,382</u>	<u>\$ 2,310,830</u>	<u>\$ 2,333,552</u>	<u>\$ 2,333,552</u>	<u>\$ 2,333,552</u>	<u>\$ 2,348,682</u>	<u>\$ 2,348,682</u>	<u>\$ 2,365,345</u>		

**Heritage Harbour North Community Development District**

Debt Service Fund - Series 2014 Bonds

Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending September 30, 2016

	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Budget	% of Budget
<b>Revenue and Other Sources</b>															
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Interest Income</b>															
Capitalized Interest	3	3	0	0	-	-	-	-	-	-	-	-	7	-	N/A
Revenue Account	-	-	-	-	1	1	30	45	21	20	20	21	158	-	N/A
Reserve Account	4	4	4	4	20	21	22	21	22	21	22	22	188	-	N/A
Prepayment Account	0	0	0	0	0	0	0	0	0	0	0	0	0	-	N/A
<b>Special Assessment Revenue</b>															
Special Assessments - Uniform Method	459	15,864	73,911	94,607	6,954	355,429	7,403	2,302	2,324	-	-	-	559,251	148,511	377%
Special Assessments - Non-Uniform Mthd	-	-	-	-	-	-	-	-	-	-	-	-	-	369,164	0%
<b>Other Financing Sources</b>															
Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Operating Transfers In</b>															
Operating Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Total Revenue and Other Sources:</b>	<b>\$ 466</b>	<b>\$ 15,872</b>	<b>\$ 73,915</b>	<b>\$ 94,612</b>	<b>\$ 6,975</b>	<b>\$ 355,450</b>	<b>\$ 7,454</b>	<b>\$ 2,367</b>	<b>\$ 2,367</b>	<b>\$ 41</b>	<b>\$ 42</b>	<b>\$ 43</b>	<b>\$ 559,605</b>	<b>\$ 517,675</b>	<b>108%</b>
<b>Expenditures and Other Uses</b>															
<b>Debt Service</b>															
Principal - Mandatory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ 115,000	100%
Principal - Early Redemptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Interest Expense	-	201,338	-	-	-	-	-	201,338	-	-	-	-	402,675	402,675	100%
<b>Operating Transfers Out</b>															
Operating Transfers Out	-	-	105	-	-	-	-	-	-	-	-	-	105	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ -</b>	<b>\$ 201,338</b>	<b>\$ 105</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 316,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 517,780</b>	<b>\$ 517,675</b>	<b>100%</b>
Net Increase/ (Decrease) of Fund Balance	466	(185,466)	73,810	94,612	6,975	355,450	7,454	(313,970)	2,367	41	42	43	41,825	-	
Fund Balance - Beginning	460,831	461,298	275,832	349,642	444,254	451,229	806,679	814,134	500,164	502,531	502,571	502,614	460,831	460,798	
Fund Balance - Ending	<u>\$ 461,298</u>	<u>\$ 275,832</u>	<u>\$ 349,642</u>	<u>\$ 444,254</u>	<u>\$ 451,229</u>	<u>\$ 806,679</u>	<u>\$ 814,134</u>	<u>\$ 500,164</u>	<u>\$ 502,531</u>	<u>\$ 502,571</u>	<u>\$ 502,614</u>	<u>\$ 502,656</u>	<u>\$ 502,656</u>	<u>\$ 460,798</u>	

**Heritage Harbour North Community Development District**

**Capital Projects Fund - Series 2007 Bonds**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending September 30, 2016**

	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Budget	% of Budget
<b>Revenue and Other Sources</b>															
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
<b>Interest Income</b>															
Deferred Cost Account	5	5	1	0	0	0	1	1	1	2	2	3	21	-	N/A
<b>Operating Transfers In</b>	210	216	173	343	526	553	1,136	1,082	768	789	818	771	7,384	31,456	23%
<b>Total Revenue and Other Sources:</b>	<b>\$ 214</b>	<b>\$ 221</b>	<b>\$ 174</b>	<b>\$ 343</b>	<b>\$ 527</b>	<b>\$ 553</b>	<b>\$ 1,136</b>	<b>\$ 1,083</b>	<b>\$ 769</b>	<b>\$ 790</b>	<b>\$ 820</b>	<b>\$ 775</b>	<b>7,406</b>	<b>\$ 31,456</b>	<b>24%</b>
<b>Expenditures and Other Uses</b>															
<b>Flood Control - Stormwater Management</b>															
Engineering Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Legal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Capital Outlay	-	52,470	-	-	-	-	-	-	-	-	-	-	52,470	80,620	65%
<b>Operating Transfers Out</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ -</b>	<b>\$ 52,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>52,470</b>	<b>\$ 80,620</b>	<b>65%</b>
Net Increase/ (Decrease) of Fund Balance	214	(52,249)	174	343	527	553	1,136	1,083	769	790	820	775	(45,064)	(49,164)	
Fund Balance - Beginning	52,470	52,684	435	608	951	1,478	2,031	3,168	4,251	5,020	5,811	6,631	52,470	49,164	
Fund Balance - Ending	<u>\$ 52,684</u>	<u>\$ 435</u>	<u>\$ 608</u>	<u>\$ 951</u>	<u>\$ 1,478</u>	<u>\$ 2,031</u>	<u>\$ 3,168</u>	<u>\$ 4,251</u>	<u>\$ 5,020</u>	<u>\$ 5,811</u>	<u>\$ 6,631</u>	<u>\$ 7,406</u>	<u>\$ 7,406</u>	<u>\$ -</u>	



**Heritage Harbour North Community Development District**

**Capital Projects Fund - Series 2014 Bonds**

**Statement of Revenue, Expenditures and Changes in Fund Balance  
for the Period Ending September 30, 2016**

	October	November	December	January	February	March	April	May	June	July	August	September	Year to Date	Budget	% of Budget
<b>Revenue and Other Sources</b>															
Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,311,010	N/A
<b>Interest Income</b>															
Construction Account	39	39	22	17	80	81	86	83	86	83	86	86	790	-	N/A
Cost of Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Other Financing Sources</b>															
Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Operating Transfers In</b>															
	-	-	105	-	-	-	-	-	-	-	-	-	105	-	N/A
<b>Total Revenue and Other Sources:</b>	<b>\$ 39</b>	<b>\$ 39</b>	<b>\$ 127</b>	<b>\$ 17</b>	<b>\$ 80</b>	<b>\$ 81</b>	<b>\$ 86</b>	<b>\$ 83</b>	<b>\$ 86</b>	<b>\$ 83</b>	<b>\$ 86</b>	<b>\$ 86</b>	<b>\$ 895</b>	<b>\$ 3,311,010</b>	<b>0%</b>
<b>Expenditures and Other Uses</b>															
<b>Financial and Administrative</b>															
Special Assessment Methodology	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
District Manager Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Underwriters' Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Other Contractual Services</b>															
Trustee Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Printing &amp; Binding</b>															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Legal Services</b>															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Flood Control - Stormwater Management</b>															
Engineering Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Legal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
Capital Outlay	-	1,280,322	-	-	-	-	-	-	-	-	-	-	1,280,322	3,311,010	39%
<b>Other Financing Uses</b>															
Original Issue Discount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Operating Transfers Out</b>															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
<b>Total Expenditures and Other Uses:</b>	<b>\$ -</b>	<b>\$ 1,280,322</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,280,322</b>	<b>\$ 3,311,010</b>	<b>39%</b>
Net Increase/ (Decrease) of Fund Balance	39	(1,280,283)	127	17	80	81	86	83	86	83	86	86	(1,279,427)	-	
Fund Balance - Beginning	2,298,225	2,298,265	1,017,982	1,018,109	1,018,126	1,018,206	1,018,287	1,018,373	1,018,456	1,018,542	1,018,626	1,018,712	2,298,225	3,311,010	
Fund Balance - Ending	<u>\$ 2,298,265</u>	<u>\$ 1,017,982</u>	<u>\$ 1,018,109</u>	<u>\$ 1,018,126</u>	<u>\$ 1,018,206</u>	<u>\$ 1,018,287</u>	<u>\$ 1,018,373</u>	<u>\$ 1,018,456</u>	<u>\$ 1,018,542</u>	<u>\$ 1,018,626</u>	<u>\$ 1,018,712</u>	<u>\$ 1,018,799</u>	<u>\$ 1,018,799</u>	<u>\$ 3,311,010</u>	